

Kenai Peninsula Borough

Hospital Service Areas

The Borough has 2 hospital service areas, the Central Kenai Peninsula Hospital Service Area and the South Kenai Hospital Service Area.

The major source of revenue for the hospital service areas is property taxes, with additional funding provided through state grants and interest earnings. Powers granted by the voters authorize these service areas to construct, maintain and operate a hospital, and to provide other health care or health facilities within the service areas jurisdiction. Both service areas support hospitals and long-term care facilities, for which operations of have been contracted to a third party.

Only the expenditures budgeted by the service area appears within this budget document. Each hospital prepares a separate operating and capital budget, which is approved by the operating board of each respective entity. The comprehensive annual financial report is done on a combined basis, and copies are available from each respective hospital.

Central Kenai Peninsula Hospital Service Area – this service area encompasses the area from Tyonek to Hope to Clam Gulch. Operation of the Central Peninsula Hospital, including Heritage Place (a long-term care facility purchased in 2006) has been contracted out to Central Peninsula Hospital Inc. Service Area funding is currently being used to pay debt service, capital expenditures, an operating subsidy for a alcohol and drug treatment program, an operating grant for a sexual abuse program, and for operating expense of the service area board.

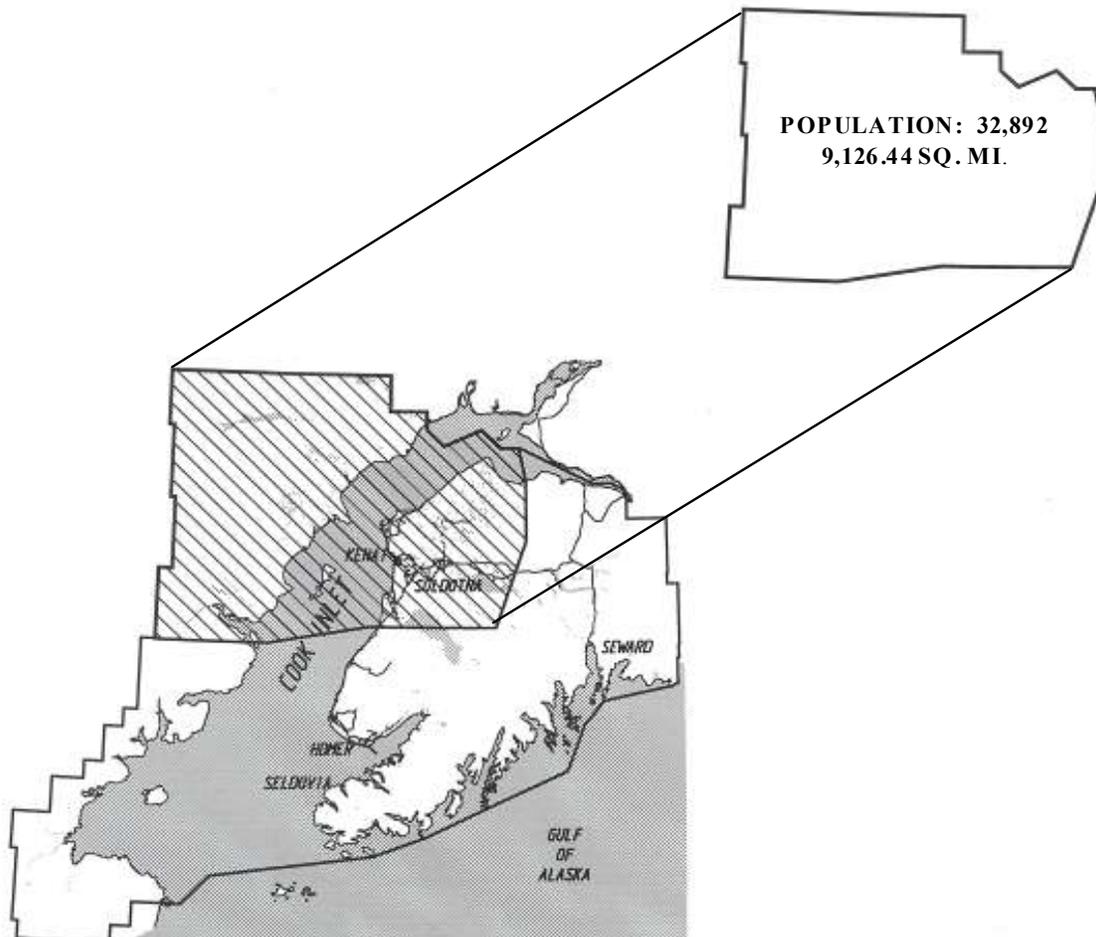
South Kenai Hospital Service Area – this service area encompasses the area from south of Clam Gulch to Homer to Kachemak City to Halibut Cove. Operation of the South Peninsula Hospital has been contracted out to South Peninsula Hospital Inc. Service Area funding is currently being used to pay debt service, capital expenditures, an operating subsidy for the hospital, and for operating expense of the service area board.

CENTRAL KENAI PENINSULA HOSPITAL SERVICE AREA

Formed in March of 1969, this was the first service area in the Borough. Its purpose is to provide a hospitalization facility for residents in the Central Peninsula area. Effective January 1, 1993, the hospital was converted to a nonprofit corporation with a nine-member operating board. Management of the hospital is contracted out to this board, CPGH, Inc., a non-profit entity. The CPGH, Inc. board hires an independent CEO to manage its operations.

