

KODIAK ISLAND BOROUGH KODIAK, ALASKA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

JULY 1, 2014 - JUNE 30, 2015

KODIAK ISLAND BOROUGH

Comprehensive Annual Financial Report

Year Ended June 30, 2015

Official Issuing Report
Karleton G. Short
Finance Director

KODIAK ISLAND BOROUGH

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INTRODUCTORY SECTION



Kodiak Island Borough

Finance Department

710 Mill Bay Road

Kodiak, Alaska 99615

Phone (907) 486-9323 Fax (907) 486-9392

January 29, 2016

Members of the Assembly
Kodiak Island Borough, Alaska

State of Alaska statutes and local charter provisions require that all general-purpose local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Kodiak Island Borough (Borough) for the fiscal year ended June 30, 2015.

This report consists of management's representations concerning the finances of the Borough. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Borough has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Borough's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Borough's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Borough's financial statements have been audited by Altman, Rogers & Co., a firm of licensed certified public accountants. The goal of the independent audit was to form an opinion on whether the financial statements of the Borough, for the fiscal year ended June 30, 2015, are presented fairly, in all material respects, in accordance with generally accepted accounting principles in the United States of America. 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 issued an unqualified opinion on the Borough's financial statements for the fiscal year ended June 30, 2015. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Borough was part of broader, State and federally mandated “Single Audits” designed to meet the special needs of State and federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of State and federal awards. These reports are available in the Borough’s separately issued Single Audit Report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Borough’s MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

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. About two-thirds of the Borough lies in the Kodiak archipelago with the remaining third on the Alaska Peninsula, across the Shelikof Strait from Kodiak Island. The Shelikof Strait is only 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 13,824.

The Borough was incorporated September 30, 1963, as a Second Class Borough by Chapter 146 Sessions, Laws of Alaska 1961, as amended. The powers granted to the Borough include area-wide powers and non area-wide powers. Area-wide powers are health, education, planning and zoning, emergency services planning, and assessment and collection of taxes for both the Borough and cities within the Borough. Non area-wide powers include parks and recreation, economic development, solid waste disposal, animal control, fire protection, street lighting and road maintenance and construction. 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 who are elected at-large.

The Borough provides a full range of services including fire protection, the construction and maintenance of roads and other infrastructure, community and economic development, health, culture and recreation and solid waste collection and disposal. The Borough also is 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.

The annual budget serves as the foundation for the Borough’s financial planning and control. All departments of the Borough are required to submit requests for appropriation to the Borough Manager. The Borough Manager uses these requests as the starting point for developing a proposed budget. The Borough Manager then presents this proposed budget to the Assembly for review by April 30. The assembly is required to hold public hearings on the proposed budget and to adopt a final budget by no later than June 10. The appropriated budget is prepared by fund and department. The Assembly makes appropriation transfers between funds and/or departments only

after the adoption of an ordinance. Borough staff may execute transfers between line items within a department. Amendments to the budget can occur anytime during the fiscal year through the Borough Assembly or administrative action. Expenditures may not legally exceed appropriations at the following levels: Capital Project Funds – project level, all other funds – department level. All funds, except Capital Project Funds, are budgeted on an annual basis encompassing a fiscal year. Budgets of Capital Project Funds generally encompass the period from start-up to project completion, which is generally greater than one year. Budget-to-actual comparisons are provided in this report for each individual governmental and proprietary fund for which an appropriated annual budget has been adopted. For the General Fund, the Education Support Special Revenue Fund and the Facilities Special Revenue Fund, this comparison is presented on pages 83-86 as part of required supplementary information. For governmental funds, other than the General Fund, the Education Support Special Revenue Fund and the Facilities Special Revenue Fund, this comparison is presented in the additional supplementary information subsection of this report, which starts on page 90. Also included in the additional supplementary information subsection are the Education and Health Debt Service Fund budget to actual. For proprietary funds, this comparison is presented in the proprietary funds subsection of this report, which starts on page 117.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Borough operates.

Local economy. The economic condition of the Kodiak Island Borough remains healthy. The main industries of the Borough are commercial fishing, logging, and tourism. The commercial fishing industry in Kodiak has been very strong. Severance taxes on seafood increased from \$1,108,742 in FY2006 to \$1,550,706 in FY2015, a 40% increase. Logging has increased over the last ten years from \$62,740 to \$103,111 but it is not a material revenue source. Tourism continues to be strong in Kodiak. Bed tax revenues have increased from \$47,645 in FY2006 to \$104,074 in FY2015, an increase of 118%. Considering today's economy this is very good. To accommodate this demand, construction of fishing lodges, bed and breakfast accommodations and recreational facilities has increased along with an increase in charter boat and guide operations. Cruise ships continue to visit Kodiak.

The Kodiak Island Borough is also home to the aerospace industry, which began with construction of the Kodiak Launch Complex in 1998. Owned by the Alaska Aerospace Development Corporation (AADC), a public corporation of the State of Alaska, the Kodiak Launch complex is the first complete launch facility built in the United States since the 1960's and the first not owned by the Federal Government. The state-of-the-art facility includes a launch control center, payload processing facility, spacecraft assembly building and launch pad. It is designed to handle small to medium sized rockets used to launch low earth orbit satellites, as well as military, scientific and research missions.

Kodiak is home to the largest U.S. Coast Guard base in the country, employing nearly 1,350 people and providing vital services to the marine industries that are an integral part of Kodiak's make-up as well as making a significant contribution to the Kodiak community.

The seafood industry is by far the largest industry in the Kodiak Island Borough. This industry includes commercial fishing, fisheries research, management and enforcement, seafood processing, and maintenance and support services. Kodiak is home to the largest port in the State, housing over 500 commercial vessels and consistently ranks among the top ten ports in the United States in terms of amount and value of product delivered. In 2014, 477,100,000 pounds of sea food was landed with a value of \$129,619,565.

Employment varies throughout the year with July, August, and September being the peak months due to the increased activity in the fisheries and related businesses, and then declines in November and December when fishing quotas are reached. At June 30, 2015, the unemployment rate for the Kodiak Island Borough was 5.3%, which is .8% lower than last year's rate of 6.1%. The average unemployment rate for the last 10 years has been 6.67%.

Long-term financial planning. Every year the Borough adopts a strategic plan. In this plan the Borough decides what its goals and objectives are for the next year. The Borough breaks these goals out based on our Mandatory and Adopted powers. To view the complete Strategic plan you can visit our web site at www.kodiakak.us.

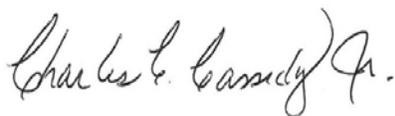
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Borough for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2014. This was the twenty-fifth consecutive year that the Borough has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the administration and finance department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit must be given to the mayor and the assembly for their unfailing support for maintaining the highest standards of professionalism in the management of the Borough's finances.

Respectfully submitted,



Charles E. Cassidy Jr.
Borough Manager



Karleton G. Short
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

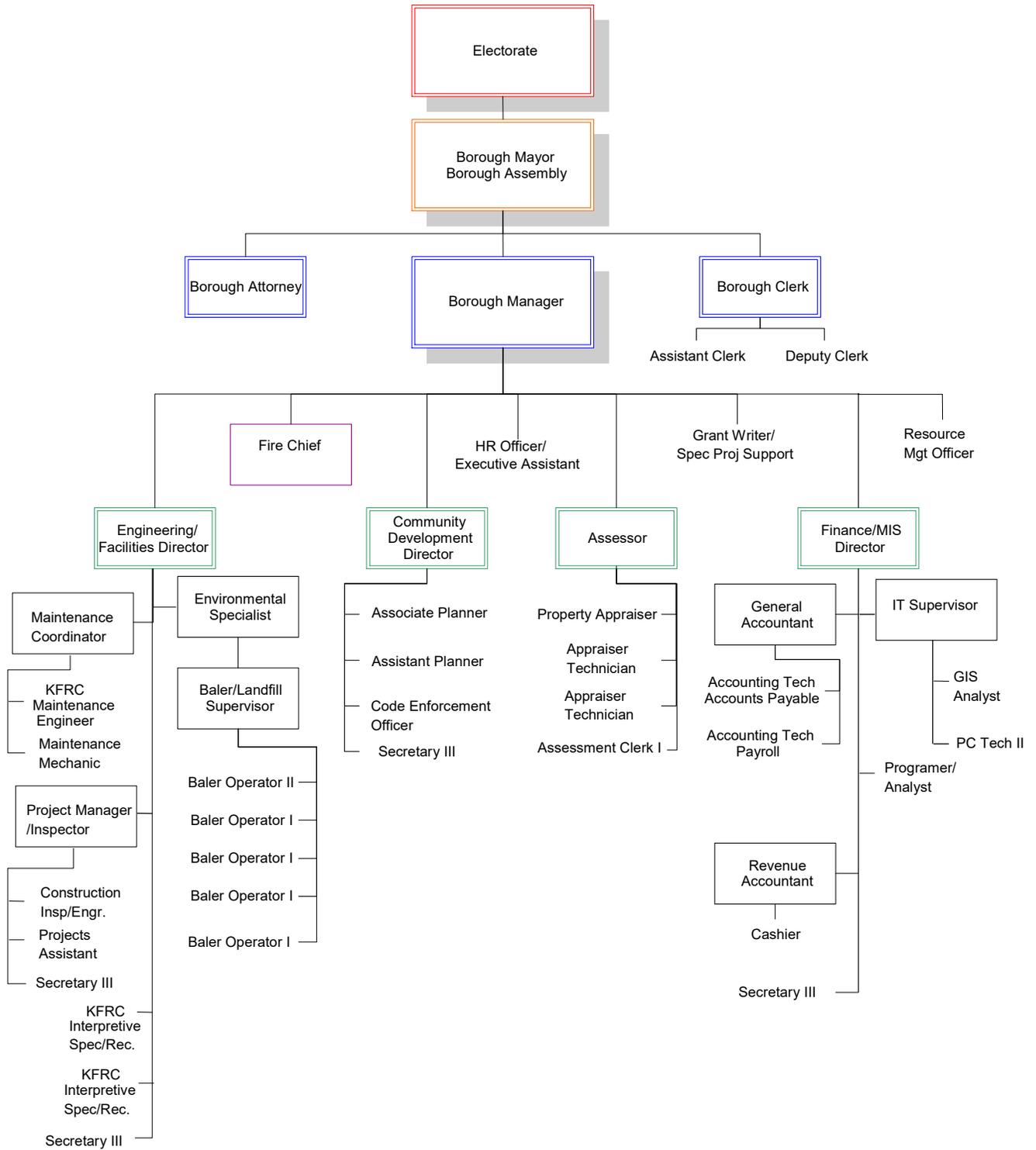
Kodiak Island Borough
Alaska

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

Kodiak Island Borough Fiscal Year 2015



MAYOR AND ASSEMBLY MEMBERS



Jerrol Friend, Mayor, 2016



**Carol Austerman,
At Large, 2016**



**Larry LeDoux,
At Large, 2017**



**Chris Lynch,
At Large, 2015**



**Aaron Griffin,
At Large, 2015**



**Dan Rohrer,
Deputy Presiding Officer (DPO),
At Large, 2017**



**Rebecca Skinner,
At Large, 2017**



**Frank Peterson, Jr.,
At Large, 2016**

KODIAK ISLAND BOROUGH

KODIAK, ALASKA
BOROUGH OFFICIALS
YEAR ENDED JUNE 30, 2015

MAYOR

Jerrol Friend '16

ASSEMBLY

Carol Austerman '16

Dan Rohrer '17

Aaron Griffin '15

Larry LeDoux '17

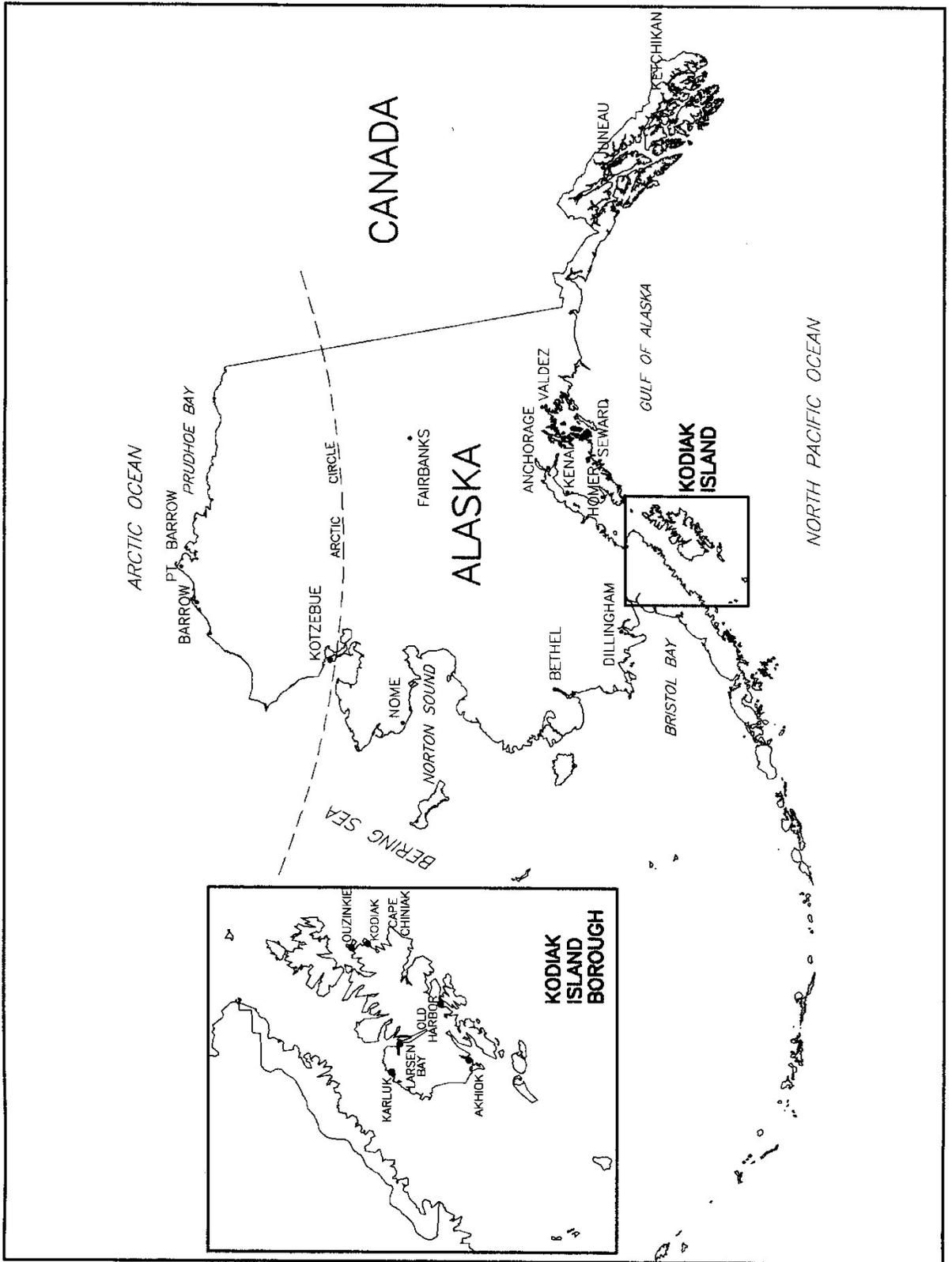
Chris Lynch '15

Rebecca Skinner '17

Frank R. Peterson '16

MANAGEMENT

Charles "Bud" CassidyBorough Manager
Karleton G. Short Finance Director/Treasurer
Robert Tucker.....Engineering and Facilities Director
Nova Javier, CMC Borough Clerk
Bill RobertsBorough Assessor
Robert A. Himes..... Fire Chief
Levesque Law Group, LLC.....Borough Attorney (Contracted Firm)
Stuart McDonaldSuperintendent, School District
Dria Bray-HollowayGeneral Accountant
Dora Cross..... Revenue Accountant
Paul Van DykeIT Supervisor
Lauri Whiddon HR Officer/Executive Assistant



FINANCIAL SECTION

Independent Auditor's Report

The Honorable Mayor and Members of the Assembly
Kodiak Island Borough
Kodiak, Alaska

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Kodiak Island Borough, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

The Honorable Mayor and Members of the Assembly
Kodiak Island Borough

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Kodiak Island Borough, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Changes in Accounting Principle

As discussed in Note 15 to the financial statements, in 2015 Kodiak Island Borough adopted new accounting guidance, *GASB Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* and *GASB Statement No. 71, Pension Transactions for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules and notes to RSI, and Schedules of Borough's Share of Net Pension Liabilities and Contributions for the Public Employees' Retirement System on pages 13-22, 83-87, and 88-89, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Honorable Mayor and Members of the Assembly
Kodiak Island Borough

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Kodiak Island Borough's basic financial statements. The information listed in the table of contents as "Additional Supplementary Information", which includes Budgetary Comparison Schedule – Debt Service Fund – Education and Health, Nonmajor Governmental Funds: Combining Balance Sheet and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances, Nonmajor Special Revenue Funds: Combining Balance Sheet, Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits), and Schedules of Revenues, Expenditures, and Changes in Fund Balance (Deficit) – Budget and Actual, Nonmajor Capital Project Funds: Combining Balance Sheet and Combining Statement of Revenues, Expenses and Changes in Fund Balances, Enterprise Funds: Schedule of Revenues, Expenditures, and Changes in Net Position – Budget and Actual, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Additional Supplementary Information listed above is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Additional Supplementary Information listed above are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory Section, the Supplementary Bond Schedules, and the Statistical Section, as identified in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2016 on our consideration of the Kodiak Island 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 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 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 Kodiak Island Borough's internal control over financial reporting and compliance.



Anchorage , Alaska
January 29, 2016

KODIAK ISLAND BOROUGH

Management's Discussion and Analysis

June 30, 2015

As management of the Kodiak Island Borough, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Kodiak Island Borough for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1 - 4 of this report.

Financial Highlights

- The assets and deferred outflows of resources of the Kodiak Island Borough exceeded its liabilities and deferred inflows of resources at the close of FY2015 by \$175,213,513. Of this amount, \$48,712,308 (unrestricted net position) may be used to meet the Borough's ongoing obligations to citizens and creditors.
- In FY2015 the Borough's total net position increased by \$4,433,471, before the implementation of GASB 68 and 71.
- Equity in our central treasury decreased \$24,629,086. This decrease was mainly due to capital expenditures.
- At the end of the current fiscal year, the Borough's governmental funds reported combined fund balances of \$51,183,619. This was a decrease of \$21,135,241, compared to the net change in the prior year of a decrease of \$3,497,624. At the end of FY2015, unassigned fund balance for the general fund was \$3,181,342. This amounts to 43% of total general fund expenditures.
- The Borough's bonds payable decreased by \$3,095,990. No new bonds were issued in FY2015.

Overview of the Financial Statements

Government wide Financial Statements

The government wide financial statements are designed to provide readers with a broad overview of the Kodiak Island Borough's finances, in a manner similar to a private sector business.

The statement of net position presents information on all of the Kodiak Island Borough's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Kodiak Island Borough is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Both of the government wide financial statements distinguish functions of the Kodiak Island Borough that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Kodiak Island Borough include general government, public safety, community and economic development, emergency preparedness, health and sanitation, education, culture and recreation, parks and recreation, service district maintenance, and primary and secondary education. The business-type activities of the Kodiak Island Borough include a solid waste collection and disposal facility, a Borough owned hospital, the Kodiak Fisheries Research Center, and a 911 emergency system.

KODIAK ISLAND BOROUGH

Management's Discussion and Analysis, Continued

The government wide financial statements include not only the Kodiak Island Borough itself (known as the primary government), but also the legally separate school district for which the Kodiak Island Borough is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government wide financial statements can be found on pages 23-24 of this report.

Fund Financial 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 Kodiak Island Borough, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the Kodiak Island Borough can be divided into two categories: governmental funds and proprietary funds.

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 statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and 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 Kodiak Island Borough maintains 30 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, the Education Support Special Revenue Fund, the Facilities Special Revenue Fund, the Education and Health Debt Service Fund, and the Kodiak High School Renovation Capital Project Fund, and the Renewal and Replacement Projects Capital Project Fund, which are all considered to be major funds. Data from the other nonmajor funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in the supplementary information section of this report.

The Kodiak Island Borough adopts an annual appropriated budget for its General Fund, Special Revenue Funds and Debt Service Fund. Budgetary comparison statements have been provided for the funds to demonstrate compliance with this budget.

The basic governmental financial statements can be found on pages 23-32 of this report.

Proprietary Funds – The only Proprietary Fund type that the Kodiak Island Borough uses is enterprise funds. Enterprise funds are used to report the same functions presented as business type activities in the government wide financial statements. Proprietary Funds provide the same type of information as government wide financial statements, only in more detail. The Kodiak Island Borough uses enterprise funds to account for a solid waste collection and disposal facility, a Borough owned hospital leased to the Sisters of Providence d.b.a. Providence Kodiak Island Medical Center, the Borough owned Kodiak Fisheries Research Center leased to various tenants, and 911 phone charges and expenses.

KODIAK ISLAND BOROUGH

Management's Discussion and Analysis, Continued

The Kodiak Island Borough adopts an annual appropriated budget for its proprietary funds. Budgetary comparison statements have been provided for the funds to demonstrate compliance with the budget.

The basic Proprietary Fund financial statements can be found on pages 29-32 of this report.

Notes to the Basic 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 basic financial statements can be found on pages 33-82 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including budgetary comparison schedules for the General Fund, the Education Support Special Revenue Fund and the Facilities Special Revenue Fund and Schedule of Borough's Proportionate Share of the Net Pension Liability and Schedule of Borough's Contributions for the Public Employees' Retirement System. Required supplementary information can be found on pages 83-89 of this report.

Government wide Financial Analysis

Statement of 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 Kodiak Island Borough, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$175,213,513 at the close of FY2015, the most recent fiscal year. The net position of the component unit was a deficit of \$5,688,776 at the close of FY2015.

The largest portion of the Kodiak Island Borough's net position (\$126,501,205 or 72%) reflects its investment in capital assets (e.g. land, buildings, equipment and infrastructure) net of related debt. The Kodiak Island Borough uses these capital assets to provide services to citizens; consequently, these capital assets are not available for future spending. Although the Borough's investment in capital assets is reported net of debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 66,266,832	81,695,355	10,415,212	22,131,673	76,682,044	103,827,028
Capital assets	151,779,433	131,424,119	71,777,201	65,293,662	223,556,634	196,717,781
Deferred outflows of resources	254,498	—	63,624	—	318,122	—
Total assets and deferred outflows of resources	<u>\$ 218,300,763</u>	<u>213,119,474</u>	<u>82,256,037</u>	<u>87,425,335</u>	<u>300,556,800</u>	<u>300,544,809</u>
Long-term liabilities	\$ 72,290,176	72,178,195	31,839,440	32,003,516	104,129,616	104,181,711
Other liabilities	19,641,122	14,027,297	1,222,216	6,923,352	20,863,338	20,950,649
Deferred inflows of resources	280,266	—	70,067	—	350,333	—
Total liabilities and deferred inflows of resources	<u>\$ 92,211,564</u>	<u>86,205,492</u>	<u>33,131,723</u>	<u>38,926,868</u>	<u>125,343,287</u>	<u>125,132,360</u>
Net position:						
Net investment in capital assets	\$ 82,616,865	80,159,521	43,884,340	36,383,229	126,501,205	116,542,750
Unrestricted	43,472,334	46,754,461	5,239,974	12,115,258	48,712,308	58,869,719
Total net position	<u>\$ 126,089,199</u>	<u>126,913,982</u>	<u>49,124,314</u>	<u>48,498,487</u>	<u>175,213,513</u>	<u>175,412,469</u>

For more detailed information see the Statement of Net Position on page 23.

The remaining balance of unrestricted net position, \$48,712,308, may be used to meet the Borough's ongoing obligations to citizens and creditors.

KODIAK ISLAND BOROUGH

Management's Discussion and Analysis, Continued

Statement of Activities

The following condensed table of changes in net position displays the revenues and expenses for the current and prior year.

	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 668,169	701,999	6,638,675	5,267,289	7,306,844	5,969,288
Operating grants and contributions	4,305,691	4,077,510	32,649	—	4,338,340	4,077,510
Capital grants	3,002,933	6,651,737	213,753	5,538,038	3,216,686	12,189,775
General revenues:						
Property taxes	14,228,505	13,741,190	—	—	14,228,505	13,741,190
Grants and entitlements not restricted to specific programs	3,990,192	4,142,583	—	—	3,990,192	4,142,583
Land sales	103,143	864,584	—	—	103,143	864,584
Severance taxes	1,703,257	1,843,819	—	—	1,703,257	1,843,819
Other	494,287	506,546	186,328	598,162	680,615	1,104,708
Investment earnings	574,227	1,106,717	80,825	178,851	655,052	1,285,568
Total revenues	29,070,404	33,636,685	7,152,230	11,582,340	36,222,634	45,219,025
Expenses:						
General government	5,637,239	6,990,640	—	—	5,637,239	6,990,640
Public safety	663,145	751,637	—	—	663,145	751,637
Community and economic development	886,613	964,377	—	—	886,613	964,377
Emergency preparedness	31,628	12,487	—	—	31,628	12,487
Health and social services	406,093	326,700	—	—	406,093	326,700
Education, culture and recreation	335,854	218,013	—	—	335,854	218,013
Parks and recreation	161,596	37,795	—	—	161,596	37,795
Service district maintenance	534,376	631,572	—	—	534,376	631,572
Primary and secondary education	14,316,695	14,523,509	—	—	14,316,695	14,523,509
Interest on long-term debt	3,063,649	2,109,406	—	—	3,063,649	2,109,406
Municipal solid waste collection and disposal	—	—	2,468,058	2,080,864	2,468,058	2,080,864
Hospital facilities	—	—	1,763,636	1,740,525	1,763,636	1,740,525
Kodiak Fisheries Research Center	—	—	1,486,620	1,681,111	1,486,620	1,681,111
911 services	—	—	33,961	39,817	33,961	39,817
Total expenses	26,036,888	26,566,136	5,752,275	5,542,317	31,789,163	32,108,453
Change in net position before transfers	3,033,516	7,070,549	1,399,955	6,040,023	4,433,471	13,110,572
Transfers	(152,357)	(80,000)	152,357	80,000	—	—
Change in net position	2,881,159	6,990,549	1,552,312	6,120,023	4,433,471	13,110,572
Net position, beginning of year, as previously stated	126,913,982	119,923,433	48,498,487	42,378,464	175,412,469	162,301,897
Cumulative effect of a change in accounting principle	(3,705,942)	—	(926,485)	—	(4,632,427)	—
Net position, beginning of year, as restated	123,208,040	119,923,433	47,572,002	42,378,464	170,780,042	162,301,897
Net position, end of year	\$ 126,089,199	126,913,982	49,124,314	48,498,487	175,213,513	175,412,469

Governmental activities increased the Kodiak Island Borough's net position by \$2,881,159, excluding the cumulative effect of a change in accounting principle. The major differences in revenues were an increase of \$75,790 in operating and capital grants, an increase of \$487,315 in property taxes due to increased assessed values and a decrease in investment earnings of \$532,490 due to poor market conditions. There were some major changes in expenses including a decrease of \$1,353,401 in general government due to the implementation of GASB 68 and 71, an increase of \$954,243 in interest on long term debt due to issuance of general obligation bonds, and an increase of \$123,801 in parks and recreation due to maintenance on Borough owned parks, and a decrease in service district maintenance due to lower snow removal costs because of below average snow fall.

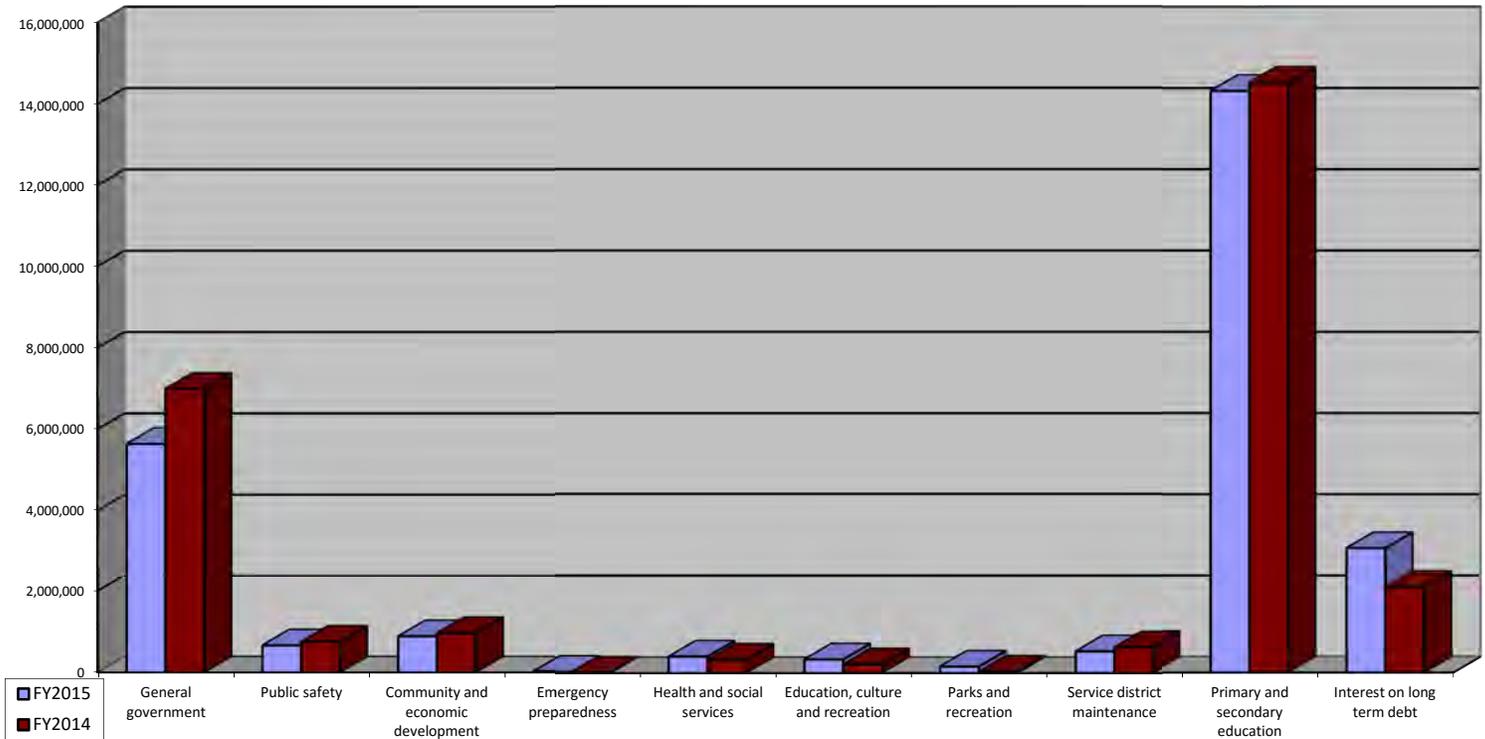
Business type activities increased the Kodiak Island Borough's net position by \$1,552,312, excluding the cumulative effect of a change in accounting principle. This increase was due to an increase of \$1,371,386 in charges for services.

KODIAK ISLAND BOROUGH

Management's Discussion and Analysis, Continued

Current Year versus Prior Year Prior Year Expenses

Governmental Activities



For more detailed information see the Statement of Activities on page 24.

Financial Analysis of the Government's Funds

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

Governmental Funds – The focus of the Kodiak Island 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 Kodiak Island Borough's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Kodiak Island Borough's governmental funds reported combined ending fund balances of \$51,183,619, a decrease of \$21,135,241 in comparison to the beginning of the year. \$276,666 of this total amount constitutes nonspendable fund balances, \$42,631,561 is committed fund balances, \$7,610,272 is assigned fund balances and \$665,120 is unassigned fund balances.

The main reasons for this decrease were \$21,673,656 spent on the Kodiak High School Renovation Project and \$5,772,801 spent on debt service. No general obligation bonds were sold this year. \$12,426,726 was received from state and federal sources.

KODIAK ISLAND BOROUGH

Management's Discussion and Analysis, Continued

The General Fund is the main operating fund of the Kodiak Island Borough. At the end of the current fiscal year, nonspendable fund balance of the General Fund was \$14,566, with an unassigned fund balance of \$3,181,342 for a total fund balance of \$3,195,908. As a measure of the General Fund's liquidity, it may be useful to compare fund balance to total expenditures. Unassigned fund balance represents 43% of total General Fund expenditures.

The fund balance of the Kodiak Island Borough's General Fund decreased by \$308,040 during the current fiscal year. While overall there was no significant change it is worth noting a decrease of \$140,562 in severance taxes, an increase in State on-behalf PERS payment, a decrease of \$140,065 in federal payments in lieu of taxes, an increase of \$160,545 in assessing and an increase of \$253,014 in community development.

The fund balance of the Education Support Special Revenue Fund increased by \$78,389 during the current fiscal year. The key factor leading to this change was increased property tax revenues.

The fund balance of the Kodiak Island Borough's Facilities Special Revenue Fund decreased by \$121,231 during the current fiscal year. The key factor leading to this minimal decrease was decreased investment earnings compared to the prior year.

The fund balance of the Fire Protection Area No. 1 Special Revenue Fund increased by \$283,076. The key factors leading to this increase was not spending monies budgeted for personnel and capital outlay.

The fund balance of the Womens Bay Fire Department Special Revenue Fund increased by \$67,988. The key factors leading to this increase was not spending monies budgeted for capital outlay.

The fund balance of the Monashka Bay Road Service Area Special Revenue Fund increased by \$53,418. The key factors leading to this increase were lower snow removal and repair and maintenance costs.

The fund balance of Service Area No. 1 Special Revenue Fund increased by \$57,611. The key factor leading to this increase was lower snow removal costs.

The fund balance of Womens Bay Road Service Area Special Revenue Fund increased by \$23,783. The key factors leading to this increase were lower snow removal costs.

The fund balance of Land Sales Special Revenue Fund increased \$104,124. The key factor leading to this increase was principal payments from prior period land sales.

The fund balance of Tourism Development Special Revenue Fund increased \$43,730. The key factor leading to this increase was increased bed tax revenues.

The fund balance of the Fern Fuller Trust Special Revenue Fund decreased \$65,189. The key factor leading to this decrease was low interest earnings.

