

KENAI PENINSULA BOROUGH  
ALASKA



COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

FOR FISCAL YEAR  
ENDED JUNE 30, 2009

**COMPREHENSIVE**  
**ANNUAL FINANCIAL REPORT**  
**OF THE**  
**KENAI PENINSULA BOROUGH**  
**ALASKA**

**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2009**

**David R. Carey**  
**BOROUGH MAYOR**

PREPARED BY  
DEPARTMENT OF FINANCE

**CRAIG C. CHAPMAN**  
DIRECTOR OF FINANCE

**BRANDI R. HARBAUGH**  
CONTROLLER



## **KENAI PENINSULA BOROUGH**

### Finance Department

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DAVID R. CAREY  
MAYOR

October 23, 2009

Honorable Members of the Assembly  
Citizens of the Kenai Peninsula Borough

The Comprehensive Annual Financial Report (CAFR) of the Kenai Peninsula Borough (Borough) for the year ended June 30, 2009 is hereby submitted in accordance with Section 29.35.120 of Alaska Statutes and Borough code. These laws require an annual report on financial activities with an independent audit of all Borough accounts by a certified public accountant.

The CAFR is presented in three sections – **Introduction, Financial, and Statistical.**

The **Introductory section**, which is unaudited, includes this letter of transmittal, a certificate of achievement for excellence in financial reporting for the Borough's 2008 CAFR, an organization chart, and a list of principal elected and administrative officials.

The **Financial section** includes the auditor's report, Management's Discussion and Analysis (MD&A), the financial statements; which include government-wide financial statements and fund financial statements with comparative budgetary information, notes to the financial statements, required supplementary information, and combining and individual statements and schedules, as applicable, arranged by fund type.

The **Statistical section**, which is unaudited, includes a broad range of selected trend data and non-financial information.

Management is responsible for the accuracy, completeness and fairness of the presentation including all disclosures. 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 misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

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

The Borough's financial statements have been audited by Mikunda, Cottrell & Company, a firm of independent certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Borough for the fiscal year ended June 30, 2009, are free of material misstatement. 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 concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Borough's financial statements for the fiscal year ended June 30, 2009, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

As a recipient of federal grant awards, the Borough is required to undergo an audit in accordance with the provisions of the U.S. Office of Management and Budget's (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and associated *Compliance Supplement*. A schedule of expenditures of federal awards, the independent auditors' reports on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs will be included in a separately issued audit in accordance with OMB Circular A-133.

As a recipient of state grant awards, the Borough is also required to undergo an audit in accordance with the provisions of Alaska State Regulation 2 AAC 45.010 and *Audit Guide and Compliance Supplement for State Single Audits*. A state financial assistance schedule, the independent auditors' reports on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs will be included in a separately issued audit in accordance with the State of Alaska *Audit Guide and Compliance Supplement for State Single Audits*.

### **Profile of the Kenai Peninsula Borough**

The Borough was incorporated in 1964 as a second-class borough. It occupies a geographic area of approximately 25,600 square miles. The Borough is located in the south central part of the state of Alaska.

The Borough operates under an assembly-mayor form of government. Policy-making and legislative authority are vested in a governing assembly consisting of nine members. The assembly is responsible, among other things, for passing ordinances, adopting the budget, and appointing committees. The mayor is the Borough's executive officer and is responsible for carrying out the policies and ordinances of the Borough, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. The assembly and mayor are elected on a non-partisan basis. Assembly members serve three-year staggered terms, with 3 members elected each year and are elected by district. The mayor is elected at large and serves a three-year term.

The Borough is empowered to levy a property tax on both real and personal properties located within its boundaries. State of Alaska law mandates that second-class boroughs provide certain services on an areawide basis to all taxpayers. All other services must be approved by a majority of voters who are to receive the services. This gives taxpayers control over the type and level of services they receive and pay for. Currently, the Borough provides the following areawide services: assessment and collection of property taxes and sales tax collection for the Borough and cities within the Borough, planning, solid waste disposal, education, senior citizen funding, post secondary education, 911 emergency communications, emergency management and general administrative services. Non-areawide services provided by the Borough include fire protection, hospital services, emergency medical and ambulance services, recreation, senior citizen funding, road maintenance, economic development, tourism promotion, and special assessment authority for utility extensions and road improvement districts. The Borough also has non-areawide port and harbor powers that are not currently exercised. Funding for the Borough, by order of financial significances, is provided from property tax, sales tax, state revenue, interest earnings, federal revenue, and other sources.

The Borough is financially accountable for a legally separate school district, which is reported separately within the Borough's financial statements.

### **Budgetary Control**

The annual budget serves as the foundation for the Borough's financial planning and control. All departments, and service areas submit budgets to the mayor on or about February 20th. The mayor uses these requests for developing a proposed budget. The mayor submits his proposed budget to the assembly at the first regular assembly meeting in May. The assembly is required to hold public hearings on the proposed budget. The assembly is required by state statute to set the annual mill rate prior to June 15th. The budget is appropriated by fund, department, and object. The mayor is authorized to make transfers within departments and objects. Assembly action is required to transfer between funds and departments or other major budget classifications. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an annual budget has been appropriated. For the General Fund, this comparison is presented on pages 34-35 as part of the basic financial statements for the governmental funds. For governmental funds, other than the General Fund, these comparisons start on page 80.

### **Factors Affecting Financial Condition**

#### **Economy**

The Borough's economy has experienced consistent, gradual growth since the late 1980's. Local indicators point to continued growth and stability. Borough wide, the general government tax rate has decreased from 8.59 mills in FY1996 to 6.5 mills in FY03 and remained at that rate through FY07. In FY08, the mill rate was reduced to 5.5 mills and in FY2009 the mill rate was decreased to 4.5 mills. This reduction in the mill rate was made possible by the use of fund balance, which was deemed to be in excess of required amount, taxable property values which increased 10.9%, and an increase in the Borough's sales tax rate from 2% to 3% effective January 1, 2008. Sales tax continues to generate a larger portion of the Borough's General Fund revenue; in FY1998, sales tax revenue represented 21% of total General Fund revenues; in FY09 sales tax revenue represents almost 41%. Oil and gas continues to provide employment in the Borough, with gas on the increase and oil on a decline. Gas supplies in quantities needed for liquefied natural gas are projected to run out within the next decade if new supplies are not made available through discovery or pipelines from other areas. Both Walmart and Lowes constructed stores in the Kenai area, with Lowes opening in November 2008 and Walmart scheduled to open in 2010.

#### **Long term financial planning**

The Borough and its Service Areas issue most of their debt through the Alaska Municipal Bond Bank. The Bond Bank has a rating of A1 from Moody's and A from Standard and Poor's.

The Borough's percentage of net general obligation debt to assessed valuation and bonded debt per capita are useful indicators to citizens and investors of the Borough's debt position. The percentage of direct general obligation debt, exclusive of Service Areas, to assessed valuation was .30% as of June 30, 2009, and the direct general obligation debt per capita was \$338. This compares to .38% and \$381 as of June 30, 2008.

#### **Cash management policies and practices**

The Borough utilizes a central treasury to aggregate cash from all funds and the School District for cash management and investment purposes. Interest income on investments is allocated monthly to participating funds based on its average equity balance. Some funds, in particular the Enterprise Funds and the Special Revenue Central Emergency Service Area Fund and the School District, have operating and activity cash that is not aggregated in the central treasury.

The Borough Code of Ordinances authorizes investment in obligations of the U. S. Treasury, its agencies and instrumentalities, bankers' acceptances of the fifty largest banks, investment grade corporate bonds, high rated commercial paper, repurchase agreements, fully collateralized certificates

of deposit, money market mutual funds, high rated bonds and notes issued by a state or political subdivision thereof, and the Alaska Municipal League Investment Pool, Inc. The Borough Code of Ordinances also places limitations on maturity of investments. In addition, investment guidelines are contained in an Investment Policy established by the finance director and approved by the mayor.

### **Risk Management**

The Borough has a limited self-insurance program, which is administered by a risk management committee. As part of this program, resources are accumulated in an internal service fund to meet potential losses. The Borough has third party coverage subject to self-insured retentions, which are more fully described in the notes.

### **Pension and Other Postemployment Benefits**

The Borough provides pension benefits for all eligible employees through the State of Alaska Public Employees Retirement System (PERS). The Borough has no obligations in connection with employee benefits offered through this plan beyond its annual required payment to the pension plan. The Borough has always paid its annual required contribution rates on time. The Borough's rate for FY05 was 17.81%, 22.81% for FY06, 27.94% FY07, and 22% in FY08 and FY09. These amounts were less than the actuarial determined rates. Prior to FY08, Alaska Statutes limited rate increases to no more than 5% in one year. The Borough, like other governments in Alaska, is facing significant and growing unfunded liabilities associated with PERS. In 2001, the Borough's unfunded liability was approximately \$700,000, at the end of 2003 the unfunded liability was assessed at \$24,100,000, and at the end of June 30, 2006 the unfunded liability was assessed at \$41,500,000. In April 2008, the Alaska Legislature passed Senate Bill (SB) 125 which converted the existing Public Employees Retirement System (PERS) from an agent-multiple employer plan to a cost-sharing plan with an effective date of July 1, 2008. Under the cost-sharing arrangement, the State of Alaska Division of Retirement and Benefits will no longer track individual employer assets and liabilities. More information is included in the pension footnote, page 61, of these financial statements.

The Kenai Peninsula Borough School District provides pension benefits for all eligible employees through PERS and Teachers Retirement System (TRS). The school district has no obligations in connection with employee benefits offered through these plans beyond its annual required payments to the pension plans.

The South Peninsula Hospital (hospital) employees participate in a defined benefit single employer plan. The plan was established and is administered by the hospital's private non-profit operator. Each year, an independent actuary calculates the amount of the annual contribution the non-profit hospital operator must make to the pension plan. As of the last valuation date, the non-profit pension plan was funded at 99% of the present value of the projected benefits earned by employees.

The Central Peninsula General Hospital employees participate in a defined contribution pension plan established by the hospital's non-profit operator under Internal Revenue Code 403 (b). Under the plan, the non-profit operator contributes 2% of an employee's eligible salary and matches employee contributions up to 3% of gross pay, not to exceed \$5,000.

Additional information on pension arrangements and postemployment benefits can be found starting on page 61 in the notes to the financial statements.

### **Awards and Acknowledgments**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Kenai Peninsula Borough for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2008. This was the twenty-eighth consecutive year that the Borough has received this prestigious award. In order to be awarded a Certificate of Achievement, the Borough published an easily readable and efficiently

organized CAFR, whose contents conformed to program standards. This report satisfied 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 are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the Borough also received the GFOA's Distinguished Budget Presentation Award for its FY08 annual budget document. In order to qualify for the Distinguished Budget Presentation Award, the Borough's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report was made possible by the dedicated service of the entire staff of the Finance Department. We wish to express our appreciation to all members of the Finance Department who assisted and contributed to the preparation of this report. We also want to thank the finance department staff at the Kenai Peninsula Borough School District, the South Peninsula Hospital, and Central Peninsula Hospital for their assistance.

We also want to thank the members of the Borough Assembly for your interest and support in planning and conducting the financial operations of the Borough in a responsible and progressive manner.

Respectfully submitted,



David R. Carey  
Borough Mayor



Craig C. Chapman, CPA  
Director of Finance



Brandi R. Harbaugh, CPA  
Controller

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Kenai Peninsula Borough  
Alaska

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2008

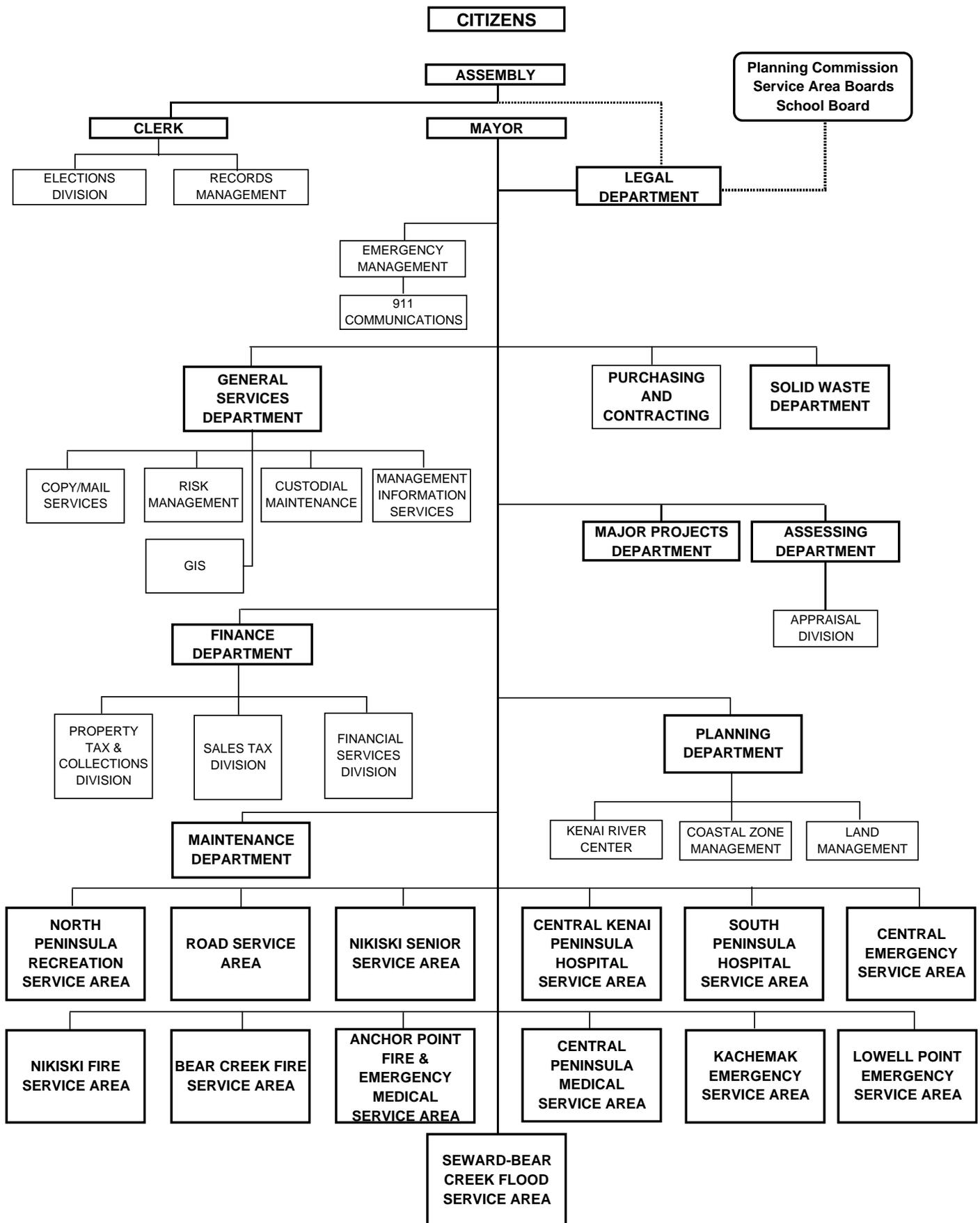
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

# KENAI PENINSULA BOROUGH ORGANIZATIONAL CHART



# **KENAI PENINSULA BOROUGH**

## **List of Principal Officials**

### **Assembly Members**

Milli Martin	President
Pete Sprague	Vice President
Paul Fischer	
Gary Knopp	
Charlie Pierce	
Hal Smalley	
Bill Smith	
Gary Superman	

The legislative power of the Kenai Peninsula Borough is vested in an assembly of nine members. This assembly meets in regular session every first and third Tuesday of the month in the Assembly Chambers located in the Borough Administration Building at 144 North Binkley Street, Soldotna, Alaska.

### **Administration**

David R. Carey	Borough Mayor
Craig C. Chapman	Finance Director
Colette Thompson	Borough Attorney
Bonita Miller	General Services Director
Johni Blankenship	Borough Clerk
Shane Horan	Assessing Director
Max Best	Planning Director
Kevin Lyon	Major Projects Director
Loran Maggi	Maintenance Director
Jack Maryott	Solid Waste Director
Mark Fowler	Purchasing & Contracting Officer
Doug Schoessler	Roads Director

# KENAI PENINSULA BOROUGH

## Finance Department

### Finance Director

Craig C. Chapman

### Division Managers

Brandi Harbaugh  
Cathey Wallace  
Rhonda Krohn  
Vacant

Controller  
Budget  
Property Tax  
Sales Tax

### Accounting Staff

Jerri Braun  
Betty Coats  
Erin Lockwood  
Misty Reger - ½ time  
Penny Carroll  
Renée Schaffner  
Charlene Johnson  
Tracy Davis - ½ time  
DeRay Jones  
Christina Griffith  
Amy Garza

Becky Karsten  
Lauri Lingafelt  
Cathy Wagner  
Jennifer Loop  
Marie Payfer  
Misty Merriman – ½ time  
Katie Ring  
Amy Falk - ½ time  
Joanne Rodgers  
Julie Lahndt

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AUDITOR REPORT

## Independent Auditor's Report

Honorable Mayor and  
Members of the Assembly  
Kenai Peninsula Borough

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Kenai Peninsula Borough, Alaska, as of and for the year ended June 30, 2009, which collectively comprise the Borough's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Borough's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Kenai Peninsula Borough, Alaska, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2009 on our consideration of the Kenai Peninsula 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Honorable Mayor and  
Members of the Assembly  
Kenai Peninsula Borough

The Management's Discussion and Analysis on pages 13 through 25 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Kenai Peninsula Borough's basic financial statements. The accompanying combining and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The other data included in the introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Mikunda, Cottrell & Co.*

Anchorage, Alaska  
October 23, 2009

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

## **Management's Discussion and Analysis**

This section of the Kenai Peninsula Borough (Borough) Comprehensive Annual Financial Report (CAFR), provides readers with a narrative overview and analysis of the Borough's financial activities for the fiscal year ended June 30, 2009. 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 1-5 of this report and the notes to the financial statements which can be found on pages 43-66 to enhance their understanding of the activities and financial health of the Borough.

