

## **INTERNAL SERVICE FUNDS**

These funds are used to account for a government's business-type activities supported, at least in part, by fees or charges. These services are not rendered to the general public but are for other governmental units within the Borough, i.e. the service areas, individual funds and departments, and the school district. The following funds have been established:

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<b>Insurance and Litigation Reserve Fund</b> .....	314

The Insurance and Litigation Reserve Fund is used to account for the provision of insurance for the Borough. All funds requiring insurance coverage make contributions to this fund in amounts equal to their proportional share of the total cost of insurance. Additionally, the fund maintains reserves for litigation contingencies, insurance contingencies, and self-insurance deductible requirements.

<b>Health Insurance Reserve Fund</b> .....	326
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The Health Insurance Reserve Fund is used to account for the costs of the Borough's employee health insurance plan. The reserve fund will accommodate the smoothing of plan cost variances by allowing the variances to be applied over multiple years premiums. In years where the plan costs do not equal budgeted amounts for premiums in all borough funds, the amount over/under will be recovered/refunded in subsequent years through increases/decreases in plan premiums. This process will eliminate large year-end supplemental appropriations or unspent budget amounts in the Borough's and Service Area's operating funds.

<b>Equipment Replacement Fund</b> .....	330
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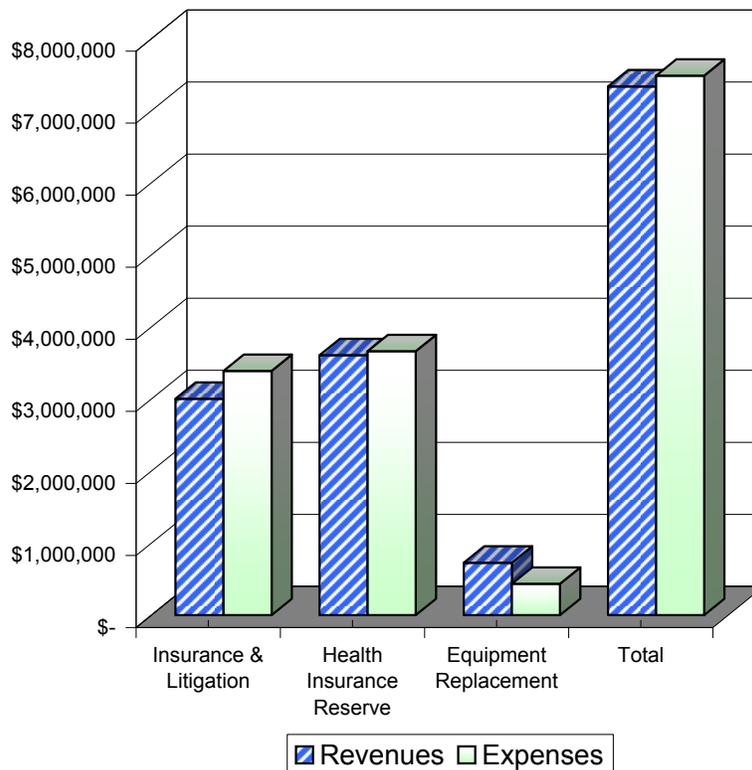
The Equipment Replacement Fund is used to finance the major purchases of user departments. The departments are charged an annual fee over the expected life of the vehicle or piece of equipment. This manner of financing major purchases eliminate the substantial impact such purchases would otherwise have on annual operating budgets



**COMBINED REVENUES AND EXPENSES  
INTERNAL SERVICE FUNDS  
FISCAL YEAR 2009**

<u>REVENUES:</u>	Insurance & Litigation	Health Insurance Reserve	Equipment Replacement	Total
Interest Revenue	\$ 102,336	\$ 12,866	\$ 56,250	\$ 171,452
Charges To Other Depts	2,900,853	3,415,100	651,159	6,967,112
Miscellaneous Revenue	-	180,000	20,000	200,000
<b>Total Revenues</b>	<b>3,003,189</b>	<b>3,607,966</b>	<b>727,409</b>	<b>7,338,564</b>
 Total Revenues and Operating Transfers	 3,003,189	 3,607,966	 727,409	 7,338,564
 <u>EXPENSES:</u>				
Personnel	355,739	-	-	355,739
Supplies	6,844	-	-	6,844
Services	3,017,020	3,663,740	435,521	7,116,281
Capital Outlay	9,300	-	-	9,300
<b>Total Expenses</b>	<b>3,388,903</b>	<b>3,663,740</b>	<b>435,521</b>	<b>7,488,164</b>
 Net Results From Operations	 (385,714)	 (55,774)	 291,888	 (149,600)
 Beginning Retained Earnings	 4,093,436	 367,598	 4,220,852	 8,681,886
 Ending Retained Earnings	 \$ 3,707,722	 \$ 311,824	 \$ 4,512,740	 \$ 8,532,286