The fund balance of the Kodiak Island Borough's Renewal and Replacement Projects Capital Project Fund increased by \$550,344 during the current fiscal year. The key factors leading to this were property taxes and lower construction costs.

The fund balance of the Kodiak Island Borough's Kodiak High School Renovation Capital Project Fund decreased by \$21,165,301 during the current fiscal year. The key factor leading to this decrease was a budgeted use of assigned fund balance.

KODIAK ISLAND BOROUGH

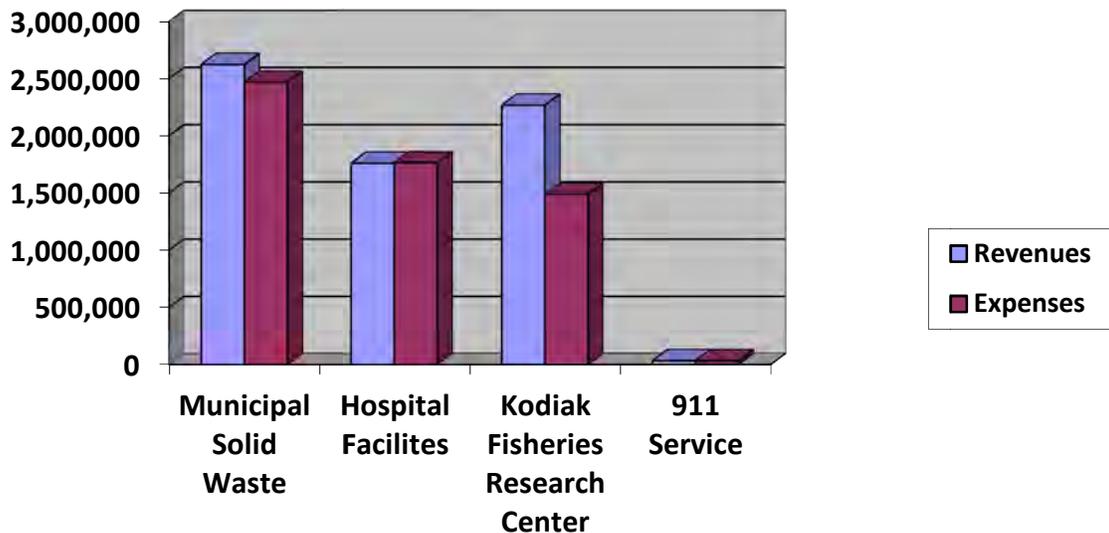
Management's Discussion and Analysis, Continued

Proprietary Funds – The Kodiak Island Borough's proprietary funds provide the same type of information found in the government wide financial statements, but in more detail.

Net position of the Municipal Solid Waste Collection and Disposal Enterprise fund amounted to \$16,646,865, the Hospital Facilities Enterprise Fund amounted to \$21,488,351, the Kodiak Fisheries Research Center Enterprise Fund amounted to \$10,989,098 and the 911 Services Enterprise Fund amounted to \$0.

The total increase in net position for the Municipal Solid Waste Collection and Disposal Enterprise Fund was \$495,141. The total increase in net position for the Hospital Facilities Enterprise Fund was \$224,638. The total increase in net position for the Kodiak Fisheries Research Center Enterprise Fund was \$832,533. The total change in net position in the 911 Service Enterprise Fund was \$0. Other factors concerning the finances of these four funds have already been addressed in the discussion of the Kodiak Island Borough's business-type activities.

2015 Program Revenues versus Expenses



General Fund Budgetary Highlights

Differences between the original budget and final amended budget can be briefly summarized as follows:

- The revenue budget for PERS on-behalf was increased \$871,843.
- The expenditure budget for the Borough manager department increased by \$119,964.
- The expenditure budget for the Borough clerk department increased by \$70,637.
- The expenditure budget for the finance department increased by \$124,792.
- The expenditure budget for the management information systems department increased by \$102,447.
- The expenditure budget for the assessing department increased by \$113,647.
- The expenditure budget for the engineering/facilities department increased by \$19,713.
- The expenditure budget for the community development department increased by \$113,045.
- The expenditure budget for the economic development department increased by \$32,587.

KODIAK ISLAND BOROUGH

Management's Discussion and Analysis, Continued

Differences between the final amended budget and actual can be summarized as follows:

- Real property taxes were \$37,843 less than budgeted. This was due to a change in tax exemptions not reflected in the budget.
- Severance taxes for fish were \$199,294 less than budgeted. This was due to an estimation error in the harvest of wild fish.
- Severance taxes for mining were \$39,440 more than budgeted. This was due to an estimation error when the budget was developed.
- Penalties and interest on taxes were \$18,472 less than budgeted. This was due to fewer late tax payments.
- Commercial passenger vessel tax was \$25,000 less than budgeted. This was due to intentionally depositing the \$13,925 earned the commercial passenger vehicle tax in the Tourism Development Special Revenue Fund. This amount was still \$11,075 less than budgeted due to an estimation error when the budget was developed.
- On-behalf PERS payment was \$68,735 less than budgeted. This was due to an estimation error when the budget was amended.
- Federal payments in lieu of taxes were \$171,087 more than budgeted. This was due to an estimation error when the budget was developed.
- Federal fish and wildlife revenue sharing were \$42,376 more than budgeted. This was due to an estimation error when the budget was developed.
- Building permit revenues were \$12,355 over budget. This was due to an estimation error when the budget was developed.
- Investment income was \$68,330 less than budgeted. This was due to an overall decrease in the market in the current year.
- The General Administration department came in \$60,045 under budget. This was due to audit and insurance costs under budget.
- The Legislative Department came in \$35,118 under budget. This was due to travel and per diem costs under budget.
- The Borough Manager department came in \$220,376 under budget. This was due to vacant positions.
- The Borough Clerk department came in \$50,245 over budget. This was due to salary and retirement costs over the budget.
- The Management Information Systems department came in \$60,130 under budget. This was due to not purchasing all budgeted equipment.
- The Community Development department came in \$35,309 over budget. This was due to salary and retirement costs over the budget.
- The Economic Development department came in \$123,937. This was mainly due to vacant positions.
- The Emergency Preparedness department was \$148,033 under budget. This was due to contracted services coming in under budget.
- The Parks and Recreation department came in \$44,354 under budget. This was due to unviability of staff to supervise projects.

KODIAK ISLAND BOROUGH

Management's Discussion and Analysis, Continued

Capital Assets and Debt Administration

Capital Assets – The Kodiak Island Borough's investment in capital assets for its governmental and business - type activities as of June 30, 2015, amounted to \$223,556,634 (net of accumulated depreciation). This investment in capital assets includes, land, buildings and improvements, improvements other than buildings, machinery and equipment, and construction work-in-progress. The total net increase in the Kodiak Island Borough's investments in capital assets for the current fiscal year was \$26,838,893, which was mostly due to increases in construction work in process.

The following table displays the capital assets (net of accumulated depreciation) for the current and prior year.

	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
	Artwork	\$ —	—	16,091	16,091	16,091
Land	23,439,318	23,272,788	1,661,499	1,661,499	25,100,817	24,934,287
Construction work-in-progress	71,863,168	47,862,997	41,689,117	40,074,742	113,552,285	87,937,739
Buildings and improvements	42,038,730	44,588,590	24,987,023	20,387,522	67,025,753	64,976,112
Improvements other than buildings	12,854,392	13,889,667	2,117,100	1,651,121	14,971,492	15,540,788
Equipment	862,559	978,816	381,159	535,380	1,243,718	1,514,196
Infrastructure	721,266	831,261	—	—	721,266	831,261
Unclassified plant in service	—	—	925,212	967,267	925,212	967,267
	<u>\$ 151,779,433</u>	<u>131,424,119</u>	<u>71,777,201</u>	<u>65,293,622</u>	<u>223,556,634</u>	<u>196,717,741</u>

Additional information on the Kodiak Island Borough's capital assets can be found in note 7 on pages 46-51 of this report.

Long-Term Debt – At the end of the current fiscal year, the Kodiak Island Borough had total bonded debt outstanding of \$66,495,000. This entire amount is backed by the full faith and credit of the Borough. The remainder of the Kodiak Island Borough's debt represents loans and notes payable, compensated absences and landfill closure and post-closure costs.

The following table displays the long-term debt for the current year.

	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
General obligation bonds, including premium	\$ 73,131,566	76,227,556	—	—	73,131,566	76,227,556
ADEC loans	31,002	37,042	—	—	31,002	37,042
Compensated absences	272,562	328,529	—	—	272,562	328,529
Landfill post closure care costs	—	—	3,188,507	3,968,123	3,188,507	3,968,123
Long term interfund borrowings	—	—	2,555,000	3,971,872	2,555,000	3,971,872
Notes payable	—	—	27,892,861	28,910,393	27,892,861	28,910,393
	<u>\$ 73,435,130</u>	<u>76,593,127</u>	<u>33,636,368</u>	<u>36,850,388</u>	<u>107,071,498</u>	<u>113,443,515</u>

The Kodiak Island Borough's total debt decreased by \$6,372,017 during the current fiscal year. This decrease was due to principal payments on bonds. Total general obligation bond principal payments during the year were \$2,640,000.

There is no general obligation debt limit imposed on the Kodiak Island Borough by the State Constitution, state statutes or the Borough's charter or code.

Additional information on the Kodiak Island Borough's long-term debt can be found in note 9 on pages 55-65 of this report.

KODIAK ISLAND BOROUGH

Management's Discussion and Analysis, Continued

Economic Factors and Next Year's Budgets and Rates

- At June 30, 2015, the unemployment rate for the Kodiak Island Borough was 5.3 %, which is .8 % lower than last year's rate of 6.1%. The average unemployment rate for the last 10 years has been 6.75%.
- Property tax revenues received are projected to increase in future years as the Kodiak Island Borough's assessed valuation continues to increase.
- The PERS (Public Employees Retirement System) rate has increased from 0% in FY2004 to 44.03% in FY2015. The State of Alaska set a ceiling of 22% on all political subdivisions and contributed the additional 22.03%.

Requests for Information

This financial report is designed to provide a general overview of the Kodiak Island Borough's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Kodiak Island Borough, Director of Finance, 710 Mill Bay Kodiak, Alaska 99615.

BASIC FINANCIAL STATEMENTS

KODIAK ISLAND BOROUGH

Statement of Net Position

June 30, 2015

(With summarized financial information for June 30, 2014)

Assets and Deferred Outflows of Resources	Primary government			Component unit	Total reporting entity	
	Governmental activities	Business-type activities	Total	School District	2015	2014
Equity in central treasury	\$ 62,739,385	7,598,649	70,338,034	34,819	70,372,853	95,000,607
Due from primary government	—	—	—	11,238,882	11,238,882	8,708,251
Receivables:						
State of Alaska	2,037,225	5,921	2,043,146	2,907,006	4,950,152	7,793,041
Federal government	319,459	—	319,459	—	319,459	359,513
Property taxes, net of allowance of \$15,828	243,038	—	243,038	—	243,038	245,933
Severance taxes	372,151	—	372,151	—	372,151	396,798
Interest	202,051	—	202,051	—	202,051	—
Land sales contracts receivable	287,564	—	287,564	—	287,564	549,230
Accounts and other receivables, net	51,393	993,616	1,045,009	51,182	1,096,191	395,776
Inventories	—	797,932	797,932	599,202	1,397,134	1,099,667
Prepaid items	14,566	—	14,566	—	14,566	7,078
Restricted cash and equivalents	—	1,019,094	1,019,094	—	1,019,094	1,649,188
Capital assets:						
Non-depreciable	95,302,486	43,366,707	138,669,193	—	138,669,193	112,888,117
Depreciable, net	56,476,947	28,410,494	84,887,441	974,104	85,861,545	84,574,059
Total assets	218,046,265	82,192,413	300,238,678	15,805,195	316,043,873	313,667,258
Deferred outflows of resources - Pension deferrals	254,498	63,624	318,122	1,041,395	1,359,517	—
Total assets and deferred outflows of resources	\$ 218,300,763	82,256,037	300,556,800	16,846,590	317,403,390	313,667,258
Liabilities, Deferred Inflows of Resources and Net Position						
Liabilities:						
Accounts payable	\$ 2,891,025	1,141,209	4,032,234	1,158,189	5,190,423	6,555,736
Accrued compensation and related liabilities	429,960	99,856	529,816	3,325,235	3,855,051	4,243,032
Other accrued liabilities	940,722	84,664	1,025,386	—	1,025,386	1,041,033
Customer deposits	1,100	36,509	37,609	—	37,609	28,100
Unearned revenues	94,729	—	94,729	74,081	168,810	233,466
Due to component unit	11,238,882	—	11,238,882	—	11,238,882	8,708,251
Internal balances	140,022	(140,022)	—	—	—	—
Noncurrent liabilities:						
Due within one year	3,904,682	900,000	4,804,682	753,044	5,557,726	5,682,028
Due in more than one year	69,257,886	26,992,861	96,250,747	65,817	96,316,564	100,309,992
Net pension liability	3,032,290	758,072	3,790,362	15,345,742	19,136,104	—
Landfill closure costs	—	3,188,507	3,188,507	—	3,188,507	3,968,123
Total liabilities	91,931,298	33,061,656	124,992,954	20,722,108	145,715,062	130,769,761
Deferred inflows of resources - Pension deferrals	280,266	70,067	350,333	1,813,258	2,163,591	—
Net position:						
Net investment in capital assets	82,616,865	43,884,340	126,501,205	877,700	127,378,905	117,161,650
Unrestricted	43,472,334	5,239,974	48,712,308	(6,566,476)	42,145,832	65,735,847
Total net position	126,089,199	49,124,314	175,213,513	(5,688,776)	169,524,737	182,897,497
Total liabilities, deferred inflows of resources and net position	\$ 218,300,763	82,256,037	300,556,800	16,846,590	317,403,390	313,667,258

See accompanying notes to financial statements.

KODIAK ISLAND BOROUGH

Statement of Activities

Year ended June 30, 2015

(With summarized financial information for the year ended June 30, 2014)

Functions/Programs	Expenses	Program revenues			Net (expense) revenue and changes in net position			Component unit School District	Total reporting entity	
		Charges for services	Operating grants and contributions	Capital grants	Governmental activities	Primary government			2015	2014
						Business-type activities	Total			
Primary government:										
Governmental activities:										
General government	\$ 5,637,239	540,052	108,036	189,778	(4,799,373)	—	(4,799,373)	—	(4,799,373)	(6,011,100)
Public safety	663,145	13,601	16,632	—	(632,912)	—	(632,912)	—	(632,912)	(672,107)
Community and economic development	886,613	—	33,768	684,077	(168,768)	—	(168,768)	—	(168,768)	(732,497)
Emergency preparedness	31,628	—	—	1,596,596	1,564,968	—	1,564,968	—	1,564,968	(500)
Health and sanitation department	406,093	—	—	—	(406,093)	—	(406,093)	—	(406,093)	(326,700)
Education, culture and recreation	335,854	—	—	—	(335,854)	—	(335,854)	—	(335,854)	(218,013)
Parks and recreation	161,596	—	—	127,185	(34,411)	—	(34,411)	—	(34,411)	(37,795)
Service district maintenance	534,376	114,516	—	—	(419,860)	—	(419,860)	—	(419,860)	(521,259)
Primary and secondary education	14,316,695	—	262,175	405,297	(13,649,223)	—	(13,649,223)	—	(13,649,223)	(7,853,030)
Interest on long-term debt	3,063,649	—	3,885,080	—	821,431	—	821,431	—	821,431	1,238,111
Total governmental activities	<u>26,036,888</u>	<u>668,169</u>	<u>4,305,691</u>	<u>3,002,933</u>	<u>(18,060,095)</u>	<u>—</u>	<u>(18,060,095)</u>	<u>—</u>	<u>(18,060,095)</u>	<u>(15,134,890)</u>
Business-type activities:										
Municipal solid waste collection and disposal	2,468,058	2,611,854	24,487	200,000	—	368,283	368,283	—	368,283	5,508,141
Hospital facilities	1,763,636	1,759,789	—	13,753	—	9,906	9,906	—	9,906	(375,525)
Kodiak Fisheries Research Center	1,486,620	2,267,032	8,162	—	—	788,574	788,574	—	788,574	170,211
911 service	33,961	—	—	—	—	(33,961)	(33,961)	—	(33,961)	(39,817)
Total business-type activities	<u>5,752,275</u>	<u>6,638,675</u>	<u>32,649</u>	<u>213,753</u>	<u>—</u>	<u>1,132,802</u>	<u>1,132,802</u>	<u>—</u>	<u>1,132,802</u>	<u>5,263,010</u>
Total primary government	<u>31,789,163</u>	<u>7,306,844</u>	<u>4,338,340</u>	<u>3,216,686</u>	<u>(18,060,095)</u>	<u>1,132,802</u>	<u>(16,927,293)</u>	<u>—</u>	<u>(16,927,293)</u>	<u>(9,871,880)</u>
Component unit:										
School District	\$ <u>44,981,062</u>	<u>238,847</u>	<u>7,614,582</u>	<u>94,296</u>				<u>(37,033,337)</u>	<u>(37,033,337)</u>	<u>(40,263,953)</u>
General revenues:										
Property taxes					14,228,505	—	14,228,505	—	14,228,505	13,741,190
Grants and entitlements not restricted to specific programs					3,990,192	—	3,990,192	33,544,560	37,534,752	34,840,709
Land sales					103,143	—	103,143	—	103,143	864,584
Severance taxes					1,703,257	—	1,703,257	—	1,703,257	1,843,819
Support from primary government					—	—	—	10,905,600	10,905,600	10,651,976
Other					494,287	186,328	680,615	45,586	726,201	2,228,382
Investment earnings					574,227	80,825	655,052	—	655,052	1,285,568
Transfers					(152,357)	152,357	—	—	—	—
Total general revenues and transfers					<u>20,941,254</u>	<u>419,510</u>	<u>21,360,764</u>	<u>44,495,746</u>	<u>65,856,510</u>	<u>65,456,228</u>
Change in net position					2,881,159	1,552,312	4,433,471	7,462,409	11,895,880	15,320,395
Net position, at beginning of year, as previously stated					<u>126,913,982</u>	<u>48,498,487</u>	<u>175,412,469</u>	<u>7,485,028</u>	<u>182,897,497</u>	<u>167,577,102</u>
Cumulative effect of a change in accounting principle					(3,705,942)	(926,485)	(4,632,427)	(20,636,213)	(25,268,640)	—
Net position, at beginning of year, as restated					<u>123,208,040</u>	<u>47,572,002</u>	<u>170,780,042</u>	<u>(13,151,185)</u>	<u>157,628,857</u>	<u>167,577,102</u>
Net position, at end of year					\$ <u>126,089,199</u>	<u>49,124,314</u>	<u>175,213,513</u>	<u>(5,688,776)</u>	<u>169,524,737</u>	<u>182,897,497</u>

See accompanying notes to financial statements.

KODIAK ISLAND BOROUGH

Balance Sheet

Governmental Funds

June 30, 2015

(With summarized financial information for June 30, 2014)

Assets	General	Special Revenue Funds		Education and Health Debt Service Fund	Capital Project Funds		Other Governmental Funds	Totals	
		Education Support	Facilities		Kodiak High School Renovation	Renewal and Replacement Projects		2015	2014
Assets:									
Equity in central treasury	\$ 2,600,753	11,077,117	36,872,713	129,334	6,384,738	490,431	5,184,299	62,739,385	78,963,352
Receivables:									
State of Alaska	11,777	52,162	—	41,904	304,386	—	1,626,996	2,037,225	611,868
Federal government	—	—	—	—	—	—	319,459	319,459	359,513
Property taxes, net of allowance of \$15,828	24,096	168,195	—	22,593	—	7,661	20,493	243,038	245,933
Severance taxes	372,151	—	—	—	—	—	—	372,151	396,798
Interest	202,051	—	—	—	—	—	—	202,051	514,945
Land sales contracts	—	—	—	—	—	—	25,464	25,464	35,465
Accounts and other receivables, net	17,229	—	—	—	—	—	34,164	51,393	52,257
Prepaid items	14,566	—	—	—	—	—	—	14,566	1,459
Due from other funds	761,311	—	44,713	—	—	—	—	806,024	383,789
Land sales contracts, due after one year	—	—	—	—	—	—	262,100	262,100	513,765
Advances to other funds	—	—	2,555,000	—	—	—	—	2,555,000	6,716,900
Total assets	\$ 4,003,934	11,297,474	39,472,426	193,831	6,689,124	498,092	7,472,975	69,627,856	88,796,044
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficit)									
Liabilities:									
Accounts payable	422,848	11,877	—	6,604	2,228,045	7,306	214,345	2,891,025	3,611,343
Accrued compensation and related liabilities	157,398	—	—	—	—	—	—	157,398	184,241
Customer deposits	—	—	—	—	—	—	1,100	1,100	1,100
Due to component unit	—	11,238,882	—	—	—	—	—	11,238,882	8,708,251
Due to other funds	—	—	—	—	—	99,398	756,017	855,415	329,626
Advances from other funds	—	—	—	—	—	2,645,631	—	2,645,631	2,745,028
Unearned revenues	—	—	—	—	—	—	94,729	94,729	134,815
Total liabilities	580,246	11,250,759	—	6,604	2,228,045	2,752,335	1,066,191	17,884,180	15,714,404
Deferred inflows of resources:									
Unavailable revenues	227,780	—	44,713	—	—	—	287,564	560,057	762,780
Total liabilities and deferred inflows of resources	808,026	11,250,759	44,713	6,604	2,228,045	2,752,335	1,353,755	18,444,237	16,477,184
Fund balances (deficit):									
Nonspendable	14,566	—	—	—	—	—	262,100	276,666	515,224
Committed	—	46,715	39,427,713	187,227	—	—	2,969,906	42,631,561	42,355,129
Assigned	—	—	—	—	4,461,079	—	3,149,193	7,610,272	28,875,499
Unassigned	3,181,342	—	—	—	—	(2,254,243)	(261,979)	665,120	573,008
Total fund balances (deficit)	3,195,908	46,715	39,427,713	187,227	4,461,079	(2,254,243)	6,119,220	51,183,619	72,318,860
Total liabilities, deferred inflows of resources and fund balances (deficit)	\$ 4,003,934	11,297,474	39,472,426	193,831	6,689,124	498,092	7,472,975	69,627,856	88,796,044

See accompanying notes to financial statements.

KODIAK ISLAND BOROUGH

Reconciliation of Net Position Between the
Government-Wide Financial Statements and the Fund Financial Statements

June 30, 2015

Amount reported as fund balances on the governmental funds balance sheet		\$ 51,183,619
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		151,779,433
Long-term receivables, delinquent property taxes and loans are not available to pay for current-period expenditures and, therefore, are unavailable in the funds:		
Property taxes	\$ 227,780	
Interest receivable	44,713	
Notes receivable - land sales	287,564	560,057
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:		
General obligation bonds payable	(66,495,000)	
Bond premium	(6,636,566)	
ADEC loans	(31,002)	
Accrued interest expense	(940,722)	
Compensated absences	(272,562)	(74,375,852)
Changes in deferred inflows and outflows of resources are the results of timing differences in the actuarial report:		
Pension related assets in the current fiscal year are presented as deferred outflows of resources		254,498
Pension related liabilities in the current fiscal year are presented as deferred inflows of resources		(280,266)
Proportionate share of the collective net pension liability		<u>(3,032,290)</u>
Net position of governmental activities		<u>\$ 126,089,199</u>

See accompanying notes to financial statements.

KODIAK ISLAND BOROUGH

Statement of Revenues, Expenditures and Changes

in Fund Balances (Deficits)

Governmental Funds

Year ended June 30, 2015

(With summarized financial information for the year ended June 30, 2014)

							Totals		
	General	Special Revenue Funds		Education and Health Debt Service Fund	Capital Project Funds		Other Governmental Funds	2015	2014
		Education Support	Facilities		Kodiak High School Renovation	Renewal and Replacement Projects			
Revenues:									
Property taxes and assessments	\$ 235,029	10,721,928	—	1,158,728	—	632,035	1,343,783	14,091,503	13,656,771
Transient accommodations tax	—	—	—	—	—	—	104,074	104,074	75,142
Severance taxes	1,703,257	—	—	—	—	—	—	1,703,257	1,843,819
Intergovernmental:									
State sources	3,569,772	262,175	—	3,885,080	405,297	—	2,210,415	10,332,739	12,938,158
Federal sources	1,593,528	—	—	—	—	—	500,459	2,093,987	1,933,672
Charges for services	2,647	—	—	—	—	—	550,006	552,653	589,436
Licenses, permits and fees	86,916	—	—	—	—	—	28,600	115,516	112,563
Investment income	(18,330)	—	468,769	509	103,058	178	29,493	583,677	1,115,466
Rental	—	—	—	—	—	—	20,550	20,550	—
Other	16,821	—	—	—	—	—	926	17,747	50,556
Total revenues	7,189,640	10,984,103	468,769	5,044,317	508,355	632,213	4,788,306	29,615,703	32,315,583
Expenditures:									
Current:									
General government	5,354,059	—	—	6,312	—	126,747	846,606	6,333,724	5,449,505
Public safety	109,415	—	—	—	—	—	414,754	524,169	576,720
Community and economic development	1,078,985	—	—	—	—	—	75,000	1,153,985	964,377
Emergency preparedness	29,128	—	—	—	—	—	—	29,128	9,987
Health and social services	406,093	—	—	—	—	—	—	406,093	326,700
Education, culture and recreation	24,856	—	—	—	—	—	—	24,856	95,625
Parks and recreation	161,596	—	—	—	—	—	—	161,596	37,795
Service district maintenance	—	—	—	—	—	—	534,376	534,376	631,572
Primary and secondary education	195,000	10,905,714	—	—	—	—	—	11,100,714	10,845,220
Capital outlay:									
Schools	—	—	—	—	21,673,656	—	310,999	21,984,655	34,872,235
General	—	—	—	—	—	277,122	2,629,896	2,907,018	1,521,996
Debt service:									
Principal	—	—	—	2,646,040	—	—	—	2,646,040	3,645,950
Interest	—	—	—	3,120,449	—	—	1,128	3,121,577	2,109,406
Debt issuance costs	—	—	—	—	—	—	—	—	89,835
Total expenditures	7,359,132	10,905,714	—	5,772,801	21,673,656	403,869	4,812,759	50,927,931	61,176,923
Excess (deficiency) of revenues over (under) expenditures	(169,492)	78,389	468,769	(728,484)	(21,165,301)	228,344	(24,453)	(21,312,228)	(28,861,340)
Other financing sources (uses):									
Bond issuance	—	—	—	—	—	—	—	—	22,660,000
Premium on bonds issued	—	—	—	—	—	—	—	—	2,427,432
Land sale proceeds	—	—	—	—	—	—	329,344	329,344	356,284
Transfers in	—	—	—	250,000	—	322,000	70,691	642,691	992,365
Transfers out	(138,548)	—	(590,000)	—	—	—	(66,500)	(795,048)	(1,072,365)
Net other financing sources (uses)	(138,548)	—	(590,000)	250,000	—	322,000	333,535	176,987	25,363,716
Change in fund balances	(308,040)	78,389	(121,231)	(478,484)	(21,165,301)	550,344	309,082	(21,135,241)	(3,497,624)
Fund balances (deficits), at beginning of year	3,503,948	(31,674)	39,548,944	665,711	25,626,380	(2,804,587)	5,810,138	72,318,860	75,816,484
Fund balances (deficit), at end of year	\$ 3,195,908	46,715	39,427,713	187,227	4,461,079	(2,254,243)	6,119,220	51,183,619	72,318,860

See accompanying notes to financial statements.

KODIAK ISLAND BOROUGH

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)
of Governmental Funds to the Statement of Activities

Year ended June 30, 2015

Change in fund balances – total governmental funds		\$ (21,135,241)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures.		
However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:		
Capital outlay	\$ 24,365,620	
Depreciation expense	<u>(3,972,336)</u>	20,393,284
Governmental funds only report the revenue from the sale of assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each sale. The net effect of transactions involving capital assets is to decrease net position.		
Cost of assets sold	(37,970)	
Accumulated depreciation of assets sold	<u>—</u>	(37,970)
Certain revenues in the statement of activities do not provide current financial resources and are reported as unearned or unavailable revenues in the funds:		
Property tax	227,780	
Interest income	44,713	
Land sale proceeds	<u>287,564</u>	560,057
Certain revenues that were earned in a prior year provide current financial resources:		
Accrued property tax	(194,852)	
Accrued interest income	(54,163)	
Land sale contracts	<u>(513,765)</u>	(762,780)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds do not report the accrual of interest expense on debt when it is not payable from currently available resources:		
Interest expenditures applied to accrued interest	57,928	
Principal repayments	2,646,040	
Bond premium amortization	<u>455,990</u>	3,159,958
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:		
Compensated absences, net change		55,967
Decrease in the collective share of the unfunded pension liability		344,436
Amortization of deferred outflows and inflows of resources		65,843
Changes in deferred inflows and outflows of resources are the result of timing difference in the actuarial report. Contributions to the pension plan in the current fiscal year are included in the fund financial statements and are presented as changes in deferred outflows of resources in the government-wide financial statements		
		<u>237,605</u>
Change in net position of governmental activities		<u>\$ 2,881,159</u>

See accompanying notes to financial statements.

KODIAK ISLAND BOROUGH

Statement of Net Position

Proprietary Funds - Business - Type Activities - Enterprise Funds

June 30, 2015

(With summarized financial information for June 30, 2014)

Assets and Deferred Outflows of Resources	Municipal Solid Waste Collection and Disposal	Hospital Facilities	Kodiak Fisheries Research Center	Other Nonmajor Enterprise Fund	Totals	
					2015	2014
Current assets:						
Equity in central treasury	\$ 1,285,860	2,660,539	3,652,250	—	7,598,649	15,488,823
Restricted cash and equivalents	302,501	716,593	—	—	1,019,094	1,649,188
Customer receivables	321,482	630,095	36,745	5,294	993,616	307,053
Accounts receivable - State of Alaska	—	5,921	—	—	5,921	938,276
Prepays	—	—	—	—	—	2,679
Due from other funds	—	99,398	—	—	99,398	—
Total current assets	<u>1,909,843</u>	<u>4,112,546</u>	<u>3,688,995</u>	<u>5,294</u>	<u>9,716,678</u>	<u>18,386,019</u>
Inventories	520,925	277,007	—	—	797,932	597,932
Capital assets:						
Non-depreciable	26,473,223	15,580,166	1,313,318	—	43,366,707	41,752,332
Depreciable, net	2,666,212	16,897,319	8,846,963	—	28,410,494	23,541,290
Total capital assets	<u>29,139,435</u>	<u>32,477,485</u>	<u>10,160,281</u>	<u>—</u>	<u>71,777,201</u>	<u>65,293,622</u>
Advances to other funds	—	2,645,631	—	—	2,645,631	—
Total noncurrent assets	<u>29,660,360</u>	<u>35,400,123</u>	<u>10,160,281</u>	<u>—</u>	<u>75,220,764</u>	<u>65,891,554</u>
Deferred outflows of resources - Pension deferrals	47,718	—	15,906	—	63,624	—
Total assets and deferred outflows of resources	<u>\$ 31,617,921</u>	<u>39,512,669</u>	<u>13,865,182</u>	<u>5,294</u>	<u>85,001,066</u>	<u>84,277,573</u>
Liabilities, Deferred Inflows of Resources and Net Position						
Current liabilities:						
Accounts payable	\$ 1,057,861	39,641	43,707	—	1,141,209	1,852,359
Customer deposits	36,509	—	—	—	36,509	27,000
Accrued compensation and related liabilities	74,947	—	24,909	—	99,856	100,575
Other accrued liabilities	83,944	—	720	—	84,664	42,383
Current portion of advances from other funds	—	—	575,000	—	575,000	622,723
Current portion of notes payable	275,000	625,000	—	—	900,000	875,000
Due to other funds	—	—	44,713	5,294	50,007	54,163
Total current liabilities	<u>1,528,261</u>	<u>664,641</u>	<u>689,049</u>	<u>5,294</u>	<u>2,887,245</u>	<u>3,574,203</u>
Noncurrent liabilities:						
Notes payable	9,633,184	17,359,677	—	—	26,992,861	24,887,611
Advances from other funds	—	—	1,980,000	—	1,980,000	3,349,149
Accrual for landfill closure and postclosure costs	3,188,507	—	—	—	3,188,507	3,968,123
Net pension liability	568,554	—	189,518	—	758,072	—
Total noncurrent liabilities	<u>13,390,245</u>	<u>17,359,677</u>	<u>2,169,518</u>	<u>—</u>	<u>32,919,440</u>	<u>32,204,883</u>
Total liabilities	<u>14,918,506</u>	<u>18,024,318</u>	<u>2,858,567</u>	<u>5,294</u>	<u>35,806,685</u>	<u>35,779,086</u>
Deferred inflows of resources - Pension deferrals	52,550	—	17,517	—	70,067	—
Net position:						
Net investment in capital assets	19,231,251	14,492,808	10,160,281	—	43,884,340	36,383,229
Unrestricted (deficit)	(2,584,386)	6,995,543	828,817	—	5,239,974	12,115,258
Total net position	<u>16,646,865</u>	<u>21,488,351</u>	<u>10,989,098</u>	<u>—</u>	<u>49,124,314</u>	<u>48,498,487</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 31,617,921</u>	<u>39,512,669</u>	<u>13,865,182</u>	<u>5,294</u>	<u>85,001,066</u>	<u>84,277,573</u>

See accompanying notes to financial statements.