### **Financial Highlights**

- The assets of the Kenai Peninsula Borough exceeded its liabilities at the close of the most recent year by \$388.2 million. Of this amount, \$106.7 million (unrestricted net assets) is legally unreserved and may therefore be used to meet the Borough's ongoing obligations to citizens and creditors. Much of this amount has been previously designated by the Borough Assembly for specific purposes and is discussed in more detail on page 21 and page 47.
- The Kenai Peninsula Borough has established a formal fund balance policy affecting the General Fund, annually budgeted special revenue funds and general government capital project funds. The policy sets both minimum and maximum levels.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$24.6 million, an increase of \$.7 million. Of this amount \$22.6 million was unreserved, undesignated and available for spending. The unreserved, undesignated fund balance for the General Fund represented 32.7% of total General Fund expenditures and transfers. This compares to 38.5% as of June 30, 2008.
- The Borough's total net assets increased \$10.6 million.
- As of the close of the current fiscal year, the Borough's governmental funds reported combined ending fund balances of \$62.2 million, an increase of \$1.6 million in comparison to the prior year.
- The Borough incurred no new debt during the fiscal year. Total outstanding debt decreased \$8.0 million to a year-end balance of \$86.9 million.

### **Overview of the Financial Statements**

This discussion and analysis serves as an introduction to the Borough's basic financial statements, which are the government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

### **Government-wide financial statements.**

The basic financial statements include two kinds of statements that present different views of the Borough. The first two statements are government-wide financial statements that provide both long-term and short-term information about the overall finances of the Borough similar to a private-sector business. These statements combine and consolidate short-term, spendable resources with capital assets and long-term obligations.

- The **Statement of Net Assets** presents information on all of the Borough's assets less liabilities, which results in net assets. The statement is designed to display the financial position of the Borough. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Borough is improving or deteriorating.
- The **Statement of Activities** provides information which shows how the Borough's net assets changed as a result of the year's activities. The statement uses the accrual basis of accounting, which is similar to the accounting used by private-sector business. All of the revenues and expenses are reported regardless of the timing of when cash is received or paid. Revenues and expenses are reported in this statement on an accrual basis, with related cash flows in future fiscal periods.

Both the Statement of Net Assets and the Statement of Activities distinguish functions of the Borough that are financed primarily by taxes, intergovernmental revenues, and charges for services (governmental activities) from functions where user fees and charges to customers help to cover all or most of the cost of services (business-type activities). The Borough's governmental activities include general government, solid waste, public safety, recreation, education, and road and trail maintenance. The business-type activities of the Borough are for the operations of two hospitals.

The government-wide financial statements present not only the Borough itself, which is the primary government, but also its component unit, the Kenai Peninsula Borough School District for which the Borough is financially accountable. Financial information for the School District is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 27-29 of this report.

The remaining statements are fund financial statements that focus on individual parts of the local government, reporting the Borough's operations in more detail than the government-wide 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 Borough, like other state and local governments, uses fund accounting to ensure and demonstrate fiscal accountability.

All of the funds of the Borough can be divided into three categories:

**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 financial statements, governmental funds financial statements focus on the short-term view of the Borough's operations.

Because the focus of government funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the 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 the 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 Borough maintains 38 individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and Bond Funded Capital Project Fund. The other 36 governmental funds are combined and shown as Other Governmental Funds on the Governmental Fund Balance Sheet and Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances. Individual fund information for the nonmajor funds are presented in the Combining Balance Sheet Nonmajor Special Revenue Funds, Combining Balance Sheet Nonmajor Capital Project Funds, Combining Balance Sheet Nonmajor Debt Service Funds, and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Special Revenue Funds, Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Capital Project Funds, and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Debt Service Funds.

The basic governmental fund financial statements can be found on pages 30-35 of this report. Budgetary comparison statements for 15 special revenue funds and 3 debt service funds with annual budgets are provided on pages 80-94 and 103-105 respectively to demonstrate compliance with these budgets.

**Proprietary funds.** The Borough maintains two different types of proprietary funds.

- Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Borough uses enterprise funds to account for its hospitals.
- Internal service funds are an accounting device used to accumulate and allocate costs internally among the Borough's various functions. The Borough uses internal service funds to account for its risk management and equipment replacement programs. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. Both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Proprietary fund financial statements provide separate information for the Central Peninsula General Hospital and South Peninsula Hospital, both of which are considered to be major funds of the Borough. The basic proprietary fund financial statements can be found on pages 36-40 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for assets held by the Borough in a trustee capacity or as an agent for others. Activities from fiduciary funds are not included in the government-wide financial statements because the Borough cannot use these assets for its operations. The accounting for fiduciary funds is much like that used in proprietary funds. The basic fiduciary aggregated fund financial statements can be found on page 41 of this report.

**Notes to the 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 financial statements can be found on pages 43-66 of this report.

**Other information.**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The combining statements referred to earlier in connection with nonmajor governmental funds can be found on pages 67-105 and internal service funds can be found on pages 107-109 of this report.

**Government-wide Financial Analysis****Net Assets**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Borough, assets exceeded liabilities by \$388.2 million, at June 30, 2009 compared to \$377.5 million at June 30, 2008. By far the largest portion of the Borough's net assets (70.6%) reflects its investment in capital assets (e.g. land, buildings, machinery, etc.) less any related debt used to acquire those assets that are still outstanding. The Borough uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Borough's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

During FY09, governmental activities capital assets, net of accumulated depreciation of the Borough increased \$.1 million. Current and other assets include \$76.8 million and \$72.1 million of cash and investments held for governmental activities at June 30, 2009 and 2008, and governmental activities long-term debt decreased by \$8.0 million. Restricted net assets of \$6.5 million and \$3.3 million in 2009 and 2008 respectively, result from restrictions imposed legally or externally by creditors, debt covenants, or grantors.

For business-type activities, \$47.6 million (47%) and \$44.9 million (47%) of net assets is unrestricted and may be used to meet the ongoing need of these organizations at June 30, 2009 and 2008. This represents an increase of \$2.7 million. Current and other assets include assets whose use is limited of \$14.2 million and \$24.1 million in 2009 and 2008 respectively, resulting from restrictions imposed externally by debt covenants and internally by directors.

Net Assets  
June 30, 2009 and 2008  
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 88.4	\$ 84.2	\$ 71.8	\$ 76.5	\$ 160.2	\$ 160.7
Capital assets	241.5	241.6	111.4	100.9	352.9	342.5
Total assets	<u>329.9</u>	<u>325.8</u>	<u>183.2</u>	<u>177.4</u>	<u>513.1</u>	<u>503.2</u>
Long-term debt outstanding	23.6	28.6	63.3	66.3	86.9	94.9
Other liabilities	18.9	15.2	19.1	15.5	38.0	30.7
Total liabilities	<u>42.5</u>	<u>43.8</u>	<u>82.4</u>	<u>81.8</u>	<u>124.9</u>	<u>125.6</u>
Net assets						
Invested in capital assets, net of related debt	221.8	220.5	52.5	49.5	274.3	270.0
Restricted	6.5	3.3	.8	1.2	7.3	4.5
Unrestricted	<u>59.1</u>	<u>58.1</u>	<u>47.5</u>	<u>44.9</u>	<u>106.6</u>	<u>103.0</u>
Total net assets	<u>\$ 287.4</u>	<u>\$ 281.9</u>	<u>\$ 100.8</u>	<u>\$ 95.6</u>	<u>\$ 388.2</u>	<u>\$ 377.5</u>

**Governmental activities.**

Governmental activities increased the Borough's net assets by \$5.5 million. This compares to an increase of \$9.8 million for the year ended June 30, 2008. Key elements of this are as follows:

- The Borough's two main revenue sources are property tax and sales tax; together they represent 73% of all revenues collected. The sales tax rate increased from 2% to 3% effective January 1, 2008. The net result is that sales tax revenue in FY2009 is higher by \$4.8 million when compared to FY2008. The increase in sales tax revenue offset the reduction in property tax revenue in the Borough's General Fund of \$2.8 million due to a reduction in the mill rate.
- Unexpected increases in revenue from the Federal Government for the PILT program of \$1,151,959 and Forestry of \$839,957.
- Gain of \$2.6 million due to the conversion of the PERS plan changing from an agent-multiple employer plan to a cost-sharing plan, which became effective July 1, 2008.

**Business-type activities.**

Business type activities increased the Borough's net assets by \$5.2 million. This compares to an increase of \$2.6 million for the year ended June 30, 2008. Key elements of this are as follows:

- The Central Peninsula Hospital's FY09 operating revenues increased \$7.1 million, or 10.2%, when compared to FY08. The increased revenues are attributed to a 7.8% increase in acute care volumes and room rate and procedure charge adjustments during the year.

- Operational cost for Central Peninsula Hospital increased \$7.2 million or 10.0% when compared to FY08. Much of this increase is to healthcare service line expansion into primary care and increases in patient census which resulted in increases in operating cost for drugs, supplies, physician fees, and personnel.
- South Peninsula Hospital's loss from operation for the year ended June 30, 2009 was \$.8 million compared to a \$1.8 million loss for the year ended June 30, 2008. Patient revenue at the hospital increased 19.9% for the year ended June 30, 2009 compared to an increase of 5.8% for the year ended June 30, 2008. The hospital is seeing an increase in outpatient services and increased reimbursement from Medicare from its conversion to a Critical Access Hospital status as of August 7, 2008.
- Both hospitals have embarked on expansion projects. The expansion project for Central Kenai Peninsula General Hospital was substantially complete as of June 2009. South Peninsula General Hospital started a \$17.0 million remodel and expansion to their current facility. Due to a 100% increase in the cost of the project, the project was split into two phases. Phase II ground breaking started in 2006, and was completed in September 2007. Phase III bonds in the amount of \$14,700,000 were authorized and sold in August 2007 to fund completion of the project. The remodeling is expected to be completed in Spring 2010.
- Property tax revenues for South Peninsula Hospital increased to reflect an increase in the mill rate, which was authorized by the Borough assembly for the amount necessary to fund the new debt that was authorized for phase III.

The net assets for the Borough's business-type activities are \$100.8 million compared with \$95.6 million for FY08. As with the governmental activities, a substantial portion (52%) of the net assets is invested in capital assets. The Borough uses these assets to provide services to the citizens. The unrestricted net assets of the business-type activities are \$47.5 million as of June 30, 2009 compared to \$44.9 million at June 30, 2008.

**Changes in net assets.**

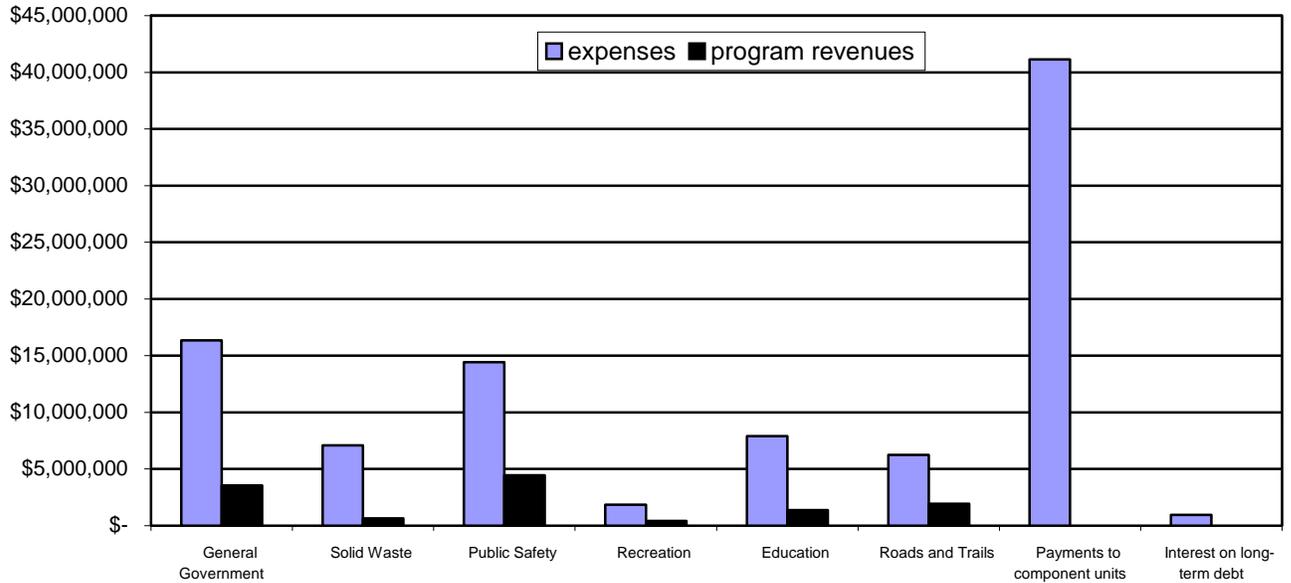
The Borough's total revenues and expenses for governmental and business-type activities are reflected in the following chart:

Changes in Net Assets  
For Years Ended June 30, 2009 and 2008  
(in millions)

	Governmental Activities		Business-type Activities		Total	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Revenues:						
Program revenues:						
Charges for services	\$ 3.3	\$ 2.8	\$ 107.8	\$ 94.0	\$ 111.1	\$ 96.8
Operating grants and contributions	4.5	2.7	0.2	-	4.7	2.7
Capital grants and contributions	4.5	3.6	1.7	-	6.2	3.6
General revenues:						
Property taxes	45.8	47.2	7.1	6.3	52.9	53.5
Sales taxes	28.6	23.8	-	-	28.6	23.8
Other	14.7	14.3	.7	3.2	15.4	17.5
Total revenues	<u>101.4</u>	<u>94.4</u>	<u>117.5</u>	<u>103.5</u>	<u>218.9</u>	<u>197.9</u>
Expenses:						
General government	16.4	13.8	-	-	16.4	13.8
Solid waste	7.1	3.9	-	-	7.1	3.9
Public safety	14.4	13.3	-	-	14.4	13.3
Recreation	1.8	1.9	-	-	1.8	1.9
Education	7.9	8.0	-	-	7.9	8.0
Road and trails	6.2	4.8	-	-	6.2	4.8
Payments to component unit- Kenai Peninsula Borough School District	41.1	37.8	-	-	41.1	37.8
Interest on long-term debt	1.0	1.1	2.2	1.9	3.2	3.0
Hospitals	-	-	110.1	99.0	110.1	99.0
Total expenses	<u>95.9</u>	<u>84.6</u>	<u>112.3</u>	<u>100.9</u>	<u>208.2</u>	<u>185.5</u>
Increase (decrease) in net assets	5.5	9.8	5.2	2.6	10.7	12.4
Net assets, beginning of year	281.9	272.1	95.6	93.0	377.5	365.1
Net assets, end of year	<u>\$287.4</u>	<u>\$281.9</u>	<u>\$100.8</u>	<u>\$95.6</u>	<u>\$388.2</u>	<u>\$377.5</u>

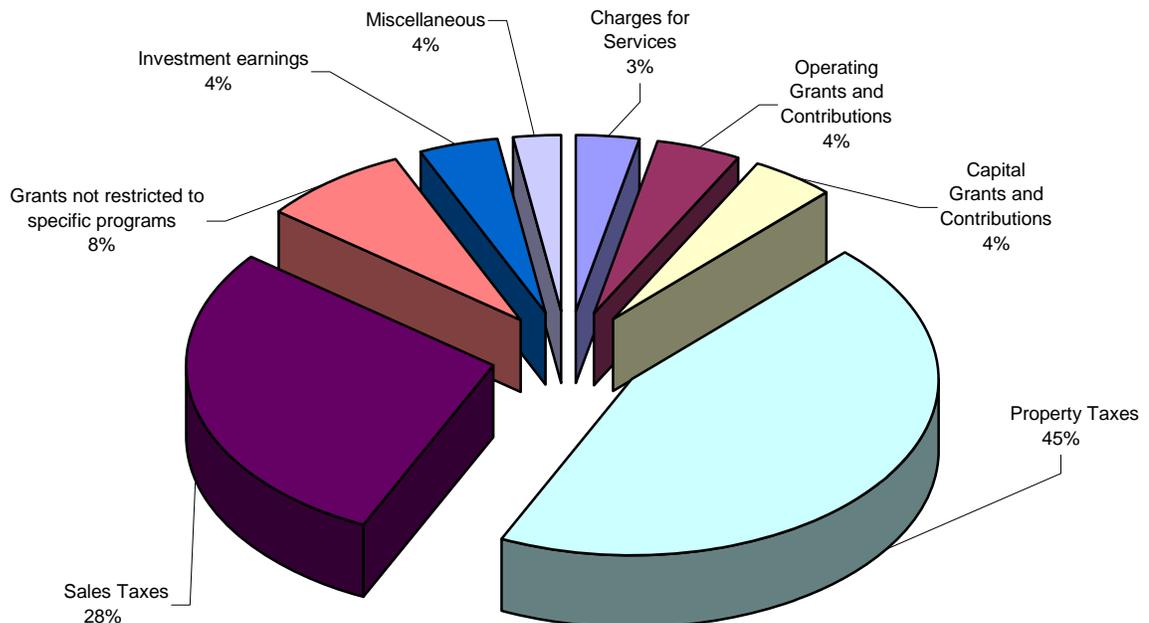
### Expenses and Program Revenues – Governmental Activities

The graph shown below compares program expenses with associated revenues. It should be noted that revenue generated through sales and property tax are considered general revenues and are therefore not included on this graph.