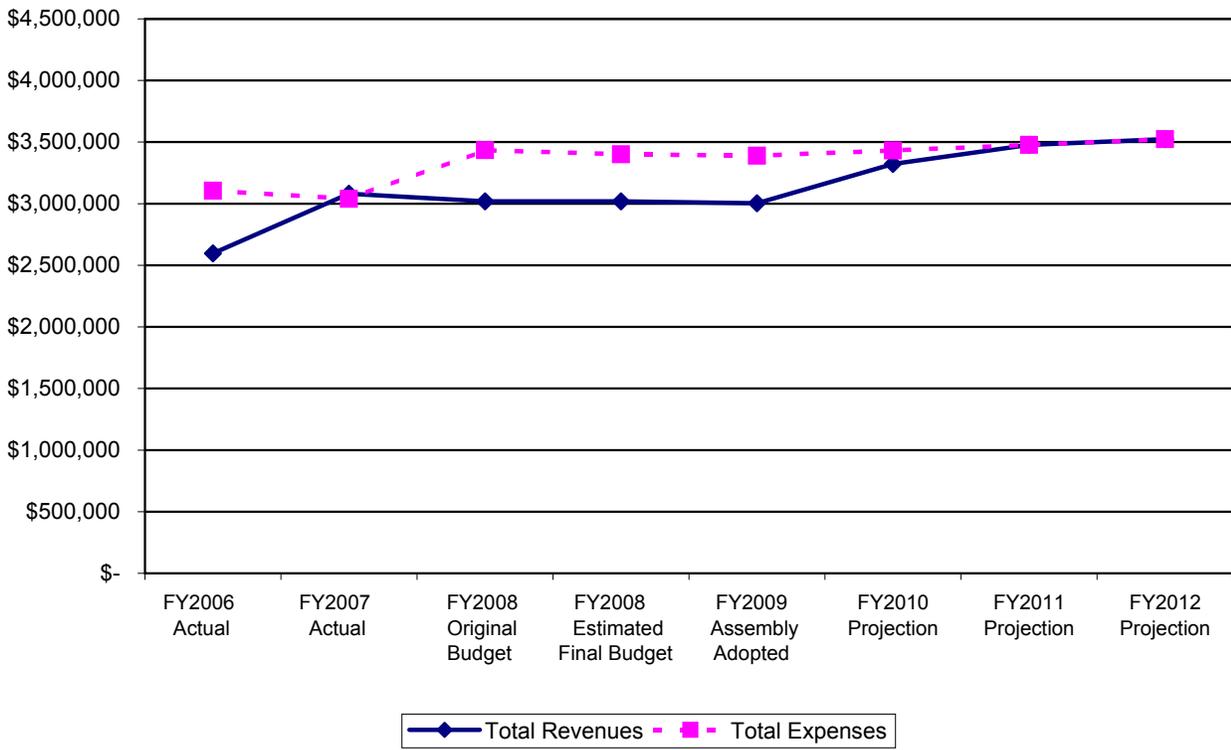
**COMBINED  
REVENUES & EXPENSES**



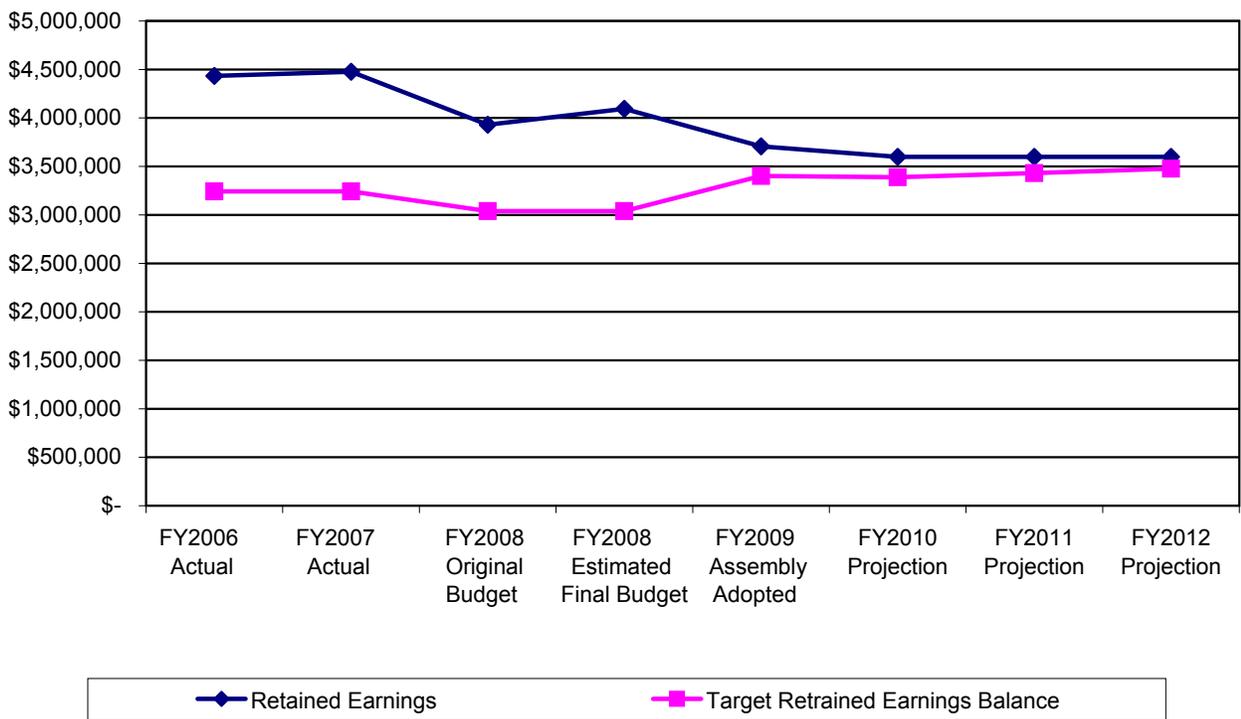
**FUND: 700 Insurance and Litigation Fund**

<b>Fund Budget:</b>	FY2006 Actual	FY2007 Actual	FY2008 Original Budget	FY2008 Estimated Final Budget	FY2009 Assembly Adopted	FY2010 Projection	FY2011 Projection	FY2012 Projection
Revenues:								
Interest Revenue	\$ 133,039	\$ 299,956	\$ 177,177	\$ 177,177	\$ 102,336	\$ 92,693	\$ 89,967	\$ 89,967
State Revenues	13,263	13,673	-	-	-	-	-	-
Charges to Other Depts.	2,450,951	2,767,250	2,841,565	2,841,565	2,900,853	3,230,327	3,387,478	3,433,797
Total Revenues:	2,597,253	3,080,879	3,018,742	3,018,742	3,003,189	3,323,020	3,477,445	3,523,764
Expenses:								
Personnel	419,111	407,598	453,963	452,963	355,739	369,969	384,768	400,159
Supplies	32,331	7,797	6,000	14,918	6,844	5,500	5,555	5,611
Services	2,649,499	2,623,606	2,972,650	2,929,945	3,017,020	3,047,190	3,077,662	3,108,439
Capital Outlay	4,705	507	2,200	3,200	9,300	9,393	9,487	9,582
Total Expenses:	3,105,646	3,039,508	3,434,813	3,401,026	3,388,903	3,432,052	3,477,472	3,523,791
Net Results From Operations	(508,393)	41,371	(416,071)	(382,284)	(385,714)	(109,032)	(27)	(27)
Beginning Retained Earnings	4,942,742	4,434,349	4,345,477	4,475,720	4,093,436	3,707,722	3,598,690	3,598,663
Ending Retained Earnings	\$ 4,434,349	\$ 4,475,720	\$ 3,929,406	\$ 4,093,436	\$ 3,707,722	\$ 3,598,690	\$ 3,598,663	\$ 3,598,636

**INSURANCE & LITIGATION FUND  
REVENUES AND EXPENSES**



**INSURANCE & LITIGATION FUND  
RETAINED EARNINGS**



<b>Fund:</b>	<b>700</b>	<b>Insurance and Litigation Fund</b>
<b>Dept:</b>	<b>11234</b>	<b>Risk Management - Administration</b>

**DEPARTMENT FUNCTION**

**Mission:** This division administers and manages the Borough and School District's self-insured programs for property, general liability, auto liability, as well as Workers' Compensation coverage.

**Major long-term issues and concerns:**

The Borough is an active consumer in the commercial excess insurance market. The cost of policies is subject to market conditions and regulatory environment. These factors require longer term planning and periodic adjustments in budget and self-insurance levels. The price of insurance has stabilized with Workers' Compensation coverage as the exception. Employee benefits are a focus of federal regulation and legislation. Monitoring and complying with the changes will require on-going effort.

**Objectives FY2009/Budget highlights:**

- Refine and document procedures for the in-house claims adjusting function to control claim cost.
- Continued emphasis on safety and environmental issues through training, inspections, and monitoring samples of drinking water and treatment of drinking water.
- Develop and/or update Safety and Risk Management policies for the Borough and School District.

**Previous year accomplishments:**

- Developed and improved in-house claims adjusting functions using new Envision software.
- New Risk Manager hired in September of 2007.

**Significant budgetary changes:**

- Requested funding to purchase personal protective equipment (PPE) for Risk Manager, Safety Manager and Environmental Compliance Manager for use in the field or in emergency situations.
- Requested \$3,000 under Office Machines to pay for half the cost for a new copy machine for the HR/RM office.
- Requested funding to purchase a professional VHS to DVD recording equipment to duplicate VHS tapes into the DVD format. To purchase the current Safety Training library in the DVD format would cost the borough over \$34,000.
- Increase in transportation and subsistence for travel to annual Risk Insurance Managers Society and Public Risk Insurance Managers Association conferences for Safety Manager, Risk Manager, and Risk Committee members.

**KEY MEASURES**

	<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Estimated</u>	<u>FY09 Projected</u>
Staffing History	3.6	3.6	3.6	3.6
Number of insurance policies purchased	6	6	5	5
Number of insurance certificates reviewed	n/a	n/a	31	80
Number of contracts reviewed for insurance purposes	n/a	n/a	16	25
Number of general and auto liability claims	44	26	18	22
Number of injury reports	10	46	23	20