KODIAK ISLAND BOROUGH

Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Funds - Business - Type Activities - Enterprise Funds

Year ended June 30, 2015

(With summarized financial information for the year ended June 30, 2014)

	Municipal Solid Waste Collection and Disposal	Hospital Facilities	Kodiak Fisheries Research Center	Other Nonmajor Enterprise Fund	Totals	
					2015	2014
Operating revenues:						
Charges for services:						
Solid waste disposal	\$ 2,611,854	—	—	—	2,611,854	2,265,967
Lease income	—	1,759,789	2,267,032	—	4,026,821	3,001,322
Other	11,335	—	—	33,961	45,296	79,659
Total operating revenues	<u>2,623,189</u>	<u>1,759,789</u>	<u>2,267,032</u>	<u>33,961</u>	<u>6,683,971</u>	<u>5,346,948</u>
Operating expenses:						
Personnel services	824,689	30,049	274,049	3,000	1,131,787	1,249,237
Contracted services	139,005	—	—	—	139,005	185,284
Maintenance and repairs	105,439	—	5,903	—	111,342	142,453
Depreciation	269,276	842,644	636,139	—	1,748,059	1,782,398
General and administration	247,857	—	338,418	—	586,275	618,343
Miscellaneous	—	—	43,811	92	43,903	52,979
Telephone services	—	—	—	30,869	30,869	36,719
Recycling services	222,456	—	—	—	222,456	214,876
Contributions	38,909	—	—	—	38,909	39,106
Total operating expenses	<u>1,847,631</u>	<u>872,693</u>	<u>1,298,320</u>	<u>33,961</u>	<u>4,052,605</u>	<u>4,321,395</u>
Operating income	775,558	887,096	968,712	—	2,631,366	1,025,553
Nonoperating revenues (expense):						
Intergovernmental -						
State of Alaska on-behalf payment	24,487	—	8,162	—	32,649	—
Contribution to Providence Hospital	—	(108,000)	—	—	(108,000)	(108,000)
Investment income	23,929	34,411	22,485	—	80,825	178,851
Bond premium amortization	27,211	113,821	—	—	141,032	141,032
Landfill closure and postclosure costs	(422,016)	—	—	—	(422,016)	377,471
Interest expense	(198,411)	(782,943)	(188,300)	—	(1,169,654)	(1,112,922)
Total nonoperating income (expense)	<u>(544,800)</u>	<u>(742,711)</u>	<u>(157,653)</u>	<u>—</u>	<u>(1,445,164)</u>	<u>(523,568)</u>
Income before capital contributions and transfers	230,758	144,385	811,059	—	1,186,202	501,985
Capital contributions	200,000	13,753	—	—	213,753	5,538,038
Transfers in	64,383	66,500	21,474	—	152,357	80,000
Change in net position	495,141	224,638	832,533	—	1,552,312	6,120,023
Net position, beginning, as previously stated	16,846,588	21,263,713	10,388,186	—	48,498,487	42,378,464
Cumulative effect of a change in accounting principle	(694,864)	—	(231,621)	—	(926,485)	—
Net position, beginning, as restated	<u>16,151,724</u>	<u>21,263,713</u>	<u>10,156,565</u>	<u>—</u>	<u>47,572,002</u>	<u>42,378,464</u>
Net position, at end of year	<u>\$ 16,646,865</u>	<u>21,488,351</u>	<u>10,989,098</u>	<u>—</u>	<u>49,124,314</u>	<u>48,498,487</u>

See accompanying notes to financial statements.

KODIAK ISLAND BOROUGH

Statement of Cash Flows

Proprietary Funds - Business - Type Activities - Enterprise Funds

Year ended June 30, 2015

(With summarized financial information for the year ended June 30, 2014)

	Municipal Solid Waste Collection and Disposal	Hospital Facilities	Kodiak Fisheries Research Center	Other Nonmajor Enterprise Fund	Totals	
					2015	2014
Cash flows from operating activities:						
Cash received from customers	\$ 6,619,618	1,162,326	2,270,333	34,777	10,087,054	6,671,706
Payments to suppliers	(2,604,217)	33,812	(632,058)	(67,680)	(3,270,143)	(5,021,937)
Payments to employees	(917,745)	(30,049)	(281,470)	(3,000)	(1,232,264)	(1,243,749)
Net cash provided (used) by operating activities	3,097,656	1,166,089	1,356,805	(35,903)	5,584,647	406,020
Cash flows from noncapital financing activities:						
State sources - grants	200,000	13,753	—	—	213,753	5,538,038
Contribution to Providence Hospital	—	(108,000)	—	—	(108,000)	(108,000)
Internal activity - payments to/from other funds	—	(2,745,029)	(9,450)	5,294	(2,749,185)	(8,749)
Transfers in	64,383	66,500	21,474	—	152,357	80,000
Net cash provided (used) by noncapital financing activities	264,383	(2,772,776)	12,024	5,294	(2,491,075)	5,501,289
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	(7,367,591)	(582,102)	(281,945)	—	(8,231,638)	(19,284,233)
Interest paid on notes payable and interfund borrowings	(171,200)	(555,301)	(188,300)	—	(914,801)	(1,085,711)
Principal payments on long-term notes payable and interfund borrowing	(298,711)	(876,873)	(540,000)	—	(1,715,584)	(866,721)
Proceeds from issuance of notes payable	—	(832,642)	—	—	(832,642)	3,147,782
Net cash provided (used) by capital and related financing activities	(7,837,502)	(2,846,918)	(1,010,245)	—	(11,694,665)	(18,088,883)
Cash flows from investing activities:						
Interest and dividends received	23,929	34,411	22,485	—	80,825	178,851
Net change in cash and cash equivalents	(4,451,534)	(4,419,194)	381,069	(30,609)	(8,520,268)	(12,002,723)
Cash and equivalents, at beginning of year	6,039,895	7,796,326	3,271,181	30,609	17,138,011	29,140,734
Cash and equivalents, at end of year	\$ 1,588,361	3,377,132	3,652,250	—	8,617,743	17,138,011
Reconciliation of cash and cash equivalents to the Statement of Net Position:						
Equity in central treasury	\$ 1,285,860	2,660,539	3,652,250	—	7,598,649	15,488,823
Restricted cash and equivalents	302,501	716,593	—	—	1,019,094	1,649,188
	\$ 1,588,361	3,377,132	3,652,250	—	8,617,743	17,138,011

(continued)

KODIAK ISLAND BOROUGH

Statement of Cash Flows

Proprietary Funds - Business - Type Activities - Enterprise Funds, (Continued)

Year ended June 30, 2015

(With summarized financial information for the year ended June 30, 2014)

	Municipal Solid Waste Collection and Disposal	Hospital Facilities	Kodiak Fisheries Research Center	Other Nonmajor Enterprise Fund	Totals	
					2014	2013
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	\$ 775,558	887,096	968,712	—	2,631,366	1,025,553
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation	269,276	842,644	636,139	—	1,748,059	1,782,398
Pension expense	(96,991)	—	(32,330)	—	(129,321)	—
Accrual for landfill closure and postclosure costs	(1,201,632)	—	—	—	(1,201,632)	(1,044,056)
Changes in assets and liabilities that provided (used) cash:						
(Increase) decrease in assets:						
Customer receivables	(60,585)	(630,095)	3,301	816	(686,563)	(58,798)
Accounts receivable - State of Alaska	4,047,505	32,632	—	—	4,080,137	1,370,056
Prepays	2,679	—	—	—	2,679	(2,484)
Inventories	(200,000)	—	—	—	(200,000)	(320,925)
Increase (decrease) in liabilities:						
Accounts payable	(493,159)	33,812	(215,083)	(36,719)	(711,149)	(2,311,933)
Customer deposits	9,509	—	—	—	9,509	—
Accrued compensation	3,935	—	24,909	—	28,844	5,488
Other accrued liabilities	41,561	—	(28,843)	—	12,718	(52,779)
Unearned revenues	—	—	—	—	—	13,500
Net cash provided (used) by operating activities	\$ 3,097,656	1,166,089	1,356,805	(35,903)	5,584,647	406,020

See accompanying notes to financial statements.

KODIAK ISLAND BOROUGH

Notes to Basic Financial Statements

Year Ended June 30, 2015

(1) Summary of Significant Accounting Policies

(a) Reporting Entity

The Kodiak Island Borough (the Borough), Alaska, was organized to perform the municipal duties allowed by Alaska Statutes and as directed by its residents. As required by accounting principles generally accepted in the United States of America, these financial statements present the government and its component unit, an entity for which the government is considered to be financially accountable. The discretely presented component unit is reported in a separate column in basic financial statements to emphasize it is legally separate from the government. The Borough reviewed its relationship with other organizations and determined that the following organization is a component unit.

Discretely Presented Component Unit

The Borough has delegated the operating responsibility for public education to the Kodiak Island Borough School District (School District). In accordance with statutes, the Borough retains ownership of the education related capital assets and incurs the debt, if necessary, to finance the acquisition and construction of school facilities. The Borough Assembly approves the total annual budget of the School District and may, during the year, increase the total appropriation.

Complete financial statements for the component unit may be obtained at the entity's administrative offices for the Kodiak Island Borough School District.

Kodiak Island Borough School District
722 Mill Bay Road
Kodiak, Alaska 99615

(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 activities of the primary government and its component unit. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

KODIAK ISLAND BOROUGH

Notes to Basic Financial Statements, Continued

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds, if applicable, are reported as separate columns in the fund financial statements.

Deferred inflows of resources are the acquisition of fund balance / net position by the Borough that are applicable to a future reporting period. Deferred outflows of resources are the consumption of fund balance / net position that are applicable to a future reporting period.

(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 revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period except for grant revenues which are recognized when the related expenditure is incurred irrespective of when the cash is received. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

KODIAK ISLAND BOROUGH

Notes to Basic Financial Statements, Continued

The government reports the following major governmental funds:

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

The *Education Support Special Revenue Fund* accounts for property taxes and assessments dedicated to school district support activity.

The *Facilities Special Revenue Fund* accounts for the proceeds from the sale of Shuyak Island. The single most important goal is to preserve the principal of the fund. Interest earnings, after inflation proofing, can be used for debt service, building insurance and capital projects.

The *Education and Health Debt Service Fund* was established to finance and account for the payment of interest and principal on all general obligation debts, serial and term, other than that payable exclusively from special assessments and revenue debt issued for and serviced by a government enterprise fund.

The *Kodiak High School Renovation Capital Project Fund* accounts for the construction and major maintenance activities for the Borough's educational facilities funded by school bonds.

The *Renewal and Replacement Projects Capital Project Fund* accounts for the construction and maintenance of various Borough facilities.

The government reports the following major proprietary funds:

The *Municipal Solid Waste Collection and Disposal Fund* accounts for the collection and disposal of solid waste and recycling services for the Kodiak Island Borough.

The *Hospital Facilities Fund* accounts for rents on the Borough owned hospital; hospital related state revenue sharing; and other hospital related revenue. In turn, it purchases hospital equipment and makes debt service payments on hospital related debt.

The *Kodiak Fisheries Research Center Fund* accounts for rents and expenses on the Borough owned Kodiak Fisheries Research Center. The three tenants: NOAA, Alaska Department of Fish & Game and University of Alaska, Fairbanks pay lease funds to participate in this multi-agency research facility committed to the preservation of the North Pacific marine ecosystem and resources.

As a general rule the effect of inter-fund activity has been eliminated from the government wide financial statements. Exceptions to this general rule are charges between various functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

KODIAK ISLAND BOROUGH

Notes to Basic Financial Statements, Continued

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

(d) *Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position*

Cash and Investments

Cash and temporary investments of Borough funds are pooled in a central treasury. Each fund's portion of this pool is displayed on the Balance Sheet and Statement of Net Position as "Equity in Central Treasury".

The Borough participates in the Alaska Municipal League Investment Pool (AMLIP). AMLIP is not SEC registered and is unrated. Alaska Statute 37.23 establishes regulatory oversight of the pool. The law sets forth numerous requirements regarding authorized investments and reporting. The pool is incorporated in the State of Alaska as a nonprofit corporation and reports to its Board of Directors. Alaska Statute 37.23.050 requires the retention of an investment manager.

The AMLIP manager is required to produce monthly disclosure statements to the pool. The pool has also retained an investment advisor to monitor the performance of the investment manager and to ensure compliance with investment policies. All participation in the pool is voluntary. The pool must maintain a dollar weighted average maturity of 90 days or less, and only purchase instruments having remaining maturities of 397 days or less. On a monthly basis, the investments in the pool are reviewed for fair value by an independent pricing service.

All highly liquid investments, excluding restricted assets, with original maturities of ninety days or less are considered to be cash equivalents. For purposes of the Statements of Cash Flows, equity in central treasury held by enterprise funds are treated as cash equivalents.

Investments for the government, as well as the component unit, are reported at fair value, as determined by quoted market prices. The reported value of the pool is the same as the fair value of the pool shares.

Receivables and Payables

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

KODIAK ISLAND BOROUGH

Notes to Basic Financial Statements, Continued

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

Inventories and Prepaid Items/Expenses

Expendable operating supplies of the Borough are accounted for using the purchases method. There are no significant amounts of such inventories on hand at year end. The entire Hospital Enterprise Fund inventory is assigned to Providence as of April 21, 1997. According to the terms of the lease agreement for the hospital facilities [see note 13(a)], those items are required to be returned to the Borough at the termination of the lease in at least equal value.

Payments made to vendors for services that are applicable to future accounting periods are recorded as prepaid items. The prepaid assets do not reflect current available resources and, thus, an equivalent portion of fund balance is classified as nonspendable in the fund financial statements. Prepaid items and expenses are based on the consumption method.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, street lights, and similar items including those acquired prior to fiscal years ended after June 30, 1980), are reported in the applicable governmental or business type activities columns in the government-wide financial statements. Capital assets are defined by the Borough as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business type activities is included as part of the capitalized value of the assets constructed. There was no interest capitalized during the year.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

Buildings and improvements	10-40 years
Improvements other than buildings	10-15 years
Equipment	5-10 years
Infrastructure	40 years

KODIAK ISLAND BOROUGH

Notes to Basic Financial Statements, Continued

Compensated Absences

It is the Borough's policy to permit employees to accumulate earned but unused annual leave benefits. All annual leave pay is accrued when incurred in the government wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-term Obligations

In the government wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business type activities, or proprietary fund Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year incurred.

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension 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.

Net Position

In the government wide financial statements, net position is reported in three categories; net investment in capital assets, restricted net position and unrestricted net position.

Net position is reported as restricted when constraints placed on net asset use are either externally imposed by creditors (such as through debt covenants), grantors, contributors provisions or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

KODIAK ISLAND BOROUGH

Notes to Basic Financial Statements, Continued

Fund Balance

In the Fund Financial Statements, fund balance includes five classifications as follows:

Nonspendable Fund Balance – amounts that are legally or contractually required to be maintained intact (such as the corpus of an endowment fund) or amounts that are not in a spendable form (such as inventory, prepaid expenses, supplies, and long-term receivables). Such constraint is binding until the legal or contractual requirement is repealed or the amounts become spendable.

Restricted Fund Balance – amounts constrained to specific purposes by their providers (such as grantors and higher levels of government), through constitutional provisions, or by enabling legislation. Such constraint is binding unless modified or rescinded by external body, laws, or regulation.

Committed Fund Balance – amounts that can be used only for the specific purposes determined by a formal action of the Borough Assembly, the Borough's highest level of decision-making authority. Commitments may be changed or lifted by the Assembly taking the same formal action that imposed the constraint originally. The formal action that is required to be taken to establish, modify or rescind a fund balance commitment is for the Assembly to pass a resolution.

Assigned Fund Balance – amounts that are constrained by the Borough for specific purposes. In governmental funds other than the General Fund, assigned fund balance represents the amount that is not restricted or committed, but constrained for a specific purpose. Assignment of fund balance is made by the Borough Assembly or its designee, the Finance Director. Such constraint is binding unless modified or eliminated by the Borough Assembly or Finance Director. Assignment of fund balance is made during the budget process and reviewed at the end of the fiscal year. Assigned fund balance for FY2015 represents amounts constrained for capital project funds and was assigned by the Finance Director.

Unassigned Fund Balance – amounts not contained in the other classifications and available for any purpose. Positive unassigned amounts will be reported only in the General Fund. If another governmental fund, other than the General Fund, has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund.

The order of spending, regarding the restricted and unrestricted fund balance when an expenditure is incurred for which both restricted and unrestricted fund balance is available should first reduce restricted fund balance and then unrestricted fund balance. The order of spending regarding unrestricted fund balance is that committed amounts should be reduced first, followed by the assigned amounts, and then the unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

KODIAK ISLAND BOROUGH

Notes to Basic Financial Statements, Continued

Compliance with the provisions of the Fund Balance Classification Policy are reviewed as part of the annual budget adoption process. The Finance Director reports to the Assembly as close to the end of the year as possible the anticipated year-end fund balance or deficit. The Assembly takes appropriate action to commit or assign, or otherwise allocate prior year fund balances as a part of the budget planning process.

The Borough's Special Revenue Funds are used to account for school district support, fire and road service areas, federal and state grant programs, street lighting districts, and operations and maintenance programs that are restricted or committed.

(e) Revenues, Expenditures, and Expenses

Property Taxes

Property taxes are based on the assessed value of taxable property as of January 1. Pursuant to Alaska Statute 29.45.240, the Borough establishes the mill rate on or before June 15th. Tax bills are then mailed on or before July 1st.

Taxes are due when billed and generally become delinquent on or after October 16th. The Borough code also provides for split payments. If a taxpayer avails himself of this provision, one-half must be paid on or before August 15th and the remainder becomes due on or before November 15th (in lieu of October 15th). Borough property tax revenues are recognized in the fiscal year in which they become measurable and available, which is generally the year following the year the tax bills are mailed.

All taxes are delinquent on November 16th, and a tax foreclosure process may commence as outlined in Alaska Statutes Title 29. Briefly, this entails the petition for Judgment of Foreclosure signed by the District Court Judge and the publication of all delinquent taxes in the local newspaper for four consecutive weeks.

Real property tax liens are enforced by one general foreclosure proceeding against the delinquent properties.

Prior to FY2012 all area wide property taxes were deposited into the General Fund and then transferred to the other area wide funds. As of FY2012 the Borough has set a separate mill rate for each area wide function that was funded by property taxes. For FY2015 the Borough set a mill rate of 0.06 mills for the General Fund, 9.16 mills for the Education Support Special Revenue Fund, 0.99 mills for the Debt Service Fund and 0.54 mills for the Renewal and Replacement Projects Capital Project Fund for a total area wide mill rate of 10.75. This was the same mill rate as FY2014.

KODIAK ISLAND BOROUGH

Notes to Basic Financial Statements, Continued

Severance Taxes

Severance taxes are based on the amount and value of natural resources severed from the environment. Types of resources taxed include seafood, gravel and mineral resources, and timber. Severance tax returns are sent to appropriate companies (as determined by the Borough Assessor) and are returned to the Borough Finance Department. The returns are filed quarterly, and are due by the end of the month following the quarter's end. Borough severance tax revenues are recognized in the fiscal year in which they become measurable and available.

Intergovernmental Revenue

State shared revenues, safe communities, State education related entitlement programs and State levied taxes, the proceeds of which are distributed to local governments, are recorded in the fiscal year to which they relate, including accrual at year end if final payments due are measurable and received within approximately two months after year end.

State of Alaska and Federal government cost reimbursable grants and contracts are recorded to the extent of allowable expenditures in the period in which the expenditures were incurred.

When both restricted and unrestricted resources are available for use for governmental activities, it is the Borough's policy to use restricted resources first, then unrestricted resources as they are needed.

Operating and Nonoperating Revenue and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Municipal Solid Waste Collection and Disposal Fund and 911 Service Fund are charges to customers for services. The principal operating revenues of the Hospital Facilities Fund and the Kodiak Fisheries Research Center Fund are rents from customers. Operating expenses for proprietary funds include costs of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Revenue from Investments and Property

Amounts earned on investment of available cash balances and the rental of building facilities are recorded in the period to which they relate, including accrual at year end of the balance due, and unrealized gains and losses on investments held at fiscal year end.

Land Sales Proceeds and Other Local Revenues

Amounts received pursuant to land sale contracts are recorded on the modified accrual basis in the fund financial statements and the accrual basis in the government-wide financial statements.

KODIAK ISLAND BOROUGH

Notes to Basic Financial Statements, Continued

Other local revenues are recorded on a basis consistent with their nature in relation to measurement and availability standards.

(f) Cash Flows

All highly liquid investments, excluding restricted assets, with original maturities of three months or less are considered cash equivalents for purposes of the statement of cash flows.

(g) Use of Estimates

Preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in these financial statements. Actual results may differ from the estimates. Significant estimates include the allowance for doubtful accounts, the useful lives of assets and related accumulated depreciation, and accrued landfill closure and post-closure care costs.

(2) Stewardship, Compliance, and Accountability

(a) Excess of Expenditures over Appropriations

The following fund expenditures exceeded their budget:

Fund	Excess
Special Revenue Funds:	
Education Support	\$ 114
L.E.P.C.	1,913
Total expenditures exceeding budgets	\$ 2,027

(b) Deficit Fund Equity

The individual fund deficits at June 30, 2015, are as follows:

Special Revenue Funds:	
L.E.P.C.	\$ 17,821
Trinity Island Paving	4,477
Oil Spill Disaster	10,566
Capital Project Funds:	
Renewal and Replacement Projects	2,254,243
School Bond Capital Projects	229,115
Total fund deficits	\$ 2,516,222

KODIAK ISLAND BOROUGH

Notes to Basic Financial Statements, Continued

The deficit in the L.E.P.C. Fund and Trinity Islands Paving Fund will be funded by transfers in from the General Fund in FY2016.

The deficit in the Renewal and Replacement Projects Capital Projects Fund will be covered by a loan from the Facilities Special Revenue Fund, which will then be repaid by a mill rate increase.

(3) Cash and Investments

A portion of the Borough's investments are in the Alaska Municipal League Investment Pool (AMLIP). The investment in AMLIP represents the Borough's share of ownership in the pool rather than ownership of specific securities. The fair values of the investments in the pool approximates amortized cost and is equal to the value of pool shares. To obtain a copy of AMLIP's financial statements contact Key Trust of Alaska at 101 West Benson Blvd., Room 302, Anchorage, Alaska 99503.

As of June 30, 2015, the Borough had the following investments:

Investment Type	Fair Value	Investment Maturities		
		Less than 1	1 to 5	6 to 10
U.S. Agency Securities:				
Federal Home Loan Bank	\$ 18,811,542	3,999,600	14,811,942	-
Federal Home Loan Mortgage Corporation	6,292,434	3,239,274	3,053,160	-
Federal Agricultural Mortgage Corporation Discount Note	9,999,900	9,999,900	-	-
Federal National Mortgage Association	5,023,110	5,023,110	-	-
Municipal Obligations	13,245,090	853,671	3,172,383	9,219,036
Alaska Municipal League Investment Pool	15,659,570	15,659,570	-	-
Certificates of Deposit	953,741	-	953,741	-
	<u>\$ 69,985,387</u>	<u>38,775,125</u>	<u>21,991,226</u>	<u>9,219,036</u>

In addition to the investments listed above, Kodiak Island Borough also had cash equivalents of \$1,371,741, which includes restricted cash of \$1,019,094.

Interest Rate Risk

The Borough's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

KODIAK ISLAND BOROUGH

Notes to Basic Financial Statements, Continued

Credit Risk

Statutes authorize the Borough to invest in obligations of the United States, the State of Alaska and its political subdivisions, savings accounts, certificates of deposit, banker's acceptances, repurchase agreements, and such other legal security instruments. The Borough does not have a formal investment policy that restricts investments based on credit risk.

At June 30, 2015, the Borough's U.S. agencies bonds were rated AAA by Standard & Poor and Fitch Ratings, and AAA by Moody's Investor Service. At June 30, 2015, the Borough's investment in the Alaska Municipal League Investment Pool was unrated.

Concentration of Credit Risk

The Borough places no limit on the amount the Borough may invest in any one issuer. At June 30, 2015, the Borough had 57% percent of its investments in U.S. Government agency securities.

Custodial Credit Risk – Deposits

The Borough maintains a cash pool that is available for use by all funds. Each fund's portion of this pool is reported on the Balance Sheet and Statements of Net Position as "Equity in Central Treasury" or amounts "due to/from other funds."

The Borough bank accounts are insured by the Federal Depository Insurance Corporation (FDIC) to a maximum of \$250,000. U.S. Treasury obligations collateralize the remaining bank balance, which is held by Bank of New York in a Tri-party collateral agreement with Wells Fargo, the pledging financial institution's agent, in the Borough's name.

Custodial Credit Risk – Investments

For an investment, this is a risk that, in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Borough manages its custodial credit risk in investments by requiring collateralization agreements. The Borough had no debt securities exposed to custodial credit risk at June 30, 2015.

(4) Annual Appropriation to the School District

An annual appropriation is made to the School District. In addition to the annual appropriation, the Borough provides the School District, without charge, general liability and property insurance, data processing services, the annual independent audit, mental health services, and grounds maintenance services.

KODIAK ISLAND BOROUGH

Notes to Basic Financial Statements, Continued

(5) Receivables

	Governmental Funds						
	General Fund	Education Support Special Revenue Fund		Capital Project Funds		Other Governmental Funds	Total Governmental Funds
		Education and Health Debt Service Fund	Kodiak High School Renovation	Renewal and Replacement Projects			
Receivables:							
Grants	\$ 11,777	52,162	41,904	304,386	—	1,946,455	2,356,684
Taxes	412,075	168,195	22,593	—	7,661	20,493	631,017
Interest	202,051	—	—	—	—	—	202,051
Customers and other	17,229	—	—	—	—	59,628	76,857
Gross receivables	643,132	220,357	64,497	304,386	7,661	2,026,576	3,266,609
Less: allowance							
for uncollectibles	(15,828)	—	—	—	—	—	(15,828)
Net total receivables	\$ 627,304	220,357	64,497	304,386	7,661	2,026,576	3,250,781

	Enterprise Funds						
	Municipal Solid Waste Collection and Disposal	Hospital Facilities	Kodiak Fisheries Research Center	Other Nonmajor Enterprise Fund	Total Enterprise Funds	Total Governmental Funds	Total Primary Government
	Receivables:						
Grants	\$ —	5,921	—	—	5,921	2,356,684	2,362,605
Taxes	—	—	—	—	—	631,017	631,017
Interest	—	—	—	—	—	202,051	202,051
Customers and other	321,482	630,095	36,745	5,294	993,616	76,857	1,070,473
Gross receivables	321,482	636,016	36,745	5,294	999,537	3,266,609	4,266,146
Less: allowance							
for uncollectibles	—	—	—	—	—	(15,828)	(15,828)
Net total receivables	\$ 321,482	636,016	36,745	5,294	999,537	3,250,781	4,250,318

(6) Deferred Inflows of Resources and Unearned Revenues

Governmental funds report *deferred inflows of resources* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenues in connection with resources that have been received, but not yet earned. At June 30, 2015, the various components of *deferred inflows of resources* and *unearned revenue* reported in the governmental funds were as follows:

		<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Unavailable property taxes receivable	\$	227,780	-	227,780
Unavailable land sales receivable		287,564	-	287,564
Interest on long-term advances		44,713	-	44,713
Grant advances prior to expending all proceeds		—	94,729	94,729
Total unavailable/unearned revenue				
for governmental funds	\$	<u>560,057</u>	<u>94,729</u>	<u>654,786</u>

KODIAK ISLAND BOROUGH

Notes to Basic Financial Statements, Continued

(7) Capital Assets

As noted in Footnote (13), the Borough leases the Kodiak Island Hospital and Care Center to Sisters of Providence. The value of the leased assets and associated depreciation are reflected in the Hospital Facilities Fund following.

Capital asset activity for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 23,272,788	204,500	(37,970)	23,439,318
Construction work-in-progress	<u>47,862,997</u>	<u>24,101,515</u>	<u>(101,344)</u>	<u>71,863,168</u>
Total	<u>71,135,785</u>	<u>24,306,015</u>	<u>(139,314)</u>	<u>95,302,486</u>
Capital assets, being depreciated:				
Buildings and improvements	111,827,781	-	-	111,827,781
Improvements other than buildings	21,217,638	116,650	-	21,334,288
Equipment	3,178,456	44,299	-	3,222,755
Infrastructure	<u>5,762,722</u>	<u>-</u>	<u>-</u>	<u>5,762,722</u>
Total	<u>141,986,597</u>	<u>160,949</u>	<u>-</u>	<u>142,147,546</u>
Less accumulated depreciation for:				
Buildings and improvements	67,239,191	2,549,860	-	69,789,051
Improvements other than buildings	7,327,971	1,151,925	-	8,479,896
Equipment	2,199,640	160,556	-	2,360,196
Infrastructure	<u>4,931,461</u>	<u>109,995</u>	<u>-</u>	<u>5,041,456</u>
Total	<u>81,698,263</u>	<u>3,972,336</u>	<u>-</u>	<u>85,670,599</u>
Total capital assets being depreciated, net	<u>60,288,334</u>	<u>(3,811,387)</u>	<u>-</u>	<u>56,476,947</u>
Total governmental activities, net	<u>\$ 131,424,119</u>	<u>20,494,628</u>	<u>(139,314)</u>	<u>151,779,433</u>

KODIAK ISLAND BOROUGH

Notes to Basic Financial Statements, Continued

	Beginning Balance	Increase	Decrease	Ending Balance
Business-type activities:				
Municipal Solid Waste Collection and Disposal Fund capital assets, not being depreciated				
Land	\$ 1,651,248	-	-	1,651,248
Construction work-in-progress	18,102,407	7,367,591	(648,023)	24,821,975
Total	19,753,655	7,367,591	(648,023)	26,473,223
Capital assets, being depreciated:				
Unclassified utility plant in service	2,178,733	-	-	2,178,733
Improvements other than buildings	2,410,717	648,023	-	3,058,740
Machinery and equipment	1,928,803	-	(8,255)	1,920,548
Total	6,518,253	648,023	(8,255)	7,158,021
Less accumulated depreciation for:				
Unclassified utility plant in service	1,211,466	42,055	-	1,253,521
Improvements other than buildings	1,433,820	132,721	-	1,566,541
Machinery and equipment	1,585,502	94,500	(8,255)	1,671,747
Total	4,230,788	269,276	(8,255)	4,491,809
Total capital assets being depreciated, net	2,287,465	378,747	-	2,666,212
Total Municipal Solid Waste Collection and Disposal Fund, net	\$ 22,041,120	7,746,338	(648,023)	29,139,435

KODIAK ISLAND BOROUGH

Notes to Basic Financial Statements, Continued

	Beginning Balance	Increase	Decrease	Ending Balance
Hospital Facilities Fund:				
Capital assets, not being depreciated				
Artwork	\$ 16,091	-	-	16,091
Land	10,251	-	-	10,251
Construction work-in-progress	20,940,962	582,102	(5,969,240)	15,553,824
Total	20,967,304	582,102	(5,969,240)	15,580,166
Capital assets, being depreciated:				
Buildings	27,131,044	5,969,240	-	33,100,284
Improvements other than buildings	401,046	-	-	401,046
Machinery and equipment	3,627,068	-	-	3,627,068
Total	31,159,158	5,969,240	-	37,128,398
Less accumulated depreciation for:				
Buildings	15,722,056	775,059	-	16,497,115
Improvements other than buildings	211,298	13,892	-	225,190
Machinery and equipment	3,455,081	53,693	-	3,508,774
Total	19,388,435	842,644	-	20,231,079
Total capital assets being depreciated, net	11,770,723	5,126,596	-	16,897,319
Total Hospital Facilities Fund, net	\$ 32,738,027	5,708,698	(5,969,240)	32,477,485

KODIAK ISLAND BOROUGH

Notes to Basic Financial Statements, Continued

	Beginning Balance	Increase	Decrease	Ending Balance
Kodiak Fisheries Research Center Fund:				
Capital assets, not being depreciated				
Construction work-in-progress	\$ 1,031,373	281,945	-	1,313,318
Capital assets, being depreciated:				
Buildings	17,840,410	-	-	17,840,410
Improvements other than buildings	1,058,262	-	-	1,058,262
Machinery and equipment	1,187,678	-	-	1,187,678
Total	20,086,350	-	-	20,086,350
Less accumulated depreciation for:				
Buildings	8,918,444	594,680	-	9,513,124
Improvements other than buildings	517,217	35,431	-	552,648
Machinery and equipment	1,167,587	6,028	-	1,173,615
Total	10,603,248	636,139	-	11,239,387
Total capital assets being depreciated, net	9,483,102	(636,139)	-	8,846,963
Total Kodiak Fisheries Research Center Fund, net	\$ 10,514,475	(354,194)	-	10,160,281

KODIAK ISLAND BOROUGH

Notes to Basic Financial Statements, Continued

	Beginning Balance	Increase	Decrease	Ending Balance
Total business-type activities:				
Capital assets, not being depreciated				
Artwork	\$ 16,091	-	-	16,091
Land	1,661,499	-	-	1,661,499
Construction work-in-progress	40,074,742	8,231,638	(6,617,263)	41,689,117
Total	41,752,332	8,231,638	(6,617,263)	43,366,707
Capital assets, being depreciated:				
Unclassified utility plant in service	2,178,733	-	-	2,178,733
Buildings	44,971,454	5,969,240	-	50,940,694
Improvements other than buildings	3,870,024	648,023	-	4,518,047
Machinery and equipment	6,743,550	-	(8,255)	6,735,295
Total	57,763,761	6,617,263	(8,255)	64,372,769
Less accumulated depreciation for:				
Unclassified utility plant in service	1,211,466	42,055	-	1,253,521
Buildings	24,583,932	1,369,739	-	25,953,671
Improvements other than buildings	2,218,903	182,044	-	2,400,947
Machinery and equipment	6,208,170	154,221	(8,255)	6,354,136
Total	34,222,471	1,748,059	(8,255)	35,962,275
Total capital assets being depreciated, net	23,541,290	4,869,204	-	28,410,494
Total business-type activities, net	\$ 65,293,622	13,100,842	(6,617,263)	71,777,201

KODIAK ISLAND BOROUGH

Notes to Basic Financial Statements, Continued

Depreciation expense was charged to the departments and functions of the primary government as follows:

Governmental activities:		
General government	\$	578,938
Public safety		174,917
Emergency preparedness		2,500
Primary and secondary education		3,215,981
Total – governmental activities	\$	<u>3,972,336</u>
Business-type activities:		
Municipal solid waste collection and disposal	\$	269,276
Hospital facilities		842,644
Kodiak fisheries research center		636,139
Total – business-type activities		<u>1,748,059</u>
Total primary government	\$	<u>5,720,395</u>

(8) Interfund Receivables, Payables and Transfers

(a) Interfund Receivables and Payables

Interfund balances at June 30, 2015 consisted of the following:

(1) Due to / from other funds:

Receivable Fund	Payable Fund	Amount
Major governmental funds:		
General Fund	Other Governmental Funds	\$ 756,017
General Fund	Other Nonmajor Enterprise Fund	5,294
Facilities Special Revenue Fund	Kodiak Fisheries Research Center Enterprise Fund	44,713
Hospital Facilities Enterprise Fund	Renewal and Replacement Capital Project Fund	99,398
Total primary government		<u>\$ 905,422</u>

KODIAK ISLAND BOROUGH

Notes to Basic Financial Statements, Continued

(2) Advances to / from other funds:

Receivable Fund	Payable Fund	Amount
Major governmental fund – Facilities Special Revenue Fund	Kodiak Fisheries Research Center Enterprise Fund	\$ 2,555,000
Major enterprise fund – Hospital Facilities Enterprise Fund	Renewal and Replacement Capital Project Fund	<u>2,745,029</u>
Total primary government		<u>\$ 5,300,029</u>

The balance of \$2,555,000 due the Facilities Fund from the K.F.R.C. Fund resulted from a loan of \$8,000,000 that was made to help pay for the construction of the building. \$1,980,000 is not scheduled to be paid in FY2016 and is recorded as a noncurrent liability in advances from other funds.