### Revenues by Source – Governmental Activities

The graph shown below depicts all sources of revenues, both program and general.



## **Financial Analysis of the Government's Funds**

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

### **Governmental funds.**

The focus of the Borough's governmental funds is to provide information on near-term inflow, outflows, and balances of spendable resources. Such information is useful in assessing the 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. Did the Borough generate enough revenue to pay for current obligations? What is available for spending at the end of the year?

At the end of the current fiscal year, the Borough's governmental funds reported combined ending fund balances of \$62.2 million, an increase of \$1.6 million in comparison with the prior year. A portion of this amount is reserved to indicate it is not available for new spending because it has already been committed: 1) to liquidate contracts and purchase orders of the prior period 2) to liquidate prepaid expenses, 3) or for other restricted purposes. The remainder of fund balance is unreserved (\$57.2 million); and is available for spending at the government's discretion.

Discussion of selected individual governmental funds is as follows:

#### **General Fund**

The General Fund is the chief operating fund of the Borough. At the end of the current fiscal year, unreserved fund balance was \$24.6 million, and total undesignated fund balance was \$22.6 million. Total fund balance increased \$.7 million from the prior year. Key factors include:

- Unexpected increases in revenue from the Federal Government for the PILT program of \$1,151,959 and Forestry of \$839,957.
- Interest earnings that exceeded budget by \$1.8 million due to higher than expected interest rates and fair value adjustments.
- Saving in personnel cost due to a delay in hiring replacement employees due to turnover.

#### **Bond Funded Capital Projects Fund**

Fund balance in the Bond Funded Capital Projects Fund decreased \$1,145,167 due to residual spending of bonds issued in prior years. The Bond Funded Capital Projects Fund has been reported as a major fund for consistency purposes. The fund will be major again in FY2010 due to a new bond issuance. New Solid Waste bonds of \$4,960,000 have been approved and are expected to be issued in December of 2009.

#### **Nikiski Fire Service Area Special Revenue Fund**

Fund balance in this service area increased \$322,935 or approximately 8.5% when compared to the FY08 ending fund balance. Personnel cost were \$95,979 less than budgeted due to staff turnover. In addition, interest earnings exceeded budget by \$111,837 due to higher than expected interest rates and fair value adjustments. This increase in fund balance now puts the Service Area within its fund balance range.

#### Central Emergency Service Area Special Revenue Fund

Fund balance in this service area increased \$334,252 or approximately 18.8% when compared to the FY08 ending fund balance. Expenditures and transfers out totaled \$6,256,351, an increase of \$441,526 compared to FY08. Much of this increase was the impact of staffing and equipping new stations in Funny River and Kasilof. In addition, interest earnings exceeded budget by \$121,125 due to higher than expected interest rates and fair value adjustments.

#### Road Service Area Special Revenue Fund

Fund balance in this fund increased \$548,304 or approximately 18.5% when compared to the FY08 ending fund balance. During the fiscal year, the service area received notice of funding totaling over \$16 million for capital projects. The service area redirected funds they previously appropriated for their capital project fund back, to their operating fund totaling approximately \$.7 million. These funds are expected to be appropriated in subsequent years for regular road maintenance.

#### Land Trust Special Revenue Fund

Fund balance in this fund decreased \$565,257 or approximately 9.3% when compared to the FY08 ending fund balance. The Borough is currently in the process of developing two subdivisions, which when completed will be sold to the public with the net proceeds projected to increase fund balance in this fund.

#### Environmental Protection Program Special Revenue Fund

Fund balance in this fund decreased \$560,610 or approximately 16.8% when compared to the FY08 ending fund balance. Since 1998, the Borough has received approximately \$18.0 million from the federal government to address damage caused by the spruce bark beetle. The Borough will use the remaining fund balance of \$2.8 million, over the next few years to address this issue.

#### Solid Waste Special Revenue Fund

Fund balance in this fund increased \$787,072, when compared to the FY08 ending balance, due to lower than expected cost associated with transporting waste from the Borough's transfer sites to the Soldotna Landfill and operations of the various transfer sites and landfill sites.

#### **Proprietary funds**

The Borough's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets of the hospitals at the end of the year were \$47.5 million. Other factors concerning the finances of the proprietary funds have already been addressed in the discussion of the of the Borough's business-type activities.

#### **General Fund Budgetary Highlights**

During the year there were increases of \$2,114,073 in appropriations between the original budget and the final amended budget. The three primary reasons for amending the budget are:

- Supplemental appropriations to increase revenues and expenditures due to receipt of unanticipated grant revenue.
- Increase in appropriations due to unexpected needs.

Budgetary changes can be briefly summarized as follows:

- Legal Department
  - \$60,000 to fund cost associated with a lawsuit on access to a Borough right of way.
- Non-Departmental
  - \$148,188 for match funds needed to accept federal grants totaling \$1,573,312 for conducting a voluntary buyout program in the Old Mill Subdivision located in Seward, Alaska.
  - \$383,653 to fund security measures by the City of Seward at the boat harbor from funds received from the Commercial Passenger Vessel Excise Tax.
  - \$260,059 in supplemental funding for the Kenai Peninsula Borough School District.
- Transfers
  - \$408,595 to General Government Capital Project Fund to pay for cost associated with a new cooling system for the Borough MIS department
- All departments
  - Public Employees Retirement System (PERS). The Alaska legislature enacted legislation that provided funding to political subdivisions to assist with the increase in rates for PERS. The amount provided to the Kenai Peninsula Borough was \$1,985,582 of which the General Fund received \$838,136.

Variances between the final budget and actual revenues and expenditures include the following:

- Sales tax came in \$629,000 less than budgeted, mainly due to the impact of exempting non prepared food during the period January 1 through May 31<sup>st</sup>.
- PERS assistance of \$838,138 from the State of Alaska. This is for a payment the State made on behalf of the Borough in 2009 to pay down the unfunded liability.
- Unexpected increases in revenue from the Federal Government for the PILT program of \$1,151,959 and Forestry of \$839,957.
- Personnel cost came in \$573,000 less than budgeted as positions were not filled or were delayed before being filled.

### **Capital Assets and Debt Administration**

#### **Capital assets.**

The Borough's investment in capital assets for its governmental and business-type activities as of June 30, 2009 amounts to \$352.9 million (net of accumulated depreciation), an increase of \$10.5 million from the prior year. This investment in capital assets includes land, buildings, machinery and equipment, roads, and infrastructure.

Major additions to capital assets during the current fiscal year included the following:

Various major repairs and additions to school facilities	\$ 1.8 million
Capital improvements/equipment at the Borough's two hospitals supported by Service Areas	\$17.7 million
A variety of major repairs for existing roads and bridges	\$ 3.1 million
Various major repairs and additions to public safety facilities	\$ 3.8 million

Kenai Peninsula Borough Capital Assets  
(in millions, net of depreciation)

	Governmental activities		Business-type activities		Total	
	2009	2008	2009	2008	2009	2008
Land & Improvements	\$ 68.4	\$ 67.6	\$ 5.6	\$ 5.4	\$ 74.0	\$ 73.0
Buildings	124.9	130.5	63.1	64.5	188.0	195.0
Improvements other than buildings	18.6	19.5	.4	.9	19.0	20.4
Machinery and equipment	11.8	11.2	28.9	27.8	40.7	39.0
Infrastructure	8.3	6.8	-	-	8.3	6.8
Construction in progress	9.5	6.0	13.4	2.3	22.9	8.3
Total governmental funds capital assets	<u>\$241.5</u>	<u>\$241.6</u>	<u>\$ 111.4</u>	<u>\$ 100.9</u>	<u>\$ 352.9</u>	<u>\$ 342.5</u>

Additional information on the Borough's capital assets can be found in Note E on pages 54-55 of this report.

**Long-term debt.**

At the end of the current fiscal year, the Borough had total debt outstanding of \$86.9 million, (not including bond premium) a decrease of \$8.0 million from June 30, 2008. Of this amount, \$82.6 million was bonded and backed by the full faith and credit of the Borough or Service Areas of the Borough. The remaining debt consists of debt secured by equipment, for pension obligation, and landfill closure cost. The schedule shown below does not include compensated absences.

Kenai Peninsula Borough Outstanding Debt  
(in millions)  
June 30, 2009 and 2008

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
General obligation bonds	\$ 20.1	\$ 22.5	\$ 62.5	\$ 65.2	\$ 82.6	\$ 87.7
Other debt	3.5	6.1	.8	1.1	4.3	7.2
Total outstanding debt	<u>\$ 23.6</u>	<u>\$ 28.6</u>	<u>\$ 63.3</u>	<u>\$ 66.3</u>	<u>\$ 86.9</u>	<u>\$ 94.9</u>

Additional information on the Borough's long-term debt can be found in note H on pages 56-58 of this report.

The Borough normally uses the Alaska Municipal Bond Bank (Bond Bank) to sell its bonds. The Bond Bank has a rating of A1 from Moody's Investors Services. The last bonds the Borough sold that did not go through the Bond Bank were the Central Peninsula Hospital Service Area general obligation bonds that were sold in December 2003, which had a rating of Aaa.

## **Economic Factors and the Next Year's Budget and Rates**

Unemployment stood at 8.2%, an increase from the prior year rate of 7.7%; this compares to the statewide average of 7.2%.

In 2001, the Borough established a fund balance policy. The results of this policy indicated that the General Fund, fund balance was in excess of both the minimum amount and the maximum amount. With fund balance in excess of recommended amounts, the Borough was able to reduce the mill rate from 8.0 mills in FY00 to 7.5 in FY01, to 7.0 mills in FY02 and to 6.5 mills in FY03 through FY07. The mill rate was further reduced to 5.5 mills for FY08 and to 4.5 in FY09. To maintain the General Fund, fund balance within the policy range while at the same time providing Borough taxpayers a reduction in the mill rate, the area-wide sales tax rate was increased from 2% to 3%, effective January 1, 2008.

As part of the FY09 State of Alaska budget, the Alaska legislature passed legislation that provided funding for PERS cost in excess of 22%, which was paid directly to PERS. The savings impact Borough-wide is approximately \$2.0 million. This is only a temporary fix to the problem. If similar funding is not provided in FY10 and out years, the PERS rate is expected to be over 40%.

In setting the budgets for FY10, the Borough considered a number of issues with Borough wide impact, among them:

- A sufficient level of funding necessary to meet the needs of Borough residents, visitors and communities.
- A continued reduction in the historical variance between budget and actual revenues and expenditures.
- Maintenance of the Borough's financial condition including compliance with the Borough's fund balance policy.
- The highest level of local educational funding that Borough's residents can reasonably afford and sustain.
- A high quality capital and operational maintenance program that ensures the continued use and economic value of Borough assets.

## **Request for Information**

This financial report is designed to provide a general overview of the Borough's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Director of Finance, Kenai Peninsula Borough, 144 N. Binkley, Soldotna, Alaska, 99669.

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**BASIC FINANCIAL STATEMENTS**

**Kenai Peninsula Borough**

**Statement of Net Assets  
June 30, 2009**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and short-term investments	\$ 51,602	\$ 25,069,622	\$ 25,121,224	\$ 38,986
Equity in central treasury	76,813,791	7,995,272	84,809,063	38,371,440
Receivables (net of allowances for estimated uncollectibles):				
Taxes receivable	6,130,871	145,067	6,275,938	-
Accounts receivable	213,786	19,881,031	20,094,817	62,588
Land sale contracts receivable:				
Current	178,756	-	178,756	-
Delinquent	3,859	-	3,859	-
Due from other governments	3,376,902	-	3,376,902	2,532,313
Due from special assessment districts	798,594	-	798,594	-
Prepays	1,905	749,027	750,932	857,300
Inventory	-	3,452,908	3,452,908	1,061,225
Land sale contracts receivable - Long-term	778,349	-	778,349	-
Unamortized bond issuance costs	-	52,254	52,254	-
Net pension asset	-	290,076	290,076	-
Restricted assets	-	8,313,434	8,313,434	-
Assets whose use is limited - Investments	-	5,872,154	5,872,154	-
Capital assets (net of accumulated depreciation):				
Land and land improvements	68,407,360	5,650,993	74,058,353	-
Buildings	124,903,476	63,055,436	187,958,912	-
Improvements other than buildings	18,459,569	411,999	18,871,568	-
Equipment	11,865,715	28,882,759	40,748,474	2,598,361
Construction in progress	9,355,097	13,392,758	22,747,855	-
Infrastructure	8,530,827	-	8,530,827	-
<b>Total assets</b>	<b>\$ 329,870,459</b>	<b>\$ 183,214,790</b>	<b>\$ 513,085,249</b>	<b>\$ 45,522,213</b>
<b>Liabilities</b>				
Accounts, contracts and retainage payable	5,886,147	8,761,589	14,647,736	381,007
Accrued payroll and payroll taxes	521,964	3,806,504	4,328,468	9,238,891
Accrued interest	98,951	1,042,354	1,141,305	-
Unearned revenue	9,472,204	929,347	10,401,551	-
Noncurrent liabilities:				
Compensated absences:				
Due within one year	735,001	768,865	1,503,866	36,917
Due in more than one year	2,133,349	2,306,594	4,439,943	3,107,780
Long-term debt:				
Due within one year	2,458,831	3,134,650	5,593,481	-
Due in more than one year, net	21,162,896	61,670,823	82,833,719	-
<b>Total liabilities</b>	<b>42,469,343</b>	<b>82,420,726</b>	<b>124,890,069</b>	<b>12,764,595</b>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	221,768,745	52,461,216	274,229,961	2,598,361
Restricted for:				
Public health	-	773,825	773,825	-
Solid waste	3,457,727	-	3,457,727	-
Public safety	2,785,443	-	2,785,443	-
Education	214,863	-	214,863	570,373
Unrestricted	59,174,338	47,559,023	106,733,361	29,588,884
<b>Total net assets</b>	<b>\$ 287,401,116</b>	<b>\$ 100,794,064</b>	<b>\$ 388,195,180</b>	<b>\$ 32,757,618</b>

The accompanying notes are an integral part of the financial statements.

**Kenai Peninsula Borough**

**Statement of Activities  
For the Year Ended June 30, 2009**

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Function/Program activities</b>				
<b>primary government</b>				
Governmental activities:				
General government	\$ 16,353,718	\$ 777,538	\$ 2,638,710	\$ 140,915
Solid waste	7,089,368	460,064	175,754	-
Public safety	14,422,777	1,867,890	1,245,749	1,345,679
Recreation	1,847,522	219,188	93,103	113,661
Education	49,039,690	-	336,281	1,023,636
Roads and trails	6,231,915	-	60,571	1,876,355
Interest on long-term debt	957,764	-	-	-
Total governmental activities	<u>95,942,754</u>	<u>3,324,680</u>	<u>4,550,168</u>	<u>4,500,246</u>
<b>Business type activities -</b>				
Hospitals	<u>112,328,342</u>	<u>107,798,997</u>	<u>255,010</u>	<u>1,709,281</u>
Total primary government	<u>\$ 208,271,096</u>	<u>\$ 111,123,677</u>	<u>\$ 4,805,178</u>	<u>\$ 6,209,527</u>
<b>Component unit -</b>				
Kenai Peninsula Borough School District	<u>\$ 131,903,612</u>	<u>\$ 994,849</u>	<u>\$ 14,967,746</u>	<u>\$ -</u>

**General revenues:**

Taxes:

  Property taxes

  Sales taxes

Grants not restricted to specific programs

Investment earnings

Payments from Kenai Peninsula Borough

Miscellaneous

**Special item -**

  Writeoff of NPO/OPEB

    Total general revenues and special item

Change in net assets

Net assets at beginning of year

Net assets at end of year

The accompanying notes are an integral part of the financial statements.