The Central Kenai Peninsula Hospital Service Area Board was created by enactment of Ordinance 97-70 and has seven members. Prior to the election of the seven member Service Area board, the Kenai Peninsula Borough Assembly had oversight of the Service Area.

Service area taxes provide for debt service requirements, equipment purchases, construction, auditing costs, and board expenses. The mill rate for fiscal year 2009 is 0.90 mills.



SERVICE AREA BOARD MEMBERS

John G Osborne
Neal Duperron
Gene Dyson
Linda Barclay
Bill Grimm
Esther Hopkins
Crystal D Choate

HOSPITAL BOARD MEMBERS

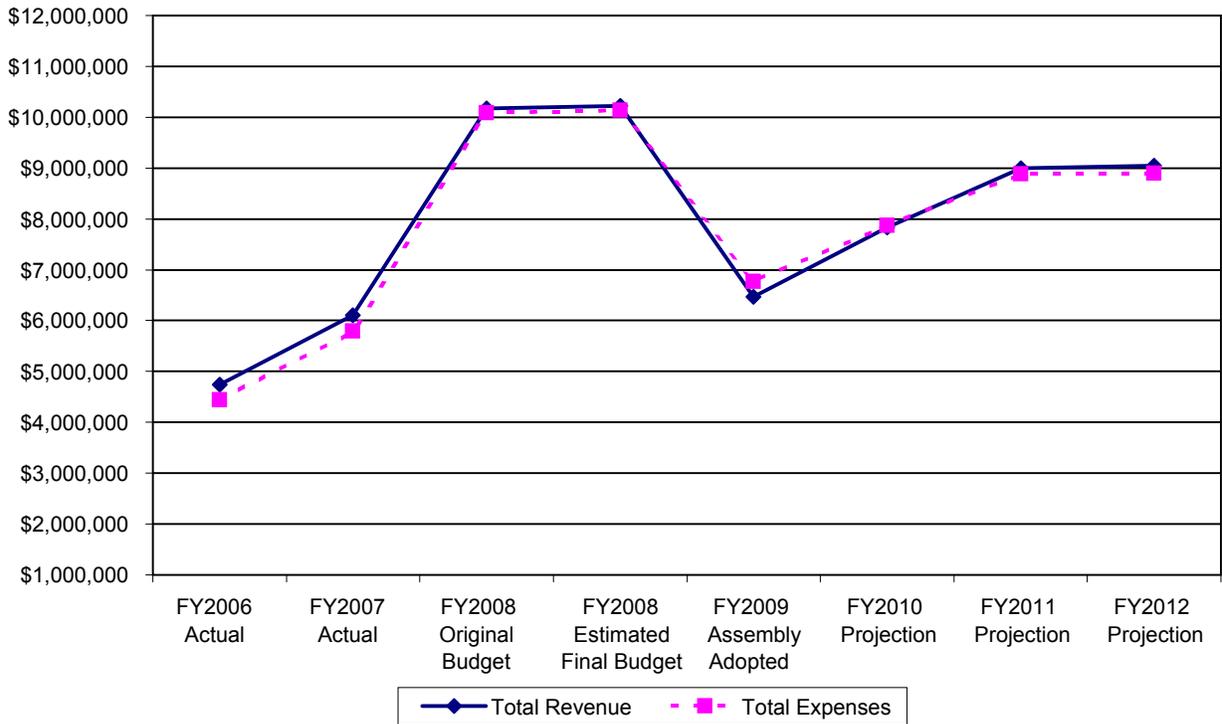
Loretta Flanders, Ph.D.
Loren Karp Weimer
Thomas Boedeker
John Hoyt
Sue Carter.
Julie Derry
Steven T Hoogland
William J Kelley, M.D.
Russell R Peterson
Alyson Stogsdill