The balance of \$2,745,029 due the Hospital Facilities Enterprise Fund from the Renewal and Replacement Capital Projects Fund resulted from a loan of \$2,905,105 that was made to fund various renewal and replacement projects. \$2,645,631 is not scheduled to be paid in FY2016 and is recorded as a noncurrent liability in advances from other funds.

All remaining interfund balances were short term loans to cover negative cash balances at year end. The outstanding short term balances between funds result from the time lag between the dates that (1) inter-fund goods and services are provided or reimbursable expenditures or expenses occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

(b) Long-term Interfund Borrowings

In October 1997 the Facilities Special Revenue Fund loaned \$8,000,000 to the Kodiak Fisheries Research Center Enterprise Fund. This loan was to help finance the construction of the Kodiak Fisheries Research Center. The loan from the Facilities Special Revenue Fund is accounted for as a long-term inter-fund advance, while the liability in the Kodiak Fisheries Research Center Enterprise Fund is accounted for as a long-term inter-fund borrowing. The advance bears interest at 7%, and the scheduled payments for the next four fiscal years ended are as follows:

	Principal	Interest	Total
Year ending June 30:			
2016	\$ 575,000	158,725	733,725
2017	615,000	117,075	732,075
2018	660,000	72,450	732,450
2019	<u>705,000</u>	<u>24,675</u>	<u>729,675</u>
	<u>\$ 2,555,000</u>	<u>372,925</u>	<u>2,927,925</u>

KODIAK ISLAND BOROUGH

Notes to Basic Financial Statements, Continued

In 2015, the Hospital Facilities Enterprise Fund loaned \$2,905,105 to the Renewal and Replacement Capital Projects Fund in order to help fund ongoing projects. The loan from the Hospital Facilities Enterprise Fund is accounted for as a long-term interfund advance, while the liability in the Renewal and Replacement Capital Projects Fund is accounted for as a long-term interfund borrowing. The advance bears interest at 4.45%, and the scheduled payments for the next five fiscal years and thereafter are as follows:

Year ending June 30:	Principal	Interest	Total
2016	\$ 99,398	122,420	221,818
2017	103,921	117,897	221,818
2018	108,650	113,168	221,818
2019	113,595	108,223	221,818
2020	118,764	103,054	221,818
2021-2025	679,977	429,116	1,109,093
2026-2030	849,429	259,664	1,109,093
2031-2034	671,295	60,228	731,523
	\$ 2,745,029	1,313,770	4,058,799

(c) Transfers

Interfund transfers have been made in accordance with budget ordinances. Funds are transferred from one fund to support expenditures of other funds in accordance with the authority established for the individual fund. Transfers between funds during the year ended June 30, 2015 were as follows:

<u>Transfers Out</u>	Transfers In						<u>Totals</u>
	Governmental Funds			Enterprise Funds			
	Education and Health Debt Service Fund	Renewal and Replacement Projects Capital Project Fund	Other Governmental Funds	Hospital Facilities Fund	Municipal Solid Waste Collection and Disposal Fund	Kodiak Fisheries Research Center Fund	
Major Governmental Funds:							
General Fund	\$ —	—	52,691	—	64,383	21,474	138,548
Facilities Special Revenue Fund	250,000	322,000	18,000	—	—	—	590,000
Other Governmental Funds	—	—	—	66,500	—	—	66,500
Total transfers	\$ 250,000	322,000	70,691	66,500	64,383	21,474	795,048

KODIAK ISLAND BOROUGH

Notes to Basic Financial Statements, Continued

A summary of significant transfers are as follows:

- The General Fund transferred \$16,040 to the Fire Protection Area No. 1 Special Revenue Fund to record State retirement contributions to this fund.
- The General Fund transferred \$14,961 to the Land Sales Special Revenue Fund to record State retirement contributions to this fund.
- The General Fund transferred \$21,690 to the Building and Grounds Special Revenue Fund to record State retirement contributions to this fund.
- The General Fund transferred \$21,474 to the Kodiak Fisheries Research Center Enterprise Fund to record State retirement contributions to this fund.
- The General Fund transferred \$64,383 to the Municipal Solid Waste Collection and Disposal Enterprise Fund to pay for garbage disposal for area thrift shops and to record State retirement contributions to this fund.
- The Facilities Special Revenue Fund transferred \$250,000 to the Education and Health Debt Service Fund for debt service on school district bonds.
- The Facilities Special Revenue Fund transferred \$322,000 to the Renewal and Replacement Projects Capital Project Fund to pay for capital improvements.
- The Facilities Special Revenue Fund transferred \$18,000 to the Building and Grounds Special Revenue Fund to pay for building insurances.
- The Fern Fuller Trust Special Revenue Fund transferred \$66,500 to the Hospital Facilities Enterprise Fund for the purchase of new equipment.

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KODIAK ISLAND BOROUGH

Notes to Basic Financial Statements, Continued

(9) Long Term Debt

(a) General Obligation Bonds and other Debt

The Borough issues general obligation bonds and other debt to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Borough. General obligation bonds and other debt currently outstanding are as follows:

<u>Type of Debt</u>	<u>Interest</u>		<u>Issuance Dates</u>	<u>Maturity Date</u>	<u>Principal Payments</u>	
	<u>Rates</u>	<u>Dates</u>			<u>Dates</u>	<u>Amount</u>
General obligation bonds – 2004 D Series	4.0%	5/1-11/1	12/1/2004	11/1/2014	-	-
General obligation bonds – 2008 A Series	4.0-5.0%	4/1-10/1	11/1/2008	4/1/2028	04/01/16 04/01/17 04/01/18 04/01/19 04/01/20 04/01/21 04/01/22 04/01/23 04/01/24 04/01/25 04/01/26 04/01/27 04/01/28	350,000 370,000 380,000 400,000 415,000 430,000 450,000 470,000 490,000 515,000 540,000 565,000 595,000 <u>5,970,000</u>

KODIAK ISLAND BOROUGH

Notes to Basic Financial Statements, Continued

<u>Fiscal Year</u>	<u>Authorized Amount</u>	<u>Prior years</u>		<u>Balance at July 1, 2014</u>	<u>Issued</u>	<u>Retired/ Refunded</u>	<u>Balance at June 30, 2015</u>
		<u>Issued</u>	<u>Retired</u>				
2004	11,050,000	11,050,000	10,520,000	530,000	-	530,000	-
2008	8,000,000	8,000,000	1,695,000	6,305,000	-	335,000	5,970,000

KODIAK ISLAND BOROUGH

Notes to Basic Financial Statements, Continued

<u>Type of Debt</u>	<u>Interest</u>		<u>Issuance Dates</u>	<u>Maturity Date</u>	<u>Principal Payments</u>	
	<u>Rates</u>	<u>Dates</u>			<u>Dates</u>	<u>Amount</u>
General obligation bonds – 2011 Series One	2.05-5.20%	9/1-3/1	3/1/2011	3/1/2031	03/01/16	310,000
					03/01/17	320,000
					03/01/18	330,000
					03/01/19	340,000
					03/01/20	355,000
					03/01/21	370,000
					03/01/22	385,000
					03/01/23	405,000
					03/01/24	425,000
					03/01/25	445,000
					03/01/26	465,000
					03/01/27	485,000
					03/01/28	510,000
					03/01/29	535,000
					03/01/30	565,000
					03/01/31	595,000
		<u>6,840,000</u>				
General obligation bonds – 2012 Series A	2.0-5.0%	3/1-9/1	5/24/2012	9/1/2024	09/01/15	435,000
					09/01/16	455,000
					09/01/17	460,000
					09/01/18	480,000
					09/01/19	495,000
					09/01/20	525,000
					09/01/21	545,000
					09/01/22	570,000
					09/01/23	600,000
					09/01/24	630,000
		<u>5,195,000</u>				

KODIAK ISLAND BOROUGH

Notes to Basic Financial Statements, Continued

<u>Fiscal Year</u>	<u>Authorized Amount</u>	<u>Prior years</u>		<u>Balance at July 1, 2014</u>	<u>Issued</u>	<u>Retired/ Refunded</u>	<u>Balance at June 30, 2015</u>
		<u>Issued</u>	<u>Retired</u>				
2012	8,000,000	8,000,000	855,000	7,145,000	-	305,000	6,840,000
2012	5,230,000	5,230,000	35,000	5,195,000	-	-	5,195,000

KODIAK ISLAND BOROUGH

Notes to Basic Financial Statements, Continued

<u>Type of Debt</u>	<u>Interest</u>		<u>Issuance Dates</u>	<u>Maturity Date</u>	<u>Principal Payments</u>	
	<u>Rates</u>	<u>Dates</u>			<u>Dates</u>	<u>Amount</u>
General obligation bonds – 2012 Series B	2.0-5.0%	3/1-9/1	5/24/2012	9/1/2024	09/01/15	530,000
					09/01/16	550,000
					09/01/17	565,000
					09/01/18	585,000
					09/01/19	610,000
					09/01/20	640,000
					09/01/21	665,000
					09/01/22	695,000
					09/01/23	730,000
					09/01/24	770,000
General obligation bonds – 2013 Series One	3.8-5.0%	2/1-8/1	3/1/2013	2/1/2033	02/01/16	760,000
					02/01/17	790,000
					02/01/18	820,000
					02/01/19	855,000
					02/01/20	895,000
					02/01/21	935,000
					02/01/22	970,000
					02/01/23	1,010,000
					02/01/24	1,050,000
					02/01/25	1,100,000
					02/01/26	1,155,000
					02/01/27	1,215,000
					02/01/28	1,275,000
					02/01/29	1,340,000
					02/01/30	1,405,000
					02/01/31	1,475,000
					02/01/32	1,550,000
02/01/33	1,630,000					
		<u>20,230,000</u>				

KODIAK ISLAND BOROUGH

Notes to Basic Financial Statements, Continued

<u>Fiscal Year</u>	<u>Authorized Amount</u>	<u>Prior years</u>		<u>Balance at July 1, 2014</u>	<u>Issued</u>	<u>Retired/ Refunded</u>	<u>Balance at June 30, 2015</u>
		<u>Issued</u>	<u>Retired</u>				
2012	6,385,000	6,385,000	45,000	6,340,000	-	-	6,340,000
2013	21,595,000	21,595,000	635,000	20,960,000	-	730,000	20,230,000

KODIAK ISLAND BOROUGH

Notes to Basic Financial Statements, Continued

<u>Type of Debt</u>	<u>Interest</u>		<u>Issuance Dates</u>	<u>Maturity Date</u>	<u>Principal Payments</u>	
	<u>Rates</u>	<u>Dates</u>			<u>Dates</u>	<u>Amount</u>
General obligation bonds – 2014 Series One	2.0-5.0%	3/1-9/1	3/1/2013	3/1/2013	03/01/16	785,000
					03/01/17	810,000
					03/01/18	840,000
					03/01/19	880,000
					03/01/20	900,000
					03/01/21	915,000
					03/01/22	965,000
					03/01/23	1,010,000
					03/01/24	1,060,000
					03/01/25	1,110,000
					03/01/26	1,150,000
					03/01/27	1,205,000
					03/01/28	1,265,000
					03/01/29	1,330,000
					03/01/30	1,395,000
					03/01/31	1,465,000
					03/01/32	1,535,000
03/01/33	1,610,000					
03/01/34	1,690,000					
		<u>21,920,000</u>				
Clean water - Karluk	3.92-4.05%	**	**	**	06/01/16	6,130
					06/01/17	6,222
					06/01/18	6,315
					06/01/19	6,410
					06/01/20	5,925
						<u>31,002</u>
		<u>\$ 66,526,002</u>				

KODIAK ISLAND BOROUGH

Notes to Basic Financial Statements, Continued

<u>Fiscal Year</u>	<u>Authorized Amount</u>	<u>Prior years</u>		<u>Balance at July 1, 2014</u>	<u>Issued</u>	<u>Retired/ Refunded</u>	<u>Balance at June 30, 2015</u>
		<u>Issued</u>	<u>Retired</u>				
2014	22,660,000	22,660,000	-	22,660,000	-	740,000	21,920,000
1998	<u>400,000</u>	<u>97,019</u>	<u>59,977</u>	<u>37,042</u>	<u>-</u>	<u>6,040</u>	<u>31,002</u>
	<u>\$ 99,360,000</u>	<u>99,057,019</u>	<u>29,884,977</u>	<u>69,172,042</u>	<u>-</u>	<u>2,646,040</u>	<u>66,526,002</u>

KODIAK ISLAND BOROUGH

Notes to Basic Financial Statements, Continued

The annual requirements to amortize all general obligation bonded debt and the ADEC loan payable outstanding as of June 30, 2015, are as follows:

	General obligation	ADEC loan payable	Total	Interest
Year ending June 30:				
2016	\$ 3,170,000	6,130	3,176,130	2,989,362
2017	3,295,000	6,222	3,301,222	2,869,212
2018	3,395,000	6,315	3,401,315	2,750,462
2019	3,540,000	6,410	3,546,410	2,617,362
2020	3,670,000	5,925	3,675,925	2,478,487
2021-2025	20,880,000	-	20,880,000	9,850,456
2026-2030	16,995,000	-	16,995,000	5,305,926
2031-2034	11,550,000	-	11,550,000	1,244,240
	\$ 66,495,000	31,002	66,526,002	30,105,507

At June 30, 2015, there was \$187,227 available in the Education and Health Debt Service Fund to service general obligation bonds. There are a number of limitations and restrictions contained in the various bond indentures. The Borough is in compliance with all significant limitations and restrictions.

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KODIAK ISLAND BOROUGH

Notes to Basic Financial Statements, Continued

(b) Notes Payable

As of June 30, 2015, the Borough had the following notes payable outstanding in the Municipal Solid Waste Collection and Disposal Enterprise Fund:

Note payable (ACWF #505031) to Alaska Department of Environmental Conservation (ADEC), to be paid within 20 years. From June 2, 1999 until April 28, 2005 interest accrued at 2.5%. From April 29, 2005 to June 30, 2015 interest accrued at 1.5%. The first loan payment was made on April 1, 2012, with payments of \$100,000 being due on April 1 in each successive year. \$ 1,600,000

Note payable (ACWF #505041) to Alaska Department of Environmental Conservation (ADEC), to be paid within 20 years. Interest accrued at 1.5% over the life of the loan. The first loan payment is due one year following substantial completion and initiation of operation of the facility. \$ 4,441,653

Note payable (ACWF #505061) to Alaska Department of Environmental Conservation (ADEC), to be paid within 20 years. Interest will start being accrued in November 2015 and will be accrued over the life of the loan. The first loan payment is due one year following substantial completion and initiation of operation of the facility. \$ 750,000

On September 15, 2011 the Borough issued a \$3,275,000 revenue bond, with a premium of \$384,379. The bond was marketed by the Alaska Municipal Bond Bank. Interest accrues at rates between 3.0 and 5.0% with payments due on September 1 and March 1 of each year. The bond will mature on September 1, 2026. \$ 3,116,531

As of June 30, 2015, the Borough had the following bond payable outstanding in the Hospital Facilities Enterprise Fund:

On June 19, 2013 the Borough issued a \$17,110,000 revenue bond, with a premium of \$1,707,320. The bond was marketed by the Alaska Municipal Bond Bank. Interest accrues at rates between 2.0 and 5.0% with payments due on June 1 of each year. The bond will mature on June 1, 2033. \$ 17,984,677

KODIAK ISLAND BOROUGH

Notes to Basic Financial Statements, Continued

(c) **Changes in Long-term Liabilities**

Long-term liability activity for the year ended June 30, 2015, was as follows:

	Balance June 30, 2014	Additions	Reductions	Balance June 30, 2015	Due within one year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 69,135,000	—	2,640,000	66,495,000	3,170,000
Bond premium	7,092,556	—	455,990	6,636,566	455,990
	<u>76,227,556</u>	<u>—</u>	<u>3,095,990</u>	<u>73,131,566</u>	<u>3,625,990</u>
ADEC loans	37,042	—	6,040	31,002	6,130
Compensated absences	328,529	276,015	331,982	272,562	272,562
Total	<u>\$ 76,593,127</u>	<u>276,015</u>	<u>3,434,012</u>	<u>73,435,130</u>	<u>3,904,682</u>
Business-type activities:					
Municipal Solid Waste Collection and Disposal:					
Landfill closure and post-closure costs	\$ 3,968,123	422,016	1,201,632	3,188,507	—
Notes payable	10,206,895	—	298,711	9,908,184	275,000
Total	<u>\$ 14,175,018</u>	<u>422,016</u>	<u>1,500,343</u>	<u>13,096,691</u>	<u>275,000</u>
Hospital Facilities:					
Long term interfund borrowings	\$ 876,872	—	876,872	—	—
Bonds payable	18,703,498	—	718,821	17,984,677	625,000
Total	<u>\$ 19,580,370</u>	<u>—</u>	<u>1,595,693</u>	<u>17,984,677</u>	<u>625,000</u>
Kodiak Fisheries Research Center:					
Long term interfund borrowings	\$ 3,095,000	—	540,000	2,555,000	575,000
Total	<u>\$ 3,095,000</u>	<u>—</u>	<u>540,000</u>	<u>2,555,000</u>	<u>575,000</u>
Business-type activities:					
Landfill closure and post- closure costs	\$ 3,968,123	422,016	1,201,632	3,188,507	—
Long term interfund borrowings	3,971,872	—	1,416,872	2,555,000	575,000
Notes/bonds payable	28,910,393	—	1,017,532	27,892,861	900,000
Total	<u>\$ 36,850,388</u>	<u>422,016</u>	<u>3,636,036</u>	<u>33,636,368</u>	<u>1,475,000</u>

For governmental activities, compensated absences are generally liquidated by the General Fund.

KODIAK ISLAND BOROUGH

Notes to Basic Financial Statements, Continued

(10) Fund Balances

Detailed information related to amounts classified as nonspendable, committed and assigned fund balances in governmental funds at June 30, 2015 are as follows:

	General Fund	Education Support Special Revenue Fund	Facilities Special Revenue Fund	Education and Health Debt Service Fund	Kodiak High School Renovation Capital Project Fund	Other Governmental Funds	Total
Nonspendable:							
Prepaid Items	\$ 14,566	-	-	-	-	-	14,566
Long Term Receivables	-	-	-	-	-	262,100	262,100
Total Nonspendable	<u>14,566</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>262,100</u>	<u>276,666</u>
Committed:							
Education Support	-	46,715	-	-	-	-	46,715
Facility Upgrades	-	-	39,427,713	-	-	-	39,427,713
Debt Service	-	-	-	187,227	-	-	187,227
Fire and Road							
Service Areas	-	-	-	-	-	1,826,679	1,826,679
Land Sales	-	-	-	-	-	302,941	302,941
Buildings and Grounds	-	-	-	-	-	363,967	363,967
Street Lighting							
Districts	-	-	-	-	-	55,949	55,949
Tourism Development	-	-	-	-	-	177,412	177,412
Mission Lake Tide Gate	-	-	-	-	-	43,291	43,291
Fern Fuller Trust	-	-	-	-	-	199,667	199,667
Total Committed	<u>\$ -</u>	<u>46,715</u>	<u>39,427,713</u>	<u>187,227</u>	<u>-</u>	<u>2,969,906</u>	<u>42,631,561</u>
Assigned:							
Capital Projects and Upgrades	\$ -	-	-	-	4,461,079	3,149,193	7,610,272

(11) Solid Waste Landfill Closure and Post Closure Care Costs

State and federal laws and regulations require that the Kodiak Island Borough place a final cover on its landfill when closed and perform certain maintenance for a number of years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are recognized based on the future closure and post closure care costs that will be incurred based on the date the landfill no longer accepts waste. The recognition of these landfill closure and post closure care costs is based on the amount of the landfill used during the year. The estimated liability of landfill closure and post closure care costs is \$3,188,507 as of June 30, 2015, which is based on 95% usage (filled) of the existing landfill.

KODIAK ISLAND BOROUGH

Notes to Basic Financial Statements, Continued

The landfill is estimated to be filled and unusable by the year 2016. During the year ended June 30, 2015, a reduction of \$779,616 was recorded. This reduction was due to partial closure of remaining cells of the existing landfill during the year. The Borough incurred \$1,201,632 of costs related to the partial closure of the remaining cells, and recorded closure/post-closure expenses of \$422,016 resulting from an increase of 2% estimated capacity used during the year. An estimated additional \$211,907 will be recognized as closure expenses between the date of the Statement of Net Position and the date the landfill is expected to be filled to capacity. The estimated total current cost of the landfill closure and post closure care of \$3,400,414 is based on the amount that would be paid if the landfill were closed as of June 30, 2015. However, the actual cost of closure and post closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

The Kodiak Island Borough is required by state and federal laws and regulations to make annual contributions to finance closure and post closure care. The Kodiak Island Borough complies with these requirements by annually recording the liability based on the estimates provided by the Kodiak Island Borough's Engineering/Facilities Director. It is anticipated that future inflation costs and additional costs that might arise from changes in post closure requirements, due to changes in technology or more rigorous environmental regulations, for example, will be financed primarily by charges to future landfill users and secondarily by taxpayers.

In the fiscal year ended June 30, 1999 the Borough began initial planning for lateral expansion of the landfill (Phase 3). In May of 2012 bidding on the project was begun and work is ongoing and expected to continue through 2016. The lateral expansion has an estimated forty year capacity. Capital costs to complete is estimated at \$10,000,000.

(12) Insurance and Risk Retention

The Kodiak Island Borough is exposed to numerous risks of loss associated with the operations of a government. These potential losses include, but are not limited to, employee relations and injuries, contracts, theft, loss or damage of property and general liability. The Borough manages its risks from these potential losses by participating in the Alaska Municipal League Joint Insurance Association, as well as purchasing commercial insurance coverage. This insurance has provided the Borough with adequate coverage in the past. There were no significant changes in insurance coverage obtained and there were no claims or settlements that exceeded insurance coverage in any of the past three fiscal years.

The Borough is a member in good standing of the Alaska Municipal League Joint Insurance Association (JIA), a governmental insurance pool established by the Alaska Municipal League. Claims are covered on an occurrence basis. JIA provides risk management services, appraisal services and there is also a separate pool for policy liability. The Kodiak Island Borough Finance Director and the Kodiak Island Borough Mayor are members of the Board of Directors of the JIA.

KODIAK ISLAND BOROUGH

Notes to Basic Financial Statements, Continued

The responsibilities of both JIA and the participants are as follows:

(a) Responsibilities of JIA

JIA shall perform the following instructions in discharging its responsibilities:

- Provide insurance coverage as necessary for property, including building and contents, automobile, mobile equipment and data processing equipment, casualty, including general liability, public officials' and employees' liability, auto liability and employee benefit liability; workers' compensation, including employers' liability; commercial blanket bond; and time element.
- Assist each participant's assigned risk manager with the implementation of that function.
- Provide loss prevention and safety and consulting services to participants as required.
- Provide claims adjusting and subrogation services for claims covered by the association's joint insurance arrangement.

(b) Responsibilities of the Participants

The Participants shall have the following responsibilities:

- The Borough Assembly or appointing official of each participant shall appoint a representative as provided in Article 5, Section 2 of the bylaws and at least one alternate representative to attend member meetings.
- Each participant shall appoint an employee of the participant to be responsible for the risk management function within that entity and to serve as a liaison between the participant and JIA with respect to risk management.
- Each participant shall maintain an active safety officer and/or committee, and shall comply with all recommendations of JIA concerning the development and implementation of a loss control policy to prevent unsafe practices.
- Each participant shall maintain its own set of records as a loss log, in all categories of loss to insure accuracy of JIA's loss reporting system.

KODIAK ISLAND BOROUGH

Notes to Basic Financial Statements, Continued

(13) Rental Revenues

(a) *Hospital Facilities Enterprise Fund*

The Kodiak Island Borough Assembly leases the Kodiak Island Hospital and Care Center premise and equipment to Sisters of Providence d.b.a. Providence Kodiak Island Medical Center who assumed responsibility for the hospital's operations as of April 21, 1997. The lease agreement is effective for a term of twenty years from that date. The lease is cancelable by either party with a one year notice. The hospital capital assets, the lease income, and all other costs relating to the agreement are accounted for by the Borough in the Hospital Facilities Enterprise Fund.

The agreement with Providence specifies that the Borough will contribute at least \$108,000 per year for the purchase of new and replacement equipment for the hospital. The Borough is also required to fund any major maintenance and repairs projects exceeding \$25,000 in cost. The Borough receives \$60,000 per month in rental revenue. In August, 2003, the lease was amended and required Providence to pay an additional lease payment of \$1,300,000 in 2004. In October 2005 the lease was amended to remove the requirement that Providence had to pay 50% of the net revenues of the hospital, up to \$600,000, in rental revenues. Providence now has to spend 50% or more of their net profit, up to \$200,000, on equipment. The lease was also amended to have the \$108,000 of equipment which the Borough was required to purchase annually to become Providence property rather than Borough property.

The Kodiak Island Borough Assembly leases the Kodiak Long Term Care Center to Sisters of Providence, d.b.a. Providence Kodiak Island Medical Center who assumed responsibility for the Long Term Care Center's operations as of February 1, 2014. The lease agreement is effective for a term of twenty years from that date.

The lease is cancelable by either party with a one year notice. The Center's capital assets, the lease income, and all other costs relating to the agreement are accounted for by the Borough in the Hospital Facilities Enterprise Fund.

The agreement with Providence specifies that Providence will pay monthly lease payments to the Borough in an amount no less than required to fully fund all debt service requirements plus an amount sufficient to cover the Borough's expenses in maintaining insurance for fire and other risks (including earthquakes).

Over the term of the lease it is estimated that the average monthly lease payment will be \$95,000.

(b) *Kodiak Fisheries Research Center*

The Kodiak Fisheries Research Center (KFRC) leases its premise to the Alaska Department of Fish and Game (ADF&G), the General Services Administration (GSA) on behalf of National Oceanic and Atmospheric Administration (NOAA), and the University of Alaska Fairbanks (UAF).

KODIAK ISLAND BOROUGH

Notes to Basic Financial Statements, Continued

The lease with ADF&G is from October 1, 1998 through September 30, 2018, with an option to extend for up to two additional five year periods. Annual rent is \$57,680. The annual rent from 2012 through 2018 will be adjusted for the tenant's proportionate share of building expenses and utilization of the seawater system.

The lease with NOAA is from October 1, 1998 through September 30, 2018, with an option to extend for up to four additional five year periods. Annual rent is \$756,000 plus operational and maintenance expenses of \$754,437. Operational and maintenance expenses are adjusted every five years to actual costs. In 2015, NOAA paid an additional \$640,000 to contribute towards the costs of the KFRC Energy Improvements Project.

The lease with UAF was originally from October 1, 1998 through September 30, 2018, cancelable with 30 days notice, with an option to extend for up to two additional five year periods. The State of Alaska cancelled the lease for laboratory space effective September 1, 2012, but has continued leasing the dorm space. The State has not given notice to cancel this section of the lease. In 2015 UAF paid \$36,745 to lease dorm space at the research facility.

(14) Employee Retirement System Plans

The Borough follows *Governmental Accounting Standards Board (GASB) Codification P20, Accounting for Pensions by State and Local Governmental Employees* and *GASB Codification P50, Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions*. *GASB Codification P20 and GASB Codification P50* establish uniform standards for the measurement, recognition and display of pension and other post-employment benefits other than pensions (healthcare) expenditures/expense and related liabilities, assets, note disclosure and applicable required supplementary information in the financial reports of state and local governmental employers.

All full-time employees and certain permanent part-time employees of the Borough participate in the State of Alaska Public Employees' Retirement System (PERS). In addition to the pension plan, the system also administers post-employment benefit plan.

The system is governed by the Alaska Retirement Management Board. The benefit and contribution provisions are established by State law and may be amended only by the State legislature.

Summary of Significant Accounting Policies. The financial statements for PERS are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The Borough's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported at fair value.

KODIAK ISLAND BOROUGH

Notes to Basic Financial Statements, Continued

PERS acts as the common investment and administrative agency for the following multiple-employer plans:

<u>Plan Name</u>	<u>Type of Plan</u>
Defined Benefit Pension Plan (DB)	Cost-sharing, Defined Benefit Pension
Defined Contribution Pension Plan (DC)	Defined Contribution Pension
Defined Benefit Other Postemployment Benefits (DB)	
Occupational Death and Disability Plan	Cost-sharing, Defined Benefits OPEB
Alaska Retiree Healthcare Trust Plan	Cost-sharing, Defined Benefits OPEB
Retiree Medical Plan	Cost-sharing, Defined Benefits OPEB
Defined Contribution Other Postemployment Benefits (DC)	
Healthcare Reimbursement Arrangement Plan	Defined Contribution OPEB

Other Postemployment Benefit Plans (OPBP)

Occupational Death and Disability Plan (DB)

The Occupational Death and Disability Plan provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within the System.

Alaska Retiree Healthcare Trust Plan (DB)

Beginning July 1, 2007, the Alaska Retiree Healthcare Trust Plan (ARHCT), a Healthcare Trust Fund of the State, was established. The ARHCT is self-funded and provides major medical coverage to retirees of the System. The System retains the risk of loss of allowable claims for eligible members. The ARHCT began paying member healthcare claims on March 1, 2008. Prior to that, healthcare claims were paid for by the Retiree Health Fund (RHF).

Healthcare Reimbursement Arrangement Plan (DC)

The Healthcare Reimbursement Arrangement Plan was established to allow medical expenses to be reimbursed from individual savings accounts established for eligible participants.

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

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

KODIAK ISLAND BOROUGH

Notes to Basic Financial Statements, Continued

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

The PERS defined benefit is closed to new hires enrolled on or after July 1, 2006. New hires after this date participate in the PERS defined contribution plan (DC) described later in these notes.

Currently there are 159 employers participating in PERS, including the State of Alaska and 158 political subdivisions and public organizations.

Retirement benefits are calculated by multiplying the average monthly compensation (AMC) times credited PERS service times the percentage multiplier. The AMC is determined by averaging the salaries earned during the five highest (three highest for Police/Fire members or members hired prior to July 1, 1996) consecutive payroll years. Members must earn at least 115 days of credit in the last year worked to include it in the AMC calculation. The PERS pays a minimum benefit of \$25 per month for each year of service when the calculated benefit is less.

The percentage multipliers for police/fire personnel are 2% for the first ten years of service and 2.5% for all service over 10 years. The percentage multipliers for all other participants are 2% for the first ten years, 2.25% for the next ten years, and 2.5% for all remaining service earned on or after July 1, 1986. All service before that date is calculated at 2%.

Post-employment healthcare benefits are provided without cost to all members first enrolled before July 1, 1986. Members first enrolled after June 30, 1986, but before July 1, 2006 and who have not reached age 60 may elect to pay for major medical benefits.

Post Retirement Pension Adjustments. Post retirement pension adjustments (PRPAs) are granted annually to eligible benefit recipients when the consumer price index (CPI) increases during the preceding calendar year. PRPAs are calculated by multiplying the recipient's base benefit, including past PRPAs, times:

- (a) 75% of the CPI increase in the preceding calendar year or 9%, whichever is less, if the recipient is at least 65 or on PERS disability; or
- (b) 50% of the CPI increase in the preceding calendar year or 6%, whichever is less, if the recipient is at least 60, or has been receiving benefits for at least five years.

Ad hoc PRPAs, up to a maximum of 4%, may be granted to eligible recipients who first entered the PERS before July 1, 1986, if the CPI increases and the financial condition of the fund will permit an increase. In a year where an ad hoc PRPA is granted, eligible recipients will receive the higher of the two calculations.

KODIAK ISLAND BOROUGH

Notes to Basic Financial Statements, Continued

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

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

Termination Costs. If the Borough decides to terminate coverage for a department, group, or other classification of members, even if that termination results from the decision to divest of a particular Borough function, all affected employees in that department, group or other classification of members become immediately vested in the plan. The Borough must pay to have a termination study completed. The purpose of the study is to calculate the Borough’s one-time termination costs. The costs represent the amount necessary to fully fund the costs of plan members who become vested through this process and for other changes in actuarial assumptions, such as, earlier than expected retirement, that arise from the act of termination of coverage. The Borough must pay a lump sum within 60 days of termination or arrange a payment plan that is acceptable to the PERS Administrator. For fiscal year 2015 the past service rate is 20.90%.

Employee Contribution Rate. The Borough PERS active members are required to contribute 6.75% (3.85% pension costs and 2.90% OPEB) of their annual covered salary.

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

Employer Effective Rate: This is the actual employer pay-in rate. Under current legislation, this rate is statutorily capped at 22% (12.54 pension costs and 9.46% OPEB) of eligible wages, subject to the salary floor, and other termination costs as described above. This 22% rate is calculated on all PERS participating wages, including those wages attributable to employees in the defined contribution plan.

ARM Board Adopted Rate: This is the rate formally adopted by the Alaska Retirement Management Board. This rate is actuarially determined and used to calculate annual Plan funding requirements, without regard to the statutory rate cap or the GASB accounting rate. This rate is 44.03% (25.09% pension and 18.94% OPEB). Prior to July 1, 2015, there were no constraints or restrictions on the actuarial cost method or other assumptions used in the ARM Board valuation. Effective July 1, 2015, the Legislature requires the ARM Board to adopt employer contribution rates for past service liabilities using a level percent of pay method over a closed 25 year term which ends in 2039. This will result in lower ARM Board Rates in future years.