Net (expense) revenue and changes in net assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit
\$ (12,796,555)	\$ -	\$ (12,796,555)	\$ -
(6,453,550)	-	(6,453,550)	-
(9,963,459)	-	(9,963,459)	-
(1,421,570)	-	(1,421,570)	-
(47,679,773)	-	(47,679,773)	-
(4,294,989)	-	(4,294,989)	-
(957,764)	-	(957,764)	-
<u>(83,567,660)</u>	<u>-</u>	<u>(83,567,660)</u>	<u>-</u>
-	(2,565,054)	(2,565,054)	-
<u>(83,567,660)</u>	<u>(2,565,054)</u>	<u>(86,132,714)</u>	<u>-</u>
-	-	-	(115,941,017)
45,763,297	7,133,533	52,896,830	-
28,585,036	-	28,585,036	-
7,767,742	-	7,767,742	78,505,848
4,247,230	665,850	4,913,080	1,563,679
-	-	-	41,146,945
45,372	1,759	47,131	173,326
<u>2,576,186</u>	<u>-</u>	<u>2,576,186</u>	<u>5,024,344</u>
<u>88,984,863</u>	<u>7,801,142</u>	<u>96,786,005</u>	<u>126,414,142</u>
5,417,203	5,236,088	10,653,291	10,473,125
<u>281,983,913</u>	<u>95,557,976</u>	<u>377,541,889</u>	<u>22,284,493</u>
<u>\$ 287,401,116</u>	<u>\$ 100,794,064</u>	<u>\$ 388,195,180</u>	<u>\$ 32,757,618</u>

**Kenai Peninsula Borough**

**Governmental Funds  
Balance Sheet  
June 30, 2009**

<u>ASSETS</u>	<u>General Fund</u>	<u>Bond Funded Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and short-term investments	\$ 1,010	\$ -	\$ 18,138	\$ 19,148
Equity in central treasury	24,935,497	793,475	40,616,804	66,345,776
Receivables (net of allowances for estimated uncollectibles):				
Taxes receivable	5,870,290	-	260,581	6,130,871
Accounts receivable	15,003	-	198,783	213,786
Land sale contracts receivable:				
Current	-	-	178,756	178,756
Delinquent	-	-	3,859	3,859
Prepays	300	-	1,605	1,905
Due from other governments	1,085,809	-	2,291,093	3,376,902
Due from special assessment districts	798,594	-	-	798,594
Due from other funds	14,415	-	-	14,415
Land sale contracts receivable - Long-term	-	-	778,349	778,349
<b>Total assets</b>	<b><u>\$32,720,918</u></b>	<b><u>\$ 793,475</u></b>	<b><u>\$ 44,347,968</u></b>	<b><u>\$ 77,862,361</u></b>
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts and retainage payable	621,578	309,684	3,114,762	4,046,024
Accrued payroll and payroll taxes	264,230	-	257,734	521,964
Due to other funds	-	-	14,415	14,415
Deferred revenue	408,235	-	1,185,469	1,593,704
Unearned revenue	6,288,658	-	3,183,546	9,472,204
<b>Total liabilities</b>	<b><u>7,582,701</u></b>	<b><u>309,684</u></b>	<b><u>7,755,926</u></b>	<b><u>15,648,311</u></b>
Fund balances:				
Reserved:				
Encumbrances	533,623	192,871	4,276,754	5,003,248
Prepays	300	-	1,605	1,905
Unreserved:				
Designations:				
General Fund	1,986,637	-	-	1,986,637
Special revenue funds	-	-	9,687,234	9,687,234
Capital project funds	-	290,920	6,449,363	6,740,283
Undesignated:				
General Fund	22,617,657	-	-	22,617,657
Special revenue funds	-	-	16,177,086	16,177,086
<b>Total fund balances</b>	<b><u>25,138,217</u></b>	<b><u>483,791</u></b>	<b><u>36,592,042</u></b>	<b><u>62,214,050</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$32,720,918</u></b>	<b><u>\$ 793,475</u></b>	<b><u>\$ 44,347,968</u></b>	<b><u>\$ 77,862,361</u></b>

The accompanying notes are an integral part of the financial statements.

**Kenai Peninsula Borough**  
**Reconciliation of the Balance Sheet**  
**To the Statement of Net Assets**  
**For the Year Ended June 30, 2009**

Fund balances - total governmental funds

Amounts reported for governmental activities in the statement of net assets are different because:		62,214,050
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		239,539,887
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds:		
Bonds payable	\$ (20,164,000)	
Accrued interest	(98,951)	
Landfill closure	<u>(3,457,727)</u>	(23,720,678)
Some of the Borough's property taxes will be collected after year-end and are not available soon enough to pay for current period's expenditures and therefore are deferred in the governmental funds.		632,740
Proceeds from land sales which will be collected after year-end and are not available soon enough to pay for current period's expenditures are deferred in the governmental funds.		960,964
Internal Service Funds are used by management to charge the cost of certain activities to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the statement of net assets.		<u>7,774,153</u>
Net assets of governmental activities		<u>\$ 287,401,116</u>

The accompanying notes are an integral part of the financial statements.

**Kenai Peninsula Borough**

**Governmental Funds  
Statement of Revenues, Expenditures  
and Changes in Fund Balances  
For the Year Ended June 30, 2009**

	<b>General Fund</b>	<b>Bond Funded Capital Projects Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
Revenues:				
Property taxes	\$ 28,255,446	\$ -	\$ 17,540,932	\$ 45,796,378
Sales tax	28,585,036	-	-	28,585,036
Intergovernmental:				
Federal	4,042,495	-	1,297,968	5,340,463
State	5,435,371	-	5,984,011	11,419,382
Investment earnings	2,172,709	17,820	1,686,503	3,877,032
Other revenues	1,163,002	-	2,229,465	3,392,467
<b>Total revenues</b>	<b>69,654,059</b>	<b>17,820</b>	<b>28,738,879</b>	<b>98,410,758</b>
Expenditures:				
General government	13,333,623	-	3,233,262	16,566,885
Solid waste	-	37,276	5,604,223	5,641,499
Public safety	1,530,554	51,981	15,199,922	16,782,457
Recreation	-	-	1,596,702	1,596,702
Education	41,146,945	830,730	2,754,084	44,731,759
Roads and trails	-	-	8,099,745	8,099,745
Debt service:				
Principal	-	-	2,355,000	2,355,000
Interest and other	-	-	978,119	978,119
<b>Total expenditures</b>	<b>56,011,122</b>	<b>919,987</b>	<b>39,821,057</b>	<b>96,752,166</b>
Excess (deficiency) of revenues over expenditures	<b>13,642,937</b>	<b>(902,167)</b>	<b>(11,082,178)</b>	<b>1,658,592</b>
Other financing sources (uses):				
Transfers in	143,775	-	17,300,675	17,444,450
Transfers out	(13,108,569)	(243,000)	(4,092,881)	(17,444,450)
<b>Net other financing sources (uses)</b>	<b>(12,964,794)</b>	<b>(243,000)</b>	<b>13,207,794</b>	<b>-</b>
Net changes in fund balances	678,143	(1,145,167)	2,125,616	1,658,592
Fund balances at beginning of year	<b>24,460,074</b>	<b>1,628,958</b>	<b>34,466,426</b>	<b>60,555,458</b>
Fund balances at end of year	<b>\$ 25,138,217</b>	<b>\$ 483,791</b>	<b>\$ 36,592,042</b>	<b>\$ 62,214,050</b>

The accompanying notes are an integral part of the financial statements.

**Kenai Peninsula Borough**

**Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances of the Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2009**

Net change in fund balances - total governmental funds \$ 1,658,592

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 are depreciated over their useful lives.

Expenditures for capital assets	\$ 9,282,690	
Less current year depreciation	<u>(9,576,465)</u>	(293,775)

The net effect of various transactions involving capital assets (i.e. sales, trade-ins and donations) is to increase net assets.		140,915
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Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Principal payments		2,355,000
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Writeoff of NPO/OPEB due to the conversion of the State of Alaska Public Employees System from an agent-multiple employer plan to a cost-sharing plan. (Less) writeoff of NPO/OPEB due from other governments	3,111,022 <u>(534,836)</u>	2,576,186
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Certain revenues reported in the statement of activities are not reported in governmental funds because they do not provide current financial resources. This adjustment is to recognize the net change in unavailable revenues.

Property taxes	(33,081)	
Land sales	<u>(116,812)</u>	(149,893)

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.

Decrease in accrued interest	20,355	
Increase in landfill closure cost	<u>(495,030)</u>	(474,675)

Internal service funds are used by management to charge the cost of certain activities to individual funds. The change in net assets of internal service funds is reported with governmental activities.		<u>(395,147)</u>
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Change in net assets of governmental activities		<u>\$ 5,417,203</u>
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The accompanying notes are an integral part of the financial statements.

**Kenai Peninsula Borough**

**General Fund**

**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Property taxes	\$ 28,557,233	\$ 28,557,233	\$ 28,255,446	\$ (301,787)
Sales tax	29,214,000	29,214,000	28,585,036	(628,964)
Intergovernmental	6,561,817	6,561,817	9,477,866	2,916,049
Investment earnings	354,319	354,319	2,172,709	1,818,390
Other	1,146,000	1,146,000	1,163,002	17,002
Total revenues	<u>65,833,369</u>	<u>65,833,369</u>	<u>69,654,059</u>	<u>3,820,690</u>
<b>Expenditures:</b>				
General government:				
Assembly:				
Personnel	697,251	733,182	672,351	60,831
Supplies	20,700	23,200	18,035	5,165
Services	543,568	539,993	439,182	100,811
Capital outlay	4,800	5,875	5,416	459
Total assembly	<u>1,266,319</u>	<u>1,302,250</u>	<u>1,134,984</u>	<u>167,266</u>
Mayor:				
Personnel	995,878	1,055,802	1,029,414	26,388
Supplies	9,525	13,450	11,643	1,807
Services	(66,854)	(67,073)	(88,860)	21,787
Capital outlay	5,550	21,344	17,153	4,191
Total mayor	<u>944,099</u>	<u>1,023,523</u>	<u>969,350</u>	<u>54,173</u>
General services:				
Personnel	2,144,401	2,308,922	2,123,894	185,028
Supplies	144,180	160,637	132,378	28,259
Services	706,363	657,810	554,628	103,182
Capital outlay	31,800	56,896	50,779	6,117
Total general services	<u>3,026,744</u>	<u>3,184,265</u>	<u>2,861,679</u>	<u>322,586</u>
Legal:				
Personnel	610,966	661,703	656,118	5,585
Supplies	3,000	3,700	2,559	1,141
Services	180,276	239,576	140,490	99,086
Capital outlay	5,000	5,000	3,919	1,081
Total legal	<u>799,242</u>	<u>909,979</u>	<u>803,086</u>	<u>106,893</u>
Finance:				
Personnel	2,008,885	2,161,591	2,067,812	93,779
Supplies	13,400	20,225	18,777	1,448
Services	326,433	310,276	264,572	45,704
Capital outlay	27,683	37,015	36,447	568
Total finance	<u>2,376,401</u>	<u>2,529,107</u>	<u>2,387,608</u>	<u>141,499</u>
Assessing:				
Personnel	2,064,311	2,194,281	2,075,873	118,408
Supplies	15,700	15,880	13,445	2,435
Services	281,292	296,112	247,352	48,760
Capital outlay	25,100	25,100	24,597	503
Total assessing	<u>2,386,403</u>	<u>2,531,373</u>	<u>2,361,267</u>	<u>170,106</u>

(Continued)

The accompanying notes are an integral part of the financial statements.

**Kenai Peninsula Borough**

**General Fund**

**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - continued  
For the Year Ended June 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>Expenditures, continued:</b>				
General government, continued:				
Planning:				
Personnel	\$ 896,431	\$ 974,265	\$ 949,850	\$ 24,415
Supplies	22,000	28,067	22,396	5,671
Services	162,888	158,158	70,476	87,682
Capital outlay	18,500	22,000	17,162	4,838
Total planning	<u>1,099,819</u>	<u>1,182,490</u>	<u>1,059,884</u>	<u>122,606</u>
Capital projects administration:				
Personnel	336	80,076	90,521	(10,445)
Supplies	11,650	16,915	14,499	2,416
Services	80,856	75,591	66,953	8,638
Capital outlay	3,600	3,600	3,495	105
Total capital projects administration	<u>96,442</u>	<u>176,182</u>	<u>175,468</u>	<u>714</u>
Non-departmental:				
Personnel	9,500	9,500	15,759	(6,259)
Services	1,558,962	1,942,614	1,564,538	378,076
Total non-departmental	<u>1,568,462</u>	<u>1,952,114</u>	<u>1,580,297</u>	<u>371,817</u>
Total general government	<u>13,563,931</u>	<u>14,791,283</u>	<u>13,333,623</u>	<u>1,457,660</u>
Public safety:				
Office of emergency management:				
Personnel	914,301	984,180	930,795	53,385
Supplies	14,300	23,890	14,238	9,652
Services	759,892	750,252	566,272	183,980
Capital outlay	26,710	26,760	19,249	7,511
Total public safety	<u>1,715,203</u>	<u>1,785,082</u>	<u>1,530,554</u>	<u>254,528</u>
Education - Services	<u>40,886,886</u>	<u>41,146,945</u>	<u>41,146,945</u>	<u>-</u>
Total expenditures	<u>56,166,020</u>	<u>57,723,310</u>	<u>56,011,122</u>	<u>1,712,188</u>
Excess of revenues over expenditures	9,667,349	8,110,059	13,642,937	5,532,878
<b>Other financing sources (uses):</b>				
Transfers in	136,234	136,234	143,775	7,541
Transfers out	<u>(12,576,227)</u>	<u>(13,133,010)</u>	<u>(13,108,569)</u>	<u>24,441</u>
Net other financing sources (uses)	<u>(12,439,993)</u>	<u>(12,996,776)</u>	<u>(12,964,794)</u>	<u>31,982</u>
Net changes in fund balance	(2,772,644)	(4,886,717)	678,143	5,564,860
Fund balance at beginning of year	<u>24,460,074</u>	<u>24,460,074</u>	<u>24,460,074</u>	<u>-</u>
Fund balance at end of year	<u>\$ 21,687,430</u>	<u>\$ 19,573,357</u>	<u>\$ 25,138,217</u>	<u>\$ 5,564,860</u>

The accompanying notes are an integral part of the financial statements.

Kenai Peninsula Borough

Proprietary Funds  
Statement of Net Assets  
June 30, 2009

	Business-type Activities Enterprise Funds			Governmental Activities Internal Service Funds
	Central Peninsula Hospital	South Peninsula Hospital	Total	
<b>ASSETS</b>				
Current assets:				
Cash and short-term investments	\$ 20,977,100	\$ 4,092,522	\$ 25,069,622	\$ 32,454
Equity in central treasury	<u>4,980,089</u>	<u>3,015,183</u>	<u>7,995,272</u>	<u>10,468,015</u>
	25,957,189	7,107,705	33,064,894	10,500,469
Property taxes receivable, net	48,266	96,801	145,067	-
Patient receivables, net	12,297,940	6,160,704	18,458,644	-
Other receivables	1,314,168	108,219	1,422,387	-
Prepaid items	379,428	369,599	749,027	-
Inventory	<u>2,236,762</u>	<u>1,216,146</u>	<u>3,452,908</u>	<u>-</u>
Total current assets	<u>42,233,753</u>	<u>15,059,174</u>	<u>57,292,927</u>	<u>10,500,469</u>
Noncurrent assets:				
Unamortized bond issuance costs	-	52,254	52,254	-
Net pension asset	<u>-</u>	<u>290,076</u>	<u>290,076</u>	<u>-</u>
Restricted assets - bond funds	<u>641,352</u>	<u>7,672,082</u>	<u>8,313,434</u>	<u>-</u>
Assets whose use is limited:				
Employee health reserve	-	227,524	227,524	-
Malpractice trust/reserve	-	85,000	85,000	-
Plant replacement funds	4,898,777	-	4,898,777	-
Other reserve funds	<u>532,998</u>	<u>127,855</u>	<u>660,853</u>	<u>-</u>
Total assets whose use is limited	<u>5,431,775</u>	<u>440,379</u>	<u>5,872,154</u>	<u>-</u>
Capital assets:				
Land and land improvements	2,866,472	3,534,872	6,401,344	-
Buildings	73,288,424	32,510,072	105,798,496	-
Equipment	37,435,867	11,824,567	49,260,434	4,841,394
Improvements other than buildings	424,896	34,908	459,804	-
Construction in progress	32,452	13,360,306	13,392,758	-
Less accumulated depreciation	<u>(41,332,101)</u>	<u>(22,586,790)</u>	<u>(63,918,891)</u>	<u>(2,859,237)</u>
Total capital assets (net of accumulated depreciation)	<u>72,716,010</u>	<u>38,677,935</u>	<u>111,393,945</u>	<u>1,982,157</u>
Total noncurrent assets	<u>78,789,137</u>	<u>47,132,726</u>	<u>125,921,863</u>	<u>1,982,157</u>
Total assets	<u>\$ 121,022,890</u>	<u>\$ 62,191,900</u>	<u>\$ 183,214,790</u>	<u>\$ 12,482,626</u>

(Continued)

The accompanying notes are an integral part of the financial statements.