**KENAI PENINSULA BOROUGH  
BUDGET DETAIL**

**Fund 700  
Department 11234 - Risk Management - Administration**

	FY2006 Actual	FY2007 Actual	FY2008 Original Budget	FY2008 Amended Budget	FY2009 Assembly Adopted	Difference Between Assembly Adopted & Amended Budget %	
<b>PERSONNEL</b>							
40110 Regular Wages	\$ 212,088	\$ 186,843	\$ 221,737	\$ 220,737	\$ 224,402	\$ 3,665	1.66%
40210 FICA	17,771	16,427	18,732	18,732	19,211	479	2.56%
40221 PERS	37,909	48,854	48,992	48,992	49,550	558	1.14%
40321 Health Insurance	41,209	34,529	43,056	43,056	43,290	234	0.54%
40322 Life Insurance	520	433	544	544	547	3	0.55%
40410 Leave	20,448	18,270	19,142	19,142	17,445	(1,697)	-8.87%
40411 Sick Leave	2,555	1,776	3,030	3,030	1,246	(1,784)	-58.88%
40511 Other Benefits	68	44	48	48	48	-	0.00%
Total: Personnel	332,568	307,176	355,281	354,281	355,739	1,458	0.41%
<b>SUPPLIES</b>							
42110 Office Supplies	1,653	753	1,200	1,200	1,224	24	2.00%
42120 Computer Software	-	-	-	-	800	800	-
42210 Operating Supplies	735	672	1,500	1,500	1,500	-	0.00%
42410 Small Tools	-	240	1,000	1,000	1,020	20	2.00%
Total: Supplies	2,388	1,665	3,700	3,700	4,544	844	22.81%
<b>SERVICES</b>							
43011 Contractual Services	30,000	35,920	-	50	-	(50)	-100.00%
43110 Communications	2,835	2,723	2,000	2,000	2,500	500	25.00%
43140 Postage	174	142	200	200	200	-	0.00%
43210 Transportation/Subsistence	8,840	10,243	9,500	9,500	11,075	1,575	16.58%
43220 Car Allowance	7,200	-	7,200	7,200	10,800	3,600	50.00%
43260 Training	575	1,785	4,000	3,770	4,200	430	11.41%
43410 Printing	-	31	-	-	-	-	-
43510 Insurance Premium	6,943	7,885	8,050	8,050	8,050	-	0.00%
43610 Utilities	309	4,458	3,000	3,000	3,195	195	6.50%
43720 Equipment Maintenance	-	596	1,750	1,700	2,200	500	29.41%
43810 Rents & Operating Leases	15,420	2,870	-	-	-	-	-
43920 Dues and Subscriptions	1,404	1,556	2,000	2,230	2,500	270	12.11%
Total: Services	73,700	68,209	37,700	37,700	44,720	7,020	18.62%
<b>CAPITAL OUTLAY</b>							
48120 Minor Machines	-	-	-	-	3,000	3,000	-
48710 Minor Office Equipment	-	507	2,000	2,000	3,500	1,500	75.00%
48720 Minor Office Furniture	-	-	-	1,000	-	(1,000)	-100.00%
48730 Minor Communications Equipment	-	-	200	200	300	100	50.00%
48760 Minor Firefighting/Rescue Equipment	-	-	-	-	2,500	2,500	-
Total: Capital Outlay	-	507	2,200	3,200	9,300	6,100	190.63%
<b>INTERDEPARTMENTAL CHARGES</b>							
60000 Charge (To) From Other Depts	(408,656)	(377,557)	(398,881)	(398,881)	(414,303)	(15,422)	3.87%
Total: Interdepartmental Charges	(408,656)	(377,557)	(398,881)	(398,881)	(414,303)	(15,422)	3.87%
<b>DEPARTMENT TOTAL</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>

**LINE-ITEM EXPLANATIONS**

<p><b>40110 Regular Wages.</b> Staff includes: Risk Manager, Safety Manager, Environmental Coordinator and part-time Administrative Assistant.</p> <p><b>43210 Transportation/Subsistence.</b> Increase for travel to Public Risk Insurance Managers Association and Risk Insurance Managers Society continuing education. Travel to KPBS and KPBSD facilities for safety reviews, in-state continuing education on risk management, safety, and Environmental issues.</p> <p><b>43220 Car Allowance.</b> Increase due to one additional car allowance for Safety Manager.</p>	<p><b>48120 Office Machines.</b> Risk Managements half for a new copy machine for the H.R./R.M. office.</p> <p><b>48710 Minor Office Equipment.</b> To purchase a desktop computer for the Environmental Compliance Manager (\$2,500) and a VHS to DVD recorder to avoid replacing \$34,000 of VHS tapes in the DVD format (\$1,000).</p> <p><b>48760 Minor Fire Fighting/Rescue Equipment.</b> Purchase Personal Protective Equipment (PPE) for Risk Mgr., Safety Mgr., Environmental Mgr.</p> <p><b>60000 Charges (To) From Other Dept's.</b> Allocation of risk management administration costs to insurances provided by the fund: (40%) Workers Compensation, (50%) Property Insurance, and (10%) General Liability.</p>
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<b>Fund:</b>	<b>700</b>	<b>Insurance and Litigation Fund</b>
<b>Dept:</b>	<b>11236</b>	<b>Risk Management – Worker’s Compensation</b>

**DEPARTMENT FUNCTION**

**Mission:** As required under the Alaska Workers’ Compensation Act, workers’ compensation is a program that requires employers to pay medical costs and lost wages in the event an employee becomes injured or ill due to working conditions. The Risk Management, Workers’ Compensation Division is responsible for complying with the State of Alaska’s Workers’ Compensation Act of Self-Insured Employers by administering a comprehensive self-insurance program. This includes identifying and mitigating, to the extent possible, the hazards that could cause injury to the visiting public, students, and employees; and analyzing, managing, and processing claims.

**Major long-term issues and concerns:**

Workers’ Compensation administers a comprehensive self-insurance program that continues to identify and mitigate the hazards that could cause injury to employees and will continue to analyze, manage, and process the claims that may result from those claims. This requires long-term planning and periodic adjustments in budget and self-insurance levels.

**Objectives FY2009/Budget highlights:**

- Promote employee Return-to-Work programs for the Borough and School District. Educate supervisors on how to accommodate employees in temporary transitional work to help reduce time away from work.
- Utilize new Envision software to identify hazards for increased emphasis on safety for accident prevention and lost time claims. Cross train the Risk Management staff on Envision usage.

**Previous year accomplishments:**

- Implemented on-line claim and incident reporting.
- Returned 4 KPB injured employees to temporary transitional duty until they return to full duty. By offering transitional light duty, the time loss was reduced by 56 days.
- Returned 9 KPBSD employees to temporary transitional duty. By offering transitional light duty, time loss was reduced by 211 days.

**Significant budgetary changes:**

- \$7,450 to purchase web portion of Envision program. Previous expenditures for this software total \$88,304.
- Increase of \$20,000 in contract services to cover insurance broker fee. Fee has increased due to buy out of previous broker.
- Worker’s compensation administrator position being deleted, with duties being shared between remaining staff in Insurance and Litigation fund.

**KEY MEASURES**

	FY06 <u>Actual</u>	FY07 <u>Actual</u>	FY08 <u>Estimated</u>	FY09 <u>Projected</u>
Staffing History	1.0	1.0	1.0	-
Workers’ compensation as a percentage of payroll compared to the average for Boroughs in Alaska*	2.27% 4.31%	2.22% 4.36%	1.97% 3.92%	2.01% 4.03%
Claims recorded with State of Alaska WC Board	88	82	68	70
Total Compensable claims:				
KPB	24	14	25	21
KPB Maintenance	5	10	9	10
KPBSD	58	57	34	30
Total lost days:				
KPB	259	106	77	70
KPB Maintenance	143	261	371	330
KPBSD	417	153	84	80

\* Information received from Alaska USA Insurance.

**KENAI PENINSULA BOROUGH  
BUDGET DETAIL**

**Fund 700  
Department 11236 - Risk Management - Workers' Compensation**

	FY2006 Actual	FY2007 Actual	FY2008 Original Budget	FY2008 Amended Budget	FY2009 Assembly Adopted	Difference Between Assembly Adopted & Amended Budget %	
<b>PERSONNEL</b>							
40110 Regular Wages	\$ 54,605	\$ 60,636	\$ 61,848	\$ 61,848	\$ -	\$ (61,848)	-100.00%
40210 FICA	4,660	4,722	5,182	5,182	-	(5,182)	-100.00%
40221 PERS	10,022	16,992	13,607	13,607	-	(13,607)	-100.00%
40321 Health Insurance	11,779	11,500	11,960	11,960	-	(11,960)	-100.00%
40322 Life Insurance	141	148	150	150	-	(150)	-100.00%
40410 Leave	5,288	5,543	4,995	4,995	-	(4,995)	-100.00%
40411 Sick Leave	-	833	892	892	-	(892)	-100.00%
40511 Other Benefits	48	48	48	48	-	(48)	-100.00%
Total: Personnel	86,543	100,422	98,682	98,682	-	(98,682)	-100.00%
<b>SUPPLIES</b>							
42110 Office Supplies	458	107	500	500	500	-	0.00%
42120 Computer Software	28,892	5,900	800	9,718	800	(8,918)	-91.77%
42263 Training Supplies	593	125	1,000	1,000	1,000	-	0.00%
Total: Supplies	29,943	6,132	2,300	11,218	2,300	(8,918)	-79.50%
<b>SERVICES</b>							
43011 Contractual Services	6,237	7,303	10,000	29,500	27,450	(2,050)	-6.95%
43019 Software Licensing	-	-	-	-	8,000	8,000	-
43140 Postage	141	67	200	200	200	-	0.00%
43210 Transportation/Subsistence	2,187	1,210	3,000	3,000	4,700	1,700	56.67%
43220 Car Allowance	3,600	-	3,600	3,600	-	(3,600)	-100.00%
43260 Training	289	289	1,200	1,200	1,500	300	25.00%
43508 Workers Compensation	1,311,716	1,397,546	1,300,000	1,280,500	1,300,000	19,500	1.52%
43509 Unemployment Compensation	58,567	-	-	-	-	-	-
43510 Insurance Premium	1,958	1,971	2,150	2,150	2,150	-	0.00%
43530 Disability Coverage	10,459	10,918	12,000	12,000	12,000	-	0.00%
43920 Dues and Subscriptions	-	41	-	-	-	-	-
Total: Services	1,395,154	1,419,345	1,332,150	1,332,150	1,356,000	23,850	1.79%
<b>CAPITAL OUTLAY</b>							
48710 Minor Office Equipment	3,278	-	-	-	-	-	-
48720 Minor Office Furniture	1,427	-	-	-	-	-	-
Total: Capital Outlay	4,705	-	-	-	-	-	-
<b>INTERDEPARTMENTAL CHARGES</b>							
60000 Charges (To) From Other Depts.	61,298	56,634	59,832	59,832	165,721	105,889	176.98%
Total: Interdepartmental Charges	61,298	56,634	59,832	59,832	165,721	105,889	176.98%
<b>DEPARTMENT TOTAL</b>							
	\$ 1,577,643	\$ 1,582,533	\$ 1,492,964	\$ 1,501,882	\$ 1,524,021	\$ 31,057	2.07%