KODIAK ISLAND BOROUGH

Notes to Basic Financial Statements, Continued

On-behalf Contribution Rate: This is the rate paid in by the State as an on-behalf payment as mandated under current statute. Under state law, subject to annual appropriation, the state will contribute an on-behalf payment into the plan in an amount equal to the difference between the ARM Board Rate and the Employer Effective Rate. Note that in 2015, the State legislature appropriated a one-time contribution to the plan in the amount of \$1 billion. As a result, the On-behalf Contribution Rate for 2015 is 42.41% (100% pension costs), which significantly exceeds the statutory amount. On-behalf contribution amounts have been recognized in these financial statements as both revenue and expenditures.

GASB Rate: This is the rate used to determine the long-term pension and healthcare liability for plan accounting purposes. Certain actuarial methods and assumptions for this rate calculation are mandated by the *Governmental Accounting Standards Board* (GASB). Medicare Part D subsidies are not reflected in this rate. The rate uses an 8% pension discount rate and a 4.90% healthcare discount rate. The current rate is 88.12% (33.05% pension and 55.07% OPEB).

Employer contributions for the years ended June 30, 2015, 2014 and 2013 are as follows:

		Pensions (DB)	Other Post-Employment Benefits (DB)	Total
2015	\$	297,006	224,057	521,063
2014		249,454	266,335	515,789
2013		234,168	298,582	532,750

For the year ended June 30, 2015 the State of Alaska contributed \$1,573,363 or 42.41% (pension cost) on-behalf of the Borough, which has been recorded in the fund financial statements under the modified-accrual basis of accounting. In the government-wide financial statements the on-behalf contribution has been adjusted as of the measurement date of June 30, 2014 to a total of \$163,247, to represent the on-behalf contribution made by the State under the full accrual basis of accounting.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2015, the Borough reported a liability that reflected a reduction for State pension support provided to the Borough. The amount recognized by the Borough as its proportionate share of net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Borough were as follows:

Borough's proportionate share of the net pension liability	\$	3,790,362
State's proportionate share of the net pension liability		<u>3,187,850</u>
Total	\$	<u>6,978,213</u>

\$3,032,290 of the net pension liability is reported in the governmental activities, while \$758,072 is reported in the business-type activities.

KODIAK ISLAND BOROUGH

Notes to Basic Financial Statements, Continued

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation 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 employers and the State, actuarially determined. At June 30, 2014, the Borough's proportion was 0.0813%, which is an increase of 0.0009% from its proportion measured as of June 30, 2013.

As of measurement date June 30, 2014, the Borough recognized pension expense of \$455,472. At June 30, 2015, 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
Differences between expected and actual experience	\$ -	-
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	(350,333)
Changes in proportion and differences between Borough contributions and proportionate share of contributions	21,116	-
Borough contributions subsequent to the measurement date	<u>297,006</u>	<u>-</u>
Total	\$ <u>318,122</u>	<u>(350,333)</u>

\$297,006 reported as deferred outflows of resources related to pensions resulting from Borough contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. 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 Ended June 30,	
2016	\$ (82,304)
2017	(82,304)
2018	(82,304)
2019	<u>(82,304)</u>
Total	\$ <u>(329,217)</u>

For the year ended June 30, 2015, the Borough recognized \$82,304 of amortization of the deferred inflows and outflows of resources. \$65,843 of the amortization was recorded in the governmental activities and \$16,461 was recorded in the business-type activities.

KODIAK ISLAND BOROUGH

Notes to Basic Financial Statements, Continued

Actuarial Assumptions: The total pension liability in the June 30, 2014 (latest available) actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement. The actuarial assumptions were based upon the results of an actuarial experience study performed as of June 30, 2013.

Investment return / discount rate	8% per year (geometric), compounded annually, net of expenses
Salary scale	Inflation – 3.12% per year Productivity – 0.50% per year
Payroll growth	3.62% per year (inflation + productivity)
Total inflation	Total inflation as measured by the Consumer Price Index for urban and clerical workers from Anchorage is assumed to increase 3.12% annually.
Mortality (Pre-termination)	Based upon 2010-2013 actual mortality experience. 60% of male rates and 65% of female rates of post termination mortality rates. Deaths are assumed to be occupational 70% of the time for peace officers, and firefighters, 50% of the time for others.
Mortality (Post-termination)	96% of all rates of the RP-2000 combined mortality table, 2000 base year projected to 2018.
Total turnover	Based upon the 2010-2013 actual withdrawal experience.
Disability	Incidence rates based on 2010-2013 actual experience. Post-disability mortality in accordance with the RP-2000 Disabled Retiree Mortality Table. Disabilities are assumed to be occupational 70% of the time for peace officers / firefighters, 50% of the time for others.

KODIAK ISLAND BOROUGH

Notes to Basic Financial Statements, Continued

Retirement	Retirement rates based upon the 2010-2013 actual experience. Deferred vested members are assumed to retire at their earliest unreduced retirement date for others. For peace officers/firefighters, Tier 1 deferred vested members are assumed to retire at age 55 and Tiers 2 and 3 deferred vested members are assumed to retire at age 60.
Marriage and age difference	Wives are assumed to be three years younger than husbands. For others, 75% of male members and 70% of female members are assumed to be married. For peace officers/firefighters, 85% of male members and 60% female members are assumed to be married.

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

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	6.77%
International Equity	7.50%
Private Equity	10.86%
Fixed Income	2.05%
Real Estate	3.63%
Absolute Return	4.80%

Discount Rate: The discount rate used to measure the total pension liability was 8.00%. The projection of the 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 pension 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.

KODIAK ISLAND BOROUGH

Notes to Basic Financial Statements, Continued

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the System calculated using the discount rate of 8%, as well as what the Systems' net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7%) or 1-percentage-point higher (9%) than the current rate:

	1% Decrease (7%)	Current Rate (8%)	1% Increase (9%)
Net pension liability	\$ 4,969,894	3,790,362	2,797,088

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

Plan Description and Funding Requirements. Boroughs and Public Employers in the State of Alaska have a defined contribution retirement plan (PERS Tier IV) for new hires first enrolled on or after July 1, 2006. Plan members make mandatory contributions of 8% of gross eligible compensation. This amount goes directly to the individual's account. State statutes require the employer to contribute 5% of employees' eligible compensation. Additionally, employers are required to contribute to OPEB (DB): 1.66% for the retiree medical plan (DB), 0.22% for occupational and death and disability benefits (DB) and 3% of employers average annual employee compensation to the health reimbursement arrangement (HRA DC). The effective employer contribution is 22%. Plan members are 100% vested with their contributions.

Members become vested in employers' contributions as follows:

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

Plan provisions and contribution requirements and amendments are established by the Alaska Retirement Management Board (ARMB). Total contributions for the year ended June 30, 2015 are as follows:

	Employer	Employee
Defined contribution – pension (DC)	\$ 52,523	84,037
Other post-employment benefits (DB):		
Retiree medical plan	17,438	-
Occupational death and disability benefits	2,311	-
Other post-employment benefits (DC) –		
Health reimbursement agreement (HRA)	30,767	-
Defined benefit unfunded liability (DBUL)	128,064	-
	\$ 231,103	84,037

KODIAK ISLAND BOROUGH

Notes to Basic Financial Statements, Continued

Actual contributions were equal to the annual required contributions. The Defined Benefit Unfunded Liability (DBUL) is computed as the difference between the statutory employer contribution rate less employer contributions for the defined contribution, major medical, occupational death and disability and the health reimbursement arrangement. The DBUL calculation is allocated 57% pension and 43% OPEB. Employer contributions for the years ended June 30, 2015, 2014 and 2013 are as follows:

		Pensions	Other Post-Employment Benefits	Total
2015	\$	125,519	105,584	231,103
2014		95,237	89,065	184,302
2013		71,495	88,965	160,460

Actual contributions were equal to the annual required contributions.

Deferred Compensation Plan

The Kodiak Island Borough has two deferred compensation plans created and amended in accordance with Internal Revenue Code Section 457. The plans are available to all regular Borough employees. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts deferred under these plans are held in trusts that were established for the exclusive benefit of plan participants. Amounts contributed to the plans by participants during the year ended June 30, 2015, were \$214,875.

The first plan is managed by the International Borough Managers Association Retirement Corporation. \$88,149 was contributed to this plan during the year ended June 30, 2015. The Borough believes that the plan does not meet the criteria for inclusion as a fiduciary fund.

The second plan is managed by the MassMutual Financial Group. \$126,726 was contributed to this plan during the year ended June 30, 2015. The Borough believes that the plan does not meet the criteria for inclusion as a fiduciary fund.

KODIAK ISLAND BOROUGH

Notes to Basic Financial Statements, Continued

(15) Change in Accounting Principle

As discussed in Note I-D to the financial statements, the Borough participates in the Alaska Public Employees' Retirement System (PERS). In 2015, the Borough adopted the provisions of GASB Statement No. 68 Accounting and Financial Reporting for Pensions, and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68, which, among other accounting and reporting criteria, requires the Borough to recognize its proportional share of the Net Pension Liability (and related deferred inflows and outflows of resources), as of the beginning of the Borough's fiscal year. As a result of the implementation of these statements, the Borough has recorded an opening balance adjustment to increase liabilities and to decrease opening net position as follows:

Governmental Activities:

Opening net position, as originally presented	\$	126,913,982
Change in accounting principle adjustment		<u>(3,705,942)</u>
Opening net position, as restated	\$	<u>123,208,040</u>

Business-type Activities:

Opening net position, as originally presented	\$	48,498,487
Change in accounting principle adjustment		<u>(926,485)</u>
Opening net position, as restated	\$	<u>47,572,002</u>

(16) Contingencies

(a) General

The Borough, in the normal course of its activities, is involved in various claims and pending litigation. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the Borough's future financial position or results of operations.

(b) Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies. Any disallowed claims, including amounts already collected, would become a liability of the General or other applicable funds. In management's opinion, disallowances, if any, will not be material.

KODIAK ISLAND BOROUGH

Notes to Basic Financial Statements, Continued

(c) ***Employee Retirement System Plans***

The Borough treats the on-behalf funding, created by AS 39.35.280 and AS 14.25.085, as a special funding situation. AS 39.35.255 established the uniform contribution rate for PERS employers at 22%, with the State of Alaska contributing the difference between the total PERS actuarial required contributions and the amount employers contribute at 22% of covered payroll.

Per GASB 68, a special funding situation is created when a non-employer entity is legally responsible for making contributions directly to the pension plan that is used to provide pensions to the employees of another entity. Under GASB 68, “legally responsible” is determined by State statute. The State of Alaska created AS 39.35.80 and AS 14.25.085, which established the required contributions for the Employer and the State.

The determination of whether the on-behalf payments should be considered a special funding situation is still being debated. If through litigation a decision is made by the courts that the on-behalf payment is not considered a special funding situation, the Borough’s net pension liability for PERS would increase by \$3,187,850, as of June 30, 2015.

(17) Subsequent Events

Management have evaluated subsequent events through January 29, 2016, the date which the financial statements were available for issue.

(18) Construction Commitments

The Borough has outstanding commitments for construction at year end of \$15,533,220.

(19) Subsequent Accounting Pronouncements

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

- GASB 72 – *Fair Value Measurement and Application*. Effective for periods beginning after June 15, 2015.
- GASB 73 – *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB 67 and 68*. Effective for fiscal years beginning after June 15, 2015.
- GASB 74 – *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Effective for fiscal years beginning after June 15, 2016.
- GASB 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Effective for fiscal years beginning after June 15, 2017.
- GASB 76 – *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Effective for fiscal years beginning after June 15, 2015.

KODIAK ISLAND BOROUGH

Notes to Basic Financial Statements, Continued

- GASB 77 – *Tax Abatement Disclosures*. Effective for fiscal years beginning after December 15, 2015.

Statements 73, 76 and 77 are not expected to have any significant impact on the financial statements of the Borough.

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosure related to all fair value measurements.

The objective of GASB Statements No. 74 and 75 is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. For defined benefit OPEB plans that are administered through trusts that meet the specified criteria, this Statement requires two financial statements—a statement of fiduciary net position and a statement of changes in fiduciary net position. Note disclosures and required supplemental information are addressed in these statements. GASB Statement 75 establishes standards for measuring liabilities, deferred inflow and outflows of resources, and expenses/expenditures.

**REQUIRED SUPPLEMENTARY
INFORMATION**

KODIAK ISLAND BOROUGH

Budgetary Comparison Schedule

General Fund

Year ended June 30, 2015

(With financial information for the year ended June 30, 2014)

	2015			Variance with Final Budget – Positive (Negative)	2014 Actual
	Budget		Actual		
	Original	Final			
Revenues:					
Property taxes and assessments:					
Real	\$ 62,820	62,820	24,977	(37,843)	34,167
Personal	6,780	6,780	6,939	159	—
Boat	25,000	25,000	22,985	(2,015)	24,350
Aircraft	22,000	22,000	23,600	1,600	21,400
Penalty and interest	175,000	175,000	156,528	(18,472)	128,058
Total property taxes and assessments	291,600	291,600	235,029	(56,571)	207,975
Severance taxes:					
Fish	1,750,000	1,750,000	1,550,706	(199,294)	1,715,496
Mining	10,000	10,000	49,440	39,440	32,309
Logging	100,000	100,000	103,111	3,111	96,014
Total severance taxes	1,860,000	1,860,000	1,703,257	(156,743)	1,843,819
Intergovernmental:					
State sources:					
State revenue sharing	730,000	730,000	724,731	(5,269)	731,314
Fisheries business tax	1,550,000	1,550,000	1,561,675	11,675	1,546,308
Fisheries resource landing tax	100,000	100,000	92,730	(7,270)	97,679
Commercial passenger vessel tax	25,000	25,000	—	(25,000)	4,600
Telephone and electric tax	25,000	25,000	17,206	(7,794)	15,792
On-behalf PERS payment	370,000	1,241,843	1,173,108	(68,735)	463,333
Liquor license	—	—	322	322	220
Total state sources	2,800,000	3,671,843	3,569,772	(102,071)	2,859,246
Federal sources:					
Payments in lieu of taxes	1,230,000	1,230,000	1,401,087	171,087	1,541,152
Fish and Wildlife revenue sharing	150,000	150,000	192,376	42,376	205,518
Schools and Roads - Grants to States	2,400	2,400	65	(2,335)	—
Total federal sources	1,382,400	1,382,400	1,593,528	211,128	1,746,670
Total intergovernmental revenue	4,182,400	5,054,243	5,163,300	109,057	4,605,916
Charges for services -					
Sale of copies and maps	5,000	5,000	2,647	(2,353)	3,136
Licenses, permits and fees:					
Building and trailer permits	40,000	40,000	52,355	12,355	59,661
Subdivision and zoning fees	18,500	18,500	21,135	2,635	16,183
Other permits	8,000	8,000	13,426	5,426	6,869
Total licenses, permits and fees	66,500	66,500	86,916	20,416	82,713
Investment income	50,000	50,000	(18,330)	(68,330)	23,804
Other	15,200	15,200	16,821	1,621	11,192
Total revenues	6,470,700	7,342,543	7,189,640	(152,903)	6,778,555

(continued)

KODIAK ISLAND BOROUGH

Budgetary Comparison Schedule

General Fund, continued

Year ended June 30, 2015

(With financial information for the year ended June 30, 2014)

	2015		Actual Amounts Budgetary Basis (see Note A)	Variance with Final Budget – Positive (Negative)	2014 Actual
	Budget				
	Original	Final			
Expenditures:					
General government:					
General and administration	\$ 246,600	247,244	187,199	60,045	180,937
Borough assembly	194,260	194,260	159,142	35,118	183,790
Borough manager	798,407	918,371	697,995	220,376	545,107
Borough clerk	561,562	632,199	682,444	(50,245)	525,436
Borough attorney	169,000	216,500	203,520	12,980	136,859
Finance department	975,007	1,099,799	1,087,354	12,445	921,132
Management information systems	1,121,907	1,224,354	1,164,224	60,130	1,013,958
Assessing department	756,046	869,693	840,703	28,990	680,158
Engineering/facilities department	175,045	194,758	331,478	(136,720)	307,917
Total general government	<u>4,997,834</u>	<u>5,597,178</u>	<u>5,354,059</u>	<u>243,119</u>	<u>4,495,294</u>
Public safety - animal control	109,415	109,415	109,415	—	72,941
Community and economic development:					
Community development department	770,949	883,994	919,303	(35,309)	666,289
Building official	151,484	151,484	125,412	26,072	153,324
Economic development	124,450	157,037	33,100	123,937	58,862
Total community and economic development	<u>1,046,883</u>	<u>1,192,515</u>	<u>1,077,815</u>	<u>114,700</u>	<u>878,475</u>
Emergency preparedness	167,500	177,161	29,128	148,033	9,987
Health and social services	409,500	409,500	406,093	3,407	326,700
Education, culture, and recreation	20,200	20,200	24,856	(4,656)	95,625
Parks and recreation	195,000	205,950	161,596	44,354	37,795
Kodiak College and city libraries	195,000	195,000	195,000	—	195,000
Total expenditures	<u>7,141,332</u>	<u>7,906,919</u>	<u>7,357,962</u>	<u>548,957</u>	<u>6,111,817</u>
Excess of revenues over expenditures	(670,632)	(564,376)	(168,322)	396,054	666,738
Other financing (uses):					
Transfers out	<u>(13,500)</u>	<u>(147,256)</u>	<u>(167,740)</u>	<u>(20,484)</u>	<u>(483,500)</u>
Change in fund balance	<u>\$ (684,132)</u>	<u>(711,632)</u>	<u>(336,062)</u>	<u>375,570</u>	<u>183,238</u>
Fund balance, at beginning of year			<u>3,531,970</u>		<u>3,348,732</u>
Fund balance, at end of the year			<u>\$ 3,195,908</u>		<u>3,531,970</u>

Note A: This schedule does not include expenditures of \$1,170, a transfer in from the General Fund of \$29,192, and a beginning fund (deficit) of (\$28,022) on a multi year community development project. These costs are accumulated in the Community Development Fund which is combined with the General Fund for the Basic Financial Statements.

Note B: See accompanying notes to required supplementary information.

KODIAK ISLAND BOROUGH
 Budgetary Comparison Schedule
 Special Revenue Fund – Education Support
 Year ended June 30, 2015
 (With financial information for the year ended June 30, 2014)

	<u>2015</u>		<u>Actual</u>	<u>Variance with Final Budget – Positive (Negative)</u>	<u>2014 Actual</u>
	<u>Budget</u>				
	<u>Original</u>	<u>Final</u>			
Revenues:					
Property taxes and assessments:					
Real	\$ 9,590,520	9,590,520	9,707,963	117,443	9,003,276
Personal	1,035,080	1,035,080	1,013,965	(21,115)	879,491
Intergovernmental - state sources					
Motor vehicle tax	280,000	280,000	262,175	(17,825)	253,230
Total revenues	<u>10,905,600</u>	<u>10,905,600</u>	<u>10,984,103</u>	<u>78,503</u>	<u>10,135,997</u>
Expenditures:					
Primary and secondary education	<u>10,905,600</u>	<u>10,905,600</u>	<u>10,905,714</u>	<u>(114)</u>	<u>10,650,220</u>
Excess (deficiency) of revenues over (under) expenditures	<u>—</u>	<u>—</u>	<u>78,389</u>	<u>78,389</u>	<u>(514,223)</u>
Other financing sources:					
Transfers in	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>330,000</u>
Change in fund balance	<u>\$ —</u>	<u>—</u>	<u>78,389</u>	<u>78,389</u>	<u>(184,223)</u>
Fund balance (deficit), at beginning of year			<u>(31,674)</u>		<u>152,549</u>
Fund balance (deficit), at end of year			<u>\$ 46,715</u>		<u>(31,674)</u>

See accompanying notes to required supplementary information.

KODIAK ISLAND BOROUGH
 Budgetary Comparison Schedule
 Special Revenue Fund – Facilities
 Year ended June 30, 2015
 (With financial information for the year ended June 30, 2014)

	2015		Actual	Variance with Final Budget – Positive (Negative)	2014 Actual
	Budget				
	Original	Final			
Revenues -					
Investment income	\$ 700,000	700,000	468,769	(231,231)	655,470
Expenditures	110,000	110,000	—	110,000	—
Excess of revenues over expenditures	590,000	590,000	468,769	(121,231)	655,470
Other financing sources (uses):					
Transfers out	(590,000)	(590,000)	(590,000)	—	(522,365)
Change in fund balance	\$ —	—	(121,231)	(121,231)	133,105
Fund balance, at beginning of year			39,548,944		39,415,839
Fund balance, at end of year			\$ 39,427,713		39,548,944

See accompanying notes to required supplementary information.

KODIAK ISLAND BOROUGH

Notes to Required Supplementary Information – Budgetary Comparison Schedules

June 30, 2015

The Borough follows these procedures in establishing the budgetary data reflected in the fund financial statements:

- The Borough Manager must submit to the Borough Assembly by April 30 a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted by the Borough Assembly to obtain citizen comments.
- By June 10, the budget is legally enacted through passage of an ordinance by Borough Assembly action. If the Borough Assembly fails to pass an ordinance, the budget submitted by the Borough Manager becomes the adopted budget.
- Amendments to the budget can occur anytime during the fiscal year through the Borough Assembly or administrative action. Generally, the following actions are required at the level of the particular change:
 - All new appropriations are authorized by an appropriation ordinance that amends the annual budget ordinance.
 - A resolution of the Borough Assembly is required to move (appropriate) amounts between departments and projects.
 - The administration is authorized and directed by the Borough Assembly to effect the necessary line item changes within the limits established by Items (1) and (2) above by project or department to properly monitor, account, and report receipts and expenditures.
- Expenditures may not legally exceed appropriations at the following levels: Capital Projects Funds – project level, all other funds – department level.
- All funds, except Capital Projects Funds, are budgeted on an annual basis encompassing a fiscal year. Budgets of Capital Projects Funds generally encompass the period from start-up to project completion, which is generally greater than one year.
- Appropriations lapse at year end to the extent that they have not been expended for all funds, except Capital Projects Funds, which lapse at project completion.
- Budgets adopted by the Borough Assembly are in accordance with accounting principles generally accepted in the United States of America.
- The Borough published a separate 2015 budget document. That document may be obtained from the Kodiak Island Borough, Finance Director, 710 Mill Bay Road, Kodiak, Alaska 99615.

Kodiak Island Borough

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

Public Employees' Retirement System

June 30, 2015

Borough's proportion of the net pension liability	0.0813%
Borough's proportionate share of net pension liability	\$ 3,790,362
State's proportionate share of the net pension liability associated with the Borough	3,187,850
Total	<u>\$ 6,978,212</u>
Borough's covered employee payroll	\$ 2,344,052
Borough's proportionate share of the net pension liability as a percentage of its covered-employee payroll	162%
Plan fiduciary net position as a percentage of the total pension liability	62.37%

Notes to schedule

1. Information presented for 2015 is based upon Plan measurement date June 30, 2014.
2. This schedule is intended to present 10 years of information. Additional years will be included as it becomes available.

Kodiak Island Borough
 Schedule of Borough's Contributions
 Public Employees' Retirement System
 June 30, 2015

Contractually required contribution	\$	297,006
Contributions in relation to the contractually required contribution		<u>(297,006)</u>
Contribution deficiency		<u>-</u>
 Borough's covered-employee payroll	 \$	 2,368,471
Contributions as a percentage of covered employee payroll		12.54%

Notes to schedule

1. Valuation date: June 30, 2013
2. Actuarially determined contribution rates are calculated as of June 30th, two years prior to the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

3. Actuarial cost method: Entry Age Normal.
4. Amortization method: Level dollar, closed.
5. Amortization period: 25 years, layered.
6. Equivalent single amortization period: 17 years.
7. Asset valuation method: Actuarial value that smooths investment gains and losses over 5 years, constrained to a range of 80% - 120% of fair value.
8. Inflation: 3.12% per annum.
9. Salary increases: Ranges from 6.36% to 4.12% based on service for Peace Officer/Firefighter. Ranges from 9.60% to 3.62% based on age and service for All Others.
10. Investment rate of return: 8%, net of pension plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%.
11. Retirement age: An age-related assumption is used for participants not yet receiving payments.
12. Mortality: 1994 Group Annuity Mortality (GAM) Table, sex distinct, 1994 Base Year without margin projected to 2013 using projection Scale AA, 80% of the male table for males and 60% of the female table for females for pre-termination mortality for Peace Officer/Firefighter, 1994 Base Year without margin projected to 2013 using Projection Scale AA, 75% of the male table for males and 55% of the female table for females for pre-termination mortality for All Others and the 1994 GAM Table, sex-distinct, 1994 Base Year without margin projected to 2013 using Projection Scale AA for males and with a 1-year set-forward for females for post-termination mortality.

13. This schedule is intended to present 10 years of information. Additional years will be included as it becomes available.

ADDITIONAL SUPPLEMENTARY INFORMATION

KODIAK ISLAND BOROUGH

Budgetary Comparison Schedule

Debt Service Fund - Education and Health

Year ended June 30, 2015

(With summarized financial information for the year ended June 30, 2014)

	2015			
	Original and Final Budget	Actual	Variance with Final Budget – Positive (Negative)	2014 Actual
Revenues:				
Property taxes and assessments	\$ 1,631,393	1,158,728	(472,665)	2,043,895
Intergovernmental:				
State sources	3,885,100	3,885,080	(20)	3,347,517
Investment income	40,000	509	(39,491)	3,182
Total revenues	5,556,493	5,044,317	(512,176)	5,394,594
Expenditures:				
General government	20,000	6,312	13,688	6,045
Debt service:				
Principal	2,646,039	2,646,040	(1)	3,645,950
Interest	3,120,454	3,120,449	5	2,107,198
Debt issuance	20,000	—	20,000	89,835
Total expenditures	5,806,493	5,772,801	33,692	5,849,028
Excess (deficiency) of revenues over (under) expenditures	(250,000)	(728,484)	(478,484)	(454,434)
Other financing sources:				
Transfers in	250,000	250,000	—	482,402
Change in fund balance	\$ —	(478,484)	(478,484)	27,968
Fund balance, at beginning of year		665,711		637,743
Fund balance, at end of year		\$ 187,227		665,711

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue

See Special Revenue section of this report.

Capital Projects

See Capital Projects section of this report.

NONMAJOR SPECIAL REVENUE FUNDS

The **Fire Protection Area No. 1 Fund** accounts for the activities related to fire suppression and fire prevention services to the citizens of the service area.

The **Womens Bay Fire Department Fund** accounts for the activities related to fire suppression and fire prevention services to the citizens of the service area.

The **Kodiak Airport Fire District Fund** accounts for the activities related to fire suppression and fire prevention services to the citizens of the service area.

The **Monashka Bay Road Service Area Fund** accounts for the activities related to road services within the service area.

The **Service Area No. 1 Fund** accounts for the activities related to maintenance service to roads within the district, including snow removal, ditching and grading.

The **Womens Bay Road Service Area Fund** accounts for the activities related to maintenance service to roads within the service area, including snow and ice removal, ditching and culvert work.

The **Bay View Road Service Area Fund** accounts for the activities related to road services within the service area.

The **Service Area No. 2 Fund** accounts for the activities related to water and sewer services in the service area. This fund is in the design stage at present.

The **Local Emergency Planning Committee (L.E.P.C.) Fund** accounts for State of Alaska grants provided for regional emergency preparation, response, and mitigation planning.

The **Land Sales Fund** accounts for the disposal of Borough-owned lands. The proceeds of land disposals are generally used for the management of Borough lands and the repairs and maintenance of Borough school buildings.

The **Buildings and Grounds Fund** accounts for the operations and maintenance of certain buildings and grounds owned by the Borough which are jointly shared with the City of Kodiak, the Kodiak Island Borough School District, and certain nonprofit community organizations.

The **Woodland Acres Street Light Service Area Fund** accounts for activities related to the provision of street lighting within the service area.

The **Trinity Islands Street Light Service Area Fund** accounts for activities related to the provision of street lighting within the service area.

The **Tourism Development Fund** accounts for the collection of the Borough Transient Accommodation Tax (Bed Tax) and its subsequent transfer to the Kodiak Island Convention and Visitor Bureau.

The **Mission Lake Tide Gate Fund** accounts for activities related to maintaining the tide gate for the residents of the service area.

The **Fern Fuller Trust Fund** accounts for the distribution of funds to the beneficiaries of the trust.

The **Trinity Islands Paving Fund** accounts for activities related to the provision of paving within the service area.

The **Oil Spill Disaster Fund** accounts for activities related to the grounding of the drilling vessel *Kulluk*.

KODIAK ISLAND BOROUGH

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2015

(With summarized financial information at June 30, 2014)

Assets	Special Revenue Funds	Capital Project Funds	Totals	
			<u>2015</u>	<u>2014</u>
Equity in central treasury	\$ 3,267,960	1,916,339	5,184,299	5,986,374
Receivables:				
State of Alaska	8,023	1,618,973	1,626,996	22,145
Federal government	—	319,459	319,459	153,995
Property taxes	20,493	—	20,493	17,776
Land sales contracts, due within one year	25,464	—	25,464	35,465
Other	26,546	7,618	34,164	37,517
Land sale contracts, due after one year	<u>262,100</u>	<u>—</u>	<u>262,100</u>	<u>513,765</u>
Total assets	<u>\$ 3,610,586</u>	<u>3,862,389</u>	<u>7,472,975</u>	<u>6,767,037</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 80,893	133,452	214,345	246,977
Customer deposits	1,100	—	1,100	1,100
Due to other funds	40,887	715,130	756,017	60,242
Unearned revenues	<u>1,000</u>	<u>93,729</u>	<u>94,729</u>	<u>134,815</u>
Total liabilities	<u>123,880</u>	<u>942,311</u>	<u>1,066,191</u>	<u>443,134</u>
Deferred inflows of resources -				
Unavailable revenues	<u>287,564</u>	<u>—</u>	<u>287,564</u>	<u>513,765</u>
Total liabilities and deferred inflows of resources	<u>411,444</u>	<u>942,311</u>	<u>1,353,755</u>	<u>956,899</u>
Fund balances:				
Nonspendable	262,100	—	262,100	513,765
Committed	2,969,906	—	2,969,906	2,140,474
Assigned	—	3,149,193	3,149,193	3,249,119
Unassigned	<u>(32,864)</u>	<u>(229,115)</u>	<u>(261,979)</u>	<u>(93,220)</u>
Total fund balances	<u>3,199,142</u>	<u>2,920,078</u>	<u>6,119,220</u>	<u>5,810,138</u>
Total	<u>\$ 3,610,586</u>	<u>3,862,389</u>	<u>7,472,975</u>	<u>6,767,037</u>

KODIAK ISLAND BOROUGH

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances

Nonmajor Governmental Funds

Year ended June 30, 2015

(With summarized financial information for year ended June 30, 2014)

	Special Revenue Funds	Capital Project Funds	Totals	
			2015	2014
Revenues:				
Property taxes and assessments	\$ 1,343,783	—	1,343,783	1,341,544
Transient accommodations tax	104,074	—	104,074	75,142
Intergovernmental:				
State sources	113,238	2,097,177	2,210,415	60,916
Federal sources	—	500,459	500,459	187,002
Charges for services	550,006	—	550,006	586,300
Licenses, permits and fees	28,600	—	28,600	29,850
Investment income	15,275	14,218	29,493	47,175
Rental	20,550	—	20,550	—
Other	926	—	926	39,364
Total revenues	<u>2,176,452</u>	<u>2,611,854</u>	<u>4,788,306</u>	<u>2,367,293</u>
Expenditures:				
Current:				
General government	846,606	—	846,606	857,417
Public safety	414,754	—	414,754	503,779
Community and economic development	75,000	—	75,000	84,126
Service district maintenance	534,376	—	534,376	631,572
Capital outlay:				
Schools	—	310,999	310,999	122,388
General	—	2,629,896	2,629,896	234,858
Debt service - interest	1,128	—	1,128	2,208
Total expenditures	<u>1,871,864</u>	<u>2,940,895</u>	<u>4,812,759</u>	<u>2,436,348</u>
Excess (deficiency) of revenues over (under) expenditures	<u>304,588</u>	<u>(329,041)</u>	<u>(24,453)</u>	<u>(69,055)</u>
Other financing sources (uses):				
Land sales proceeds	329,344	—	329,344	356,284
Transfers in	70,691	—	70,691	18,000
Transfers out	<u>(66,500)</u>	<u>—</u>	<u>(66,500)</u>	<u>(66,500)</u>
Net other financing sources (uses)	<u>333,535</u>	<u>—</u>	<u>333,535</u>	<u>307,784</u>
Change in fund balances	638,123	<u>(329,041)</u>	309,082	238,729
Fund balances, at beginning of year	<u>2,561,019</u>	<u>3,249,119</u>	<u>5,810,138</u>	<u>5,571,409</u>
Fund balances, at end of year	<u>\$ 3,199,142</u>	<u>2,920,078</u>	<u>6,119,220</u>	<u>5,810,138</u>

KODIAK ISLAND BOROUGH

Nonmajor Special Revenue Funds

Combining Balance Sheet

June 30, 2015

(With summarized financial information at June 30, 2014)

	Fire and Road Service Areas					Fire and Road Service Areas			State Grant Program	
	Fire		Road			Road			L.E.P.C.	Land Sales
	Fire Protection Area No. 1	Womens Bay Fire Department	Kodiak Airport Fire District	Monashka Bay Road Service Area	Service Area No. 1	Womens Bay Road Service Area	Bay View Road Service Area	Service Area No. 2		
Assets										
Equity in central treasury	\$ 584,330	580,019	35,385	56,494	414,988	162,202	8,266	5,823	—	561,689
Receivables:										
State of Alaska	—	—	—	—	—	—	—	—	8,023	—
Property taxes	9,789	474	1,208	463	7,077	947	535	—	—	—
Land sales contracts, due within one year	—	—	—	—	—	—	—	—	—	25,464
Other	15	—	—	—	—	—	—	—	—	4,557
Land sale contracts, due after one year	—	—	—	—	—	—	—	—	—	262,100
Total	\$ 594,134	580,493	36,593	56,957	422,065	163,149	8,801	5,823	8,023	853,810
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)										
Liabilities:										
Accounts payable	18,809	5,561	—	—	15,866	—	—	—	—	205
Customer deposits	—	1,100	—	—	—	—	—	—	—	—
Due to other funds	—	—	—	—	—	—	—	—	25,844	—
Unearned revenues	—	—	—	—	—	—	—	—	—	1,000
Total liabilities	18,809	6,661	—	—	15,866	—	—	—	25,844	1,205
Deferred inflows of resources:										
Unavailable revenues	—	—	—	—	—	—	—	—	—	287,564
Total liabilities and deferred inflows of resources	18,809	6,661	—	—	15,866	—	—	—	25,844	288,769
Fund balances (deficits):										
Nonspendable	—	—	—	—	—	—	—	—	—	262,100
Committed	575,325	573,832	36,593	56,957	406,199	163,149	8,801	5,823	—	302,941
Unassigned	—	—	—	—	—	—	—	—	(17,821)	—
Total fund balances (deficits)	575,325	573,832	36,593	56,957	406,199	163,149	8,801	5,823	(17,821)	565,041
Total	\$ 594,134	580,493	36,593	56,957	422,065	163,149	8,801	5,823	8,023	853,810