CEO: Ryan Smith

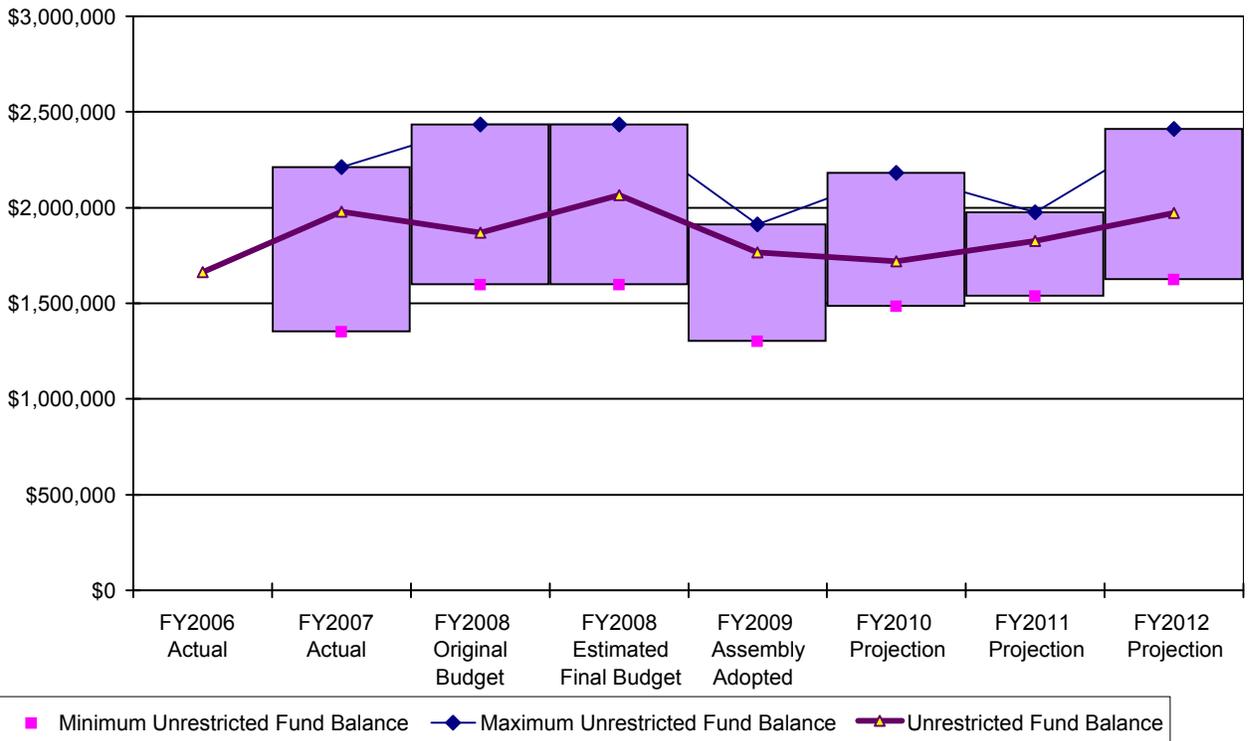
Fund: 600 Central Kenai Peninsula Hospital Service Area

Fund Budget:	FY2006	FY2007	FY2008	FY2008	FY2009	FY2010	FY2011	FY2012
	Actual	Actual	Original	Estimated	Assembly	Projection	Projection	Projection
			Budget	Final Budget	Adopted			
Taxable Value (000's)								
Real	2,347,792	2,543,805	2,859,940	2,859,940	3,196,512	3,324,372	3,447,347	3,573,241
Personal	153,097	157,730	127,845	132,790	126,246	128,771	131,346	133,973
Oil & Gas (AS 43.56)	515,703	500,047	540,625	540,625	538,645	511,713	486,127	461,821
Total Taxable Value:	3,016,592	3,201,582	3,528,410	3,533,355	3,861,403	3,964,856	4,064,821	4,169,035
Mill Rate:	1.00	1.00	1.00	1.00	0.90	0.90	0.90	0.90
Revenues:								
Property Taxes								
Real	\$ 2,319,798	\$ 2,544,704	\$ 2,859,940	\$ 2,859,940	\$ 2,876,861	\$ 2,991,935	\$ 3,102,613	\$ 3,215,917
Personal	112,684	137,328	127,845	130,134	111,349	113,576	115,847	118,164
Oil & Gas (AS 43.56)	508,791	503,758	540,625	540,625	484,781	460,541	437,514	415,639
Interest	7,035	8,099	7,057	7,061	6,946	7,132	7,312	7,499
Flat Tax	-	20,556	-	27,583	28,135	28,698	29,272	29,857
Motor Vehicle Tax	77,438	78,363	81,000	81,000	81,000	83,406	85,908	88,485
Total Property Taxes	3,025,746	3,292,808	3,616,467	3,646,343	3,589,072	3,685,288	3,778,466	3,875,561
Interest Earnings	20,252	102,345	79,792	90,500	77,436	66,171	90,205	95,891
CPH - Equipment Replacement Fund	-	-	4,335,998	4,335,998	855,508	2,300,000	3,100,000	3,100,000
CPH - Proposed Debt CT Scanner	-	-	-	-	-	-	300,000	300,000
CPH - 2003 Bond Payment	1,695,000	2,713,434	2,144,783	2,144,783	1,952,552	1,778,153	1,724,778	1,675,201
Other Revenue	-	3,403	-	-	-	-	-	-
Total Revenues	4,740,998	6,111,990	10,177,040	10,217,624	6,474,568	7,829,612	8,993,449	9,046,653
Expenditures:								
Supplies	147	409	2,000	2,000	2,000	2,040	2,081	2,122
Services	414,461	543,317	590,731	639,231	594,930	606,829	618,965	631,344
Interdepartmental Charges	-	8,470	8,523	8,523	10,935	6,527	6,908	7,296
Total Expenditures:	414,608	552,196	601,254	649,754	607,865	615,396	627,954	640,763
Operating Transfers To:								
Debt Service Fund - MRI/CT Lease	268,545	-	-	-	-	-	300,000	300,000
Debt Service Fund - 2003 Bonds	3,762,825	3,758,075	3,764,775	3,764,775	3,767,125	3,760,581	3,757,188	3,759,719
Capital Projects Fund	-	1,487,439	5,715,897	5,715,897	2,400,000	3,500,000	4,200,000	4,200,000
Total Operating Transfers:	4,031,370	5,245,514	9,480,672	9,480,672	6,167,125	7,260,581	8,257,188	8,259,719
Total Expenditures and Operating Transfers	4,445,978	5,797,710	10,081,926	10,130,426	6,774,990	7,875,977	8,885,142	8,900,482
Net Results From Operations	295,020	314,280	95,114	87,198	(300,422)	(46,365)	108,307	146,171
Beginning Fund Balance	1,368,471	1,663,491	1,773,162	1,977,771	2,064,969	1,764,547	1,718,182	1,826,489
Ending Fund Balance	\$ 1,663,491	\$ 1,977,771	\$ 1,868,276	\$ 2,064,969	\$ 1,764,547	\$ 1,718,182	\$ 1,826,489	\$ 1,972,660