**Kenai Peninsula Borough**

**Proprietary Funds  
Statement of Net Assets - continued  
June 30, 2009**

	<b>Business-type Activities Enterprise Funds</b>			<b>Governmental Activities Internal Service Funds</b>
	<b>Central Peninsula Hospital</b>	<b>South Peninsula Hospital</b>	<b>Total</b>	
<b>LIABILITIES</b>				
Current liabilities:				
Accounts and contracts payable	\$ 5,288,006	\$ 2,167,653	\$ 7,455,659	\$ 81,752
Accrued payroll and payroll taxes	2,968,298	838,206	3,806,504	-
Compensated absences	2,164,515	910,944	3,075,459	735,001
Current portion of long-term debt	1,855,000	1,279,650	3,134,650	-
Interest payable	802,814	239,540	1,042,354	-
Other payables	66,482	118,523	185,005	1,758,371
Due to third party payors	1,120,925	-	1,120,925	-
Deferred revenue	<u>291,329</u>	<u>638,018</u>	<u>929,347</u>	<u>-</u>
Total current liabilities	14,557,369	6,192,534	20,749,903	2,575,124
Noncurrent liabilities - Long-term debt, net of of current portion	<u>39,309,957</u>	<u>22,360,866</u>	<u>61,670,823</u>	<u>2,133,349</u>
Total liabilities	<u>53,867,326</u>	<u>28,553,400</u>	<u>82,420,726</u>	<u>4,708,473</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	32,192,405	20,268,811	52,461,216	1,982,157
Restricted:				
Insurance uses	500,000	-	500,000	-
Unspent earnings on bond proceeds	-	25,286	25,286	-
Patron pledges	248,539	-	248,539	-
Unrestricted	<u>34,214,620</u>	<u>13,344,403</u>	<u>47,559,023</u>	<u>5,791,996</u>
Total net assets	<u>\$ 67,155,564</u>	<u>\$ 33,638,500</u>	<u>\$100,794,064</u>	<u>\$ 7,774,153</u>

The accompanying notes are an integral part of the financial statements.

**Kenai Peninsula Borough**

**Proprietary Funds  
Statement of Revenues, Expenses, and Changes in Fund Net Assets  
For the Year Ended June 30, 2009**

	<b>Business-type Activities Enterprise Funds</b>			<b>Governmental Activities Internal Service Funds</b>
	<b>Central Peninsula Hospital</b>	<b>South Peninsula Hospital</b>	<b>Total</b>	
<b>Operating revenues:</b>				
Net patient service revenues	\$ 75,150,696	\$30,306,287	\$ 105,456,983	\$ -
Other operating revenues	<u>2,213,679</u>	<u>128,335</u>	<u>2,342,014</u>	<u>9,169,748</u>
Total net operating revenues	<u>77,364,375</u>	<u>30,434,622</u>	<u>107,798,997</u>	<u>9,169,748</u>
<b>Operating expenses:</b>				
Nursing services	19,654,744	7,936,465	27,591,209	-
Other professional services	17,358,265	8,457,613	25,815,878	6,888,724
General services	7,622,849	3,273,655	10,896,504	-
Fiscal and administrative services	26,151,080	9,549,755	35,700,835	2,758,250
Depreciation	<u>8,029,758</u>	<u>2,098,910</u>	<u>10,128,668</u>	<u>299,912</u>
Total operating expenses	<u>78,816,696</u>	<u>31,316,398</u>	<u>110,133,094</u>	<u>9,946,886</u>
Operating income (loss)	<u>(1,452,321)</u>	<u>(881,776)</u>	<u>(2,334,097)</u>	<u>(777,138)</u>
<b>Non-operating revenues (expenses):</b>				
General property taxes	3,570,132	3,563,401	7,133,533	-
Investment earnings	472,626	193,224	665,850	370,198
Intergovernmental - grants	-	81,016	81,016	-
Gain on disposal of assets	-	1,759	1,759	-
Interest expense	(1,730,222)	(417,417)	(2,147,639)	-
Other	<u>173,994</u>	<u>(47,609)</u>	<u>126,385</u>	<u>11,793</u>
Net non-operating revenues (expenses)	<u>2,486,530</u>	<u>3,374,374</u>	<u>5,860,904</u>	<u>381,991</u>
Income before capital contributions	1,034,209	2,492,598	3,526,807	(395,147)
Contributed grants	<u>1,273,652</u>	<u>435,629</u>	<u>1,709,281</u>	<u>-</u>
Change in net assets	2,307,861	2,928,227	5,236,088	(395,147)
Net assets at beginning of year	<u>64,847,703</u>	<u>30,710,273</u>	<u>95,557,976</u>	<u>8,169,300</u>
Net assets at end of year	<u>\$ 67,155,564</u>	<u>\$33,638,500</u>	<u>\$ 100,794,064</u>	<u>\$ 7,774,153</u>

The accompanying notes are an integral part of the financial statements.

**Kenai Peninsula Borough**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2009**

	<b>Business-type Activities</b>			<b>Governmental Activities Internal Service Funds</b>
	<b>Enterprise Funds</b>			
	<b>Central Peninsula Hospital</b>	<b>South Peninsula Hospital</b>	<b>Total</b>	
<b>Cash flows from operating activities:</b>				
Receipts from patients and users	\$ 80,024,893	\$29,828,474	\$109,853,367	\$ 9,140,491
Payments to suppliers	(23,456,432)	(10,088,701)	(33,545,133)	(7,361,526)
Payments to employees	(46,578,756)	(18,009,441)	(64,588,197)	(2,413,032)
Other receipts (payments)	(286,619)	128,335	(158,284)	29,257
Net cash provided (used) by operating activities	<u>9,703,086</u>	<u>1,858,667</u>	<u>11,561,753</u>	<u>(604,810)</u>
<b>Cash flows from noncapital financing activities:</b>				
Receipts from property taxes	3,376,179	3,597,249	6,973,428	-
Grants	289,110	33,407	322,517	-
Net cash provided by noncapital financing activities	<u>3,665,289</u>	<u>3,630,656</u>	<u>7,295,945</u>	<u>-</u>
<b>Cash flows from capital and related financing activities:</b>				
Purchase of capital assets	(8,061,215)	(12,120,884)	(20,182,099)	(430,846)
Acquisition and construction of capital assets	(834,467)	(7,470,202)	(8,304,669)	-
Short term note proceeds	-	289,840	289,840	-
Principal paid on capital debt	(1,805,000)	(1,229,840)	(3,034,840)	-
Capital grants	992,482	435,629	1,428,111	-
Principal paid on short term note	-	(289,531)	(289,531)	-
Interest paid on capital debt	(1,838,265)	(1,089,556)	(2,927,821)	-
Proceeds from sale of capital assets	-	1,861	1,861	11,793
Net cash used by capital and related financing activities	<u>(11,546,465)</u>	<u>(21,472,683)</u>	<u>(33,019,148)</u>	<u>(419,053)</u>
<b>Cash flows from investing activities:</b>				
(Increase) decrease in assets whose use is limited	1,186,260	8,833,095	10,019,355	-
Investments purchased	2,162,853	-	2,162,853	-
Interest on investments	472,626	370,364	842,990	370,198
Net cash provided by investing activities	<u>3,821,739</u>	<u>9,203,459</u>	<u>13,025,198</u>	<u>370,198</u>
Net increase in cash and cash equivalents	5,643,649	(6,779,901)	(1,136,252)	(653,665)
Cash and equity in central treasury, beginning of year (including \$1,475,819 and \$15,142,284, for CPH and SPH respectively, reported in restricted accounts)	<u>20,954,892</u>	<u>21,559,688</u>	<u>42,514,580</u>	<u>11,154,134</u>
Cash and equity in central treasury, end of year (including \$641,352 and \$7,672,082, for CPH and respectively, reported in restricted accounts)	<u>\$ 26,598,541</u>	<u>\$ 14,779,787</u>	<u>\$ 41,378,328</u>	<u>\$ 10,500,469</u>

(Continued)

The accompanying notes are an integral part of the financial statements.

**Kenai Peninsula Borough**  
**Proprietary Funds**  
**Statement of Cash Flows - continued**  
**For the Year Ended June 30, 2009**

	<b>Business-type Activities Enterprise Funds</b>			<b>Governmental Activities Internal Service Funds</b>
	<b>Central Peninsula Hospital</b>	<b>South Peninsula Hospital</b>	<b>Total</b>	
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	<u>\$ (1,452,321)</u>	<u>\$ (881,776)</u>	<u>\$ (2,334,097)</u>	<u>\$ (777,138)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	8,029,758	2,098,910	10,128,668	299,912
Other non-operating income (expense)	209,381	-	209,381	-
Change in assets and liabilities:				
(Increase) decrease in patient receivables	1,236,593	(313,294)	923,299	-
(Increase) decrease in other receivables	(729,222)	(78,447)	(807,669)	80,620
(Increase) decrease in inventory	(463,501)	(119,103)	(582,604)	-
(Increase) decrease in prepaid items	244,713	(88,146)	156,567	-
Increase (decrease) in accounts and contracts payable	1,370,665	1,261,091	2,631,756	53,764
Increase (decrease) in accrued liabilities	1,257,020	(20,568)	1,236,452	(261,968)
Total adjustments	<u>11,155,407</u>	<u>2,740,443</u>	<u>13,895,850</u>	<u>172,328</u>
Net cash provided (used) by operating activities	<u><u>\$ 9,703,086</u></u>	<u><u>\$ 1,858,667</u></u>	<u><u>\$ 11,561,753</u></u>	<u><u>\$ (604,810)</u></u>

The accompanying notes are an integral part of the financial statements.

**Kenai Peninsula Borough**  
**Fiduciary Funds**  
**Statement of Fiduciary Fund Assets & Liabilities**  
**June 30, 2009**

	<b>Agency Funds</b>
<b>Assets</b>	
Equity in central treasury	\$1,045,597
Taxes receivable	85,241
Due from landowners	718,196
 Total assets	 \$1,849,034
 <b>Liabilities</b>	
Accounts payable	-
Deposits from landowners	3,000
Deferred administration fee	74,291
Due to landowners	455,996
Loans payable	798,590
Due to other entities:	
Homer	113,859
Kachemak City	809
Kenai	235,948
Seldovia	5,540
Seward	56,829
Soldotna	104,172
 Total liabilities	 \$1,849,034

The accompanying notes are an integral part of the financial statements.

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## INDEX TO NOTES

This is a summary of significant accounting policies and other notes to the financial statements necessary for adequate disclosure.

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**Kenai Peninsula Borough  
Notes to Financial Statements  
June 30, 2009**

**I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The financial statements of the Kenai Peninsula Borough (the Borough) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Borough's accounting policies are described below.

**A. Reporting Entity**

The Kenai Peninsula Borough was incorporated January 1, 1964, under the provisions of the State of Alaska Borough Act of 1961 as a second-class borough. The Borough operates under an elected nonpartisan Mayor-Assembly form of government. The Mayor is elected at large for a three-year term. Legislative power is vested in the 9-member assembly with executive and administrative power vested with the Mayor. The Borough provides the following areawide services: assessment and collection of taxes for the Borough and cities within the Borough, planning and zoning, solid waste disposal, education, senior citizen funding, emergency management, 911 communications, post secondary education, and general administrative services. Non-areawide services provided by service areas include: hospital, fire protection, recreation, emergency medical and ambulance, senior citizen, and road maintenance and economic development. The Borough also provides tourism promotion, ports and harbor authority (not currently exercised), and special assessment authority for utility line extensions and road improvement districts on a non-areawide basis. As required by generally accepted accounting principles, these financial statements present the Kenai Peninsula Borough (the primary government) and its component units. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable.

**Blended Component Units**

The Borough has two blended component units, South Peninsula Hospital (SPH) and Central Peninsula Hospital (CPH). Both SPH and CPH were created to operate and maintain the hospitals. The hospital operated by CPH is owned by the primary government, the hospital operated by SPH is leased by the primary government under a lease that expires in 2105. The hospitals are reported as enterprise funds. SPH and CPH are reported as blended component units because they were created to operate and maintain facilities exclusively for the primary government.

Separate enterprise fund financial statements can be obtained at South Peninsula Hospital, 4300 Bartlett, Homer, Alaska, 99603 and at Central Peninsula Hospital, 250 Hospital Place, Soldotna, Alaska, 99669.

**Discretely Presented Component Unit**

The Kenai Peninsula Borough School District (the School District) is the Borough's only discretely presented component unit. The School District is discretely presented in a separate column in the basic financial statements to emphasize that the School District is legally separate from the Borough. The School District is governed by an independently elected school board; however it is financially accountable to the Borough because the Borough Assembly approves the total budget of the School District, approves the tax levy to support the budget, and approves any debt issuance, and the Borough retains all ownership of real property.

Complete financial statements of the School District can be obtained from the School District's Business Office at 148 N. Binkley, Soldotna, Alaska 99669; phone number (907) 714-8888.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, 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 certain legally separate component units for which the primary government is financially accountable. Fiduciary funds are used to account for assets held by the Borough in a trustee capacity or as an agent for others. Activities from fiduciary funds are not included in the government-wide financial statements because the Borough cannot use these assets for its operations.

The statement of activities demonstrates the degree to which the direct expenses of a given function of governmental activities and different business-type activities are offset by program revenues. Program revenues include: 1) fees, fines and charges to customers or applicants who purchase, use, or directly benefit from, goods, services, or privileges provided by a given function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirement of a particular function or program. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements.

### **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 and fiduciary 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 revenues as soon as all eligibility requirements imposed by the provider 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 when they become both measurable and available. "Measurable" means that amounts can be reasonably determined within the current period. "Available" means collectible within the current period or soon enough thereafter (60 days) to be used to pay liabilities of the current period. Major revenues susceptible to accrual include sales tax and property taxes levied and due in the current year even though a portion of the taxes may be collected in the subsequent year. Penalty on sales taxes and interest on delinquent taxes are considered measurable when paid and are recognized as revenue at that time. Intergovernmental revenues received as reimbursement for specific purposes or projects are recognized in the period the expenditures are incurred. Intergovernmental revenue received but not yet earned is recorded as deferred revenue. Property and sales taxes received prior to the time they are due are also recorded as deferred revenue. In subsequent periods, when the Borough has legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized. Revenue from land sale contracts receivable is deferred until the receivables are collected. Expenditures are recorded when the fund liability is incurred. The exception to this general rule is principal and interest on general long-term debt which is recognized when due.

The Borough reports the following major governmental funds:

The General Fund is the Borough'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 Bond Funded Capital Projects Fund accounts for all projects funded from bond proceeds. This fund is project length and does not have an annual budget. Kenai Peninsula Borough Management has chosen to reflect this fund as a major fund for consistency purposes.

The Borough reports the following major proprietary funds:

South Peninsula Hospital (SPH) Fund accounts for the activities associated with operating the South Peninsula Hospital and South Kenai Peninsula Hospital Service Area.

Central Peninsula Hospital (CPH) Fund accounts for the activities associated with operating the Central Peninsula Hospital and Central Peninsula Hospital Service Area.

Additionally, the Borough reports the following fund types:

Internal Service Funds account for risk management and equipment replacement services provided to other departments on a cost reimbursement basis, and employee compensated leave.

The Agency Funds account for tax collection services provided to other governments located within the Kenai Peninsula Borough and for utility special assessment districts billing and collections.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, are generally followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund services provided and used are not eliminated in the process of consolidation. The Borough does not use an indirect cost allocation system.

Amounts reported as program revenue include: 1) charges to customers for goods and/or services provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 SPH and CPH enterprise funds are charges to customers for services. 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.

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

#### **D. Assets, Liabilities, and Net Assets or Equity**

##### **1. Deposits and Investments**

The Borough utilizes a central treasury to aggregate cash from all funds and the School District for cash management and investment purposes. Each fund has an account titled "equity in central treasury" which is the cash balance of that particular fund. Each fund whose monies are deposited in the central treasury has equity therein. Interest income on investments is allocated monthly to participating funds based on their average equity balance during the month. Some funds, in particular the Enterprise Funds, the Special Revenue Funds of Central Emergency Services and Nikiski Fire, and the discretely presented Component Unit School District, have cash which is not aggregated in the central treasury. At June 30, 2009, investments for the government, as well as for its component units, are reported at fair value.

The Borough Code of Ordinances authorizes investment in obligations of the U. S. Treasury, its agencies and instrumentalities, bankers' acceptances of the fifty largest banks, investment grade corporate bonds, highly rated commercial paper, repurchase agreements, fully collateralized certificates of deposit, money market mutual funds, highly rated bonds and notes issued by a state or political subdivision thereof, and the Alaska Municipal League Investment Pool, Inc. The Borough ordinance places limitations on maturity of investments, and Borough investment procedures limit the level of investment type.

The Alaska Municipal League Investment Pool, Inc. (AMLIP) was created during 1993 under A.S. 37.23 and the Kenai Peninsula Borough Assembly passed an ordinance authorizing participation in the AMLIP. The AMLIP is a nonprofit

corporation organized to manage, administer and invest funds of participating public entities.

"Cash and Short Term Investments" is used to account for cash held in bank accounts for certain School District Funds and for cash and investments of the enterprise funds. "Cash on Hand" is used to account for petty cash and other cash not classified elsewhere.

"Cash and Cash Equivalents" for the purpose of the statement of cash flows, the Enterprise Funds consider all cash and investments to be cash and cash equivalents. The central treasury, which holds cash and investments, is used essentially as a cash management pool by each fund.

## 2. Receivables and Payables

All outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance is equal to 3.92% of the current year personal property tax levy.

## 3. Inventories

Inventories at the School District are carried at cost and average cost using the first in, first out (FIFO) method. These inventories consist of expendable supplies, equipment, and foodstuffs held at various warehouses for issuance to schools or other district locations. The cost of inventory items is included in expenditures when issued to schools from the central warehouse or issued for consumption. A portion of fund balance is reserved for inventory to indicate that inventory does not represent available, spendable resources even though it is a component of assets. Inventories are accounted for using the consumption method. Inventories of the Enterprise Funds are stated at the lower of cost (first-in, first-out method) or market.