**LINE-ITEM EXPLANATIONS**

**40110 Regular Wages.** Workers' Compensation Manager position being deleted, with job duties to be shared by other staff within the Risk Management Fund.

**43011 Contractual Services.** Increase due to new Broker AK USA Insurance, purchasing prior broker, Willis (\$20,000) and WebEnvision completion (\$7,450).

**43019 Software Licensing.** Annual maintenance fee for Envision and WebEnvision (\$8,000).

**43210 Transportation/Subsistence.** Travel to KPB and KPBSD facilities for safety reviews and for continuing education on safety and workers compensation.

**43260 Training.** Cost to attend classes for continuing education on safety and workers' compensation.

**43508 Workers' Compensation.** Estimated cost of claims, fees, excess insurance, and third party administration based upon most recent actuarial analysis. Coverage includes both the Borough and School District. Excess insurance to be purchased from third-party vendor at \$250,000 per claim retention. Includes brokerage fees for excess insurance.

**43530 Disability Coverage.** Supplemental disability insurance policy for volunteer firefighters.

**60000 Charges to Other Dept's.** Allocation of risk management administration costs to insurances provided by the fund; (40%) Workers Compensation, (50%) Property Insurance, and (10%) General Liability.

<b>Fund:</b>	<b>700</b>	<b>Insurance and Litigation Fund</b>
<b>Dept:</b>	<b>11237</b>	<b>Risk Management - Property</b>

**DEPARTMENT FUNCTION**

**Mission:** Administered by the office of Risk Management, Property Insurance including claims is for coverage of the buildings, contents, and vehicles of the Borough, School District, and Service areas.

**Major long-term issues and concerns:**

Property Insurance within the Borough takes the form of self-insurance and purchased excess insurance. The self-insurance retention (SIR) level for property losses may vary, depending upon market conditions. The SIR for FY2008 was \$250,000 per claim. Cost for the insured and self-insured programs are allocated back to the Borough Departments, School District and Service Areas. The total insurable value of property (buildings and vehicles) is approximately \$708 million dollars.

**Objectives FY2009/Budget highlights:**

- Use broker to obtain the most competitive excess property insurance coverage for all lines of Property Insurance.

**Previous year accomplishments:**

- None

**Significant budgetary changes:**

- No significant budget changes, property rates are expected to remain steady for FY 2009.

**KEY MEASURES**

	<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Estimated</u>	<u>FY09 Projected</u>
Number of claims	n/a	n/a	136	150
Average claim payment, including auto, fire & extended coverage, and property damage.	n/a	n/a	\$397	\$500

**KENAI PENINSULA BOROUGH  
BUDGET DETAIL**

**Fund 700  
Department 11237 - Risk Management - Property**

	FY2006 Actual	FY2007 Actual	FY2008 Original Budget	FY2008 Amended Budget	FY2009 Assembly Adopted	Difference Between Assembly Adopted & Amended Budget %	
<b>SERVICES</b>							
43511 Fire and Extended Coverage	\$ 806,265	\$ 728,390	\$ 950,000	\$ 894,500	\$ 950,000	\$ 55,500	6.20%
43999 Claim Reserves	51,404	94,084	250,000	250,000	250,000	-	0.00%
Total: Services	857,669	822,474	1,200,000	1,144,500	1,200,000	55,500	4.85%
<b>INTERDEPARTMENTAL CHARGES</b>							
60000 Charges (To) From Other Depts.	265,627	245,412	259,272	259,272	207,152	(52,120)	-20.10%
Total: Interdepartmental Charges	265,627	245,412	259,272	259,272	207,152	(52,120)	-20.10%
<b>DEPARTMENT TOTAL</b>	<b>\$ 1,123,296</b>	<b>\$ 1,067,886</b>	<b>\$ 1,459,272</b>	<b>\$ 1,403,772</b>	<b>\$ 1,407,152</b>	<b>\$ (52,120)</b>	<b>-3.71%</b>

**LINE-ITEM EXPLANATIONS**

**43511 Fire and Extended Coverage.** Costs for excess property insurance, which covers Borough and School District buildings and vehicles.

**43999 Claim Reserves.** To cover estimated costs of self-insured losses for property losses. Estimate based on a 5-year average of actual property losses.

**60000 Charges to Other Dept's.** Allocation of risk management administration costs to insurances provided by the fund; (40%) Workers Compensation, (50%) Property Insurance, and (10%) General Liability.

<b>Fund:</b>	<b>700</b>	<b>Insurance and Litigation Fund</b>
<b>Dept:</b>	<b>11238</b>	<b>Risk Management - Liability</b>

**DEPARTMENT FUNCTION**

**Mission:** Administered by the office of Risk Management, Liability Insurance including claims is for coverage of the activities of the Borough, School District and Service Areas.

**Major long-term issues and concerns:**

This insurance takes the form of self-insurance and purchased excess insurance. The self-insured retention (SIR) level for liability losses may vary, depending upon insurance market conditions. The SIR for FY2008 was \$250,000 per claim with insured general liability limits at \$10 million per claim. Sub-limits apply for certain types of liability exposure. Cost for the insured and self-insured programs are allocated back to the Borough Departments, School District and Service Areas.

**Objectives FY2009/Budget highlights:**

- Use broker to obtain the most competitive excess liability insurance coverage possible.

**Previous year accomplishments:**

- None

**Significant budgetary changes:**

- No significant budget changes, Liability rates are expected to remain steady for FY 2009.

**KEY MEASURES**

	FY06 <u>Actual</u>	FY07 <u>Actual</u>	FY08 <u>Estimated</u>	FY09 <u>Projected</u>
Number of claims	5	4	6	6
Average claim payment	\$32,758	\$4,594	\$3,033	\$5,000

**KENAI PENINSULA BOROUGH  
BUDGET DETAIL**

**Fund 700  
Department 11238 - Risk Management - Liability**

	FY2006 Actual	FY2007 Actual	FY2008 Original Budget	FY2008 Amended Budget	FY2009 Assembly Adopted	Difference Between Assembly Adopted & Amended Budget %	
<b>SERVICES</b>							
43011 Contractual Services	\$ -	\$ -	\$ -	\$ 12,750	\$ 13,000	\$ 250	1.96%
43515 CGL Excess Liability	132,694	168,772	175,000	178,000	175,000	(3,000)	-1.69%
43519 Finance Officer Bond	1,300	4,416	2,100	2,400	2,400	-	0.00%
43520 Employee Bond	467	-	4,000	1,000	4,000	3,000	300.00%
43521 Other Bonds	400	500	400	400	400	-	0.00%
43525 Travel Accident Coverage	1,275	-	1,300	1,345	1,500	155	11.52%
43528 Aviation Liability	23,050	14,150	15,000	15,000	15,000	-	0.00%
43529 Other Miscellaneous Coverages	-	-	5,000	4,700	5,000	300	6.38%
43999 Claim Reserves	163,790	125,740	200,000	200,000	200,000	-	0.00%
Total: Services	322,976	313,578	402,800	415,595	416,300	705	0.17%
<b>INTERDEPARTMENTAL CHARGES</b>							
60000 Charges (To) From Other Depts.	81,731	75,511	79,777	79,777	41,430	(38,347)	-48.07%
Total: Interdepartmental Charges	81,731	75,511	79,777	79,777	41,430	(38,347)	-48.07%
<b>DEPARTMENT TOTAL</b>	<b>\$ 404,707</b>	<b>\$ 389,089</b>	<b>\$ 482,577</b>	<b>\$ 495,372</b>	<b>\$ 457,730</b>	<b>\$ (24,847)</b>	<b>-5.02%</b>

**LINE-ITEM EXPLANATIONS**

**43011 Contractual Services.** Portion of broker fee for liability insurance.

**43515 CGL Excess Liability.** Cost of excess Commercial General Liability insurance, includes brokerage fees.

**43519 Finance Officer Bond.** Bonds for Borough and School District finance officials as required by law.

**43520 Employee Bond.** Blanket Fidelity Bond for public employees.

**43521 Other Bonds.** For State of Alaska notary bond fees.

**43528 Aviation Liability.** To cover the cost of liability insurance on Borough and School District employees traveling on chartered aircraft.