(continued)

KODIAK ISLAND BOROUGH

Nonmajor Special Revenue Funds

Combining Balance Sheet, (continued)

June 30, 2015

(With summarized financial information at June 30, 2014)

Assets	Street Lighting Districts							Totals		
	Buildings and Grounds	Woodland Acres Street Light Service Area	Trinity Islands Street Light Service Area	Tourism Development	Mission Lake Tide Gate	Fern Fuller Trust	Trinity Islands Paving	Oil Spill Disaster	2015	2014
	Equity in central treasury	\$ 388,869	30,085	26,414	170,438	43,291	199,667	—	—	3,267,960
Receivables:										
State of Alaska	—	—	—	—	—	—	—	—	8,023	6,778
Property taxes	—	—	—	—	—	—	—	—	20,493	17,776
Land sales contracts, due within one year	—	—	—	—	—	—	—	—	25,464	35,465
Other	—	—	—	21,974	—	—	—	—	26,546	29,898
Land sale contracts, due after one year	—	—	—	—	—	—	—	—	262,100	513,765
Total	\$ 388,869	30,085	26,414	192,412	43,291	199,667	—	—	3,610,586	3,269,895
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)										
Liabilities:										
Accounts payable	24,902	400	150	15,000	—	—	—	—	80,893	97,305
Customer deposits	—	—	—	—	—	—	—	—	1,100	1,100
Due to other funds	—	—	—	—	—	—	4,477	10,566	40,887	60,242
Unearned revenues	—	—	—	—	—	—	—	—	1,000	36,464
Total liabilities	24,902	400	150	15,000	—	—	4,477	10,566	123,880	195,111
Deferred inflows of resources:										
Unavailable revenues	—	—	—	—	—	—	—	—	287,564	513,765
Total liabilities and deferred inflows of resources	24,902	400	150	15,000	—	—	4,477	10,566	411,444	708,876
Fund balances (deficits):										
Nonspendable	—	—	—	—	—	—	—	—	262,100	513,765
Committed	363,967	29,685	26,264	177,412	43,291	199,667	—	—	2,969,906	2,140,474
Unassigned	—	—	—	—	—	—	(4,477)	(10,566)	(32,864)	(93,220)
Total fund balances (deficits)	363,967	29,685	26,264	177,412	43,291	199,667	(4,477)	(10,566)	3,199,142	2,561,019
Total	\$ 388,869	30,085	26,414	192,412	43,291	199,667	—	—	3,610,586	3,269,895

KODIAK ISLAND BOROUGH

Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances (Deficits)

Year ended June 30, 2015

(With summarized financial information for the year ended June 30, 2014)

	Fire and Road Service Areas				Fire and Road Service Areas				State Grant Program
	Fire		Road		Fire		Road		L.E.P.C.
	Fire Protection Area No. 1	Womens Bay Fire Department	Kodiak Airport Fire District	Monashka Bay Road Service Area	Service Area No. 1	Womens Bay Road Service Area	Bay View Road Service Area	Service Area No. 2	
Revenues:									
Property taxes and assessments	\$ 558,021	98,693	14,301	60,701	375,650	189,927	13,743	—	—
Transient accommodations tax	—	—	—	—	—	—	—	—	—
Intergovernmental:									
State sources	26,205	—	—	—	—	—	—	—	13,913
Charges for services	—	13,601	—	—	—	—	—	—	—
Licenses, permits and fees	—	—	—	—	—	27,600	—	—	—
Investment income	2,425	2,747	156	171	2,321	873	36	28	—
Rental	7,350	13,200	—	—	—	—	—	—	—
Other	380	250	—	—	—	—	—	—	—
Total revenues	<u>594,381</u>	<u>128,491</u>	<u>14,457</u>	<u>60,872</u>	<u>377,971</u>	<u>218,400</u>	<u>13,779</u>	<u>28</u>	<u>13,913</u>
Expenditures:									
Current:									
General government	—	—	—	—	—	—	—	—	—
Public safety	326,715	60,503	13,623	—	—	—	—	—	13,913
Community and economic development	—	—	—	—	—	—	—	—	—
Service district maintenance	—	—	—	7,454	320,360	194,617	11,408	—	—
Debt service - interest	—	—	—	—	—	—	—	—	—
Total expenditures	<u>326,715</u>	<u>60,503</u>	<u>13,623</u>	<u>7,454</u>	<u>320,360</u>	<u>194,617</u>	<u>11,408</u>	<u>—</u>	<u>13,913</u>
Excess (deficiency) of revenues over (under) expenditures	<u>267,666</u>	<u>67,988</u>	<u>834</u>	<u>53,418</u>	<u>57,611</u>	<u>23,783</u>	<u>2,371</u>	<u>28</u>	<u>—</u>
Other financing sources (uses):									
Land sale proceeds	—	—	—	—	—	—	—	—	—
Transfers in	16,040	—	—	—	—	—	—	—	—
Transfers out	—	—	—	—	—	—	—	—	—
Net other financing sources (uses)	<u>16,040</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Change in fund balances	283,706	67,988	834	53,418	57,611	23,783	2,371	28	—
Fund balances (deficits), at beginning of year	291,619	505,844	35,759	3,539	348,588	139,366	6,430	5,795	(17,821)
Fund balances (deficits), at end of year	<u>\$ 575,325</u>	<u>573,832</u>	<u>36,593</u>	<u>56,957</u>	<u>406,199</u>	<u>163,149</u>	<u>8,801</u>	<u>5,823</u>	<u>(17,821)</u>

(continued)

KODIAK ISLAND BOROUGH

Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances (Deficits), (continued)

Year ended June 30, 2015

(With summarized financial information for the year ended June 30, 2014)

	Street Lighting Districts									Totals	
	Land Sales	Buildings and Grounds	Woodland Acres	Trinity Islands	Tourism Development	Mission Lake Tide Gate	Fern Fuller Trust	Trinity Islands Paving	Oil Spill Disaster	2015	2014
			Street Light Service Area	Street Light Service Area						2015	2014
Revenues:											
Property taxes and assessments	\$ —	—	12,164	5,824	—	5,953	—	8,806	—	1,343,783	1,341,544
Transient accommodations tax	—	—	—	—	104,074	—	—	—	—	104,074	75,142
Intergovernmental:											
State sources	28,536	30,659	—	—	13,925	—	—	—	—	113,238	13,430
Charges for services	4,307	532,098	—	—	—	—	—	—	—	550,006	586,300
Licenses, permits and fees	1,000	—	—	—	—	—	—	—	—	28,600	29,850
Investment income	2,365	1,558	140	125	731	201	1,311	87	—	15,275	19,579
Rental	—	—	—	—	—	—	—	—	—	20,550	—
Other	174	122	—	—	—	—	—	—	—	926	39,364
Total revenues	<u>36,382</u>	<u>564,437</u>	<u>12,304</u>	<u>5,949</u>	<u>118,730</u>	<u>6,154</u>	<u>1,311</u>	<u>8,893</u>	<u>—</u>	<u>2,176,452</u>	<u>2,105,209</u>
Expenditures:											
Current:											
General government	276,563	563,441	4,810	1,792	—	—	—	—	—	846,606	857,417
Public safety	—	—	—	—	—	—	—	—	—	414,754	503,779
Community and economic development	—	—	—	—	75,000	—	—	—	—	75,000	84,126
Service district maintenance	—	—	—	—	—	280	—	257	—	534,376	631,572
Debt service - interest	—	—	—	—	—	—	—	1,128	—	1,128	2,208
Total expenditures	<u>276,563</u>	<u>563,441</u>	<u>4,810</u>	<u>1,792</u>	<u>75,000</u>	<u>280</u>	<u>—</u>	<u>1,385</u>	<u>—</u>	<u>1,871,864</u>	<u>2,079,102</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(240,181)</u>	<u>996</u>	<u>7,494</u>	<u>4,157</u>	<u>43,730</u>	<u>5,874</u>	<u>1,311</u>	<u>7,508</u>	<u>—</u>	<u>304,588</u>	<u>26,107</u>
Other financing sources (uses):											
Land sales proceeds	329,344	—	—	—	—	—	—	—	—	329,344	356,284
Transfers in	14,961	39,690	—	—	—	—	—	—	—	70,691	18,000
Transfers out	—	—	—	—	—	—	(66,500)	—	—	(66,500)	(66,500)
Net other financing sources (uses)	<u>344,305</u>	<u>39,690</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(66,500)</u>	<u>—</u>	<u>—</u>	<u>333,535</u>	<u>307,784</u>
Change in fund balances	104,124	40,686	7,494	4,157	43,730	5,874	(65,189)	7,508	—	638,123	333,891
Fund balances (deficits), at beginning of year	460,917	323,281	22,191	22,107	133,682	37,417	264,856	(11,985)	(10,566)	2,561,019	2,227,128
Fund balances (deficits), at end of year	<u>\$ 565,041</u>	<u>363,967</u>	<u>29,685</u>	<u>26,264</u>	<u>177,412</u>	<u>43,291</u>	<u>199,667</u>	<u>(4,477)</u>	<u>(10,566)</u>	<u>3,199,142</u>	<u>2,561,019</u>

KODIAK ISLAND BOROUGH

Nonmajor Special Revenue Funds

Fire and Road Service Areas – Fire Protection Area No. 1

Schedule of Revenues, Expenditures,
and Changes in Fund Balance

Budget and Actual

Year ended June 30, 2015

(With financial information for the year ended June 30, 2014)

	<u>2015</u>			
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>2014 Actual</u>
Revenues:				
Property taxes and assessments	\$ 559,500	558,021	(1,479)	552,353
Intergovernmental -				
State sources - PERS on behalf payment	—	26,205	26,205	—
Investment income	—	2,425	2,425	3,470
Rental	7,700	7,350	(350)	
Other	1,000	380	(620)	25,543
Total revenues	<u>568,200</u>	<u>594,381</u>	<u>26,181</u>	<u>581,366</u>
Expenditures:				
Public safety:				
Personnel	115,645	85,526	30,119	108,982
Volunteers	30,000	28,980	1,020	13,545
Fringe benefits	140,475	66,238	74,237	71,691
Professional services	5,000	—	5,000	75
Support goods and services	220,847	127,886	92,961	173,665
Capital outlay	104,000	18,085	85,915	40,514
Total expenditures	<u>615,967</u>	<u>326,715</u>	<u>289,252</u>	<u>408,472</u>
Excess (deficiency) of revenues over (under) expenditures	(47,767)	267,666	315,433	172,894
Other financing sources -				
Transfers in	16,040	16,040	—	—
Change in fund balance	<u>\$ (31,727)</u>	283,706	<u>315,433</u>	172,894
Fund balance, at beginning of year		291,619		118,725
Fund balance, at end of year		<u>\$ 575,325</u>		<u>291,619</u>

KODIAK ISLAND BOROUGH
 Nonmajor Special Revenue Funds
 Fire and Road Service Areas – Womens Bay Fire Department
 Schedule of Revenues, Expenditures,
 and Changes in Fund Balance
 Budget and Actual
 Year ended June 30, 2015
 (With financial information for the year ended June 30, 2014)

	2015			2014 Actual
	Final Budget	Actual	Variance with Final Budget Positive (Negative)	
Revenues:				
Property taxes and assessments	\$ 92,000	98,693	6,693	95,537
Charges for services	13,000	13,601	601	14,336
Investment income	1,000	2,747	1,747	4,478
Rental	12,000	13,200	1,200	—
Other	—	250	250	13,200
Total revenues	<u>118,000</u>	<u>128,491</u>	<u>10,491</u>	<u>127,551</u>
Expenditures:				
Public safety:				
Personnel services	1,000	—	1,000	—
Fringe benefits	500	—	500	—
Support goods and services	90,750	42,313	48,437	38,806
Capital outlay	<u>277,250</u>	<u>18,190</u>	<u>259,060</u>	<u>27,653</u>
Total expenditures	<u>369,500</u>	<u>60,503</u>	<u>308,997</u>	<u>66,459</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (251,500)</u>	67,988	<u>319,488</u>	61,092
Fund balance, at beginning of year		<u>505,844</u>		<u>444,752</u>
Fund balance, at end of year		<u>\$ 573,832</u>		<u>505,844</u>

KODIAK ISLAND BOROUGH

Nonmajor Special Revenue Funds

Fire and Road Service Areas – Kodiak Airport Fire District

Schedule of Revenues, Expenditures,
and Changes in Fund Balance

Budget and Actual

Year ended June 30, 2015

(With financial information for the year ended June 30, 2014)

	<u>2015</u>			<u>2014</u> <u>Actual</u>
	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>	
Revenues:				
Property taxes and assessments	\$ 13,800	14,301	501	13,602
Investment income	500	156	(344)	362
Total revenues	<u>14,300</u>	<u>14,457</u>	<u>157</u>	<u>13,964</u>
Expenditures:				
Public safety:				
Support goods and services	<u>14,300</u>	<u>13,623</u>	<u>677</u>	<u>14,359</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ —</u>	834	<u>834</u>	(395)
Fund balance, at beginning of year		<u>35,759</u>		<u>36,154</u>
Fund balance, at end of year		<u>\$ 36,593</u>		<u>35,759</u>

KODIAK ISLAND BOROUGH
 Nonmajor Special Revenue Funds
 Fire and Road Service Areas – Monashka Bay Road Service Area
 Schedule of Revenues, Expenditures,
 and Changes in Fund Balance (Deficit)
 Budget and Actual
 Year ended June 30, 2015
 (With financial information for the year ended June 30, 2014)

	<u>2015</u>		Variance with Final Budget Positive (Negative)	<u>2014 Actual</u>
	<u>Final Budget</u>	<u>Actual</u>		
Revenues:				
Property taxes and assessments	\$ 61,000	60,701	(299)	61,032
Investment income	—	171	171	145
Total revenues	<u>61,000</u>	<u>60,872</u>	<u>(128)</u>	<u>61,177</u>
Expenditures:				
Service district maintenance:				
Personnel services	—	274	(274)	1,091
Fringe benefits	—	202	(202)	589
Support goods and services	2,000	135	1,865	443
Snow removal/sanding	30,000	3,158	26,842	9,713
Road grading/ditching	13,000	3,099	9,901	11,131
Repairs and maintenance	16,000	586	15,414	32,326
Total expenditures	<u>61,000</u>	<u>7,454</u>	<u>53,546</u>	<u>55,293</u>
Excess of revenues over expenditures	<u>\$ —</u>	53,418	<u>53,418</u>	5,884
Fund balance (deficit), at beginning of year		<u>3,539</u>		<u>(2,345)</u>
Fund balance, at end of year		<u>\$ 56,957</u>		<u>3,539</u>

KODIAK ISLAND BOROUGH
 Nonmajor Special Revenue Funds
 Fire and Road Service Areas – Service Area No. 1
 Schedule of Revenues, Expenditures,
 and Changes in Fund Balance
 Budget and Actual
 Year ended June 30, 2015
 (With financial information for the year ended June 30, 2014)

	2015		Variance with Final Budget Positive (Negative)	2014 Actual
	Final Budget	Actual		
Revenues:				
Property taxes and assessments	\$ 390,500	375,650	(14,850)	388,416
Investment income	—	2,321	2,321	4,774
Total revenues	<u>390,500</u>	<u>377,971</u>	<u>(12,529)</u>	<u>393,190</u>
Expenditures:				
Service district maintenance:				
Personnel services	8,800	5,619	3,181	6,038
Fringe benefits	2,900	971	1,929	1,464
Support goods and services	3,100	1,026	2,074	1,732
Snow removal/sanding	200,000	29,198	170,802	73,000
Road grading/ditching	60,000	45,647	14,353	35,358
Repairs and maintenance	215,700	237,899	(22,199)	307,566
Total expenditures	<u>490,500</u>	<u>320,360</u>	<u>170,140</u>	<u>425,158</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (100,000)</u>	57,611	<u>157,611</u>	(31,968)
Fund balance, at beginning of year		348,588		380,556
Fund balance, at end of year		<u>\$ 406,199</u>		<u>348,588</u>

KODIAK ISLAND BOROUGH

Nonmajor Special Revenue Funds

Fire and Road Service Areas – Womens Bay Road Service Area

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

Year ended June 30, 2015

(With financial information for the year ended June 30, 2014)

	<u>2015</u>			
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>2014 Actual</u>
Revenues:				
Property taxes and assessments	\$ 180,000	189,927	9,927	183,730
Licenses, permits and fees	25,000	27,600	2,600	27,600
Investment income	1,100	873	(227)	1,530
Total revenues	<u>206,100</u>	<u>218,400</u>	<u>12,300</u>	<u>212,860</u>
Expenditures:				
Service district maintenance:				
Personnel services	1,000	505	495	6
Fringe benefits	800	357	443	2
Support goods and services	31,300	452	30,848	337
Snow removal/sanding	60,000	18,190	41,810	48,925
Road grading/ditching	33,000	25,824	7,176	44,270
Repairs and maintenance	80,000	149,289	(69,289)	51,753
Total expenditures	<u>206,100</u>	<u>194,617</u>	<u>11,483</u>	<u>145,293</u>
Excess of revenues over expenditures	\$ <u>—</u>	23,783	<u>23,783</u>	67,567
Fund balance, at beginning of year		<u>139,366</u>		<u>71,799</u>
Fund balance, at end of year		\$ <u>163,149</u>		<u>139,366</u>

KODIAK ISLAND BOROUGH

Nonmajor Special Revenue Funds

Fire and Road Service Areas – Bay View Road Service Area

Schedule of Revenues, Expenditures, and Changes in Fund (Deficit)

Budget and Actual

Year ended June 30, 2015

(With financial information for the year ended June 30, 2014)

	2015		Variance with Final Budget Positive (Negative)	2014 Actual
	Final Budget	Actual		
Revenues:				
Property taxes and assessments	\$ 15,257	13,743	(1,514)	13,622
Investment income	—	36	36	78
Total revenues	15,257	13,779	(1,478)	13,700
Expenditures:				
Service district maintenance:				
Personnel services	—	215	(215)	187
Fringe benefits	—	135	(135)	161
Professional services	7,257	—	7,257	—
Support goods and services	—	24	(24)	252
Snow removal/sanding	5,400	981	4,419	4,966
Road grading/ditching	1,100	9,539	(8,439)	—
Repairs and maintenance	1,500	514	986	—
Total expenditures	15,257	11,408	3,849	5,566
Excess of revenues over expenditures	\$ —	2,371	2,371	8,134
Fund balance (deficit), at beginning of year		6,430		(1,704)
Fund balance, at end of year		\$ 8,801		6,430

KODIAK ISLAND BOROUGH

Nonmajor Special Revenue Funds

Fire and Road Service Areas – Service Area No. 2

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

Year ended June 30, 2015

(With financial information for the year ended June 30, 2014)

	<u>2015</u>			
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>2014 Actual</u>
Revenues:				
Investment income	\$ <u>100</u>	<u>28</u>	<u>(72)</u>	<u>52</u>
Expenditures:				
Service district maintenance - Support services	<u>100</u>	<u>—</u>	<u>100</u>	<u>—</u>
Excess of revenues over expenditures	\$ <u>—</u>	<u>28</u>	<u>28</u>	<u>52</u>
Fund balance, at beginning of year		<u>5,795</u>		<u>5,743</u>
Fund balance, at end of year		\$ <u><u>5,823</u></u>		<u><u>5,795</u></u>

KODIAK ISLAND BOROUGH

Nonmajor Special Revenue Funds

L.E.P.C.

Schedule of Revenues, Expenditures, and Changes in Fund (Deficit)

Budget and Actual

Year ended June 30, 2015

(With financial information for the year ended June 30, 2014)

	2015			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2014 Actual
Revenues:				
Intergovernmental:				
State sources – grants	\$ 12,000	13,913	1,913	13,430
Expenditures:				
Public safety:				
Personnel services	11,000	6,768	4,232	9,465
Fringe benefits	—	3,229	(3,229)	4,609
Support goods and services	1,000	3,916	(2,916)	415
Total expenditures	12,000	13,913	(1,913)	14,489
Excess (deficiency) of revenues over (under) expenditures	\$ —	—	—	(1,059)
Fund (deficit), at beginning of year		(17,821)		(16,762)
Fund (deficit), at end of year		\$ (17,821)		(17,821)

KODIAK ISLAND BOROUGH

Nonmajor Special Revenue Funds

Land Sales

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

Year ended June 30, 2015

(With financial information for the year ended June 30, 2014)

	<u>2015</u>			
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>2014 Actual</u>
Revenues:				
Intergovernmental:				
State sources - PERS on behalf payment	\$ —	28,536	28,536	—
Charges for services	50,000	4,307	(45,693)	34,765
Licenses, permits and fees	2,250	1,000	(1,250)	2,250
Investment income	—	2,365	2,365	(2,647)
Other	800	174	(626)	140
Total revenues	<u>53,050</u>	<u>36,382</u>	<u>(16,668)</u>	<u>34,508</u>
Expenditures:				
General government:				
Personnel services	169,311	153,602	15,709	170,861
Fringe benefits	119,931	65,037	54,894	87,350
Professional services	218,000	11,200	206,800	27,837
Support goods and services	57,700	46,724	10,976	54,429
Total expenditures	<u>564,942</u>	<u>276,563</u>	<u>288,379</u>	<u>340,477</u>
Excess (deficiency) of revenues over (under) expenditures	(511,892)	(240,181)	271,711	(305,969)
Other financing sources:				
Land sale proceeds	208,000	329,344	121,344	356,284
Transfers in	16,159	14,961	(1,198)	—
Net other financing sources	<u>224,159</u>	<u>344,305</u>	<u>120,146</u>	<u>356,284</u>
Change in fund balance	\$ <u>(287,733)</u>	104,124	<u>391,857</u>	50,315
Fund balance, at beginning of year		<u>460,917</u>		<u>410,602</u>
Fund balance, at end of year		\$ <u>565,041</u>		<u>460,917</u>

KODIAK ISLAND BOROUGH

Nonmajor Special Revenue Funds

Buildings and Grounds

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

Year ended June 30, 2015

(With financial information for the year ended June 30, 2014)

	2015		Variance with Final Budget Positive (Negative)	2014 Actual
	Final Budget	Actual		
Revenues:				
Intergovernmental:				
State sources - PERS on behalf payment	\$ 24,100	30,659	6,559	—
Charges for services	569,908	532,098	(37,810)	537,199
Investment income	2,500	1,558	(942)	2,937
Other	—	122	122	481
Total revenues	<u>596,508</u>	<u>564,437</u>	<u>(32,071)</u>	<u>540,617</u>
Expenditures:				
General government:				
School buildings	55,000	25,011	29,989	24,655
Chiniak School	—	—	—	1,875
Borough building	686,258	496,230	190,028	479,011
Mental health center	20,000	19,394	606	3,538
Various borough buildings	10,000	6,321	3,679	1,227
Project office	5,200	213	4,987	—
Long-term care facility	—	16,272	(16,272)	—
Total expenditures	<u>776,458</u>	<u>563,441</u>	<u>213,017</u>	<u>510,306</u>
Excess (deficiency) of revenues over (under) expenditures	(179,950)	996	180,946	30,311
Other financing sources:				
Transfers in	<u>39,690</u>	<u>39,690</u>	<u>—</u>	<u>18,000</u>
Change in fund balance	<u>\$ (140,260)</u>	<u>40,686</u>	<u>180,946</u>	<u>48,311</u>
Fund balance, at beginning of year		<u>323,281</u>		<u>274,970</u>
Fund balance, at end of year		<u>\$ 363,967</u>		<u>323,281</u>

KODIAK ISLAND BOROUGH
 Nonmajor Special Revenue Funds
 Woodland Acres Street Light Service Area
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 Year ended June 30, 2015
 (With financial information for the year ended June 30, 2014)

	<u>2015</u>		Variance with Final Budget Positive (Negative)	2014 Actual
	Final Budget	Actual		
Revenues:				
Property taxes and assessments	\$ 11,650	12,164	514	12,067
Investment income	<u>200</u>	<u>140</u>	<u>(60)</u>	<u>208</u>
Total revenues	<u>11,850</u>	<u>12,304</u>	<u>454</u>	<u>12,275</u>
Expenditures:				
General government:				
Support goods and services	<u>11,850</u>	<u>4,810</u>	<u>7,040</u>	<u>4,834</u>
Excess of revenues over expenditures	<u>\$ —</u>	<u>7,494</u>	<u>7,494</u>	<u>7,441</u>
Fund balance, at beginning of year		<u>22,191</u>		<u>14,750</u>
Fund balance, at end of year		<u>\$ 29,685</u>		<u>22,191</u>

KODIAK ISLAND BOROUGH
 Nonmajor Special Revenue Funds
 Trinity Islands Street Light Service Area
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 Year ended June 30, 2015
 (With financial information for the year ended June 30, 2014)

	2015		Variance with Final Budget Positive (Negative)	2014 Actual
	Final Budget	Actual		
Revenues:				
Property taxes and assessments	\$ 5,750	5,824	74	5,753
Investment income	—	125	125	200
Total revenues	<u>5,750</u>	<u>5,949</u>	<u>199</u>	<u>5,953</u>
Expenditures:				
General government:				
Support goods and services	<u>5,750</u>	<u>1,792</u>	<u>3,958</u>	<u>1,800</u>
Excess of revenues over expenditures	<u>\$ —</u>	<u>4,157</u>	<u>4,157</u>	<u>4,153</u>
Fund balance, at beginning of year		<u>22,107</u>		<u>17,954</u>
Fund balance, at end of year		<u>\$ 26,264</u>		<u>22,107</u>

KODIAK ISLAND BOROUGH

Nonmajor Special Revenue Funds

Tourism Development

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

Year ended June 30, 2015

(With financial information for the year ended June 30, 2014)

	<u>2015</u>			
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>2014 Actual</u>
Revenues:				
Transient accommodations tax	\$ 90,000	104,074	14,074	75,142
Intergovernmental - State sources -				
Commerical passenger vessel tax	—	13,925	13,925	—
Investment income	<u>500</u>	<u>731</u>	<u>231</u>	<u>1,150</u>
Total revenues	<u>90,500</u>	<u>118,730</u>	<u>28,230</u>	<u>76,292</u>
Expenditures:				
Community and economic development:				
Contributions	80,000	75,000	5,000	84,126
Support goods and services	<u>35,500</u>	<u>—</u>	<u>35,500</u>	<u>—</u>
Total expenditures	<u>115,500</u>	<u>75,000</u>	<u>40,500</u>	<u>84,126</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>(25,000)</u>	43,730	<u>68,730</u>	(7,834)
Fund balance, at beginning of year		<u>133,682</u>		<u>141,516</u>
Fund balance, at end of year		\$ <u>177,412</u>		<u>133,682</u>

KODIAK ISLAND BOROUGH

Nonmajor Special Revenue Funds

Mission Lake Tide Gate

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

Year ended June 30, 2015

(With financial information for the year ended June 30, 2014)

	2015		Variance with Final Budget Positive (Negative)	2014 Actual
	Final Budget	Actual		
Revenues:				
Property taxes and assessments	\$ 5,400	5,953	553	5,448
Investment income	—	201	201	333
Total revenues	<u>5,400</u>	<u>6,154</u>	<u>754</u>	<u>5,781</u>
Expenditures:				
Service district maintenance:				
Personnel services	—	195	(195)	188
Fringe benefits	—	77	(77)	50
Contracted services	3,000	—	3,000	—
Support goods and services	2,400	8	2,392	7
Total expenditures	<u>5,400</u>	<u>280</u>	<u>5,120</u>	<u>245</u>
Excess of revenues over expenditures	<u>\$ —</u>	<u>5,874</u>	<u>5,874</u>	<u>5,536</u>
Fund balance, at beginning of year		<u>37,417</u>		<u>31,881</u>
Fund balance, at end of year		<u>\$ 43,291</u>		<u>37,417</u>

KODIAK ISLAND BOROUGH

Nonmajor Special Revenue Funds

Fern Fuller Trust

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

Year ended June 30, 2015

(With financial information for the year ended June 30, 2014)

	<u>2015</u>			
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>2014 Actual</u>
Revenues:				
Investment income	\$ 3,500	1,311	(2,189)	2,293
Expenditures	—	—	—	—
Excess of revenues over expenditures	3,500	1,311	(2,189)	2,293
Other financing (uses):				
Transfers out - Hospital Facilities Enterprise Fund	(66,500)	(66,500)	—	(66,500)
Change in fund balances	\$ <u>(63,000)</u>	(65,189)	<u>(2,189)</u>	(64,207)
Fund balance, at beginning of year		264,856		329,063
Fund balance, at end of year		\$ <u>199,667</u>		<u>264,856</u>

KODIAK ISLAND BOROUGH

Nonmajor Special Revenue Funds

Trinity Islands Paving

Schedule of Revenues, Expenditures, and Changes in Fund (Deficit)

Budget and Actual

Year ended June 30, 2015

(With financial information for the year ended June 30, 2014)

	2015		Variance with Final Budget Positive (Negative)	2014 Actual
	Final Budget	Actual		
Revenues:				
Property taxes and assessments	\$ 10,000	8,806	(1,194)	9,984
Investment income	500	87	(413)	216
Total revenues	10,500	8,893	(1,607)	10,200
Expenditures:				
Service district maintenance -				
Support goods and services	8,290	257	8,033	17
Debt service -				
Interest	2,210	1,128	1,082	2,208
Total expenditures	10,500	1,385	9,115	2,225
Excess of revenues over expenditures	\$ —	7,508	7,508	7,975
Fund (deficit), at beginning of year		(11,985)		(19,960)
Fund (deficit), at end of year		\$ (4,477)		(11,985)

KODIAK ISLAND BOROUGH

Nonmajor Special Revenue Funds

Oil Spill Disaster

Schedule of Revenues, Expenditures, and Changes in Fund (Deficit)

Budget and Actual

Year ended June 30, 2015

(With financial information for the year ended June 30, 2014)

	<u>2015</u>		Variance with	
	Final		Final Budget	2014
	Budget	Actual	Positive	Actual
	<u> </u>	<u> </u>	(Negative)	<u> </u>
Revenues	\$ —	—	—	—
Expenditures	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Excess of revenues over expenditures	\$ <u>—</u>	—	<u>—</u>	—
Fund (deficit), at beginning of year		<u>(10,566)</u>		<u>(10,566)</u>
Fund (deficit), at end of year		\$ <u><u>(10,566)</u></u>		<u><u>(10,566)</u></u>

NONMAJOR CAPITAL PROJECT FUNDS

The **Borough Capital Projects Fund** accounts for capital improvement projects related to various financing sources.

The **School Bond Capital Projects Fund** accounts for educational related capital projects funded by general obligation bonds which will be paid for with property taxes and State of Alaska grants.

The **State Capital Grants Fund** accounts for capital improvement projects relating to grants received from the State of Alaska.

The **Other Capital Projects Fund** accounts for capital improvement projects related to various financing sources.

KODIAK ISLAND BOROUGH

Nonmajor Capital Project Funds

Combining Balance Sheet

June 30, 2015

(With summarized financial information at June 30, 2014)

Assets	Borough Capital Projects	School Bond Capital Projects	State Capital Grants	Other Capital Projects	Totals	
					2015	2014
Equity in central treasury	\$ 533,455	—	—	1,382,884	1,916,339	3,320,161
Receivables:						
State of Alaska	—	—	746,568	872,405	1,618,973	15,367
Federal government	—	—	199,831	119,628	319,459	153,995
Accounts and other receivables, net	4,466	—	3,152	—	7,618	7,619
Total	\$ 537,921	—	949,551	2,374,917	3,862,389	3,497,142
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	17,123	48	46,277	70,004	133,452	149,672
Due to other funds	—	229,067	486,063	—	715,130	—
Unearned revenues	—	—	—	93,729	93,729	98,351
Total liabilities	17,123	229,115	532,340	163,733	942,311	248,023
Fund balances:						
Assigned	520,798	—	417,211	2,211,184	3,149,193	3,249,119
Unassigned	—	(229,115)	—	—	(229,115)	—
Total fund balances (deficits)	520,798	(229,115)	417,211	2,211,184	2,920,078	3,249,119
Total	\$ 537,921	—	949,551	2,374,917	3,862,389	3,497,142

KODIAK ISLAND BOROUGH

Nonmajor Capital Project Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)

Year ended June 30, 2015

(With summarized financial information for the year ended June 30, 2014)

	Borough Capital Projects	School Bond Capital Projects	State Capital Grants	Other Capital Projects	Totals	
					2015	2014
Revenues:						
Intergovernmental:	\$					
State sources	—	—	1,056,333	1,040,844	2,097,177	47,486
Federal sources	—	—	275,515	224,944	500,459	187,002
Investment income	2,628	66	928	10,596	14,218	27,596
Total revenues	<u>2,628</u>	<u>66</u>	<u>1,332,776</u>	<u>1,276,384</u>	<u>2,611,854</u>	<u>262,084</u>
Expenditures:						
Capital outlay:						
Schools	—	310,999	—	—	310,999	122,388
General	12,323	—	1,351,785	1,265,788	2,629,896	234,858
Total expenditures	<u>12,323</u>	<u>310,999</u>	<u>1,351,785</u>	<u>1,265,788</u>	<u>2,940,895</u>	<u>357,246</u>
Excess (deficiency) of revenues over (under) expenditures	(9,695)	(310,933)	(19,009)	10,596	(329,041)	(95,162)
Fund balances, at beginning of year	<u>530,493</u>	<u>81,818</u>	<u>436,220</u>	<u>2,200,588</u>	<u>3,249,119</u>	<u>3,344,281</u>
Fund balances (deficit), at end of year	<u>\$ 520,798</u>	<u>(229,115)</u>	<u>417,211</u>	<u>2,211,184</u>	<u>2,920,078</u>	<u>3,249,119</u>

ENTERPRISE FUNDS

The **Municipal Solid Waste Collection and Disposal Fund** accounts for the collection and disposal of solid waste and recycling services for the Kodiak Island Borough.