## 4. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2009 are recorded as prepaid items.

## 5. Assets Whose Use Is Limited

Certain assets are classified as assets whose use is limited on the balance sheet because their use is limited by the operating boards of the hospitals. The boards retain control over these assets and may, at their discretion, use them for other purposes.

Assets whose use is limited at June 30, 2009 is as follows:

### Central Peninsula Hospital:

Plant replacement	\$ 4,898,777
Security for insurance letter-of-credit	500,000
Scholarship fund	32,998

### South Peninsula Hospital:

Employee health reserve	227,524
Student loan program	127,855
Malpractice reserve	<u>85,000</u>
Total assets whose use is limited	\$ <u>5,872,154</u>

## 6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The Borough has established a capitalization threshold of \$5,000. Only infrastructure assets acquired by the Borough after July 1, 1980, are reported. All purchased capital assets are valued at historical cost. Donated capital assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset life are not capitalized. Improvements are capitalized and depreciated over the remaining useful life of the related asset. Property, plant, and equipment of the primary government, as well as the component units, is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	10-50
Improvements other than buildings	10-50
Infrastructure	10-50
Vehicles	7-10
Equipment	5-10

## 7. Compensated Absences

The Borough and Service Areas recognize a liability for the net amount of accrued vacation and vested sick leave. Accumulated vacation may be received in cash by the employee at any time, subject to certain restrictions. Unused sick leave is vested at 25% after five years of employment, and an additional 25% is vested after ten years. Vested sick leave may only be received in cash by the employee upon termination of employment. The obligation of accumulated unpaid vacation and vested sick leave amounts to \$2,868,350 at June 30, 2009 for the Primary Government excluding the hospitals, an increase of \$149,088 from June 30, 2008. Of the total accumulated unpaid vacation and vested sick leave at June 30, 2009, \$735,001 is expected to be paid out within one year. This is an increase of \$31,776 from June 30, 2008. An internal service fund, Employee Compensated Leave Fund, was established to account for resources accumulated to provide for compensated absences for the Borough's governmental activities. The Borough does not accrue a liability for non-vested sick leave, payable only in the event of employee absence due to illness. That amount is \$1,591,777 at June 30, 2009, an increase of \$115,876 from June 30, 2008.

## 8. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, 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.

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 the debt issued and any bond premium are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance cost, whether or not withheld from the actual debt proceeds received, is reported as debt service expenditures.

## 9. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

The following list describes the reservations and designations in the governmental fund financial statements:

### Reserved for Encumbrances

Encumbrances outstanding at year-end represent the estimated amount the Borough intends to honor as a

commitment regardless of the lapse in the appropriations.

#### Reserved for Prepaids

Payments made to vendors for services that will benefit periods beyond June 30, 2009 are recorded as prepaid items. These amounts do not represent available financial resources of the fund requiring the reserve.

#### Designated for Subsequent Year's Expenditures

The unreserved portion of fund balance designated for subsequent year's expenditures is the amount that has been set aside for future year's budget.

#### Other Designations

The Borough has developed an unreserved fund balance policy. This policy established criteria for determining appropriate levels of unreserved fund balance. Some of the items include: working capital requirements, revenue volatility, expenditure contingencies, and capital expansion needs. Under the policy, the budget and financial plan must bring the fund balance into policy limits within a five-year period.

The Borough is applying all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as following all Financial Accounting Board Statements and Interpretations, issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements.

## **II – Stewardship, Compliance and Accountability**

### **A. Budgetary Information**

The budgetary data presented in the financial statements is reflective of the following procedure:

Before May 1 of each year, the Borough Mayor submits to the Borough Assembly a proposed budget for the next fiscal year of the Borough. The Assembly then conducts public hearings to obtain taxpayer comment. These budgets are legally enacted by passage of an ordinance and the mill levies are established. Alaska law mandates that tax levies be adopted no later than midnight of June 14 each year. The Borough prepares its budget on a GAAP basis.

The legal level of control is at the fund level. The Mayor may transfer unencumbered balances within a fund, which is then reported to the Assembly at their next meeting. Emergency appropriations to meet public emergencies affecting life, health, welfare, or property may be made by the Assembly by ordinance without notice of public hearing. An emergency appropriation is effective for 60 days. Other supplemental appropriations may be made only after a 30-day notice of public hearing.

The Kenai Peninsula Borough School Board is required by Alaska law to adopt and submit their annual budget to the Kenai Peninsula Borough Assembly by May 1 of each year for approval by the Assembly of the total amount. Within 30 days after receipt of the School District budget, the Borough Assembly must determine the total amount of funds to be made available from local sources for school purposes and must furnish the Board of Education with a statement of this amount. The Borough Assembly must authorize any subsequent increases in the School District budget.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except certain special revenue funds which are grant and project funded and capital project funds, which adopt project-length budgets. All annual appropriations lapse at fiscal year end.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

### III – Detailed Notes on all Funds

#### A. Deposit and investment risk disclosure

As of June 30, 2009, the Borough's investments were as follows:

<u>INVESTMENT</u>	<u>MATURITIES</u>	<u>FAIR VALUE</u>
<b><u>Internally Pooled Investments held in Central Treasury:</u></b>		
Repurchase agreements		\$ 5,680,978
Wells Fargo Secured Institutional Money Market		2,177,642
External investment pool	31 day average	21,681,405
U. S. Agencies	July 2009 - April 2014	64,909,609
U. S. Treasury Notes	May 2011 – April 2014	4,885,426
General Electric Capital Corporate Bonds	September 2009	2,040,076
Bank of New York Corporate Bonds	December 2009	1,545,260
Wal-Mart Stores Corporate Bonds	July 2010	1,045,165
Wells Fargo Company Corporate Bonds	January 2011	1,841,797
U.S Bank N.A. Corporate Bonds	August 2011	1,647,094
Morgan Stanley Corporate Bonds	September 2011	2,544,700
American Express Bank Corporate Bonds	December 2011	2,074,730
CitiGroup Inc. Corporate Bonds	December 2011	2,060,894
Regions Bank Corporate Bonds	December 2011	2,442,957
Pfizer Inc. Corporate Bonds	March 2012	1,591,845
Berkshire Hathaway Inc. Corporate Bonds	May 2012	1,067,819
Goldman Sachs Group Inc. Corporate Bonds	June 2012	1,036,344
PNC Funding Group Corporate Bonds	June 2012	1,513,073
General Electric Capital Corporate Bonds	October 2012	1,557,720
Stanford University Corporate Bonds	May 2014	1,014,363
Microsoft Corporate Bonds	June 2014	846,833
	<b>Total</b>	<b><u>125,205,730</u></b>
<b><u>Major Bond Funded Capital Project Fund Investments:</u></b>		
External investment pool	31 day average	<u>793,475</u>
	Total Investments held in Central Treasury	\$ <b><u>125,999,205</u></b>
<b><u>Business Type Activities Investments-Restricted Assets:</u></b>		
External investment pool	31 day average	<u>8,313,434</u>
<b><u>Business Type Activities Investments-Assets Whose Use is Limited:</u></b>		
External investment pool	31 day average	5,211,301
U. S. Agencies		<u>30,980</u>
	<b>Total</b>	<b><u>5,242,281</u></b>
	<b>Grand Total</b>	<b>\$ <u>139,554,920</u></b>

The Borough has adopted a formal investment policy, which seeks the preservation of capital, maintaining a sufficient level of liquidity to meet cash flow requirements, and attaining a market rate of return while taking into account risk constraints.

The AMLIP is an external investment pool, which is not SEC registered. Alaska Statute 37.23 establishes regulatory oversight of the pool. The law sets forth numerous requirements regarding authorized investments and reporting. On a monthly basis the investments in the pool are reviewed for fair value by an independent pricing service. The values of investments in the AML pool are approximately equal to fair value.

**Interest Rate Risk:** To limit its interest rate risk the Borough's investment policy requires a minimum of forty percent of the portfolio to be invested for one year or less and repurchase agreements shall not make up more that twenty percent of the portfolio. Investment maturities are limited as follows:

<u>Maturity</u>	<u>Target Maturity Level</u>	<u>Actual Investment</u>
One Year or Less	40%	41%
One to three Years	30%	39%
Three to Five Years	30%	20%

**Option Risk:** Option risk is the risk that an investment's issuer may exercise a right embedded in the investment—an embedded option. The Borough invests in securities issued by U.S. Government Agencies that contain call options. About \$8.43 million or 13.13% of the agency securities contain call options. The exercise of the call option by the issuer occurs during times of declining interest rates; therefore the Borough is exposed to the risk of having to reinvest at a lower interest rate. If call options were exercised at the first or next possible call date, all of the callable securities would mature in less than one year. The agency securities are listed below at their earliest call dates:

<u>Investment</u>	<u>Type of call</u>	<u>Next call date</u>
Federal Home Loan Mortgage Corporation	One time call	August 26, 2009
Federal National Mortgage Association	One time call	August 20, 2009
Federal National Mortgage Association	One time call	February 24, 2011
Federal Home Loan Mortgage Corporation	One time call	October 15, 2009
Federal Home Loan Mortgage Corporation	One time call	April 8, 2011

**Concentration Risk:** The Borough's investment policy limits the amount that can be invested in a security based on the type and maturity date of the investment. The percentages of investment by type are as follows:

<u>Investment Type</u>	<u>Maximum Allowable % per Investment Policy</u>	<u>Maximum Maturity per Investment Policy</u>	<u>Actual % as of June 30, 2009</u>
U.S. Treasury Securities	100%	5 years	3%
U.S. Agencies	100%	5 years	47%
Corporate bonds	50%	5 years	18%
Repurchase agreements	20%	n/a	4%
Money market funds	20%	n/a	2%
AMLIP	20%	n/a	26%
Commercial Paper	25%	270 days	0%

**Credit Rate Risk:** Alaska State Law does not have specific investment limitations. It is the Borough's policy to limit its investments to investment grade securities. Investment grade corporate bonds are defined as those with a rating of "triple b" or higher by a nationally recognized statistical rating organization (NRSROs). In the event an issuer of a corporate bond held in the portfolio having a remaining term to maturity of more than one year is downgraded to less than "triple b" by both Moody's and S&P, the security will be sold. Commercial paper must be rated A1 or higher by Moody's Investor's Service, Inc. and P1 or higher by Standard and Poor's Corporation at the time of purchase.

As of June 30, 2009 the Borough's investments in corporate bonds, and U.S. Government agencies or instruments implicitly guaranteed by the U.S. Government were rated as follows:

<b><u>INVESTMENT</u></b>	<b>Standards &amp; <u>Poor's</u></b>	<b>Moody's Investors <u>Service</u></b>
General Electric Capital Corporate Bonds	AA+	AA2
Bank of New York Corporate Bonds	A+	AA3
Wal-Mart Stores Corporate Bonds	AA	AA2
Wells Fargo Company Corporate Bonds	AA-	A1
U.S Bank N.A. Corporate Bonds	A+	AA2
Morgan Stanley Corporate Bonds	AAA	AAA
American Express Bank Corporate Bonds	AAA	AAA
CitiGroup Inc. Corporate Bonds	AAA	AAA
Regions Bank Corporate Bonds	AAA	AAA
Pfizer Inc. Corporate Bonds	AAA	AA2
Berkshire Hathaway Inc. Corporate Bonds	AAA	AA2
Goldman Sachs Group Inc. Corporate Bonds	AAA	AAA
PNC Funding Group Corporate Bonds	AAA	AAA
Stanford University Corporate Bonds	AAA	AAA
Microsoft Corporate Bonds	AAA	AAA
Federal Home Loan Bank	AAA	AAA
Federal National Mortgage Association	AAA	AAA
Federal National Mortgage Association	A	AA2
Federal Home Loan Mortgage Corporation	AAA	AAA
Federal Farm Credit Bank	AAA	AAA
Federal Farm Credit Bank	AAA	Aaa

**Custodial Credit Risk:** Custodial credit risk is the risk that in the event of the failure of a depository institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Of the Borough's \$5.7 million in repurchase agreements at June 30, 2009, \$5.45 million of the underlying securities are pledged to the Borough by the Bank. This collateral is owned by the Bank and held by the third party custodian. The Federal Deposit Insurance Corporation (FDIC) insures the remaining \$250,000.

Cash and short term investment balances at June 30, 2009, consisted of the following:

	<b><u>Carrying Amount</u></b>	<b><u>Bank Balance</u></b>
Cash and short term investments held in central treasury:		
Checking accounts:		
Borough	\$ (738,592)	\$ 437,961
Component unit (School District)	<u>(2,967,701)</u>	<u>-</u>
Total cash and short term investments held in central treasury	(3,706,293)	437,961
Other cash and investments:		
Checking and savings accounts:		
Borough	49,793	57,310
Proprietary funds	22,000,426	22,527,070
Proprietary funds – assets whose use is limited	129,873	129,873
Short-term time deposits		
Borough	4,000,000	4,000,000
Proprietary funds	3,064,481	3,064,481
Long-term time deposits		
Proprietary funds – assets whose use is limited	500,000	500,000

Cash on hand:		
Borough	1,810	-
Proprietary funds	4,715	-
Component unit (School District)	<u>38,986</u>	<u>38,986</u>
Total other cash and short term investments	<u>29,790,084</u>	<u>30,317,720</u>
Total cash and short term investments	\$ <u>26,083,791</u>	\$ <u>30,755,681</u>

The following is a summary of equity in central treasury and investments at June 30, 2009:

General Fund	\$ 24,935,497
Special revenue funds	31,588,339
Capital projects funds	9,821,580
Debt service funds	360
Enterprise funds	7,995,272
Internal service funds	10,468,015
Fiduciary funds	1,045,597
Component unit – agency funds	2,066,812
Component unit	<u>38,371,440</u>
Total equity in central treasury	\$ <u>126,292,912</u>

The equity in central treasury consists of the following:

Cash and short term investments	\$ (3,706,293)
Short-term time deposits	4,000,000
Investments	<u>125,999,205</u>
	\$ <u>126,292,912</u>

Calculation of the net increase (decrease) in the fair value of investments-aggregate method

Fair value at June 30, 2009	\$ 125,999,205
Add: cost of investments sold/called/matured in FY09	86,501,084
Less: cost of investments purchased in FY09	(92,823,004)
Less: fair value at June 30, 2008	<u>(118,221,707)</u>
Change in fair value of investments	\$ <u>1,455,578</u>

## **B. Property Taxes**

The Borough bills and collects its own property taxes as well as those of the cities within the Borough. The taxes collected on behalf of the Borough cities are recorded in the Fiduciary Tax Agency Fund. Beginning with fiscal year 1989, the Borough contracted with the State of Alaska for collection of the tax on motor vehicles. This contract allows the state to collect taxes according to a prescribed schedule of values at the time of registration of an individual's motorized vehicle. The state then remits to the Borough the total collections less an 8% service fee.

The Borough is permitted by state law to levy up to \$3.00 per \$100 of assessed valuation for general government services other than the payment of principal and interest on long-term debt. State law prohibits taxation that will result in tax revenues from all sources exceeding \$1,500 per year for each person residing within the municipal boundaries or upon value that, when combined with the value of property otherwise taxable by the Borough, exceeds the product of 225 percent of the average per capita assessed full and true value of property in the state multiplied by the number of residents. The Borough is within these limits.

The Borough also collects its own sales tax as well as that of the cities within the Borough. The Borough-wide sales tax rate is 3%, while the city rates vary from 3% - 4.5%. The sales tax collections for Borough cities are recorded in the Fiduciary Tax Agency Fund.

### Property Tax Calendar

Assessment date	January 1, 2008	Total taxes are due	October 15, 2008
Levy date	Not later than June 15, 2008	Penalties & interest added	October 17, 2008
Tax bills mailed	Not later than July 1, 2008	Lien date	April 15, 2009

Property taxes levied for the current year are recognized as revenues, even though a portion is collectible in the period subsequent to the yearend. The Borough's property tax collection records show that approximately 97.80% of the property taxes due were collected within 60 days after the due date. Assessed values are established by the Kenai Peninsula Borough assessor's office. Borough code requires a revaluation of all property be completed no less than every 5 years. The current average is approximately every 7 years.