**43529 Other Miscellaneous Coverage.** Potential unforeseen cost overruns in policy coverage due to improvements of facilities and vehicle/equipment purchases.

**43999 Claim Reserves.** To cover estimated costs of self-insured losses for liability. Estimate based on a 5-year average of actual property losses.

**60000 Charges (To) From Other Dept's.** Allocation of risk management administration costs to insurances provided by the fund: (40%) Workers Compensation, (50%) Property Insurance, and (10%) General Liability.

**KENAI PENINSULA BOROUGH  
BUDGET DETAIL**

**Fund 700  
Expenditure Summary By Line Item**

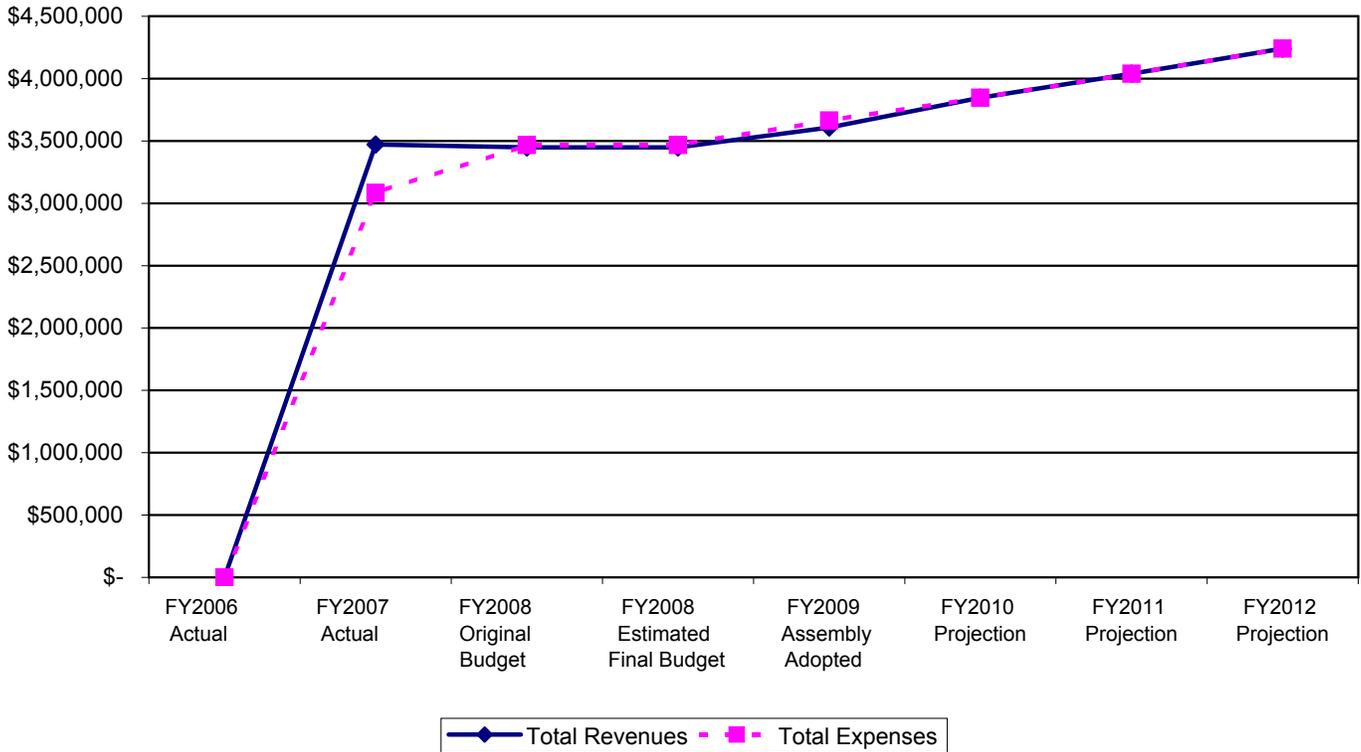
	FY2006 Actual	FY2007 Actual	FY2008 Original Budget	FY2008 Amended Budget	FY2009 Assembly Adopted	Difference Between Assembly Adopted & Amended Budget %	
<b>PERSONNEL</b>							
40110 Regular Wages	\$ 266,693	\$ 247,479	\$ 283,585	\$ 282,585	\$ 224,402	\$ (58,183)	-20.59%
40210 FICA	22,431	21,149	23,914	23,914	19,211	(4,703)	-19.67%
40221 PERS	47,931	65,846	62,599	62,599	49,550	(13,049)	-20.85%
40321 Health Insurance	52,988	46,029	55,016	55,016	43,290	(11,726)	-21.31%
40322 Life Insurance	661	581	694	694	547	(147)	-21.18%
40410 Leave	25,736	23,813	24,137	24,137	17,445	(6,692)	-27.73%
40411 Sick Leave	2,555	2,609	3,922	3,922	1,246	(2,676)	-68.23%
40511 Other Benefits	116	92	96	96	48	(48)	-50.00%
Total: Personnel	419,111	407,598	453,963	452,963	355,739	(97,224)	-21.46%
<b>SUPPLIES</b>							
42110 Office Supplies	2,111	860	1,700	1,700	1,724	24	1.41%
42120 Computer Software	28,892	5,900	800	9,718	1,600	(8,118)	-83.54%
42210 Operating Supplies	735	672	1,500	1,500	1,500	-	0.00%
42263 Training Supplies	593	125	1,000	1,000	1,000	-	0.00%
42410 Small Tools	-	240	1,000	1,000	1,020	20	2.00%
Total: Supplies	32,331	7,797	6,000	14,918	6,844	(8,074)	-54.12%
<b>SERVICES</b>							
43011 Contractual Services	36,237	43,223	10,000	42,300	40,450	(1,850)	-4.37%
43019 Software Licensing	-	-	-	-	8,000	8,000	-
43110 Communications	2,835	2,723	2,000	2,000	2,500	500	25.00%
43140 Postage	315	209	400	400	400	-	0.00%
43210 Transportation/Subsistence	11,027	11,453	12,500	12,500	15,775	3,275	26.20%
43220 Car Allowance	10,800	-	10,800	10,800	10,800	-	0.00%
43260 Training	864	2,074	5,200	4,970	5,700	730	14.69%
43410 Printing	-	31	-	-	-	-	-
43508 Workers Compensation	1,311,716	1,397,546	1,300,000	1,280,500	1,300,000	19,500	1.52%
43509 Unemployment Compensation	58,567	-	-	-	-	-	-
43510 Insurance Premium	8,901	9,856	10,200	10,200	10,200	-	0.00%
43511 Fire and Extended Coverage	806,265	728,390	950,000	894,500	950,000	55,500	6.20%
43515 CGL Liability	132,694	168,772	175,000	178,000	175,000	(3,000)	-1.69%
43519 Finance Officer Bond	1,300	4,416	2,100	2,400	2,400	-	0.00%
43520 Employee Bond	467	-	4,000	1,000	4,000	3,000	300.00%
43521 Other Bonds	400	500	400	400	400	-	0.00%
43525 Travel Accident Coverage	1,275	-	1,300	1,345	1,500	155	11.52%
43528 Aviation Liability	23,050	14,150	15,000	15,000	15,000	-	0.00%
43529 Other Misc Coverage	-	-	5,000	4,700	5,000	300	6.38%
43530 Disability Coverage	10,459	10,918	12,000	12,000	12,000	-	0.00%
43610 Utilities	309	4,458	3,000	3,000	3,195	195	6.50%
43720 Maint Office Equipment	-	596	1,750	1,700	2,200	500	29.41%
43810 Rents & Operating Leases	15,420	2,870	-	-	-	-	-
43920 Dues and Subscriptions	1,404	1,597	2,000	2,230	2,500	270	12.11%
43999 Claim Reserves	215,194	219,824	450,000	450,000	450,000	-	0.00%
Total: Services	2,649,499	2,623,606	2,972,650	2,929,945	3,017,020	87,075	2.97%
<b>CAPITAL OUTLAY</b>							
48120 Minor Machines	-	-	-	-	3,000	3,000	-
48710 Minor Office Machines	3,278	507	2,000	2,000	3,500	1,500	75.00%
48720 Minor Office Furniture	1,427	-	-	1,000	-	(1,000)	-100.00%
48730 Minor Communication Equip	-	-	200	200	300	100	50.00%
48760 Minor Firefighting/Rescue Equipment	-	-	-	-	2,500	2,500	-
Total: Capital Outlay	4,705	507	2,200	3,200	9,300	6,100	190.63%
<b>INTERDEPARTMENTAL CHARGES</b>							
60000 Charge (To) From Other Depts.	-	-	-	-	-	-	-
Total: Interdepartmental Charges	-	-	-	-	-	-	-
<b>DEPARTMENT TOTAL</b>	<b>\$ 3,105,646</b>	<b>\$ 3,039,508</b>	<b>\$ 3,434,813</b>	<b>\$ 3,401,026</b>	<b>\$ 3,388,903</b>	<b>\$ (45,910)</b>	<b>-1.35%</b>