**CENTRAL KENAI PENINSULA HOSPITAL SERVICE AREA
REVENUES AND EXPENDITURES**



**CENTRAL KENAI PENINSULA HOSPITAL SERVICE AREA
UNRESERVED FUND BALANCE**



Fund: 600 Central Kenai Peninsula Hospital Service Area
Dept: 81110

DEPARTMENT FUNCTION

Major long-term issues and concerns:

- Continuing to meet the changing health care needs of the residents of the Service Area.

Objectives FY2009/Budget highlights:

- Provide operation funding for Serenity House, a drug and alcohol treatment program, which enables Peninsula residents to obtain treatment on the peninsula.
- Provide operational funding for SART/SANE, a sexual assault response program.
- Provide funding for payment of long-term debt that was approved by the voters in 2003 for expansion of the hospital's facilities.
- Provide funding for hospital capital projects and equipment purchases.

Previous year accomplishments:

- The hospital completed their expansion project, which included the opening of a new wing and remodel of the old wing.
- Capital budget expenditures include; a diagnostic ultrasound system, an upgrade to the endoscopy equipment, and an upgrade to the MRI.
- Integration of Heritage Place, a long-term care facility that was purchased July 1, 2006.

Significant budgetary changes:

- None.

KEY MEASURES

	<u>FY06</u> <u>Actual</u>	<u>FY07</u> <u>Actual</u>	<u>FY08</u> <u>Estimated</u>	<u>FY09</u> <u>Projected</u>
<u>Service Area</u>				
Mill rate	1.00	1.00	1.00	.90
Property tax revenue (000's)	\$3,025	\$3,292	\$3,646	\$3,589
Outstanding debt (000's)	\$45,005	\$43,161	\$41,580	\$39,775
Annual debt payments (000's)	\$4,031	\$3758	\$3,765	\$3,767
<u>Hospital</u>				
Number of beds				
Hospital	62	62	49	49
Long-term care	-	60	60	60
Treatment center	6	6	6	6
Operating Revenue budget, net (000's)	\$51,622	\$62,556	\$70,300	\$74,518
Operating Income (loss) (000's)	\$3,526	(\$247)	\$425	\$450
FTE's	379	487	508	524

**KENAI PENINSULA BOROUGH
BUDGET DETAIL**

Fund 600

Department 81110 - Central Kenai Peninsula Hospital Service Area Administration

	FY2006 Actual	FY2007 Actual	FY2008 Original Budget	FY2008 Amended Budget	FY2009 Assembly Adopted	Difference Between Assembly Adopted & Amended Budget %	
Supplies							
42210 Operating Supplies	\$ 147	\$ 409	\$ 2,000	\$ 2,000	\$ 2,000	\$ -	0.00%
Total: Supplies	147	409	2,000	2,000	2,000	-	0.00%
Services							
43011 Contractual Services	34,567	6,339	68,000	108,000	18,000	(90,000)	-83.33%
43011 Contractual Services-S.House	305,000	300,000	250,000	250,000	250,000	-	0.00%
43011 Contractual Services-SART SANE	-	100,000	100,000	100,000	150,000	50,000	50.00%
43012 Audit Services	21,000	12,000	20,000	28,500	35,000	6,500	22.81%
43140 Postage	53	128	500	500	500	-	0.00%
43210 Transportation/Subsistence	3,560	6,447	3,500	3,500	1,000	(2,500)	-71.43%
43260 Training	625	3,678	5,900	5,900	500	(5,400)	-91.53%
43310 Advertising	840	603	1,500	1,500	1,500	-	0.00%
43410 Printing	-	385	1,500	1,500	1,500	-	0.00%
43510 Insurance Premium	48,716	113,737	139,831	139,831	136,930	(2,901)	-2.07%
43810 Rents & Operating Leases	100	-	-	-	-	-	-
Total: Services	414,461	543,317	590,731	639,231	594,930	(44,301)	-6.93%
Transfers							
50360 CPGH-Debt Service	4,031,370	3,758,075	3,764,775	3,764,775	3,767,125	2,350	0.06%
50490 CPGH-Capital Projects Fund	-	1,487,439	5,715,897	5,715,897	2,400,000	(3,315,897)	-58.01%
Total: Transfers	4,031,370	5,245,514	9,480,672	9,480,672	6,167,125	(3,313,547)	-34.95%
Interdepartmental Charges							
61990 Admin Service Fee	-	8,470	8,523	8,523	10,935	2,412	28.30%
Total: Interdepartmental Charges	-	8,470	8,523	8,523	10,935	2,412	28.30%
Department Total	\$ 4,445,978	\$ 5,797,710	\$ 10,081,926	\$ 10,130,426	\$ 6,774,990	\$ (3,355,436)	-33.12%

LINE-ITEM EXPLANATIONS

43011 Contractual Services. Secretarial services for the service area board (\$18,000).

43011 Contractual Services – Serenity House & Sart/SANE. \$250,000 operating subsidy for the Serenity House program and \$150,000 for the SART/SANE program.