#### C. Receivables

Receivables at June 30, 2009 for the government's individual major funds and business-type fund and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Proprietary</u>	<u>Nonmajor Other Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Taxes	\$ 5,907,665	\$ 152,553	\$ 266,860	\$ 85,241	\$ 6,412,319
Patient	-	24,864,464	-	-	24,864,464
Accounts and other	15,003	1,422,387	198,783	718,196	2,354,369
Land sale contracts	-	-	960,964	-	960,964
Intergovernmental	1,085,809	-	2,291,093	-	3,376,902
Interfund	<u>798,594</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>798,594</u>
Total receivables	7,807,071	26,439,404	3,717,700	803,437	38,767,612
Less allowance for uncollectibles	<u>(37,375)</u>	<u>(6,413,306)</u>	<u>(6,279)</u>	<u>-</u>	<u>(6,456,960)</u>
	<u>\$ 7,769,696</u>	<u>\$20,026,098</u>	<u>\$ 3,711,421</u>	<u>\$ 803,437</u>	<u>\$ 32,310,652</u>

#### D. Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At June 30, 2009, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable (General Fund)	\$ 408,235	\$ 3,162,138
Property taxes receivable (nonmajor governmental funds)	224,505	3,129,115
Miscellaneous prepaid (General Fund)	-	303
Land sale receivables	960,964	-
Grant funds received prior to meeting all eligibility requirements	<u>-</u>	<u>3,180,648</u>
Total deferred/unearned revenue for governmental funds	<u>\$ 1,593,704</u>	<u>\$ 9,472,204</u>

## E. Capital Assets

Capital asset activity for the year ended June 30, 2009 was as follows:

### **Primary Government**

<b>Governmental activities:</b>	<b>Balance July 1, 2008</b>	<b>Additions / Transfers</b>	<b>Deletions / Transfers</b>	<b>Balance June 30, 2009</b>
Capital assets, not being depreciated:				
Land	\$ 67,553,002	\$ 872,975	\$ (18,617)	\$ 68,407,360
Construction in progress	<u>5,978,584</u>	<u>3,376,513</u>	<u>-</u>	<u>9,355,097</u>
Total capital assets, not being depreciated	<u>73,531,586</u>	<u>4,249,488</u>	<u>(18,617)</u>	<u>77,762,457</u>
Capital assets, being depreciated:				
Buildings	283,792,679	488,650	-	284,281,329
Improvements other than buildings	65,729,987	661,687	-	66,391,674
Machinery and equipment	27,937,679	2,456,255	(253,428)	30,140,506
Infrastructure	<u>7,393,903</u>	<u>1,998,370</u>	<u>-</u>	<u>9,392,273</u>
Total capital assets, being depreciated	<u>384,854,248</u>	<u>5,604,962</u>	<u>(253,428)</u>	<u>390,205,782</u>
Less accumulated depreciation for:				
Buildings	(153,275,924)	(6,101,929)	-	(159,377,853)
Improvements other than buildings	(46,228,128)	(1,703,977)	-	(47,932,105)
Machinery and equipment	(16,701,655)	(1,826,565)	253,429	(18,274,791)
Infrastructure	<u>(617,540)</u>	<u>(243,906)</u>	<u>-</u>	<u>(861,446)</u>
Total accumulated depreciation	<u>(216,823,247)</u>	<u>(9,876,377)</u>	<u>253,429</u>	<u>(226,446,195)</u>
Total capital assets, being depreciated, net	<u>168,031,001</u>	<u>(4,271,415)</u>	<u>(1)</u>	<u>163,759,587</u>
Governmental activities capital assets, net	\$ <u>241,562,587</u>	\$ <u>(21,927)</u>	\$ <u>(18,616)</u>	\$ <u>241,522,044</u>

Internal service funds predominately serve the governmental funds. Accordingly, their capital assets are included as part of the above totals for governmental activities.

<b>Business-type activities:</b>	<b>Balance July 1, 2008</b>	<b>Additions / Transfers</b>	<b>Deletions / Transfers</b>	<b>Balance June 30, 2009</b>
Capital assets, not being depreciated:				
Land	\$ 1,147,778	\$ 424,500	\$ -	\$ 1,572,278
Construction in progress	<u>2,270,999</u>	<u>11,121,759</u>	<u>-</u>	<u>13,392,758</u>
Total capital assets, not being depreciated	<u>3,418,777</u>	<u>11,546,259</u>	<u>-</u>	<u>14,965,036</u>
Capital assets, being depreciated:				
Land improvements	4,727,218	102,502	(204)	4,829,066
Buildings	103,053,867	3,016,772	(272,143)	105,798,496
Improvements other than buildings	131,841	367,071	(39,107)	459,804
Machinery and equipment	<u>46,284,354</u>	<u>5,611,080</u>	<u>(2,635,001)</u>	<u>49,260,434</u>
Total capital assets, being depreciated	<u>154,197,280</u>	<u>9,096,975</u>	<u>(2,946,455)</u>	<u>160,347,800</u>
Less accumulated depreciation for:				
Land Improvements	(463,373)	(287,212)	204	(750,351)

	<b>Balance July 1, 2008</b>	<b>Additions / Transfers</b>	<b>Deletions / Transfers</b>	<b>Balance June 30, 2009</b>
Buildings	(38,634,252)	(4,380,942)	272,134	(42,743,060)
Improvements other than buildings	(43,268)	(29,132)	24,595	(47,805)
Machinery and equipment	<u>(17,578,756)</u>	<u>(5,431,382)</u>	<u>2,632,464</u>	<u>(20,377,675)</u>
Total accumulated depreciation	<u>(56,719,619)</u>	<u>(10,128,668)</u>	<u>2,929,396</u>	<u>(63,918,891)</u>
Total capital assets, being depreciated, net	<u>97,477,661</u>	<u>(1,031,692)</u>	<u>(17,060)</u>	<u>96,428,909</u>
Business-type activities capital assets, net	\$ <u>100,896,438</u>	\$ <u>10,514,567</u>	\$ <u>(17,060)</u>	\$ <u>111,393,945</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

**Governmental activities:**

General government	\$ 387,313
Senior citizens	4,876
Public safety	1,270,134
Solid waste facilities	1,243,762
Road maintenance, including infrastructure assets	262,608
Recreation	381,324
Schools	6,026,448
Capital assets held by the government's internal service fund are charged to the various functions based on their usage of the assets	<u>299,912</u>

Total depreciation expense - governmental activities \$ 9,876,377

**Business-type activities:**

Hospitals:	
Central Peninsula Hospital	\$ 8,029,758
South Peninsula Hospital	<u>2,098,910</u>
Total depreciation expense - business-type activities	<u>\$10,128,668</u>

Construction commitments:

The Borough has numerous active construction projects as of June 30, 2009. The projects include major repair of existing roads, improvement to school facilities, public safety facilities and recreation facility upgrades. At year-end the Borough's commitments with contractors are as follows:

<b><u>Projects</u></b>	<b><u>Remaining Commitments</u></b>	<b><u>Financing Sources</u></b>
Major repair of existing roads	\$ 678,431	Federal and State grants and local funding
Improvement to school facilities	1,268,303	General obligation bonds and local funding
Landfill closure and site upgrades	80,678	Federal grants and local funding
Public safety facilities	298,354	Federal and State grants, General obligation bonds and local funding
Land management projects	445,822	Local funding
Recreational facility upgrades	<u>603,344</u>	Federal and State grants and local funding
Total	<u>\$ 3,870,403</u>	

**Discretely presented component unit**

Capital asset activity for Kenai Peninsula Borough School District for the year ended June 30, 2009 was as follows:

	<u>Balance July 1, 2008</u>	<u>Additions / Transfers</u>	<u>Deletions / Transfers</u>	<u>Balance June 30, 2009</u>
<b>Governmental activities:</b>				
Capital assets being depreciated:				
Machinery and equipment	\$ 6,271,013	\$ 554,398	\$(172,123)	\$ 6,653,288
Less accumulated depreciation for:				
Machinery and equipment	<u>(3,789,796)</u>	<u>(406,071)</u>	<u>140,940</u>	<u>(4,054,927)</u>
Governmental activities capital assets, net	<u>\$ 2,481,217</u>	<u>\$ (148,327)</u>	<u>\$ (31,183)</u>	<u>\$ 2,598,361</u>

**F. Interfund Receivables, Payables and Transfers**

The composition of interfund balances as of June 30, 2009 is as follows:

The General Fund has made a short-term loan of \$14,415 to the Local Emergency Planning Committee Special Revenue Fund to cover cash needs while awaiting reimbursement from the State granting agency. The General Fund has made loans in the amount of \$798,594 to the Special Assessment Districts for utility/road improvements. Taxpayers of the utility/road improvement districts then repay the amount that is borrowed over a 10 year period.

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major fund - General Fund	\$ 813,009	\$ -
Nonmajor governmental funds	-	14,415
Agency funds	-	798,594
Total	<u>\$ 813,009</u>	<u>\$ 813,009</u>

**Interfund transfers**

Interfund transfers have been made in accordance with appropriating ordinances. The Borough collects a 3% sales tax and records the revenue in the General Fund. Sales tax, specifically dedicated to School District operations, and additional funds appropriated by the Assembly are transferred in monthly installments from the General Fund to the School District. Transfers to the School District totaled \$41,146,945.

Transfers between funds for the year ended June 30, 2009, were as follows:

	<u>Transfer In</u>		
	<u>Major Fund</u>	<u>Nonmajor Gov't Funds</u>	<u>Total</u>
<u>Transfer Out:</u>	<u>General Fund</u>		
Major Funds:			
General Fund	\$ -	\$ 13,108,569	\$ 13,108,569
Bond funded capital projects	-	243,000	243,000
Nonmajor governmental funds	<u>143,775</u>	<u>3,949,106</u>	<u>4,092,881</u>
Total	<u>\$ 143,775</u>	<u>\$ 17,300,675</u>	<u>\$ 17,444,450</u>

Significant transfers were as follows:

- General Fund transferred \$6,812,194 to the Solid Waste Special Revenue Fund to fund operations, debt service, and capital acquisitions.

- General Fund transferred \$2,310,297 to General Government Debt Service Fund to fund FY09 debt service payments on bonds sold to finance construction of school facilities and capital maintenance, of which \$1,616,817 was reimbursed by the State of Alaska.
- General Fund transferred \$1,550,000 to School Revenue Capital Projects Fund to fund capital maintenance on school facilities.
- The Bond Funded Capital Projects Fund transferred \$243,000 of interest earned to the School Revenue Capital Projects Fund to supplement the Nanwalek Teachers Housing Denali Commission Grant and Soldotna Elementary Roof Replacement project.

**G. Risk Management**

The Kenai Peninsula Borough has established an office of Risk Management and a limited self-insurance program which is codified by Borough ordinance and administered by a risk management committee. It is the responsibility of the risk management committee to insure, self-insure or select appropriate retention levels and deductibles for the risks confronting the Kenai Peninsula Borough, its service areas, and the School District. All losses and claims are reported to the Risk Management office and are handled internally within the retention and deductible level. New claims and outstanding claims are reviewed monthly by the Borough Attorney, and the Risk Manager. There were no significant changes in the amount of coverage during the current fiscal year.

The greatest exposure to financial loss confronting the Kenai Peninsula Borough and School District would be in the areas of pollution liability, auto liability and general liability due to the ownership of landfills, the fleet of vehicles operated and the number of properties owned and operated by the Borough and School District. The Borough is self-insured for pollution liability due to limited availability of coverage and the associated cost. Based on this historical evidence of claim value and the increasing ability to fund a greater level of retention, the risk management committee chose to retain the first \$250,000 of each occurrence at the beginning of fiscal year 1992.

Insurers provide annual aggregate limits up to \$11,750,000 in excess of our retention level for the exposures of general liability, auto liability, public officials' liability, educational errors and omissions, ambulance attendants' professional liability and landfill liability. Insurance coverage for these various types of liability exposure are being provided by insurers in a single package policy format. Building and contents are insured in excess of a \$100,000 deductible per occurrence, and data processing equipment and vehicles are insured in excess of a \$500 deductible per occurrence. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The Borough continues to fully insure the non-owned aircraft liability risks.

In an attempt to reduce workers compensation cost, which had increased substantially in prior years, effective October 01, 2002 the Borough became self-insured for workers' compensation, with a retention level of \$250,000.

The Kenai Peninsula Borough Insurance and Litigation Fund annually allocates the costs for insurance coverage on a proportionate share basis to the Borough, its service areas and the School District. In addition, an appropriate sum is charged for anticipated losses and claims that will be paid within the self-insured retention and deductible levels. The net assets of the fund are designated for future catastrophic losses.

	<b><u>Beginning of Fiscal Year Liability</u></b>	<b><u>Current Year Claim Estimates</u></b>	<b><u>Claim Payments</u></b>	<b><u>End of Fiscal Year Liability</u></b>
2007-2008	\$1,042,586	\$2,556,840	\$(2,030,110)	\$1,569,316
2008-2009	\$1,569,316	\$2,088,946	\$(2,511,487)	\$1,146,775

Included above is a liability for incurred but not reported (IBNR) claims of \$50,000. Experience indicates those losses or claims do not go unreported for any significant length of time, therefore, the exposure to IBNR losses or claims is minimal.

In addition, the hospital enterprise funds are exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; medical malpractice; errors and omissions; injuries to employees; and natural disasters. Each hospital purchases commercial insurance for all risks of loss except as described below.

The Central Peninsula Hospital was partially self-insured for medical malpractice claims and carried up to \$200,000 per claim during the years 1987-1995. Starting January 1, 1996, the Hospital's insurance coverage was changed to provide first dollar coverage for medical malpractice claims. In connection with this, the Hospital established a revocable trust from which its portion of any claim will be paid. At June 30, 2008, the Central Peninsula Hospital had on deposit \$2,837,864 in the trust account for payment of future claims. It should be noted the revocable trust was terminated in September 2008, due to statute of limitations having expired on claims that could have been filed during the respective period of time. The Central Peninsula Hospital maintains malpractice insurance through a claims-made commercial insurance policy. As of March 2003, the policy deductible was increased to \$500,000 per occurrence and provided coverage up to \$1,000,000 per occurrence and up to an aggregate of \$3,000,000 for claims filed within the period of the policy term. The Hospital also has \$10,000,000 of umbrella insurance coverage.

South Peninsula Hospital is insured for medical malpractice claims by a modified claims-made policy for any occurrence reported during the current policy year or renewal thereof. Management has no reason to believe that the Hospital will not be able to obtain such coverage in future periods. The Hospital also retains \$110,000 of medical claims expense per covered employee each year, with coverage limited to a lifetime maximum of \$1,000,000 per covered employee.

In addition to the risk management issues listed above, the Borough maintains a health and medical benefit program, which covers all permanent employees working more than half time. The Borough retains a major portion of the risk of this plan, and, accordingly, is liable for any employee health claims that are approved for payment. Stop-loss limits are \$200,000 for individual claims and \$1,000,000 for aggregate claims. Health and medical expenditures totaled \$4,059,761 and \$3,592,784 for the years ended June 30, 2009 and 2008 respectively, and consisted of paid claims, stop-loss premiums and administrative fees. Accruals were made based on estimates of health claims at year-end, including claims incurred but not reported. Such accruals are accounted for in the Employee Health Insurance Internal Service Fund. A schedule of the changes in the health care claims liability for the two years ended June 30, 2009 and 2008 follows:

	<b>Beginning of Fiscal Year Liability</b>	<b>Current Year Claim Estimates</b>	<b>Claim Payments</b>	<b>End of Fiscal Year Liability</b>
2007 – 2008	\$525,000	\$3,352,421	\$(3,285,833)	\$591,588
2008 – 2009	\$591,588	\$3,796,010	\$(3,776,002)	\$611,596

#### **H. Long-term debt**

**A summary of long-term liability activity is as follows:**

	<b>Beginning Balance July 1, 2008</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance June 30, 2009</b>	<b>Due within one year</b>
<b>Governmental activities:</b>					
Areawide school bonds	\$16,419,000	\$ -	\$ 1,565,000	\$14,854,000	\$ 1,595,000
Solid waste bonds	3,755,000	-	705,000	3,050,000	725,000
Central emergency services bonds	2,345,000	-	85,000	2,260,000	90,000
Compensated absences	2,719,262	2,157,080	2,007,992	2,868,350	735,001
Landfill closure / postclosure	2,962,697	601,450	106,420	3,457,727	48,831
Net pension/OPEB obligation	<u>3,111,022</u>	<u>-</u>	<u>3,111,022</u>	<u>-</u>	<u>-</u>
Total governmental activities long-term liabilities	<u>\$ 31,311,981</u>	<u>\$ 2,758,530</u>	<u>\$ 7,580,434</u>	<u>\$ 26,490,077</u>	<u>\$ 3,193,832</u>

	<u>Beginning Balance July 1, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance June 30, 2009</u>	<u>Due within one year</u>
<b>Business-type activities:</b>					
South Peninsula Hospital:					
Expansion project	\$ 23,620,000	\$ -	\$ 875,000	\$ 22,745,000	\$ 910,000
CT Scanner	1,109,570	-	354,840	754,730	369,650
Compensated absences	854,441	910,944	854,441	910,944	227,736
Central Peninsula Hospital:					
Compensated absences	2,095,831	3,536,933	3,468,249	2,164,515	541,129
Expansion project	<u>41,580,000</u>	<u>-</u>	<u>1,805,000</u>	<u>39,775,000</u>	<u>1,855,000</u>
Total business-type activities long-term liabilities	\$ <u>69,259,842</u>	\$ <u>4,447,877</u>	\$ <u>7,357,530</u>	\$ 66,350,189	\$ <u>3,903,515</u>
Unamortized premium on bonds – South Peninsula Hospital expansion project				291,836	
Deferred loss on bond refunding – South Peninsula Hospital expansion project				(151,050)	
Unamortized premium on bonds – Central Peninsula Hospital expansion project				<u>1,389,957</u>	
				\$ <u>67,880,932</u>	

The Kenai Peninsula Borough has issued general obligation bonds for acquisition and construction of schools, solid waste disposal and transfer facilities, and expansions to the two service area hospitals. The general obligation school bonds pledge the full faith and credit of the Borough, while the hospital bonds pledge the full faith and credit of the respective service area.