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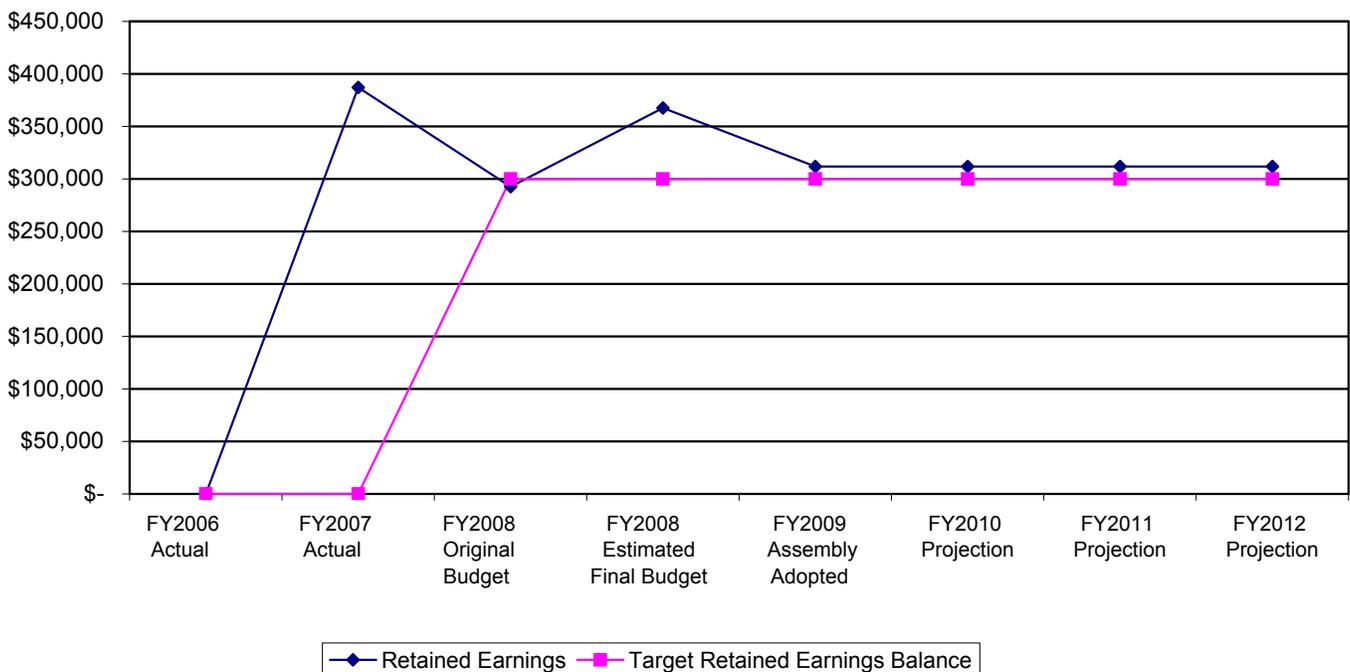
**Fund: 701 Health Insurance Reserve Fund**

<b>Fund Budget:</b>	FY2006 Actual	FY2007 Actual	FY2008 Original Budget	FY2008 Estimated Final Budget	FY2009 Assembly Adopted	FY2010 Projection	FY2011 Projection	FY2012 Projection
Revenues:								
Interest Revenue	\$ -	\$ -	\$ 12,000	\$ 12,000	\$ 12,866	\$ 10,914	\$ 10,914	\$ 10,914
Employee Insurance Premiums	-	90,956	121,330	121,330	180,000	180,000	180,000	180,000
Charges From Other Depts	-	3,080,336	3,315,312	3,315,312	3,415,100	3,656,013	3,848,359	4,050,323
<b>Total Revenues:</b>	<b>-</b>	<b>3,171,292</b>	<b>3,448,642</b>	<b>3,448,642</b>	<b>3,607,966</b>	<b>3,846,927</b>	<b>4,039,273</b>	<b>4,241,237</b>
Operating Transfers From:								
General Fund	-	300,000	-	-	-	-	-	-
<b>Total Revenues and Operating Transfers</b>	<b>-</b>	<b>3,471,292</b>	<b>3,448,642</b>	<b>3,448,642</b>	<b>3,607,966</b>	<b>3,846,927</b>	<b>4,039,273</b>	<b>4,241,237</b>
Expenses:								
Services	-	3,084,217	3,468,119	3,468,119	3,663,740	3,846,927	4,039,273	4,241,237
<b>Total Expenses:</b>	<b>-</b>	<b>3,084,217</b>	<b>3,468,119</b>	<b>3,468,119</b>	<b>3,663,740</b>	<b>3,846,927</b>	<b>4,039,273</b>	<b>4,241,237</b>
<b>Net Results From Operations</b>	<b>-</b>	<b>387,075</b>	<b>(19,477)</b>	<b>(19,477)</b>	<b>(55,774)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Beginning Retained Earnings	-	-	312,000	387,075	367,598	311,824	311,824	311,824
<b>Ending Retained Earnings</b>	<b>\$ -</b>	<b>\$ 387,075</b>	<b>\$ 292,523</b>	<b>\$ 367,598</b>	<b>\$ 311,824</b>	<b>\$ 311,824</b>	<b>\$ 311,824</b>	<b>\$ 311,824</b>

### HEALTH INSURANCE RESERVE FUND REVENUES AND EXPENSES



### HEALTH INSURANCE RESERVE FUND RETAINED EARNINGS



<b>Fund:</b>	<b>701</b>	<b>Health Insurance Reserve Fund</b>
<b>Dept:</b>	<b>11240</b>	<b>Medical, Dental &amp; Vision</b>

**DEPARTMENT FUNCTION**

**Mission:** To account for the Borough's employee health insurance plan.

This fund was created in FY2007 to account for the costs of the Borough's employee health insurance plan. The reserve fund will accommodate the smoothing of plan cost variances by allowing the variances to be applied over multiple years premiums. In years where plan costs do not equal budgeted amounts for premiums in all borough funds, the amount over/under will be recovered/refunded in subsequent years through increases/decreases in plan premiums.