The **Hospital Facilities Fund** accounts for rents on the Borough-owned hospital, hospital related state revenue sharing, and other hospital related revenue. In turn, it purchases hospital equipment and makes debt service payments on hospital related debt.

The **Kodiak Fisheries Research Center Fund** accounts for rents and expenses on the Borough-owned Kodiak Fisheries Research Center. The three tenants: NOAA, Alaska Department of Fish & Game and University of Alaska, Fairbanks pay lease funds to participate in this multi-agency research facility committed to the preservation of the North Pacific marine ecosystem and resources.

The **911 Service Fund** accounts for funds collected from phone charges and pays for a 911 emergency system.

KODIAK ISLAND BOROUGH
Enterprise Funds
Municipal Solid Waste Collection and Disposal
Schedule of Revenues, Expenses, and
Changes in Net Position
Budget and Actual
Year ended June 30, 2015
(With financial information for the year ended June 30, 2014)

	2015		Variance with Final Budget Positive (Negative)	2014 Actual
	Final Budget	Actual		
Operating revenues:				
Solid waste disposal	\$ 2,835,345	2,611,854	(223,491)	2,265,967
Other	2,000	11,335	9,335	39,403
Total operating revenues	<u>2,837,345</u>	<u>2,623,189</u>	<u>(214,156)</u>	<u>2,305,370</u>
Operating expenses:				
Personnel services	1,057,209	824,689	232,520	876,354
Contracted services	233,000	139,005	93,995	185,284
Maintenance and repairs	67,500	105,439	(37,939)	141,309
Depreciation	261,056	269,276	(8,220)	278,342
General and administration	628,800	247,857	380,943	206,793
Recycling services	200,000	222,456	(22,456)	214,876
Contributions	71,000	38,909	32,091	39,106
Total operating expenses	<u>2,518,565</u>	<u>1,847,631</u>	<u>670,934</u>	<u>1,942,064</u>
Operating income	318,780	775,558	456,778	363,306
Other income (expense):				
Intergovernmental:				
State sources - grants	—	200,000	200,000	5,323,038
State of Alaska on-behalf payment	74,520	24,487	(50,033)	—
Investment income	100,000	23,929	(76,071)	67,094
Bond premium amortization	—	27,211	27,211	27,211
Landfill closure and postclosure costs	(600,000)	(422,016)	177,984	377,471
Interest expense	(156,800)	(198,411)	(41,611)	(138,800)
Total other income (expense)	<u>(582,280)</u>	<u>(344,800)</u>	<u>237,480</u>	<u>5,656,014</u>
Income (loss) before transfers	(263,500)	430,758	694,258	6,019,320
Transfers in	<u>13,500</u>	<u>64,383</u>	<u>50,883</u>	<u>13,500</u>
Change in net position	<u>\$ (250,000)</u>	495,141	<u>745,141</u>	6,032,820
Net position, beginning, as previously stated		<u>16,846,588</u>		<u>10,813,768</u>
Cumulative effect of a change in accounting principle		<u>(694,864)</u>		<u>—</u>
Net position, beginning, as restated		<u>16,151,724</u>		<u>10,813,768</u>
Net position, at end of year		<u>\$ 16,646,865</u>		<u>16,846,588</u>

KODIAK ISLAND BOROUGH

Enterprise Funds

Hospital Facilities

Schedule of Revenues, Expenses, and
Changes in Net Position

Budget and Actual

Year ended June 30, 2015

(With financial information for the year ended June 30, 2014)

	2015		Variance with Final Budget Positive (Negative)	2014 Actual
	Final Budget	Actual		
Operating revenues:				
Lease income	\$ 720,000	1,759,789	1,039,789	1,150,000
Operating expenses:				
Personnel services	10,000	30,049	(20,049)	10,100
Miscellaneous	—	—	—	5,791
Depreciation	885,000	842,644	42,356	867,913
Total operating expenses	<u>895,000</u>	<u>872,693</u>	<u>22,307</u>	<u>883,804</u>
Operating income (loss)	(175,000)	887,096	1,017,482	266,196
Other income (expense):				
Intergovernmental:				
State sources - grants	—	13,753	13,753	215,000
Investment income	20,000	34,411	14,411	73,207
Bond premium amortization	—	113,821	113,821	113,821
Contribution to Providence Hospital	(108,000)	(108,000)	—	(108,000)
Interest expense	(37,470)	(782,943)	(745,473)	(748,721)
Total other income (expense)	<u>(125,470)</u>	<u>(728,958)</u>	<u>(603,488)</u>	<u>(454,693)</u>
Income (loss) before transfers	<u>(300,470)</u>	<u>158,138</u>	<u>413,994</u>	<u>(188,497)</u>
Transfers in	<u>66,500</u>	<u>66,500</u>	<u>—</u>	<u>66,500</u>
Change in net position	<u>\$ (233,970)</u>	<u>224,638</u>	<u>413,994</u>	<u>(121,997)</u>
Net position, at beginning of year		<u>21,263,713</u>		<u>21,385,710</u>
Net position, at end of year		<u>\$ 21,488,351</u>		<u>21,263,713</u>

KODIAK ISLAND BOROUGH

Enterprise Funds

Kodiak Fisheries Research Center

Schedule of Revenues, Expenses, and
Changes in Net Position

Budget and Actual

Year ended June 30, 2015

(With financial information for the year ended June 30, 2014)

	2015		Variance with Final Budget Positive (Negative)	2014 Actual
	Final Budget	Actual		
Operating revenues:				
Lease income	\$ 1,602,000	2,267,032	665,032	1,851,322
Other	500	—	(500)	439
Total operating revenues	<u>1,602,500</u>	<u>2,267,032</u>	<u>664,532</u>	<u>1,851,761</u>
Operating expenses:				
Personnel services	402,083	274,049	128,034	359,783
Maintenance and repairs	47,000	5,903	41,097	1,144
Depreciation	751,000	636,139	114,861	636,143
General and administration:				
Cleaning and janitorial	61,000	51,403	9,597	50,114
Heating	164,000	93,295	70,705	155,290
Electrical	150,500	151,921	(1,421)	152,984
Plumbing	157,500	34,011	123,489	50,384
Air conditioning	2,500	5,988	(3,488)	628
Elevators	3,000	1,800	1,200	2,150
Miscellaneous	122,982	43,811	79,171	47,090
Total operating expenses	<u>1,861,565</u>	<u>1,298,320</u>	<u>563,245</u>	<u>1,455,710</u>
Operating income (loss)	<u>(259,065)</u>	<u>968,712</u>	<u>1,228,277</u>	<u>396,051</u>
Other income (expense):				
State of Alaska on-behalf payment	29,990	8,162	(21,828)	—
Investment income	20,000	22,485	2,485	38,550
Interest expense	(188,300)	(188,300)	—	(225,401)
Total other income (expense)	<u>(138,310)</u>	<u>(157,653)</u>	<u>(19,343)</u>	<u>(186,851)</u>
Income (loss) before transfers	<u>(397,375)</u>	<u>811,059</u>	<u>1,208,434</u>	<u>—</u>
Transfers in	—	21,474	21,474	—
Change in net position	<u>\$ (397,375)</u>	<u>832,533</u>	<u>1,229,908</u>	<u>209,200</u>
Net position, beginning, as previously stated		<u>10,388,186</u>		<u>10,178,986</u>
Cumulative effect of a change in accounting principle		<u>(231,621)</u>		<u>—</u>
Net position, beginning, as restated		<u>10,156,565</u>		<u>10,178,986</u>
Net position, at end of year		<u>\$ 10,989,098</u>		<u>10,388,186</u>

KODIAK ISLAND BOROUGH

Enterprise Funds

911 Service Fund

Schedule of Revenues, Expenses, and
Changes in Net Position

Budget and Actual

Year ended June 30, 2015

(With financial information for the year ended June 30, 2014)

	2015		Variance with Final Budget Positive (Negative)	2014 Actual
	Final Budget	Actual		
Operating revenues:				
Customer charges	\$ 50,000	33,961	(16,039)	39,817
Operating expenses:				
Personnel services	3,000	3,000	—	3,000
Miscellaneous	100	92	8	98
Telephone services	46,900	30,869	16,031	36,719
Total operating expenses	50,000	33,961	16,039	39,817
Operating income	\$ —	—	—	—
Net position, at beginning of year		—		—
Net position, at end of year		\$ —		—

SUPPLEMENTARY SCHEDULES

KODIAK ISLAND BOROUGH

SUMMARY OF BONDED DEBT SERVICE REQUIREMENTS TO MATURITY

June 30, 2015

Annual principal and interest requirements on General Obligation Refunding and
Construction Bonds.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 3,170,000	\$ 2,989,362	\$ 6,159,362
2017	3,295,000	2,869,212	6,164,212
2018	3,395,000	2,750,462	6,145,462
2019	3,540,000	2,617,362	6,157,362
2020	3,670,000	2,478,487	6,148,487
2021	3,815,000	2,336,099	6,151,099
2022	3,980,000	2,166,550	6,146,550
2023	4,160,000	1,985,699	6,145,699
2024	4,355,000	1,789,538	6,144,538
2025	4,570,000	1,572,570	6,142,570
2026	3,310,000	1,402,026	4,712,026
2027	3,470,000	1,238,228	4,708,228
2028	3,645,000	1,064,122	4,709,122
2029	3,205,000	881,234	4,086,234
2030	3,365,000	720,316	4,085,316
2031	3,535,000	551,360	4,086,360
2032	3,085,000	381,190	3,466,190
2033	3,240,000	226,940	3,466,940
2034	1,690,000	84,750	1,774,750
	<u>\$ 66,495,000</u>	<u>\$ 30,105,507</u>	<u>\$ 96,600,507</u>

KODIAK ISLAND BOROUGH

GENERAL OBLIGATION BOND, 2008 SERIES A

RETIREMENT SCHEDULE

June 30, 2015

2008 A BOND ISSUE

This issue, dated April 15, 2008, was issued under a book entry system registered in the name of Cede & Company, as Nominee of the Depository Trust Company, New York, New York, the securities depository for the 2008 Series A Bond. This issue was marketed by the Alaska Municipal Bond Bank. Legal opinion was rendered by bond council, Birch, Horton, Bittner and Cherot of Anchorage, Alaska. This bond was issued to fund the acquisition and construction of school capital improvements in the Borough, including a new school pool.

<u>Fiscal year</u>	<u>Interest rate</u>	<u>Interest due October 01</u>	<u>Principal due April 01</u>	<u>Interest due April 01</u>	<u>Total</u>
2016	5.00%	\$ 136,230	\$ 350,000	\$ 136,230	\$ 622,460
2017	4.00%	127,480	370,000	127,480	624,960
2018	4.00%	120,080	380,000	120,080	620,160
2019	4.00%	112,480	400,000	112,480	624,960
2020	4.25%	104,480	415,000	104,480	623,960
2021	4.25%	95,661	430,000	95,661	621,322
2022	4.38%	86,524	450,000	86,524	623,048
2023	4.50%	76,680	470,000	76,680	623,360
2024	4.70%	66,105	490,000	66,105	622,210
2025	4.80%	54,590	515,000	54,590	624,180
2026	4.90%	42,230	540,000	42,230	624,460
2027	5.00%	29,000	565,000	29,000	623,000
2028	5.00%	14,875	595,000	14,875	624,750
		<u>\$ 1,066,415</u>	<u>\$ 5,970,000</u>	<u>\$ 1,066,415</u>	<u>\$ 8,102,830</u>

KODIAK ISLAND BOROUGH

GENERAL OBLIGATION BOND, 2011 SERIES ONE

RETIREMENT SCHEDULE

June 30, 2015

2011 SERIES ONE BOND ISSUE

This issue, dated March 1, 2011, was issued under a book entry system registered in the name of Cede & Company, as Nominee of the Depository Trust Company, New York, New York, the securities depository for the 2011 Series One Bond. This issue was marketed by the Alaska Municipal Bond Bank. Legal opinion was rendered by bond council, Birch, Horton, Bittner and Cherot of Anchorage, Alaska. This bond was issued to fund the High School Renovation and Renewal project.

<u>Fiscal year</u>	<u>Interest rate</u>	<u>Interest due September 01</u>	<u>Principal due April 01</u>	<u>Interest due March 01</u>	<u>Total</u>
2016	2.36%	\$ 155,925	\$ 310,000	\$ 155,925	\$ 621,850
2017	2.75%	151,275	320,000	151,275	622,550
2018	3.12%	146,475	330,000	146,475	622,950
2019	3.45%	140,700	340,000	140,700	621,400
2020	3.70%	133,900	355,000	133,900	622,800
2021	3.93%	126,800	370,000	126,800	623,600
2022	4.80%	119,400	385,000	119,400	623,800
2023	4.80%	110,256	405,000	110,256	625,512
2024	4.80%	100,638	425,000	100,638	626,276
2025	5.20%	90,544	445,000	90,544	626,088
2026	5.20%	79,975	465,000	79,975	624,950
2027	5.20%	68,931	485,000	68,931	622,862
2028	5.20%	56,503	510,000	56,503	623,006
2029	5.20%	43,434	535,000	43,434	621,868
2030	5.20%	29,725	565,000	29,725	624,450
2031	5.20%	15,247	595,000	15,247	625,494
		<u>\$ 1,569,728</u>	<u>\$ 6,840,000</u>	<u>\$ 1,569,728</u>	<u>\$ 9,979,456</u>

KODIAK ISLAND BOROUGH

GENERAL OBLIGATION BOND, 2012 SERIES A

RETIREMENT SCHEDULE

June 30, 2015

2012 A BOND ISSUE

This issue, dated May 24, 2012 was issued under a book entry system registered in the name of Cede & Company, as Nominee of the Depository Trust Company, New York, New York, the securities depository for the 2012 Series A Bond. This issue was marketed by the Alaska Municipal Bond Bank. Legal opinion was rendered by bond council, Wohlforth, Vassar, Johnson & Brecht of Anchorage, Alaska. This bond was issued to refund part of the 2004C Bond which was issued to fund planning, design, and construction of capital improvements to the Larsen Bay School, Kodiak Middle School and Kodiak High School.

<u>Fiscal year</u>	<u>Interest rate</u>	<u>Interest due September 1</u>	<u>Principal due September 1</u>	<u>Interest due March 1</u>	<u>Total</u>
2016	4.00%	\$ 113,400	\$ 435,000	\$ 104,700	\$ 653,100
2017	4.00%	104,700	455,000	95,600	655,300
2018	2.00%	95,600	460,000	91,000	646,600
2019	4.00%	91,000	480,000	81,400	652,400
2020	5.00%	81,400	495,000	69,025	645,425
2021	5.00%	69,025	525,000	55,900	649,925
2022	4.00%	55,900	545,000	45,000	645,900
2023	5.00%	45,000	570,000	30,750	645,750
2024	5.00%	30,750	600,000	15,750	646,500
2025	5.00%	15,750	630,000	-	645,750
		<u>\$ 702,525</u>	<u>\$ 5,195,000</u>	<u>\$ 589,125</u>	<u>\$ 6,486,650</u>

KODIAK ISLAND BOROUGH

GENERAL OBLIGATION BOND, 2012 SERIES B

RETIREMENT SCHEDULE

June 30, 2015

2012 B BOND ISSUE

This issue, dated May 24, 2012 was issued under a book entry system registered in the name of Cede & Company, as Nominee of the Depository Trust Company, New York, New York, the securities depository for the 2012 Series B Bond. This issue was marketed by the Alaska Municipal Bond Bank. Legal opinion was rendered by bond council, Wohlforth, Vassar, Johnson & Brecht of Anchorage, Alaska. This bond was issued to refund part of the 2004D bond issue, which was used to fund the acquisition and construction of school capital improvements in the Borough, including a new school pool and the Kodiak High School Voc/Ed Classroom reclamation.

<u>Fiscal year</u>	<u>Interest rate</u>	<u>Interest due September 1</u>	<u>Principal due September 1</u>	<u>Interest due March 1</u>	<u>Total</u>
2016	4.00%	\$ 138,375	\$ 530,000	\$ 127,775	\$ 796,150
2017	4.00%	127,775	550,000	116,775	794,550
2018	2.00%	116,775	565,000	111,125	792,900
2019	4.00%	111,125	585,000	99,425	795,550
2020	5.00%	99,425	610,000	84,175	793,600
2021	5.00%	84,175	640,000	68,175	792,350
2022	4.00%	68,175	665,000	54,875	788,050
2023	5.00%	54,875	695,000	37,500	787,375
2024	5.00%	37,500	730,000	19,250	786,750
2025	5.00%	19,250	770,000	-	789,250
		<u>\$ 857,450</u>	<u>\$ 6,340,000</u>	<u>\$ 719,075</u>	<u>\$ 7,916,525</u>

KODIAK ISLAND BOROUGH

GENERAL OBLIGATION BOND, 2013 SERIES ONE

RETIREMENT SCHEDULE

June 30, 2015

2013 SERIES ONE BOND ISSUE

This issue, dated March 1, 2013, was issued under a book entry system registered in the name of Cede & Company, as Nominee of the Depository Trust Company, New York, New York, the securities depository for the 2013 Series One Bond. This issue was marketed by the Alaska Municipal Bond Bank. Legal opinion was rendered by bond council, Birch, Horton, Bittner and Cherot of Anchorage, Alaska. This bond was issued to fund the High School Renovation and Renewal project.

<u>Fiscal Year</u>	<u>Interest Rate</u>	<u>Interest Due August 01</u>	<u>Principal Due February 01</u>	<u>Interest due February 01</u>	<u>Total</u>
2016	4.00%	\$ 465,070	\$ 760,000	\$ 465,070	\$ 1,690,140
2017	4.00%	449,870	790,000	449,870	1,689,740
2018	4.00%	434,070	820,000	434,070	1,688,140
2019	5.00%	417,670	855,000	417,670	1,690,340
2020	4.00%	396,295	895,000	396,295	1,687,590
2021	4.00%	378,395	935,000	378,395	1,691,790
2022	4.00%	359,695	970,000	359,695	1,689,390
2023	4.00%	340,295	1,010,000	340,295	1,690,590
2024	5.00%	320,095	1,050,000	320,095	1,690,190
2025	5.00%	293,845	1,100,000	293,845	1,687,690
2026	5.00%	266,345	1,155,000	266,345	1,687,690
2027	5.00%	237,470	1,215,000	237,470	1,689,940
2028	5.00%	207,095	1,275,000	207,095	1,689,190
2029	5.00%	175,220	1,340,000	175,220	1,690,440
2030	5.00%	141,720	1,405,000	141,720	1,688,440
2031	5.00%	106,595	1,475,000	106,595	1,688,190
2032	5.00%	69,720	1,550,000	69,720	1,689,440
2033	3.80%	30,970	1,630,000	30,970	1,691,940
		<u>\$ 5,090,435</u>	<u>\$ 20,230,000</u>	<u>\$ 5,090,435</u>	<u>\$ 30,410,870</u>

KODIAK ISLAND BOROUGH

GENERAL OBLIGATION BOND, 2014 SERIES ONE

RETIREMENT SCHEDULE

June 30, 2015

2014 SERIES ONE BOND ISSUE

This issue, dated March 12, 2013, was issued under a book entry system registered in the name of Cede & Company, as Nominee of the Depository Trust Company, New York, New York, the securities depository for the 2013 Series One Bond. This issue was marketed by the Alaska Municipal Bond Bank. Legal opinion was rendered by bond council, Birch, Horton, Bittner and Cherot of Anchorage, Alaska. This bond was issued to fund the High School Renovation and Renewal project.

<u>Fiscal Year</u>	<u>Interest Rate</u>	<u>Interest Due September 01</u>	<u>Principal Due March 01</u>	<u>Interest Due March 01</u>	<u>Total</u>
2016	3.00%	\$ 495,331	\$ 785,000	\$ 495,331	\$ 1,775,662
2017	4.00%	483,556	810,000	483,556	1,777,112
2018	5.00%	467,356	840,000	467,356	1,774,712
2019	2.00%	446,356	880,000	446,356	1,772,712
2020	2.00%	437,556	900,000	437,556	1,775,112
2021	5.00%	428,556	915,000	428,556	1,772,112
2022	5.00%	405,681	965,000	405,681	1,776,362
2023	5.00%	381,556	1,010,000	381,556	1,773,112
2024	5.00%	356,306	1,060,000	356,306	1,772,612
2025	3.12%	329,806	1,110,000	329,806	1,769,612
2026	5.00%	312,463	1,150,000	312,463	1,774,926
2027	5.00%	283,713	1,205,000	283,713	1,772,426
2028	5.00%	253,588	1,265,000	253,588	1,772,176
2029	5.00%	221,963	1,330,000	221,963	1,773,926
2030	5.00%	188,713	1,395,000	188,713	1,772,426
2031	4.50%	153,838	1,465,000	153,838	1,772,676
2032	5.00%	120,875	1,535,000	120,875	1,776,750
2033	5.00%	82,500	1,610,000	82,500	1,775,000
2034	5.00%	42,250	1,690,000	42,500	1,774,750
		<u>\$ 5,891,963</u>	<u>\$ 21,920,000</u>	<u>\$ 5,892,213</u>	<u>\$ 33,704,176</u>

STATISTICAL SECTION

STATISTICAL SECTION

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

Contents	Page
Financial Trends <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	128-131
Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	132-136
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	137-141
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	142-148

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

KODIAK ISLAND BOROUGH
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental activities:					
Net investment in capital assets	\$ 62,716,326	\$ 73,425,394	\$ 25,127,779	\$ 71,534,766	\$ 77,447,045
Unrestricted	45,653,357	37,640,716	89,853,794	48,140,406	48,992,902
Total governmental activities net assets	<u>\$ 108,369,683</u>	<u>\$ 111,066,110</u>	<u>\$ 114,981,573</u>	<u>\$ 119,675,172</u>	<u>\$ 126,439,947</u>
Business-type activities:					
Net investment in capital assets	\$ 38,588,510	\$ 38,623,762	\$ 34,706,597	\$ 38,135,340	\$ 36,655,859
Unrestricted	(6,133,853)	(5,503,362)	(2,862,363)	(2,939,301)	(598,367)
Total business-type activities net assets	<u>\$ 32,454,657</u>	<u>\$ 33,120,400</u>	<u>\$ 31,844,234</u>	<u>\$ 35,196,039</u>	<u>\$ 36,057,492</u>
Primary government:					
Net investment in capital assets	\$ 101,304,836	\$ 112,049,156	\$ 59,834,376	\$ 109,670,106	\$ 114,102,904
Unrestricted	39,519,504	32,137,354	86,991,431	45,201,105	48,394,535
Total primary government net assets	<u>\$ 140,824,340</u>	<u>\$ 144,186,510</u>	<u>\$ 146,825,807</u>	<u>\$ 154,871,211</u>	<u>\$ 162,497,439</u>
	Fiscal Year				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities:					
Net investment in capital assets	\$ 81,789,375	\$ 85,285,497	\$ 72,773,598	\$ 80,159,521	\$ 82,616,865
Unrestricted	47,094,977	48,265,320	47,149,835	46,754,461	43,472,334
Total governmental activities net assets	<u>\$ 128,884,352</u>	<u>\$ 133,550,817</u>	<u>\$ 119,923,433</u>	<u>\$ 126,913,982</u>	<u>\$ 126,089,199</u>
Business-type activities:					
Net investment in capital assets	\$ 35,170,143	\$ 31,967,945	\$ 21,628,143	\$ 36,383,229	\$ 43,884,340
Unrestricted	1,137,826	4,532,561	20,750,321	12,115,258	5,239,974
Total business-type activities net assets	<u>\$ 36,307,969</u>	<u>\$ 36,500,506</u>	<u>\$ 42,378,464</u>	<u>\$ 48,498,487</u>	<u>\$ 49,124,314</u>
Primary government:					
Net investment in capital assets	\$ 116,959,518	\$ 117,253,442	\$ 94,401,741	\$ 116,542,750	\$ 126,501,205
Unrestricted	48,232,803	52,797,881	67,900,156	58,869,719	48,712,308
Total primary government net assets	<u>\$ 165,192,321</u>	<u>\$ 170,051,323</u>	<u>\$ 162,301,897</u>	<u>\$ 175,412,469</u>	<u>\$ 175,213,513</u>

Source: Borough general ledger

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
General government	\$ 3,984,390	\$ 4,755,754	\$ 4,226,759	\$ 3,723,964	\$ 4,479,415	\$ 5,109,232	\$ 4,281,383	\$ 7,398,899	\$ 6,990,640	\$ 5,637,239
Public safety	-	-	509,697	579,710	612,763	664,349	622,396	644,197	751,637	663,145
Community and economic development	784,002	786,614	1,105,156	908,501	1,034,686	1,211,189	1,195,237	1,070,991	964,377	886,613
Emergency preparedness	8,598	10,384	13,841	14,988	10,511	11,705	21,423	278,480	12,487	31,628
Health and sanitation	403,866	414,144	449,792	371,673	406,087	392,011	391,996	290,800	326,700	406,093
Education, culture, and recreation	164,053	161,247	183,747	248,571	192,182	85,690	64,289	84,273	218,013	335,854
Parks and recreation	-	-	-	-	-	13,625	5,825	21,100	37,795	161,596
Service district maintenance	336,385	362,189	378,661	398,219	543,897	593,388	705,665	479,264	631,572	534,376
Primary and secondary education	10,831,588	10,788,188	11,524,160	12,354,129	12,423,691	12,834,349	11,998,842	13,930,919	14,523,509	14,316,695
Interest on long-term debt	1,700,089	1,290,216	1,270,423	1,408,045	1,336,068	1,508,052	1,188,945	1,254,225	2,109,406	3,063,649
Total governmental activities expenses	18,212,971	18,568,736	19,662,236	20,007,800	21,039,300	22,423,590	20,476,001	25,453,148	26,566,136	26,036,888
Business-type activities:										
Municipal solid waste collection and disposal	3,446,453	2,888,821	4,628,826	3,852,158	4,283,148	2,192,132	2,345,752	2,342,006	2,080,864	2,468,058
Hospital facilities	1,304,583	1,297,419	1,124,650	1,095,535	1,035,020	1,027,615	1,016,882	1,091,035	1,740,525	1,763,636
Kodiak Fisheries Research Center	1,856,875	1,889,750	2,027,432	1,960,404	1,927,580	1,847,427	1,746,952	1,775,062	1,681,111	1,486,620
911 services	57,194	64,140	107,980	43,043	42,474	53,041	2,615	87,596	39,817	33,961
Total business-type activities expenses	6,665,105	6,140,130	7,888,888	6,951,140	7,288,222	5,120,215	5,112,201	5,295,699	5,542,317	5,752,275
Total primary government expenses	\$ 24,878,076	\$ 24,708,866	\$ 27,551,124	\$ 26,958,940	\$ 28,327,522	\$ 27,543,805	\$ 25,588,202	\$ 30,748,847	\$ 32,108,453	\$ 31,789,163
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 311,802	\$ 1,058,330	\$ 436,284	\$ 705,166	\$ 703,431	\$ 658,463	\$ 673,050	\$ 549,100	\$ 577,350	\$ 540,052
Public safety	-	-	-	12,361	12,762	33,755	11,646	13,849	14,336	13,601
Community and economic development	-	68,867	148,682	-	-	-	-	-	-	-
Health and sanitation	-	-	7,370	-	-	-	-	-	-	-
Education, culture, and recreation	108,218	-	-	-	-	-	-	-	-	-
Service district maintenance	20,000	20,015	28,345	25,000	25,000	27,600	1	94,076	110,313	114,516
Primary and secondary education	95,025	-	-	-	-	-	-	-	-	-
Operating grants and contributions	1,240,547	1,935,687	1,911,246	2,543,254	2,306,394	2,295,661	2,479,263	2,917,662	4,077,510	4,305,691
Capital grants	298,852	184,922	1,926,465	2,331,253	6,518,798	3,241,219	574,439	2,212,524	6,651,737	3,002,933
Total governmental activities program revenues	2,074,444	3,267,821	4,458,392	5,617,034	9,566,385	6,256,698	3,738,399	5,787,211	11,431,246	7,976,793
Business-type activities:										
Charges for services:										
Municipal solid waste collection and disposal	3,665,289	3,932,985	3,911,771	3,603,995	4,350,369	2,397,979	2,301,757	2,504,035	2,265,967	2,611,854
Hospital facilities	1,153,333	1,081,110	720,000	3,575,835	1,867,990	720,000	720,000	720,000	1,150,000	1,759,789
Kodiak Fisheries Research Center	1,572,474	1,581,850	1,614,532	1,598,260	1,610,775	2,018,747	1,636,728	1,603,503	1,851,322	2,267,032
911 services	65,614	62,698	54,925	52,654	42,474	53,041	-	-	-	-
Operating grants and contributions	-	-	-	-	-	-	75,819	85,634	-	32,649
Capital grants	-	-	-	-	-	-	97,534	5,984,095	5,538,038	213,753
Total business-type activities program revenues	6,456,710	6,658,643	6,301,228	8,830,744	7,871,608	5,189,767	4,831,838	10,897,267	10,805,327	6,885,077
Total primary government program revenues	\$ 8,531,154	\$ 9,926,464	\$ 10,759,620	\$ 14,447,778	\$ 17,437,993	\$ 11,446,465	\$ 8,570,237	\$ 16,684,478	\$ 22,236,573	\$ 14,861,870
Net(expense)/revenue:										
Governmental activities	\$ (16,138,527)	\$ (15,300,915)	\$ (15,203,844)	\$ (14,390,766)	\$ (11,472,915)	\$ (16,166,892)	\$ (16,737,602)	\$ (19,665,937)	\$ (15,134,890)	\$ (18,060,095)
Business-type activities	(208,395)	518,513	(1,587,660)	1,879,604	583,386	69,552	(280,363)	5,601,568	5,263,010	1,132,802
Total primary government net expense	\$ (16,346,922)	\$ (14,782,402)	\$ (16,791,504)	\$ (12,511,162)	\$ (10,889,529)	\$ (16,097,340)	\$ (17,017,965)	\$ (14,064,369)	\$ (9,871,880)	\$ (16,927,293)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes:										
Property taxes	\$ 9,807,551	\$ 9,754,916	\$ 10,118,602	\$ 10,592,258	\$ 11,051,740	\$ 11,945,103	\$ 13,327,552	\$ 12,910,512	\$ 13,741,190	\$ 14,228,505
Severance taxes	1,186,908	1,316,689	1,436,210	1,311,188	1,336,075	1,649,275	1,970,265	1,774,700	1,843,819	1,703,257
Unrestricted grants and contributions	3,482,351	3,242,740	3,144,750	4,214,617	4,089,966	3,642,009	4,199,766	4,458,203	4,142,583	3,990,192
Land sales	-	-	-	26,369	760	2,383	4,540	-	864,584	103,143
Investment earnings	2,798,391	3,745,990	3,912,145	2,082,615	1,219,201	713,414	1,788,903	528,676	1,106,717	574,227
Other	779,328	(225,636)	380,550	226,586	619,948	739,113	327,540	383,877	506,546	494,287
Transfers	247,280	162,643	127,050	(765,490)	(80,000)	(80,000)	(80,000)	(80,000)	(80,000)	(152,357)
Extraordinary item	-	-	-	1,396,222	-	-	-	-	-	-
Total governmental activities	\$ 18,301,809	\$ 17,997,342	\$ 19,119,307	\$ 19,084,365	\$ 18,237,690	\$ 18,611,297	\$ 21,538,566	\$ 19,975,968	\$ 22,125,439	\$ 20,941,254
Business-type activities:										
Investment earnings	161,892	274,126	434,164	273,973	198,067	100,925	282,027	117,702	178,851	80,825
Other	391,895	35,747	4,380	50	-	-	110,442	78,688	598,162	186,328
Transfers	(247,280)	(162,643)	(127,050)	765,490	80,000	80,000	80,000	80,000	80,000	152,357
Extraordinary item	-	-	-	432,688	-	-	-	-	-	-
Total business-type activities	306,507	147,230	311,494	1,472,201	278,067	180,925	472,469	276,390	857,013	419,510
Total primary government	\$ 18,608,316	\$ 18,144,572	\$ 19,430,801	\$ 20,556,566	\$ 18,515,757	\$ 18,792,222	\$ 22,011,035	\$ 20,252,358	\$ 22,982,452	\$ 21,360,764
Change in Net Position										
Governmental activities	\$ 2,163,282	\$ 2,696,427	\$ 3,915,463	\$ 4,693,599	\$ 6,764,775	\$ 2,444,405	\$ 4,800,964	\$ 310,031	\$ 6,990,549	\$ 2,881,159
Business-type activities	98,112	665,743	(1,276,166)	3,351,805	861,453	250,477	192,106	5,877,958	6,120,023	1,552,312
Total primary government	\$ 2,261,394	\$ 3,362,170	\$ 2,639,297	\$ 8,045,404	\$ 7,626,228	\$ 2,694,882	\$ 4,993,070	\$ 6,187,989	\$ 13,110,572	\$ 4,433,471

KODIAK ISLAND BOROUGH
Fund Balances of Governmental Funds
Last Six Fiscal Years
(modified accrual basis of accounting)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Fund:					
Nonspendable	\$ 6,801	\$ 6,801	\$ 166,020	\$ 6,324	\$ 1,459
Unassigned	<u>1,952,757</u>	<u>1,952,757</u>	<u>3,126,037</u>	<u>3,340,662</u>	<u>3,502,489</u>
Total General Fund	<u>\$ 1,959,558</u>	<u>\$ 1,959,558</u>	<u>\$ 3,292,057</u>	<u>\$ 3,346,986</u>	<u>\$ 3,503,948</u>
All other governmental funds					
Nonspendable	\$ 21,704	\$ 21,704	\$ 5,114,902	\$ 4,636,976	\$ 513,765
Committed	57,633,409	57,633,409	37,288,510	37,902,356	42,355,129
Assigned	-	-	11,464,575	29,981,503	28,875,499
Unassigned	<u>(1,179,132)</u>	<u>(1,179,132)</u>	<u>(1,989,279)</u>	<u>(51,337)</u>	<u>(2,929,481)</u>
Total all other governmental funds	<u>\$ 56,475,981</u>	<u>\$ 56,475,981</u>	<u>\$ 51,878,708</u>	<u>\$ 72,469,498</u>	<u>\$ 68,814,912</u>
	<u>2015</u>				
General Fund:					
Nonspendable	\$ 14,566				
Unassigned	<u>3,181,342</u>				
Total General Fund	<u>\$ 3,195,908</u>				
All other governmental funds					
Nonspendable	\$ 262,100				
Committed	42,631,561				
Assigned	7,610,272				
Unassigned	<u>(2,516,222)</u>				
Total all other governmental funds	<u>\$ 47,987,711</u>				

The Kodiak Island Borough implemented GASB 54 in Fiscal Year 2011. That is why there is only six years of data.