43012 Audit Services. As required by Alaska Administrative Code 45.010 and in conformance with Alaska State Statute 29.35.120.

43210 Transportation/Subsistence. Local travel for board members to attend meetings.

43260 Training. Costs associated with service area board training. This will assist members in areas of responsibilities and duties.

50360 CKPH Debt Service Fund. Hospital Expansion Bonds totaling \$49,900,000 were issued in FY2004 with a scheduled payback period of 20 years.

50490 CKPH-Capital Projects Fund. Transfer to capital projects fund for equipment and major remodel expenditures.

61990 Admin Service Fee. Fees charged to service areas and departments to cover a portion of the costs associated with providing general government administrative services.

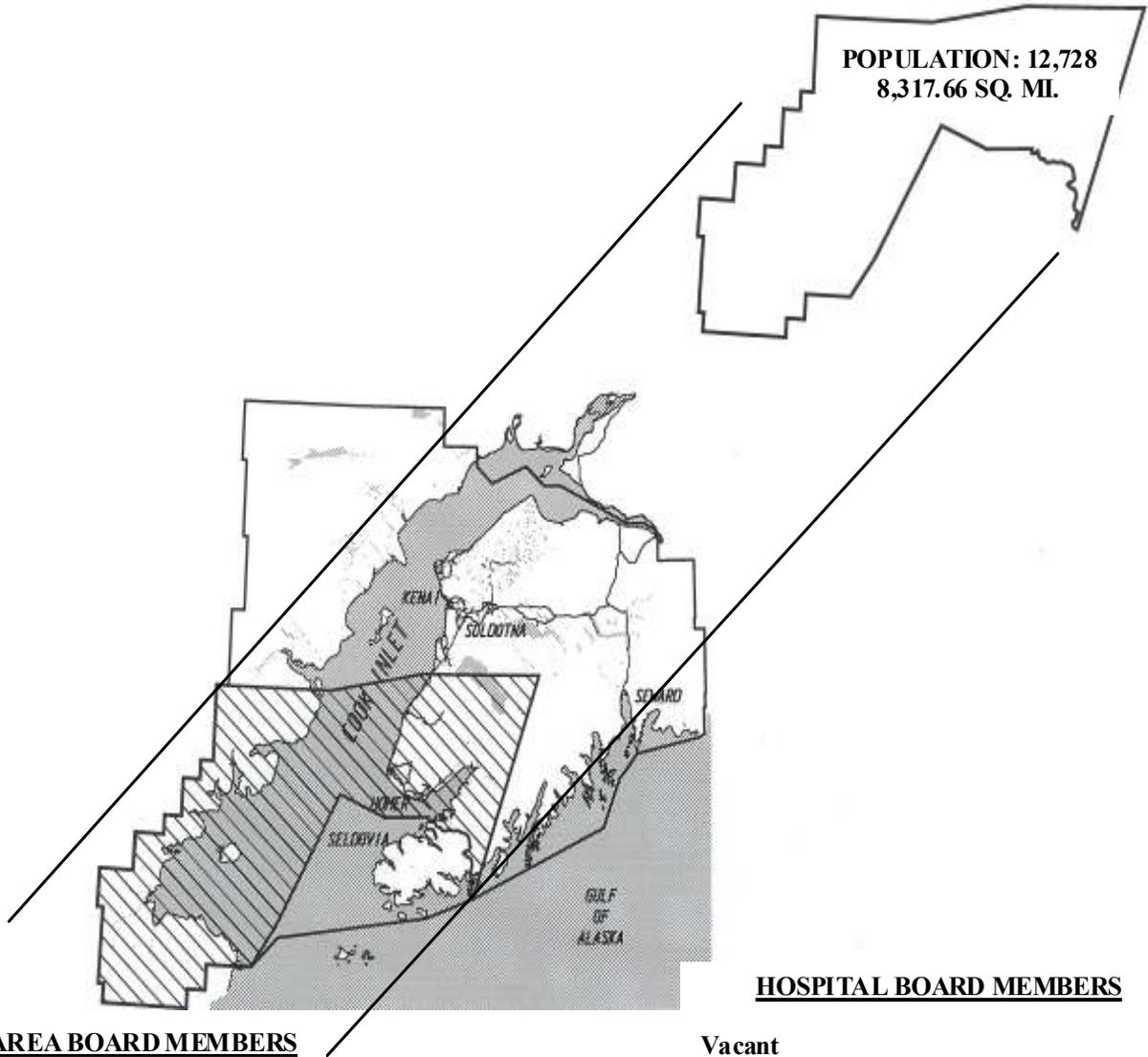
For capital projects information on this department - See the capital projects section - Pages 292, 296-297 and 308

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SOUTH PENINSULA HOSPITAL SERVICE AREA

Established in May of 1969, the service area was formed to provide hospitalization and medical services to the residents of Homer and the surrounding areas. The nine-member board is elected and is responsible for the level of services provided and, to that end, must be responsible to the electorate for the amount of taxes necessarily raised to provide such services. The Service Area Board works in conjunction with a separate operating board to oversee the hospital. The hospital is located in Homer.

