



## KENAI PENINSULA BOROUGH

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DAVID R. CAREY  
BOROUGH MAYOR

### MEMORANDUM

**TO:** Pete Sprague, Assembly President  
Members, Kenai Peninsula Borough Assembly

**THRU:** David R. Carey, Mayor *DR Carey*

**FROM:** Craig Chapman, Finance Director *C Chapman*  
Bonita Miller, General Services Director *Bonita Miller*

**DATE:** July 22, 2010

**SUBJECT:** Ordinance 2009-19-40, Appropriating Supplemental Funding of \$64,691 to Cover Increased Health Insurance Costs and Increasing Charges to Departments for FY2010

The Borough is self-insured for health insurance. During calendar year 2009, the borough saw health insurance claims come in at a rate substantially higher than the budgeted amounts. These claims included seven in excess of \$100,000, of which two claims were in excess of \$200,000, the Borough's cap amount. This compares to two claims in excess of \$100,000 in 2008 and one claim in excess of \$100,000 in 2007.

At the end of FY2010, it is estimated the Borough's Health Insurance Fund will have a deficit balance of \$368,859. Additional charges to departments are needed to erase this deficit. All departments with the exception of the School Maintenance Fund and the River Fund have the ability to absorb the increased charges.

This ordinance would authorize the increase charges to the various funds and departments and would provide the additional appropriation needed for the School Maintenance Fund and the River Center Fund.

Shortened hearing is requested because these funds are to be appropriated from the FY2010 budget, which must be closed out by mid-August to prepare for the auditors.

FINANCE DEPARTMENT FUNDS VERIFIED	
100.94910.50251	\$ 7,753
ACT # 241.27910	\$56,938
BY: <i>BVA</i>	DATE: 7/22/10