**KEY MEASURES**

	<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Estimated</u>	<u>FY09 Projected</u>
Monthly Cost per Employee (Net of Employee Contributions)	\$912	\$865	\$960	\$1,005

**KENAI PENINSULA BOROUGH  
BUDGET DETAIL**

**Fund 701  
Department 11240 - Medical, Dental & Vision**

	FY2006 Actual	FY2007 Actual	FY2008 Original Budget	FY2008 Amended Budget	FY2009 Assembly Adopted	Difference Between Assembly Adopted & Amended Budget %	
<b>SERVICES</b>							
43011 Contractual Services	\$ -	\$ 99,940	\$ 89,987	\$ 89,987	\$ 104,568	\$ 14,581	16.20%
43501 Medical, Dental and Vision Coverage	-	2,851,881	3,237,572	3,237,572	3,415,100	177,528	5.48%
43502 Medical Stop Loss Coverage	-	132,396	140,560	140,560	144,072	3,512	2.50%
Total: Services	-	3,084,217	3,468,119	3,468,119	3,663,740	195,621	5.64%
<b>DEPARTMENT TOTAL</b>	<b>\$ -</b>	<b>\$ 3,084,217</b>	<b>\$ 3,468,119</b>	<b>\$ 3,468,119</b>	<b>\$ 3,663,740</b>	<b>\$ 195,621</b>	<b>5.64%</b>

**LINE-ITEM EXPLANATIONS**

**43011 Contract Services.** Claims administrator services.

**43502 Medical Stop Loss Coverage.** Coverage purchase to limit plan payments to no more than \$200,000 per covered incident per year.

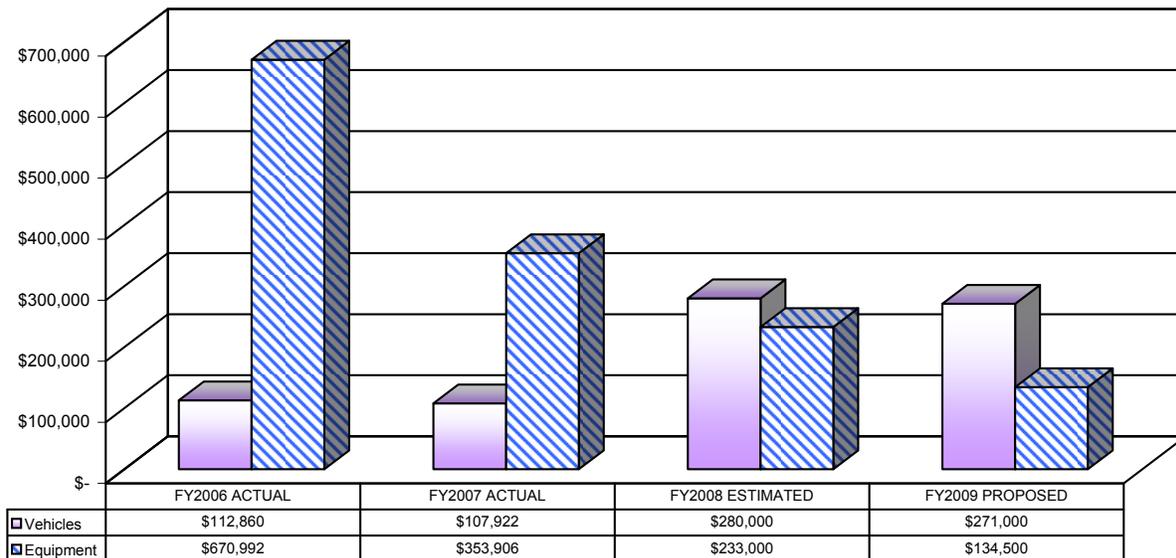
**43501 Medical, Dental, & Vision Coverage.** Payments made for actual medical, dental, and vision claims by plan participants.

**Fund: 705 Equipment Replacement Fund**

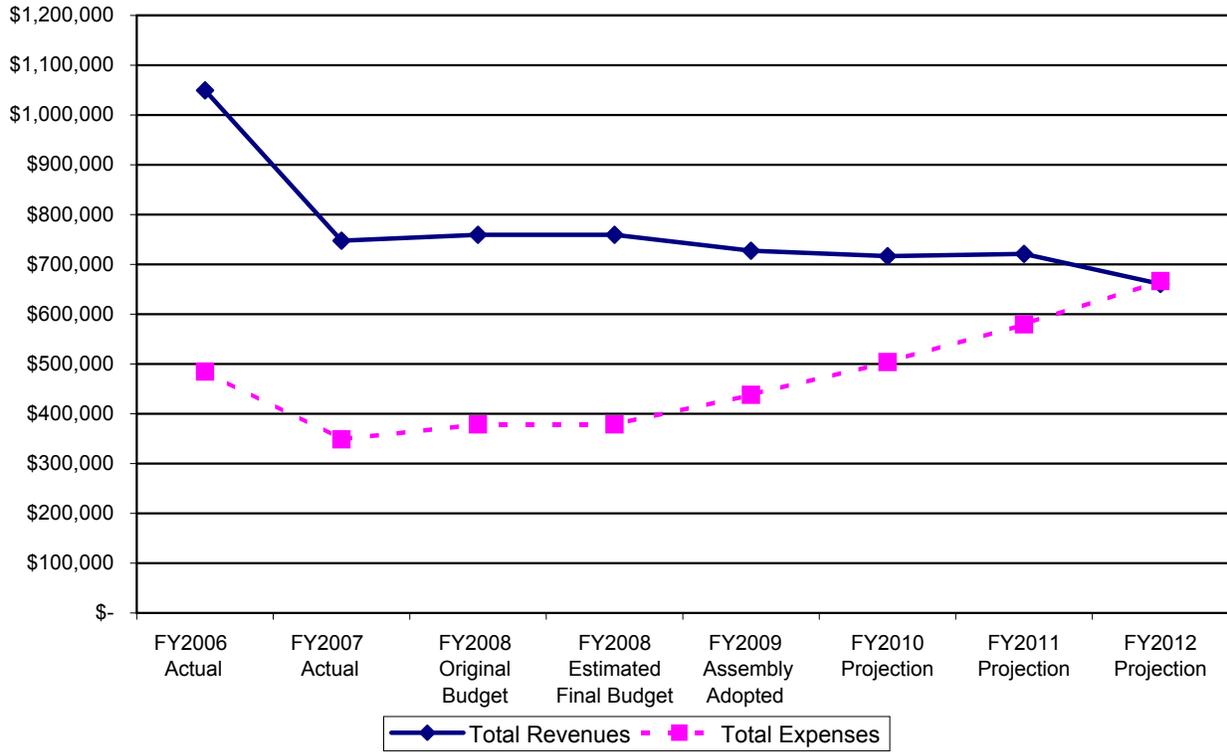
Fund Budget:	FY2006 Actual	FY2007 Actual	FY2008 Original Budget	FY2008 Estimated Final Budget	FY2009 Assembly Adopted	FY2010 Projection	FY2011 Projection	FY2012 Projection
<b>Revenues:</b>								
Interest Revenue	\$ 36,870	\$ 90,983	\$ 62,016	\$ 62,016	\$ 56,250	56,813	57,381	57,955
Charges from Other Depts.	696,402	656,621	675,447	675,447	651,159	643,891	645,729	584,802
Sale of Fixed Assets	16,188	-	22,000	22,000	20,000	16,000	18,000	18,000
<b>Total Revenues:</b>	<b>749,460</b>	<b>747,604</b>	<b>759,463</b>	<b>759,463</b>	<b>727,409</b>	<b>716,704</b>	<b>721,110</b>	<b>660,757</b>
<b>Operating Transfers From:</b>								
General Fund	300,000	-	-	-	-	-	-	-
<b>Total Operating Transfers:</b>	<b>300,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Revenues and Operating Transfers</b>	<b>1,049,460</b>	<b>747,604</b>	<b>759,463</b>	<b>759,463</b>	<b>727,409</b>	<b>716,704</b>	<b>721,110</b>	<b>660,757</b>
<b>Expenses</b>								
Services	484,795	348,642	378,714	378,714	435,521	500,849	575,977	662,373
<b>Total Expenses:</b>	<b>484,795</b>	<b>348,642</b>	<b>378,714</b>	<b>378,714</b>	<b>435,521</b>	<b>500,849</b>	<b>575,977</b>	<b>662,373</b>
<b>Net Results From Operations</b>	<b>564,665</b>	<b>398,962</b>	<b>380,749</b>	<b>380,749</b>	<b>291,888</b>	<b>215,855</b>	<b>145,133</b>	<b>(1,616)</b>
<b>Beginning Retained Earnings</b>	<b>2,876,476</b>	<b>3,441,141</b>	<b>3,518,444</b>	<b>3,840,103</b>	<b>4,220,852</b>	<b>4,512,740</b>	<b>4,728,595</b>	<b>4,873,728</b>
<b>Ending Retained Earnings</b>	<b>\$ 3,441,141</b>	<b>\$ 3,840,103</b>	<b>\$ 3,899,193</b>	<b>\$ 4,220,852</b>	<b>\$ 4,512,740</b>	<b>\$ 4,728,595</b>	<b>\$ 4,873,728</b>	<b>\$ 4,872,112</b>