Service area taxes fund the hospital's equipment purchases, capital improvements, major repairs, and board expenses. The mill rate for fiscal year 2009 is 2.30.



SERVICE AREA BOARD MEMBERS

- Judy Lund
- Sue Baxter
- John E Fenske
- Ralph E Broshes
- Marie E Walli
- Nancy Branch
- Roberta Highland
- Annette M Koth
- Wayne Aderhold

HOSPITAL BOARD MEMBERS

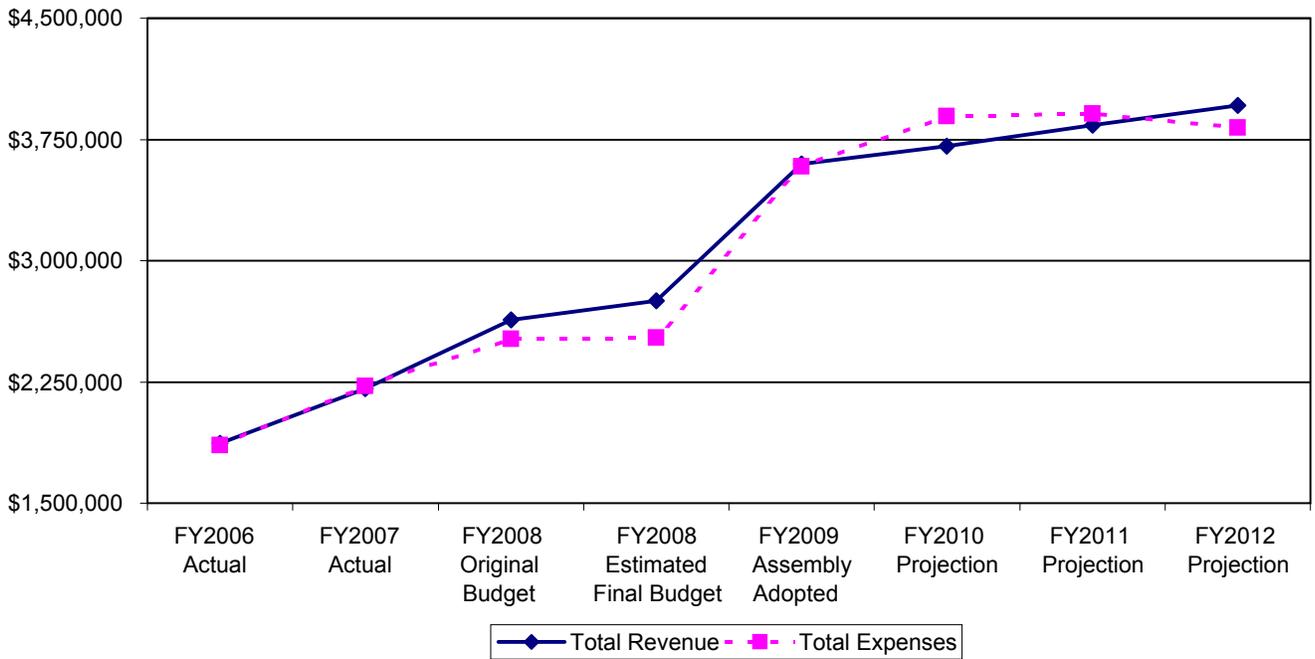
- Vacant
- Barbara Howard
- Pat Hartley
- Kelly Cooper
- Terry Thompson
- Pag Coleman
- Bernie Wilson
- Nina Allen
- Walt Partidge
- CEO: Bob Letson