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues:										
Property taxes and assessments	\$ 9,786,201	9,681,815	10,175,295	10,477,347	10,993,175	11,909,806	13,052,598	12,936,796	13,656,771	14,091,503
Transient accommodations tax	47,645	68,867	79,182	88,338	86,003	96,384	87,400	96,640	75,142	104,074
Intergovernmental:										
State sources	3,368,491	4,012,647	4,428,472	5,966,808	10,610,231	7,029,684	5,313,092	7,929,017	12,938,158	10,332,739
Federal sources	1,766,926	1,417,403	2,553,990	3,122,316	2,338,468	2,149,205	1,940,376	1,659,372	1,933,672	2,093,987
Severance taxes	1,186,908	1,316,689	1,436,210	1,311,188	1,336,075	1,649,275	1,970,265	1,774,700	1,843,819	1,703,257
Licenses, permits, fees, and other local revenues	820,286	690,962	658,381	742,527	766,193	719,818	684,697	657,025	701,999	688,719
Other revenues	125,040	633,925	353,850	418,741	459,412	720,659	44,304	52,516	50,556	17,747
Investment earnings	2,803,466	3,751,609	3,918,008	2,088,915	1,225,938	706,677	1,857,413	536,903	1,115,466	583,677
Total revenues	<u>19,904,963</u>	<u>21,573,917</u>	<u>23,603,388</u>	<u>24,216,180</u>	<u>27,815,495</u>	<u>24,981,508</u>	<u>24,950,145</u>	<u>25,642,969</u>	<u>32,315,583</u>	<u>29,615,703</u>
Expenditures:										
General government	3,950,927	4,504,052	3,818,544	4,067,024	4,600,601	4,818,287	4,848,805	5,307,199	5,449,505	6,333,724
Public safety	—	—	385,529	460,826	502,491	537,623	447,479	469,280	576,720	524,169
Community and economic development	784,002	786,614	923,203	908,501	1,034,686	1,211,189	1,195,237	1,070,991	964,377	1,153,985
Emergency preparedness	6,098	7,884	5,713	12,488	8,011	11,705	18,923	18,342	9,987	29,128
Health and sanitation department	363,520	373,132	387,053	333,747	371,321	392,011	391,996	290,800	326,700	406,093
Education, culture, and recreation	161,633	158,161	183,747	248,571	192,182	85,690	64,289	84,273	95,625	24,856
Parks and recreation	—	—	—	—	—	13,625	5,825	21,100	37,795	161,596
Service district maintenance	336,385	498,539	374,320	398,219	543,897	593,388	705,665	479,264	631,572	534,376
Primary and secondary education	8,430,840	8,387,440	9,123,412	9,956,618	9,980,350	10,127,350	10,337,349	10,442,350	10,845,220	11,100,714
Capital outlay:										
Schools	464,142	1,436,639	7,029,628	14,857,064	7,359,932	1,881,069	5,255,037	5,486,672	34,872,235	21,984,655
General	332,398	373,038	887,189	1,277,106	4,319,438	4,839,652	562,007	2,041,674	1,521,996	2,907,018
Debt service:										
Principal	1,814,553	2,100,361	2,205,441	2,495,056	2,685,606	2,750,690	2,780,776	2,966,441	3,645,950	2,646,040
Interest	1,584,763	1,336,349	1,263,176	1,578,408	1,356,872	1,292,645	2,695,657	1,254,225	2,109,406	3,121,577
Other charges - bond issuance costs	—	—	—	68,635	—	40,689	100,149	20,809	89,835	—
Total expenditures	<u>18,229,261</u>	<u>19,962,209</u>	<u>26,586,955</u>	<u>36,662,263</u>	<u>32,955,387</u>	<u>28,595,613</u>	<u>29,409,194</u>	<u>29,953,420</u>	<u>61,176,923</u>	<u>50,927,931</u>
Excess of revenues over (under) expenditures	1,675,702	1,611,708	(2,983,567)	(12,446,083)	(5,139,892)	(3,614,105)	(4,459,049)	(4,310,451)	(28,861,340)	(21,312,228)
Other Financing Sources (Uses):										
Proceeds from sales of bonds	—	—	8,000,000	—	—	8,049,233	—	21,595,000	22,660,000	—
Bond premium	—	—	—	—	—	—	—	3,424,819	2,427,432	—
Refunding bonds issued	—	—	—	6,740,000	—	—	13,578,039	—	—	—
Payment to refunded bond escrow agent	—	—	—	(6,865,467)	—	—	(12,180,000)	—	—	—
Proceeds from sale of assets	—	—	—	—	—	—	—	9,564	—	—
Land sale proceeds	177,164	47,087	19,458	30,561	138,867	15,021	10,735	6,787	356,284	329,344
Transfers in	1,751,182	2,626,853	2,966,610	6,144,301	3,211,195	3,782,289	957,652	6,212,885	992,365	642,691
Transfers out	(1,503,902)	(2,464,210)	(2,839,560)	(6,909,791)	(3,291,195)	(3,862,289)	(1,037,652)	(6,292,885)	(1,072,365)	(795,048)
Total other financing sources(uses)	<u>424,444</u>	<u>209,730</u>	<u>8,146,508</u>	<u>(860,396)</u>	<u>58,867</u>	<u>7,984,254</u>	<u>1,328,774</u>	<u>24,956,170</u>	<u>25,363,716</u>	<u>176,987</u>
Net change in fund balances	\$ <u>2,100,146</u>	<u>1,821,438</u>	<u>5,162,941</u>	<u>(13,306,479)</u>	<u>(5,081,025)</u>	<u>4,370,149</u>	<u>(3,130,275)</u>	<u>20,645,719</u>	<u>(3,497,624)</u>	<u>(21,135,241)</u>
Debt service as a percentage of noncapital expenditures	19.99 %	19.20 %	19.45 %	20.91 %	19.41 %	18.53 %	27.22 %	17.62 %	22.51 %	21.71 %

KODIAK ISLAND BOROUGHGeneral Revenues by Source^(a)

Last Ten Fiscal Years

Fiscal Year	Taxes	Licenses, Permits and Fees	Inter- Governmental Revenue	Investment Income	Operating Transfers	Miscellaneous Revenue	Total
2006	10,257,023	171,962	2,369,185	469,913	—	—	13,268,083
2007	10,218,016	78,720	3,325,899	399,149	—	82,604	14,104,388
2008	10,792,741	100,256	3,276,741	544,926	—	—	14,714,664
2009	10,864,441	65,417	4,461,624	292,825	—	131,944	15,816,251
2010	11,219,182	71,319	4,123,507	178,567	—	38,352	15,630,927
2011	12,412,832	72,394	3,642,009	(21,628)	—	537,235	16,642,842
2012	2,291,625	65,421	4,425,447	281,792	—	16,177	7,080,462
2013	2,035,971	66,476	4,787,308	39,078	29,335	30,733	6,988,901
2014	2,051,794	82,713	4,605,916	23,804	—	14,328	6,778,555
2015	1,938,286	86,916	5,163,300	(18,330)	—	19,468	7,189,640

(a) Includes General Fund only.

Source: Borough general ledger.

KODIAK ISLAND BOROUGH

Assessed and Estimated Actual Value of Taxable Property

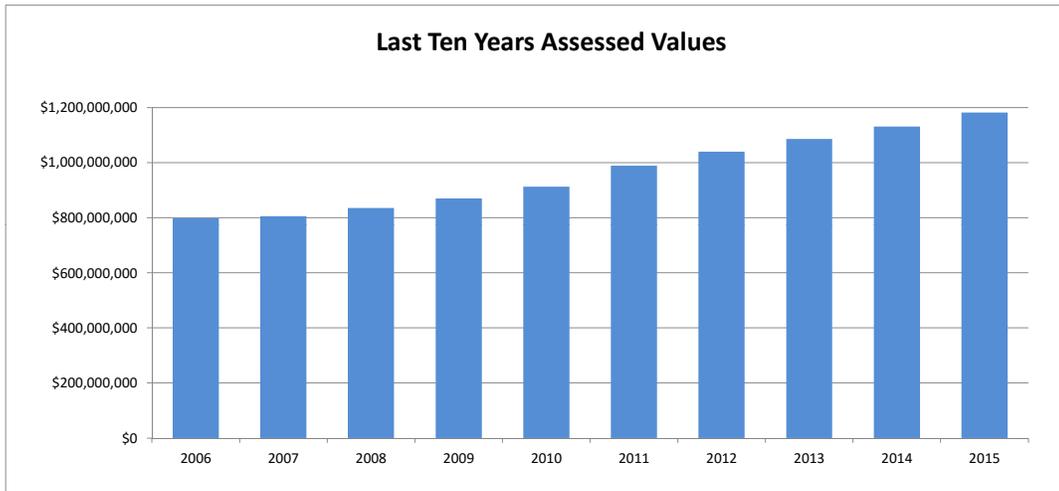
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Real Property		Personal Property		Total		Total Direct Tax Rate	Ratio of Total Taxable Assessed to Total Full Value Determination
	Net Taxable Assessed Value	Full Value Determination	Net Taxable Assessed Value	Full Value Determination	Net Taxable Assessed Value	Full Value Determination		
2006	692,572,845	786,373,800	106,206,504	309,114,600	798,779,349	1,095,488,400	11.00	72.92
2007	710,848,299	836,778,900	94,833,515	297,380,200	805,681,814	1,134,159,100	10.50	71.04
2008	734,527,929	941,403,800	100,997,608	298,543,700	835,525,537	1,239,947,500	10.50	67.38
2009	765,152,958	817,641,308	105,320,027	233,623,664	870,472,985	1,051,264,972	10.50	82.80
2010	805,000,744	855,452,864	108,014,241	227,294,006	913,014,985	1,082,746,870	10.50	84.32
2011	875,787,940	931,330,970	113,091,185	250,671,059	988,879,125	1,182,002,029	10.50	83.66
2012	947,611,296	1,007,199,396	91,612,537	236,610,137	1,039,223,833	1,243,809,533	10.75	83.55
2013	984,146,580	1,049,746,680	101,821,700	237,074,800	1,085,968,280	1,286,821,480	10.75	84.39
2014	1,029,239,311	1,100,702,180	102,237,300	286,425,000	1,131,476,611	1,387,127,180	10.75	81.57
2015	1,068,647,102	1,137,024,180	113,251,900	361,886,700	1,181,899,002	1,498,910,880	10.75	78.85

Sources: Borough assessment and tax records

Notes: Property in Kodiak Island Borough is reassessed once every three years.

Property is assessed at actual value; therefore, the assessed values are equal to actual value,
Tax rates are per \$1,000 of assessed value.



KODIAK ISLAND BOROUGH
 Direct and Overlapping Property Tax Rates and
 Contributions to the School District
 (per \$1,000 of Assessed Value)
 Last Ten Fiscal Years

Fiscal Year Ended June 30,	Direct Rate				Overlapping Rates										
	Borough Basic Rate	Education Support Fund	Debt Service	Renewal and Replacement	City ¹ of Kodiak	Woodland ² Acres Street Lighting Area	Trinity ² Islands Street Lighting Area	Mission ² Lake Tide Gate Area	Road Services Areas ²				Fire Areas ²		
									Monashka Bay	Service District 1	Bay View Road	Womens Bay	Fire Protection Area No. 1	Womens Bay	Airport
2006	11.00	—	—	—	2.00	—	0.50	1.00	2.50	1.25	1.00	2.00	1.50	1.25	1.25
2007	10.50	—	—	—	2.00	—	0.50	1.00	2.50	1.25	1.00	2.00	1.50	1.25	1.25
2008	10.50	—	—	—	2.00	—	0.50	1.00	2.50	1.25	1.00	2.00	1.50	1.25	1.25
2009	10.50	—	—	—	2.00	0.25	0.50	1.00	2.50	1.50	1.00	2.00	1.50	1.25	1.25
2010	10.50	—	—	—	2.00	0.25	0.50	1.00	2.50	1.50	1.00	2.00	1.50	1.25	1.25
2011	10.50	—	—	—	2.00	0.25	0.50	1.00	2.50	1.50	1.00	2.50	1.50	1.25	1.25
2012	0.03	9.09	1.55	0.08	2.00	0.25	0.50	1.00	2.50	1.50	1.00	2.50	1.50	1.25	1.25
2013	0.03	9.03	1.61	0.08	2.00	0.25	0.50	1.00	2.50	0.50	1.75	2.50	1.50	1.25	1.25
2014	0.03	8.75	1.81	0.16	2.00	0.25	0.50	1.00	2.50	1.50	1.50	2.50	1.50	1.25	1.25
2015	0.06	9.16	0.99	0.54	2.00	0.25	0.50	1.00	2.50	1.50	1.50	2.50	1.50	1.25	1.25

Note: With the execution of a mill rate to cover Debt Service, the maximum mill rate allowed by State code is 30 mills

¹ Overlapping rates are those of local governments that apply to property owners within the City of Kodiak.

² Overlapping rates are those which apply to property owners located within special taxing districts in the borough. They do not apply to every property owner in the Borough.

KODIAK ISLAND BOROUGH
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year (a)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	\$ 9,733,253	\$ 9,320,203	95.8	\$ 412,332	\$ 9,732,535	100.0
2007	9,298,329	9,169,456	98.6	126,255	9,295,711	100.0
2008	9,979,775	9,615,784	96.4	361,432	9,977,216	100.0
2009	10,231,461	10,201,209	99.7	25,003	10,226,212	99.9
2010	10,879,276	10,487,467	96.4	383,986	10,871,453	99.9
2011 (a)	11,536,758	11,499,457	99.7	97,223	11,596,680	100.5
2012 (a)	13,255,665	13,038,077	98.4	278,623	13,316,700	100.5
2013 (a)	13,581,524	13,489,190	99.3	142,083	13,631,273	100.4
2014	14,424,260	14,250,305	98.8	113,549	14,363,854	99.6
2015	\$ 15,009,704	\$ 14,749,222	98.3	\$ —	\$ 14,749,222	98.3

Source: Borough general ledger.

(a) Due to personal property audits in subsequent years, tax collections exceeded original taxes levied.

KODIAK ISLAND BOROUGH
Principal Property Tax Payers
Current Year and Ten Years Ago

<u>Taxpayer</u>	<u>2015</u>			<u>2006</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Borough Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Borough Assessed Value</u>
Trident Seafoods Corp	\$ 32,091,700	1	2.7%	\$ —		—
Ocean Beauty Seafoods LLC	28,438,600	2	2.4%	16,730,796	1	2.1%
Int'l Seafoods of Alaska	17,333,000	3	1.5%	9,442,721	4	1.2%
North Pacific Seafoods (a)	13,893,400	4	1.2%	7,003,916	9	0.9%
Mill Bay Plaza Assoc LTD	10,921,500	5	0.9%	7,138,400	8	0.9%
Wal-Mart/Sams Club	9,494,400	6	0.8%	9,258,892	6	1.2%
Horizon Lines of Alaska LLC	7,809,800	7	0.7%	7,416,188	7	0.9%
GCI Communications Corp	7,804,500	8	0.7%	—		—
Leisnoi Inc	7,563,800	9	0.6%	—		—
Island Fish Co LLC	6,445,600	10	0.5%	—		—
Brechan Enterprises, Inc	—	—	—	14,026,652	2	1.8%
Westward Seafoods, Inc.	—	—	—	11,474,840	3	1.4%
Alaska Communications Systems	—	—	—	9,620,360	5	1.2%
Kodiak Fishmeal Company	—	—	—	6,582,582	10	0.8%
Total	<u>\$ 141,796,300</u>		<u>12.1%</u>	<u>\$ 98,695,347</u>		<u>12.4%</u>

Source: Borough tax records.

(a) North Pacific Seafoods and Alaska Pacific Seafoods were combined in 2006.

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	(b)	783,907,451	31,264,429	2,323	3.99%
2007	13,664	(a)	805,681,814	29,163,349	2,134	3.62%
2008	13,954	(a)	835,525,537	34,957,269	2,505	4.18%
2009	13,860	(a)	870,472,985	32,534,424	2,347	3.74%
2010	13,592	(a)	913,014,985	29,838,432	2,195	3.27%
2011	13,870	(a)	988,879,125	35,124,211	2,532	3.55%
2012	14,041	(a)	1,039,223,833	33,510,913	2,387	3.22%
2013	13,824	(a)	1,085,968,280	55,236,114	3,996	5.09%
2014	13,797	(a)	1,131,476,611	76,227,556	5,525	6.74%
2015	13,819	(b)	1,181,899,002	73,131,566	5,292	6.19%

Sources: Information obtained from assessment records and Borough general ledger except as otherwise noted.

(a) Information obtained from State of Alaska, Division of Community and Regional Affairs, Community Database, Certified Population for Revenue Sharing Program.

(b) Information obtained from State of Alaska, Department of Labor, Economic Information.

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

KODIAK ISLAND BOROUGH

Computation of Direct Debt

June 30, 2015

	Net Debt Outstanding (a)	Percentage Applicable to this Governmental Unit (b)	Kodiak Island Borough Share of Debt (c)
	<u> </u>	<u> </u>	<u> </u>
Kodiak Island Borough:			
General obligation bonds	\$ 73,162,568	100%	\$ 73,162,568
City of Kodiak:			
General obligation bonds	<u>6,890,000</u>	100%	<u>6,890,000</u>
Total	<u>\$ 80,052,568</u>		<u>\$ 80,052,568</u>

- (a) Gross debt outstanding less applicable amounts in the Debt Service Funds.
- (b) Determined by ratio of assessed valuation of property subject to taxation in overlapping unit to valuation of property subject to taxation in reporting unit.
- (c) Per Alaska Statute 29.45.090 there is a limit of 30 mills for ad valorem taxes.
Per Alaska Statute 29.45.100 the limitation on maximum mill rate does not apply to taxes levied to pay bonds.

Sources: Borough general ledger and City of Kodiak records.

KODIAK ISLAND BOROUGH
 Legal Debt Margin Information
 Last Ten Fiscal Years

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Taxable Assessed value	\$ 798,779,349	805,681,814	835,525,537	870,472,985	913,014,985
Plus exempt property	45,783,490	49,539,000	50,194,170	45,188,050	50,452,120
Total	<u>\$ 844,562,839</u>	<u>855,220,814</u>	<u>885,719,707</u>	<u>915,661,035</u>	<u>963,467,105</u>
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Taxable Assessed value	988,879,125	1,039,223,833	1,085,968,080	1,131,476,611	1,181,899,002
Plus exempt property	55,543,030	59,588,100	65,600,100	71,462,869	68,377,078
Total	<u>1,044,422,155</u>	<u>1,098,811,933</u>	<u>1,151,568,180</u>	<u>1,202,939,480</u>	<u>1,250,276,080</u>

The State of Alaska does not mandate a debt limit to its municipalities and political subdivisions. Debt capacity is ultimately determined by the voters and the marketplace.

Source: Borough assessment records (certified tax rolls).

KODIAK ISLAND BOROUGH
Ratio of Annual Debt Service Expenditures
for General Bonded Debt to Total
General Governmental Expenditures and Transfers
Last Ten Fiscal Years

Fiscal year	Principal (a)	Interest and fees	Total debt service	Total General Fund expenditures and transfers	Ratio of debt service to general expenditures
2006	1,814,553	1,583,488	3,398,041	13,054,983	26.0
2007	2,100,361	1,329,456	3,429,817	13,337,188	25.7
2008	2,205,441	1,255,313	3,460,754	14,277,498	24.2
2009	2,495,056	1,571,295	4,066,351	15,922,441	25.5
2010	2,685,606	1,350,620	4,036,226	16,372,540	24.7
2011	2,750,690	1,287,822	4,038,512	17,065,960	23.9
2012	2,780,776	2,691,426	5,472,202	5,747,963	95.2
2013	2,966,441	1,244,233	4,210,674	6,933,972	60.7
2014	3,645,950	2,107,198	5,753,148	6,621,593	86.9
2015	2,646,040	3,120,449	5,766,489	7,497,680	76.9

(a) Serial maturities in the case of serial bonds; annual Debt Service Fund requirements in the case of term bonds.

Sources: Borough general ledger and debt documents.

KODIAK ISLAND BOROUGH
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Business-type Activities		Total Primary Government	Percent of Personal Income	Per Capita
	General Obligation Bonds	Notes Payable	Revenue Bonds	Notes Payable			
2006	31,264,429	83,690	—	1,270,210	32,618,329	7.36%	2,424
2007	29,163,349	77,470	—	1,636,924	30,877,743	6.57%	2,260
2008	34,957,269	72,028	—	1,768,660	36,797,957	7.47%	2,637
2009	32,534,424	66,505	—	1,864,503	34,465,432	6.29%	2,487
2010	29,838,432	60,899	—	1,989,995	31,889,326	5.52%	2,346
2011	35,124,211	55,209	—	2,735,778	37,915,198	6.13%	2,734
2012	33,510,913	49,433	—	7,603,249	41,163,595	6.25%	2,932
2013	55,236,114	42,992	18,817,320	7,346,324	81,442,750	12.07%	5,891
2014	76,227,556	37,042	18,703,498	10,206,895	105,174,991	13.98%	7,623
2015	73,131,566	31,002	17,984,677	9,908,184	101,055,429	*	7,313

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

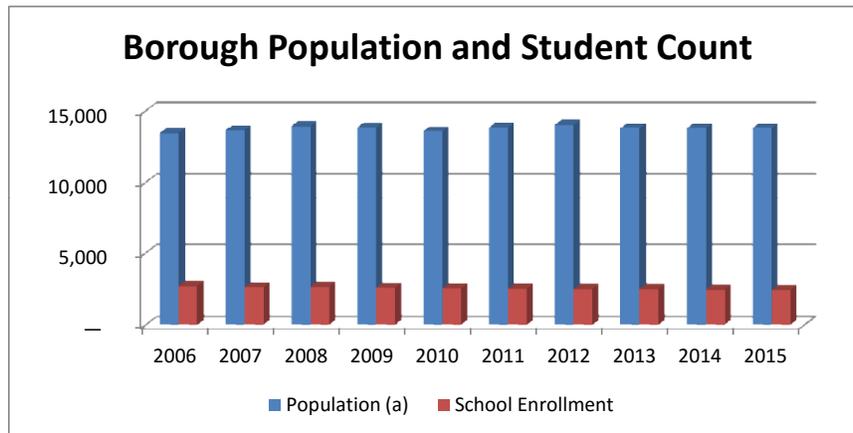
* Information not available at report time.

KODIAK ISLAND BOROUGH
Demographic and Economic Statistics
Last Ten Years

<u>Calendar Year</u>	<u>Population (a)</u>	<u>Personal Income (c)</u>	<u>Per Capita Personal Income (c)</u>	<u>School Enrollment (b)</u>	<u>Percentage Unemployment Rate (c)</u>
2006	13,457	469,512,000	35,860	2,718	7.3
2007	13,664	506,398,000	38,733	2,636	6.0
2008	13,954	548,099,000	41,617	2,671	6.6
2009	13,860	577,818,419	41,690	2,598	7.1
2010	13,592	566,433,008	41,764	2,567	7.4
2011	13,870	638,588,670	46,041	2,543	7.4
2012	14,041	682,097,739	48,579	2,517	6.7
2013	13,824	674,666,496	48,804	2,513	6.2
2014	13,797	752,337,000	53,792	2,468	5.7
2015	13,819	*	*	2,446	*

Sources:

- (a) State of Alaska, DCRA certified population.
- (b) Alaska Dept of Education, Average Daily Membership by Fiscal Year at www.eed.state.ak.us/stats
- (c) Bureau of Economic Analysis <https://www.bea.gov>
- * Information not available at report time.



KODIAK ISLAND BOROUGH
Average Monthly Employment & Earnings
Last Ten Fiscal Years

	<u>Fiscal Year 2006</u>		<u>Fiscal Year 2007</u>		<u>Fiscal Year 2008</u>		<u>Fiscal Year 2009</u>	
	<u>Average Monthly Employment</u>	<u>Average Monthly Earnings</u>	<u>Average Monthly Employment</u>	<u>Average Monthly Earnings</u>	<u>Average Monthly Employment</u>	<u>Average Monthly Earnings</u>	<u>Average Monthly Employment</u>	<u>Average Monthly Earnings</u>
Total Industries	5,553	\$ 2,926	5,616	\$ 3,060	5,803	\$ 3,111	5,961	\$ 3,100
Private Ownership	4,191	2,803	4,160	2,979	4,340	3,006	4,485	2,956
Total Government	1,361	3,306	1,456	3,291	1,483	3,424	1,475	3,538
Private Goods-Producing	1,691	3,382	1,631	3,555	1,778	3,484	1,814	3,290
Private Service-Providing	2,500	2,412	2,529	2,608	2,562	3,006	2,671	2,730
	<u>Fiscal Year 2010</u>		<u>Fiscal Year 2011</u>		<u>Fiscal Year 2012</u>		<u>Fiscal Year 2013</u>	
	<u>Average Monthly Employment</u>	<u>Average Monthly Earnings</u>	<u>Average Monthly Employment</u>	<u>Average Monthly Earnings</u>	<u>Average Monthly Employment</u>	<u>Average Monthly Earnings</u>	<u>Average Monthly Employment</u>	<u>Average Monthly Earnings</u>
Total Industries	5,961	\$ 3,100	6,416	\$ 3,362	6,461	\$ 3,488	6,411	\$ 3,459
Private Ownership	4,485	2,956	4,898	3,263	4,952	3,412	4,928	3,358
Total Government	1,475	3,538	1,518	3,681	1,501	3,742	1,483	3,795
Private Goods-Producing	1,814	3,290	2,113	3,619	2,193	3,801	2,138	3,704
Private Service-Providing	2,671	2,730	2,785	2,993	2,760	3,101	2,790	3,092
	<u>Fiscal Year 2014</u>		<u>Fiscal Year 2015</u>					
	<u>Average Monthly Employment</u>	<u>Average Monthly Earnings</u>	<u>Average Monthly Employment</u>	<u>Average Monthly Earnings</u>				
Total Industries	6,472	\$ 3,575	6,524	\$ 3,650				
Private Ownership	5,049	3,491	5,148	3,565				
Total Government	1,423	3,875	1,377	3,966				
Private Goods-Producing	2,219	3,831	2,268	3,832				
Private Service-Providing	2,830	3,224	2,879	3,356				

KODIAK ISLAND BOROUGH
MISCELLANEOUS STATISTICAL DATA
 Last Ten Fiscal Years

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Land area - square miles	7,130	7,130	7,130	7,130	7,130	7,130	7,130	7,130	7,130	7,130
Miles of improved street	25.6	25.6	25.6	25.6	25.6	25.6	26.1	26.1	26.1	26.1
Building permits:										
Permits issued	222	190	190	192	208	204	167	219	155	193
Value of buildings (thousands)	11,928	12,058	33,145	15,007	16,445	30,832	10,171	91,619	36,652	36,216,042
Fire Protection:										
Number of fire stations	2	2	2	2	2	2	2	2	2	2
Number of employees	1	1	1	1	1	1	1	1	1	1
Police Protection: none (provided by the City of Kodiak within the city limits and by the State of Alaska outside the city boundaries.)										
Recreation:										
Parks (number of acres)	223	223	223	223	223	224	224	224	224	224
Facilities:										
Number of playgrounds	15	15	15	15	15	16	16	16	16	16
Number of swimming pools	1	1	1	1	1	1	1	1	1	1
Public Education:										
Number of schools:										
Kodiak Area Elementary	4	4	4	4	4	4	4	4	4	4
Kodiak Area Middle School	1	1	1	1	1	1	1	1	1	1
Kodiak Area High School	1	1	1	1	1	1	1	1	1	1
Village Schools (a)	8	7	6	7	7	8	8	8	7	7
Number of support personnel (b)	151	202	205	217	217	215	215	193	181	187
Number of teachers (c)	206	209	218	203	218	201	201	207	162	166
Number of students (d)	2,718	2,636	2,671	2,598	2,567	2,543	2,543	2,513	2,468	2,446
Number of Municipal Employees	41	43	43	43	43	43	45	45	48	45

Sources: Borough Departments, Kodiak Island Borough School District and City of Kodiak

(a) The majority of Village Schools are grades K-12.

(b) All non-teaching employees.

(c) School district personnel figures include staffing from the General Fund and Grants.

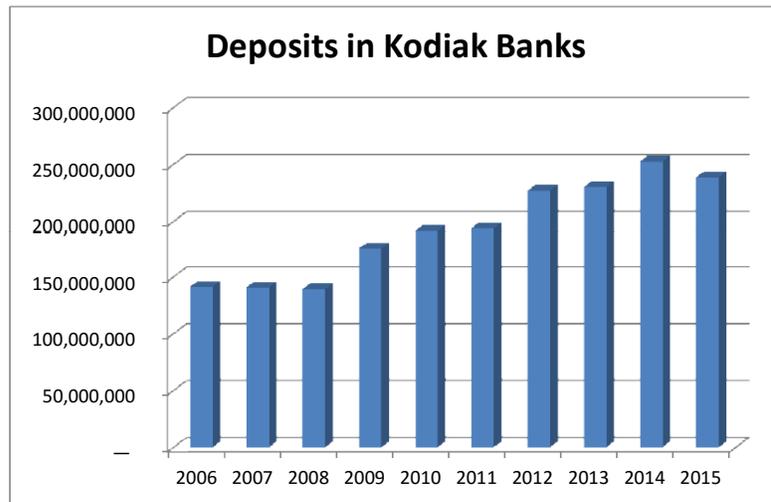
(d) Alaska Dept of Education & Early Development, Average District Enrollment www.eed.state.ak.us/stats

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	1,555,718	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

*Assessed value.

Sources: Borough assessing records and City of Kodiak building department and FDIC.



KODIAK ISLAND BOROUGH
 Full-Time Equivalent Borough Employees by Function/Program
 Last Ten Fiscal Years

Full-time Equivalent Employees as of June 30:					
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Function:					
General Government	23	24	27	31	29
Community and Economic Development	6	5	5	5	5
Municipal Solid Waste Collection and Disposal	7	7	7	7	7
Kodiak Fisheries Research Center	2	2	2	2	2
Total	<u>38</u>	<u>38</u>	<u>41</u>	<u>45</u>	<u>43</u>
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Function:					
General Government	29	30	30	33	30
Community and Economic Development	5	6	6	5	4
Municipal Solid Waste Collection and Disposal	7	7	7	8	9
Kodiak Fisheries Research Center	2	2	2	2	2
Total	<u>43</u>	<u>45</u>	<u>45</u>	<u>48</u>	<u>45</u>

Source: Borough Finance Department

KODIAK ISLAND BOROUGH
 Operating Indicators by Function
 Last Ten Fiscal Years

Function	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Government										
Elections										
Number of registered voters	9,300	9,417	9,587	9,599	9,649	9,619	9,479	9,585	9,209	9,100
Number voting in last election	2,200	2,407	2,105	2,477	2,477	2,311	2,139	1,250	1,566	1,968
Percent of registered voters	24%	26%	22%	26%	26%	24%	23%	13%	17%	22%
Public Safety										
Number of fire stations	2	2	2	2	2	2	2	2	2	2
Number of employees	1	1	1	1	1	1	1	1	1	1
Community and economic development										
Zoning compliance permits issued	150	212	214	203	245	149	113	160	111	183
Junk cars removed	100	58	261	83	89	218	27	22	28	37
Primary and secondary education										
Number of students	2,718	2,636	2,671	2,598	2,567	2,543	2,517	2,513	2,468	2,446
Number of General Fund certified staff	206	209	218	225	224	217	211	207	186	177
Number of General Fund classified staff	151	143	137	135	135	162	166	193	161	166
Solid waste disposal										
Total solid waste disposal in tons	16,290	16,997	14,730	14,429	14,580	14,896	16,558	14,688	11,826	12,364
Baled waste in tons	11,444	10,831	10,843	10,212	10,527	10,846	10,153	11,535	10,005	8,900
Scrap metal in tons	416	282	360	205	282	260	147	251	172	205
Asbestos, cubic yards	73	166	112	324	218	230	116	399	390	362

Source: Borough Finance Department

KODIAK ISLAND BOROUGH
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

<u>Function program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
GOVERNMENTAL ACTIVITIES										
Number of buildings (teachery housing, schools and office buildings)	20	19	18	18	18	18	19	19	19	19
Vehicles	8	9	10	13	13	15	15	15	14	14
<u>Roads</u>										
Streets (miles)	25.6	25.6	25.6	25.6	25.6	25.6	26.1	26.1	26.1	26.1
Land area - square miles	7,130	7,130	7,130	7,130	7,130	7,130	7,130	7,130	7,130	7,130
<u>Police: none</u>										
(provided by the City of Kodiak within the city limits and by the State of Alaska outside the city boundaries)										
<u>Fire and Emergency Services</u>										
Number of fire stations	2	2	2	2	2	2	2	2	2	2
Number of Emergency response vehicles	11	11	12	11	8	15	13	13	12	12
Emergency Tsunami Shelters	1	1	1	1	1	1	1	1	1	1
BUSINESS-TYPE ACTIVITIES										
<u>Municipal Solid Waste</u>										
Number of Baler Facilities (Landfills)	1	1	1	1	1	1	1	1	1	1
<u>Community Health & Public Services</u>										
Mental Health Facilities	1	1	1	1	1	1	1	1	1	1
Hospital	1	1	1	1	1	1	1	1	1	1
<u>Culture, Parks and Recreation</u>										
Parks (number of acres)	223	223	223	223	223	224	224	224	224	224
Facilities:										
Number of Swimming Pools	1	1	1	1	1	1	1	1	1	1
Number of playgrounds	15	15	15	15	15	16	16	16	16	16
Kodiak Island Research Facilities (marine research)	1	1	1	1	1	1	1	1	1	1
Dorm facility (6 apartments)	1	1	1	1	1	1	1	1	1	1

Sources : Supplied by Kodiak Island Borough Department Heads

Notes : No capital asset indicators are available for the library function

A description of the Kodiak Island Borough's Capitalization and Depreciation policy is included in the Notes To The Basic Financial Statements