Retained Earnings Committed	FY2006 Actual	FY2007 Actual	FY2008 Original Budget	FY2008 Estimated Final Budget	FY2009 Assembly Adopted	FY2010 Projection	FY2011 Projection	FY2012 Projection
Retained Earnings estimated to be committed to future depreciation expense	1,860,103	1,955,774	2,051,445	2,051,445	\$ 2,211,731	2,080,710	2,176,886	2,227,786
Retained Earnings committed to unexpended prior years authorized expenses	1,776,793	2,310,752	2,037,519	2,037,519	2,094,443	1,551,029	1,469,279	1,357,645
<b>Uncommitted Retained Earnings</b>	<b>\$ (195,755)</b>	<b>\$ (426,423)</b>	<b>\$ (189,771)</b>	<b>\$ 131,888</b>	<b>\$ 206,566</b>	<b>\$ 1,096,856</b>	<b>\$ 1,227,563</b>	<b>\$ 1,286,681</b>

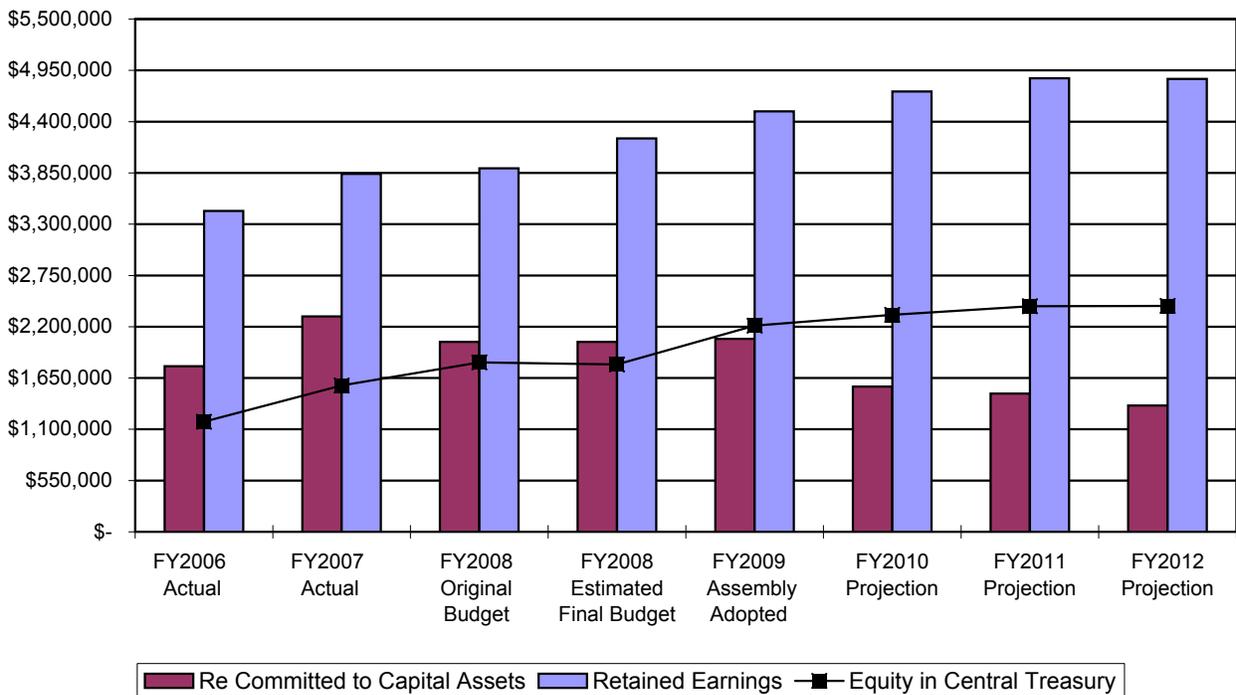
**VEHICLE & EQUIPMENT PURCHASES**



### EQUIPMENT REPLACEMENT FUND REVENUES AND EXPENSES



### EQUIPMENT REPLACEMENT FUND RETAINED EARNINGS



**Fund: 705 Equipment Replacement Fund**  
**Dept: 94910 Non-Departmental**

**DEPARTMENT FUNCTION**

**Mission:** To purchase vehicles and other equipment for various user departments. The user departments will pay for new vehicles or equipment over the useful life of the asset. Accumulated cash will be used to purchase replacement vehicles and equipment as necessary.

**Major long-term issues and concerns:**

The expected useful life of vehicles and equipment appear to be extending out beyond the current 7 and 10-year life cycles, a review will be done to determine if the expected useful life of vehicles and equipment should be adjusted in the future.

**Objectives FY2009/Budget highlights:**

- Purchase vehicles and equipment for various departments within the borough.

**Previous year accomplishments:**

- Purchased vehicles and equipment for various departments within the borough.

**Significant budgetary changes:**

- None

**KEY MEASURES**

	FY06 Actual <u>Count / Cost</u>	FY07 Actual <u>Count / Cost</u>	FY08 Estimated <u>Count / Cost</u>	FY09 Projected <u>Count / Cost</u>
Vehicles Purchased for:				
Maintenance Department	-	3 / \$ 83,782	7 / \$196,000	6 / \$168,000
Solid Waste Department	2 / \$253,267	1 / \$ 24,140	2 / \$ 56,000	2 / \$103,000
Planning Department	-	-	1 / \$ 28,000	-
Kenai River Center	-	-	-	1 / \$ 26,000
KPBSD – Bus purchase	17 / \$298,281	-	-	-
Equipment Purchased for:				
General Services – Print Shop	-	1 / \$ 31,145	-	1 / \$ 7,500
General Services - GIS Division	-	-	1 / \$ 15,000	-
General Services - MIS Division	-	1 / \$133,558	3 / \$ 68,000	4 / \$127,000
Finance - Sales Tax Division software	<u>1 / \$527,585</u>	<u>1 / \$189,203</u>	<u>1 / \$150,000</u>	<u>-</u>
	<u>20 / \$1,079,133</u>	<u>7 / \$461,831</u>	<u>15 / \$513,000</u>	<u>14 / \$431,500</u>

**KENAI PENINSULA BOROUGH  
BUDGET DETAIL**

**Fund 705  
Department 94910 - Non-Departmental**

	FY2006 Actual	FY2007 Actual	FY2008 Original Budget	FY2008 Amended Budget	FY2009 Assembly Adopted	Difference Between Assembly Adopted & Amended Budget %
<b>SERVICES</b>						
43916 Equipment Depreciation	\$ 484,795	\$ 348,642	\$ 378,714	\$ 378,714	\$ 435,521	\$ 56,807 15.00%
Total: Services	484,795	348,642	378,714	378,714	435,521	56,807 15.00%
<b>DEPARTMENT TOTAL</b>	<b>\$ 484,795</b>	<b>\$ 348,642</b>	<b>\$ 378,714</b>	<b>\$ 378,714</b>	<b>\$ 435,521</b>	<b>\$ 56,807 15.00%</b>

**LINE-ITEM EXPLANATIONS**

**43916 Equipment Depreciation.** The Equipment Replacement Fund Policy requires assets of this fund be depreciated on a 7 to 15 year life cycle. Depreciation is the allowance provided for the reduction in value of the asset, usually by use or age.

**Details of FY2009 Equipment Replacement Purchases**

	<u>Description</u>	<u>Cost Each</u>	<u>Total Cost</u>
General Services			
Print Shop	1 - Tape Binding system	\$7,500	\$7,500
MIS Division	1 - Virtual Server	\$82,000	\$82,000
	3 - Call managers	\$15,000	\$45,000
Maintenance Department			
	1 - 3/4 4x4 pick-up truck	\$28,000	\$28,000
	5 - 1 ton cargo van	\$28,000	\$140,000
Kenai River Center			
	1 - River boat w/ outboard & trailer	\$26,000	\$26,000
Solid Waste Department			
Central Peninsula Bailing Facility	1 - Used roll off truck	\$75,000	\$75,000
Homer Baler	1 - 3/4 4x4 pick-up truck	<u>\$28,000</u>	<u>\$28,000</u>
	<b>Grand Total</b>		<b><u>\$431,500</u></b>

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