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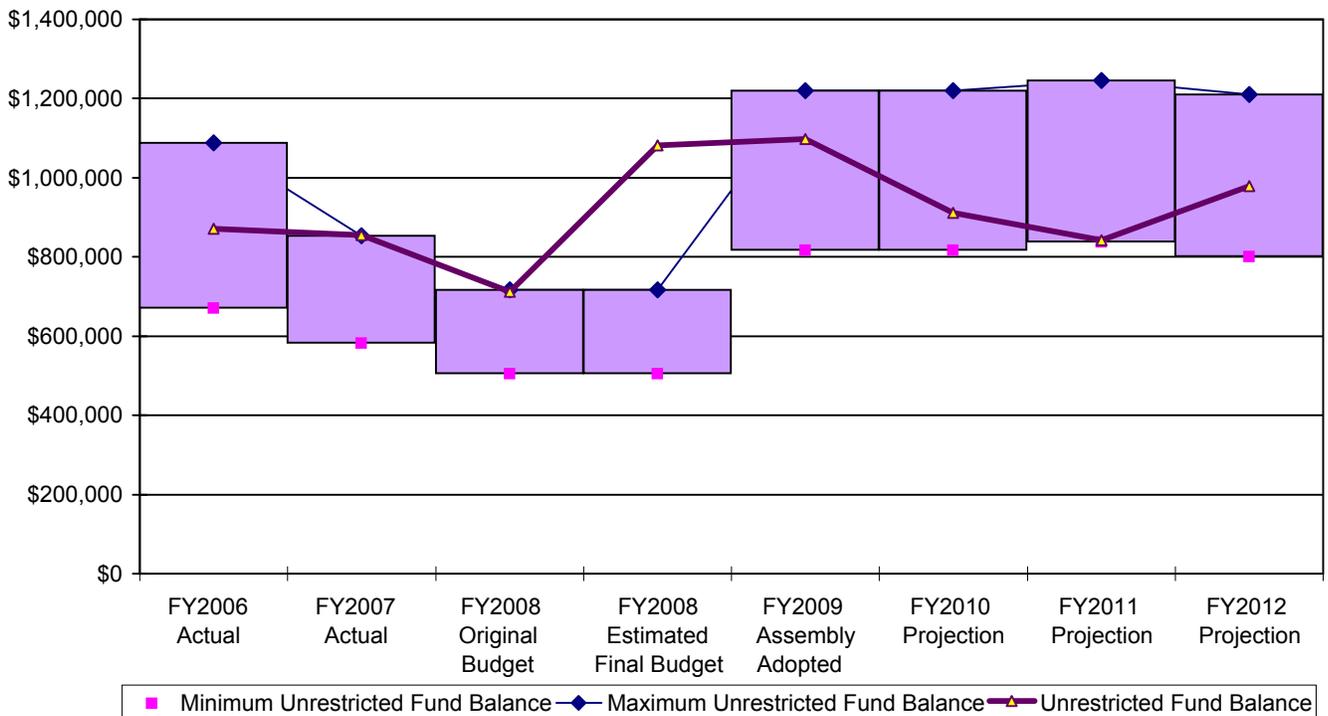
Fund: 601 South Kenai Peninsula Hospital Service Area

Fund Budget:	FY2006 Actual	FY2007 Actual	FY2008 Original Budget	FY2008 Estimated Final Budget	FY2009 Assembly Adopted	FY2010 Projection	FY2011 Projection	FY2012 Projection
Taxable Value (000's)								
Real	951,504	1,066,400	1,172,607	1,172,607	1,369,273	1,424,044	1,481,006	1,540,246
Personal	26,371	28,992	32,053	32,139	33,795	34,471	35,160	35,864
Oil & Gas (AS 43.56)	50,679	58,144	66,427	66,427	87,825	78,434	72,512	66,886
Total Taxable Value:	1,028,554	1,153,536	1,271,087	1,271,173	1,490,893	1,536,949	1,588,678	1,642,996
Mill Rate:	1.75	1.75	2.00	2.00	2.30	2.30	2.30	2.30
Revenues:								
Property Taxes								
Real	\$ 1,657,425	\$ 1,866,337	\$ 2,345,214	\$ 2,345,214	\$ 3,149,328	\$ 3,275,301	\$ 3,406,313	\$ 3,542,566
Personal	38,778	49,721	62,824	62,992	76,174	77,697	79,251	80,836
Oil & Gas (AS 43.56)	93,108	101,751	132,854	132,854	201,998	180,399	166,779	153,839
Interest	5,801	5,552	5,082	5,082	6,855	7,067	7,305	7,554
Flat Tax	-	45,907	-	61,835	63,072	64,333	65,620	66,932
Motor Vehicle Tax	56,742	58,144	60,000	60,000	61,114	62,948	64,836	64,836
Total Property Taxes	1,851,854	2,127,412	2,605,974	2,667,977	3,558,541	3,667,745	3,790,104	3,916,563
Interest Earnings	16,433	79,174	26,808	83,200	40,550	41,143	47,868	44,194
Other Revenue	645	614	-	-	-	-	-	-
Total Revenues:	1,868,932	2,207,200	2,632,782	2,751,177	3,599,091	3,708,888	3,837,972	3,960,757
Expenditures:								
Services	80,660	75,851	609,085	618,368	459,000	468,180	477,544	487,095
Interdepartmental Charges	-	4,741	3,550	3,550	4,960	5,059	5,160	5,263
Total Expenditures	80,660	80,592	612,635	621,918	463,960	473,239	482,704	492,358
Operating Transfers To:								
Debt Service Fund - Bonds	803,263	784,905	1,153,938	1,153,938	1,924,307	1,926,000	1,930,225	1,931,244
Debt Service Fund - Lease Pymt	-	357,567	395,021	395,021	395,021	395,021	395,021	-
Capital Projects Fund	973,936	1,000,000	354,065	354,065	800,000	1,100,000	1,100,000	1,400,000
Total Operating Transfers:	1,777,199	2,142,472	1,903,024	1,903,024	3,119,328	3,421,021	3,425,246	3,331,244
Total Expenditures and Operating Transfers	1,857,859	2,223,064	2,515,659	2,524,942	3,583,288	3,894,260	3,907,950	3,823,602
Net Results From Operations	11,073	(15,864)	117,123	226,235	15,803	(185,372)	(69,978)	137,155
Beginning Fund Balance	859,897	870,970	595,727	855,106	1,081,341	1,097,144	911,772	841,794
Ending Fund Balance	\$ 870,970	\$ 855,106	\$ 712,850	\$ 1,081,341	\$ 1,097,144	\$ 911,772	\$ 841,794	\$ 978,949

SOUTH KENAI PENINSULA HOSPITAL SERVICE AREA REVENUES AND EXPENDITURES



SOUTH KENAI PENINSULA HOSPITAL SERVICE AREA UNRESERVED FUND BALANCE



Fund: 601 South Kenai Peninsula Hospital Service Area
Dept: 81110

DEPARTMENT FUNCTION

Major long-term issues and concerns:

- Continue to meet the changing health care needs of the residents of the Service Area.

Objectives FY2009/Budget highlights:

- Provide funding of \$300,000 to assist in covering operating costs for the community-based programs of home health, respite, PCA, and education.
- Provide funding for payment of long-term debt that was approved by the voters in 2003 and 2007 for expansion of the hospital's facilities.
- Provide funding for hospital capital projects and equipment purchases.
- Continue construction of Phase III of the hospital's expansion project.

Previous year accomplishments:

- Completion of Phase II of the expansion project.
- Capital budget expenditures include: a diagnostic ultrasound system, an upgrade to the endoscopy equipment, and an upgrade to the MRI.
- Net assets of the hospital increased \$3.7 million.
- New general obligation bonds of \$14,700,000 issued for Phase III of the hospital's expansion project.

Significant budgetary changes:

- Reduction in operational support of \$201,085.
- Increase funding for capital projects of \$445,915.
- Mill rate increased for debt service on new General Obligation bonds associated with Phase III of the hospital's expansion project, authorized by the voters in a special election in May 2007.

KEY MEASURES

	<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Estimated</u>	<u>FY09 Projected</u>
<u>Service Area</u>				
Mill rate	1.75	1.75	2.00	2.30
Property tax revenue (000's)	\$1,851	\$2,127	\$2,605	\$3,558
Outstanding debt (000's)	\$11,625	\$10,915	\$24,730	\$23,501
Annual debt payments (000's)	\$863	\$1,201	\$1,549	\$2,319
<u>Hospital</u>				
Number of beds				
Hospital	22	22	22	22
Long-term care	25	25	25	25
Operating Revenue budget, net (000's)	\$23,836	\$24,064	\$27,298	\$38,044
Operating income (loss) (000's)	\$(2,071)	\$(2,282)	\$(968)	\$(757)
FTE's	265	273	275	275

**KENAI PENINSULA BOROUGH
BUDGET DETAIL**

Fund 601

Department 81210 - South Kenai Peninsula Hospital Service Area Administration

	FY2006 Actual	FY2007 Actual	FY2008 Original Budget	FY2008 Amended Budget	FY2009 Assembly Adopted	Difference Between Assembly Adopted & Amended Budget %	
Services							
43011 Contractual Services	\$ 10,484	\$ 23,756	\$ 530,585	\$ 532,118	\$ 354,500	\$ (177,618)	-33.38%
43012 Audit Services	35,499	12,000	21,000	29,500	30,000	500	1.69%
43210 Transportation/Subsistence	431	216	2,500	2,500	2,500	-	0.00%
43260 Training	-	-	10,000	8,500	10,000	1,500	17.65%
43310 Advertising	-	-	-	750	-	(750)	-100.00%
43510 Insurance Premium	34,246	39,879	45,000	45,000	62,000	17,000	37.78%
Total: Services	80,660	75,851	609,085	618,368	459,000	(159,368)	-25.77%
Transfers							
50361 SKPH-Debt Service Fund	803,263	1,142,472	1,548,959	1,548,959	2,319,328	770,369	49.73%
50491 SKPH-Capital Projects Fund	973,936	1,000,000	354,065	354,065	800,000	445,935	125.95%
Total: Transfers	1,777,199	2,142,472	1,903,024	1,903,024	3,119,328	1,216,304	63.91%
Interdepartmental Charges							
61990 Admin Service Fee	-	4,741	3,550	3,550	4,960	1,410	39.72%
Total: Interdepartmental Charges	-	4,741	3,550	3,550	4,960	1,410	39.72%
Department Total	\$ 1,857,859	\$ 2,223,064	\$ 2,515,659	\$ 2,524,942	\$ 3,583,288	\$ 1,058,346	41.92%

LINE-ITEM EXPLANATIONS

43011 Contractual Services. Secretarial services (\$20,000); Kachemak Bay Family Planning (\$4,000), community focus groups (\$3,000), website development (\$2,500), strategic planning services (\$25,000), and to provide funding for the community based programs of home health, respite, PCA, and education (\$300,000).

43012 Audit Service. As required by Alaska Administrative Code 45.010 and in conformance with Alaska State Statute 29.35.120.

43260 Training. Fees for Service Area Board Members to attend the Alaska Municipal League Conference (\$1,000); speaker for board retreat (\$5,000); and board member education (\$4,000).

50361 Transfer to Debt Service Fund. For debt on hospital expansion project phase II (\$794,663); for debt on hospital expansion project phase III (\$1,129,644), and for lease payment on a CT Scanner and PAC system (\$395,021).

50491 SKPH-Capital Projects Fund. Transfer to capital projects fund for equipment and major remodel expenditures.

61990 Admin Service Fee. Fees charged to service area and departments to cover a portion of the costs associated with providing general government services.

For capital projects information on this department - See the capital projects section - Pages 292, 297 & 309