School Bonds. School bonds are issued for the construction and major maintenance of public schools in the Borough. Bonds are paid from the General Fund through the levy of property taxes plus funding from the State of Alaska, which partially reimburses the Borough for expenditures for school debt issues. The State of Alaska will reimburse the Borough up to 70% of the principal and interest payments on the School bonds.

#### Authorized but Unissued Bonds

Voters of the Bear Creek Fire Service Area authorized the issuance of \$1,400,000 in bonds, contingent upon receiving grant funds in the amount of \$2,100,000. Voters of the Borough in 2003 authorized the issuance of \$12,000,000 in GO bonds for expansion of the Central Peninsula Landfill. Bonds in the amount of \$7,040,000 were issued May 22, 2003. The remaining authorized but unissued amount of \$4,960,000, is expected to be issued in December 2009.

#### Net Pension Obligation

In April 2008 the Alaska Legislature passed Senate Bill (SB) 125 which converted the existing Public Employees Retirement System (PERS) from an agent-multiple employer plan to a cost-sharing plan with an effective date of July 1, 2008. Under the cost-sharing arrangement, the State of Alaska Division of Retirement and Benefits will no longer track individual employer assets and liabilities. For additional information see Note III K.

A summary of bonds payable (in thousands) at June 30, 2009, is as follows:

	<u>Date of Issue</u>	<u>Issued</u>	<u>Interest Rate</u>	<u>Maturity Dates</u>	<u>Annual Installments</u>	<u>Outstanding June 30, 2009</u>
School bonds:	01-31-07	\$ 2,515	3.95 – 5.50	2008 – 2017	\$ 215 to 305	\$ 2,095
	12-12-00	7,429	4.75 – 5.00	2001 – 2011	740 to 769	1,509
	08-07-03	<u>14,700</u>	4.00 – 6.00	2004 – 2023	610 to 1,020	<u>11,250</u>
Total school bonds		<u>24,644</u>				<u>14,854</u>

	<u>Date of Issue</u>	<u>Issued</u>	<u>Interest Rate</u>	<u>Maturity Dates</u>	<u>Annual Installments</u>	<u>Outstanding June 30, 2009</u>
Solid waste bonds	05-22-03	7,040	2.50 – 4.25	2003 – 2013	705 to 800	3,050
Central emergency services bonds	06-21-06	2,500	4.00 - 6.00	2026	85 to 185	2,260
Enterprise Fund Bonds:						
South Peninsula Hospital bonds	09-30-03	10,290	2.50 – 5.125	2004 – 2020	400 to 630	5,595
South Peninsula Hospital bonds	04-05-07	3,080	3.75 – 4.50	2007 – 2024	10 to 770	3,060
South Peninsula Hospital bonds	08-28-07	14,555	4.25 – 5.00	2008 – 2028	465 to 1,090	14,090
Central Peninsula Hospital bonds	12-17-03	<u>47,985</u>	2.50 – 5.00	2004 – 2024	1,805 to 3,670	<u>39,775</u>
Total Hospital Bonds		<u>\$ 110,094</u>				<u>\$ 62,520</u>

Debt service requirements, (not including landfill closure/postclosure, and compensated absences), at June 30, 2009 were as follows:

<u>Fiscal Year</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 2,410,000	\$ 881,110	\$ 3,134,650	\$ 2,946,952
2011	2,504,000	781,652	3,265,080	2,817,355
2012	1,795,000	676,390	3,015,000	2,675,963
2013	1,855,000	606,366	3,150,000	2,537,738
2014	1,100,000	531,128	3,295,000	2,389,557
2015-2019	5,530,000	1,908,829	19,030,000	9,370,425
2020-2024	4,610,000	672,176	24,315,000	4,053,267
2025-2029	<u>360,000</u>	<u>24,525</u>	<u>4,070,000</u>	<u>397,815</u>
Total	\$ <u>20,164,000</u>	\$ <u>6,082,176</u>	\$ <u>63,274,730</u>	\$ <u>27,189,072</u>

### **I. Conduit Debt Obligations**

In December 1998, the Kenai Peninsula Borough issued \$8,500,000 of Non-recourse Revenue Bonds on behalf of South Central Foundation for the purchase of the Native Primary Care Center in Anchorage, Alaska. The Kenai Peninsula Borough has no direct involvement with the administration of these bonds except to allow their issuance under the name of Kenai Peninsula Borough. These revenue bonds are issued under provisions of state and Federal law that provide that the bonds do not constitute an indebtedness of Kenai Peninsula Borough. The bonds do not constitute a general obligation or pledge of the full faith and credit of Kenai Peninsula Borough. Accordingly, the bonds and the related assets are not reflected in the accompanying financial statements.

A schedule of the remaining debt service on the 1998 issue bonds follows:

<u>Fiscal Years:</u>	<u>Principal</u>
2010	\$ 429,160
2011	452,160
2012	476,360
2013	501,840
2014	528,640
2015-2019	<u>2,747,375</u>
	<u>\$ 5,135,535</u>

## **J. Commitments and Contingencies**

### **1. Loss Contingencies**

The Kenai Peninsula Borough, in the normal course of its activities, is involved in various claims and pending litigations. In the opinion of management and the Borough's legal staff, the disposition of these matters is not expected to have a material adverse effect on the Borough's financial statements.

### **2. Grants**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, would become a liability of the appropriate fund.

## **K. Pension Plans**

### **1. State of Alaska Public Employees' Retirement System**

The Borough and School District participate in the Public Employees' Retirement System (PERS) or the Teachers' Retirement System (TRS). PERS and TRS were originally established as agent multiple employer plans, but were converted by legislation to cost-sharing plans, effective July 1, 2008. The plans were established and are administered by the State of Alaska Department of Administration to provide pension, postemployment healthcare, death, and disability benefits. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature.

Both plans are included in a comprehensive annual financial report that includes financial statements and other required supplemental information. The report is available at the following address:

Department of Administration  
Division of Retirement and Benefits  
P.O. Box 110203  
Juneau, Alaska 99811-0203

#### **Conversion to Cost Sharing**

In April 2008 the Alaska Legislature passed Senate Bill (SB) 125 which converted the existing Public Employees Retirement System (PERS) from an agent-multiple employer plan to a cost-sharing plan with an effective date of July 1, 2008. Under the cost-sharing arrangement, the State of Alaska Division of Retirement and Benefits will no longer track individual employer assets and liabilities. Rather, all plan costs and past service liabilities will be shared among all participating employers. The cost-sharing plan will require a uniform employer contribution rate of 22% or less of active member wages, subject to a wage floor. In addition, the legislation provides for State contributions in the event that the annually calculated and board adopted rate, which includes a provision to pay down the past-service liability, exceeds 22%. Any such additional contributions will be recognized by each employer as an on-behalf payment.

In addition, in fiscal year 2008, the State of Alaska passed legislation (SB 123) which requires that the employer contribution be calculated on all PERS eligible wages, including wages attributable to the defined contribution plan described later in these footnotes.

As a result of the conversion to cost-sharing, the Borough and School District will not be obligated to pay or to continue amortizing any prior recorded Net Pension/OPEB obligation. Accordingly, the Borough and School District have written off its June 30, 2008 net pension/OPEB obligation and has recognized a special item (gain) in the amount of \$2,576,186 and \$5,024,344 respectively in these financial statements.

#### **Funding Policy**

Regular employees are required to contribute 6.75% of their annual covered salary (2.09% for pension and 4.66% for healthcare). Police and firefighters are required to contribute 7.5% of their annual covered salary (2.32% for pension and 5.18% for healthcare). The funding policy provides for periodic employer contributions based on actuarially determined rates that, expressed as a percentage of annual covered payroll, are sufficient to accumulate sufficient assets to pay both pension and postemployment healthcare benefits when due.

Under the recently adopted cost sharing arrangement, the employer contribution rate is statutorily capped at 22% and 12.56% for PERS and TRS respectively, although State legislation currently provides that the State of Alaska will contribute any amount over statutory limit such that the total contribution equals the Alaska Retirement Management Board adopted rates. This rate will be consistent with the actuarially determined rate, but not the same as the Governmental Accounting Standards Board (GASB) Statement 45 accounting rate. The Borough and School District's contribution rates are as follows, these rates were determined as part of the June 30, 2006 actuarial valuation.

**The Borough's contribution rates for 2009 are as follows:**

	<u>Contractual Rate</u>	ARM Board <u>Adopted Rate</u>	GASB 45* <u>Rate</u>
Pension	6.82%	10.91%	8.47%
Postemployment healthcare	<u>15.18%</u>	<u>24.31%</u>	<u>37.25%</u>
Total contribution rate	<u>22.00%</u>	<u>35.22%</u>	<u>45.72%</u>

**The School District's contribution rates for 2009 are as follows:**

PERS

	<u>Contractual Rate</u>	ARM Board <u>Adopted Rate</u>	GASB 45* <u>Rate</u>
Pension	6.82%	10.91%	8.47%
Postemployment healthcare	<u>15.18%</u>	<u>24.31%</u>	<u>37.25%</u>
Total contribution rate	<u>22.00%</u>	<u>35.22%</u>	<u>45.72%</u>

TRS

	<u>Contractual Rate</u>	ARM Board <u>Adopted Rate</u>	GASB 45* <u>Rate</u>
Pension	5.84%	20.57%	18.52%
Postemployment healthcare	<u>6.72%</u>	<u>23.60%</u>	<u>40.44%</u>
Total contribution rate	<u>12.56%</u>	<u>44.17%</u>	<u>58.96%</u>

\*Using the 4.5% OPEB discount rate and disregarding future Medicare Part D payments.

The significant actuarial information and assumptions used in the most recent valuation of the plan follow:

Valuation Date	June 30, 2008
Actuarial Cost Method	Entry age normal Level percentage of pay for pension Level dollar for healthcare
Amortization Method	Level dollar, closed
Equivalent Single Amortization Period	20 years
Asset Valuation Method	5-year smoothed market
Investment Rate of Return	8.25% pension, 4.5% healthcare

Salary Scale

*Peace Officers/Firefighters*

Merit: 2.5% per year for first 6 years, 0.5% thereafter

Productivity: 0.5% per year

*Others*

Merit: 5.5% per year grading down to 1.5% after 5 years, for more than 6 years of service, 1.0% grading down to 0%

Productivity: 0.5% per year

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Payroll Growth	4.0%
Inflation	3.5%
Health Cost Trend	Medical: 8.0% in FY09 trending downward by variable amounts to 5.9% in FY15, 5.8% through FY25, 5.7% through FY50, and 5.1% through FY100 Prescription Drugs: 10.8% in FY09 trending downward by variable amounts to 5.9% in FY15, 5.8% through FY25, 5.7% through FY50 and 5.1% through FY100

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The State of Alaska Public Employees' Retirement System retiree healthcare benefits are partially funded. The PERS plan uses the percentage of ARC methodology in the development of the investment rate of return.

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Borough and the plan members at that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial values of assets.

Projected benefits for financial reporting purposes do not incorporate any potential effects of legal or contractual funding limitations.

Annual Pension and Postemployment Healthcare Cost

The Borough and School District are required to contribute 22% of covered payroll for PERS and 12.56% of covered payroll for TRS, subject to a wage floor. In addition, the State of Alaska contributed approximately 13.22% for PERS and 31.61% for TRS of covered payroll to the Plan. In accordance with the provisions of GASB Statement Number 24, the Borough and School District have recorded the State contribution \$1,985,582 and \$1,887,361 respectively in these financial statements as PERS on-behalf payments and the District has recorded \$13,021,959 in these financial statements as TRS on-behalf and related PERS/TRS expenditures/expenses. However, because the Borough and District are not statutorily obligated for these payments, these amounts are excluded from pension and OPEB cost as described here. Only one year of information is available at this time.

**Annual Pension and Post-employment Healthcare Cost - PERS**

Kenai Peninsula Borough

<u>Year Ended June 30</u>	<u>Annual Pension Cost</u>	<u>Annual OPEB Cost</u>	<u>Total Benefit Cost (TBC)</u>	<u>Borough Contributions</u>	<u>% of TBC Contributed</u>
2009	\$859,049	\$2,023,667	\$2,882,716	\$2,882,716	100%

Kenai Peninsula Borough School District

<u>Year Ended June 30</u>	<u>Annual Pension Cost</u>	<u>Annual OPEB Cost</u>	<u>Total Benefit Cost (TBC)</u>	<u>School District Contributions</u>	<u>% of TBC Contributed</u>
2009	\$812,314	\$1,809,202	\$2,621,516	\$2,621,516	100%

**Annual Pension and Post-employment Healthcare Cost - TRS**

Kenai Peninsula Borough School District

<u>Year Ended June 30</u>	<u>Annual Pension Cost</u>	<u>Annual OPEB Cost</u>	<u>Total Benefit Cost (TBC)</u>	<u>School District Contributions</u>	<u>% of TBC Contributed</u>
2009	\$2,189,749	\$2,519,744	\$4,709,493	\$4,709,493	100%

**Defined Contribution Pension Plan**

The State of Alaska Legislature approved Senate Bill 141 to create the Public Employees' Retirement System (PERS) Tier IV and Teachers' Retirement System (TRS) Tier III Defined Contribution Retirement Plan for employees hired after July 1, 2006 or for employees converting from the PERS Tier I, II or III or TRS Tier I or II defined benefit plans. The plan is administered by the State of Alaska, Department of Administration Commissioner, and benefit and contribution provisions are established by State law and may be amended only by the State Legislature. The Alaska Retirement Management Board may also amend contribution requirements. Included in the plan are individual pension accounts, retiree medical insurance plan and a separate Health Reimbursement Arrangement account that will help retired members pay medical premiums and other eligible medical expenses not covered by the medical plan. Employees are required to contribute 8.0% of their annual covered salary and the Borough and School District are required to make the following contributions:

	<u>PERS Tier IV</u>		<u>TRS Tier III</u>
	<u>Others</u>	<u>Police/Fire</u>	
Employee contribution	<u>8.00 %</u>	<u>8.00 %</u>	<u>8.00 %</u>
Individual account	5.00 %	5.00 %	7.00 %
Health reimbursement arrangement (HRA) *	3.00 %	3.00 %	3.00 %
Retiree medical plan	0.99 %	0.99 %	0.99 %
Occupational death and disability benefits	<u>0.58 %</u>	<u>1.33 %</u>	<u>0.62 %</u>
	<u>9.57 %</u>	<u>10.32 %</u>	<u>11.61 %</u>

\*Health Reimbursement Arrangement – AS 39.30.370 requires that the employer contribute “an amount equal to three percent of the employer’s average annual employee compensation.” For actual remittance, this amount is calculated as a flat rate for each full time or part-time employee per pay period.

The Borough and employee contributions to PERS including the HRA contribution for the year ended June 30, 2009 were \$546,941 and \$198,844, respectively. The School District and employee contributions to PERS, including the HRA contribution for the year ended June 30, 2009 were \$556,853 and \$201,011, respectively. The School District and employee contributions to TRS, including the HRA contribution for the year ended June 30, 2009 were \$715,527 and \$457,256, respectively.

## 2. Hospital Pension Plans

### Central Peninsula Hospital Plan Description

On July 1, 1995, the Hospital established a pension plan under Internal Revenue Code 403 (b). After the first year of employment, and at the next open enrollment period, employees who work 1,000 hours or more are eligible to participate in the Plan. The Hospital will contribute 2% of an employee's eligible salary for all eligible employees. In addition, the Hospital will match the employee's voluntary contribution up to 3% of gross pay, should the employee elect to participate. Prior to January 1, 2008, the Hospital's total contribution for each employee could not exceed \$3,400. The plan was amended on March 1, 2008 to increase Hospital contributions for each employee not to exceed \$5,000 with an effective date of January 1, 2008. The employee may contribute an additional amount above the 2% voluntary contribution. The additional amount shall not exceed the lesser of 18% of their eligible salary, or \$20,500 for employees over the age of fifty, and \$15,500 for all others. Participants are fully vested in their contributions and after five years, are 100% vested in the Hospital's matching contribution. The fund's covered payroll for the years ended June 30, 2009 and 2008 was \$29,247,351 and \$24,705,868 respectively. Total payroll for the years ended June 30, 2009 and 2008 was \$35,306,616 and \$32,024,771, respectively.

Employee contributions to the plan for the years ended June 30, 2009 and 2008 were \$1,969,030 and \$1,640,704, respectively. Employer contributions were \$1,146,052 and \$966,608 for the same periods. Total contributions to the plan were 10.7% and 10.6% of covered payroll for June 30, 2009 and June 30, 2008, respectively.

### South Peninsula Hospital Plan Description

Description of Plan. The Hospital employees participate in the South Peninsula Hospital, Inc. Employees' Pension Plan, a defined benefit single employer plan. The plan was established and is administered by the South Peninsula Hospital. The plan issues separate financial statements that are available by contacting the Hospital at South Peninsula Hospital, 4300 Bartlett Street, Homer, AK 99603.

Funding Policy. The plan's funding policy provides for actuarially determined periodic contributions by the Hospital at rates that, for individual employees, increase gradually over time so that sufficient assets will be available to pay benefits when due. The plan uses the individual aggregate actuarial cost method. The aggregate actuarial method does not identify or separately amortize unfunded liabilities. Under this method, the excess of the actuarial present value of projected benefits of the group included in an actuarial valuation over the actuarial value of assets is allocated on a level basis over the earnings of the group between the valuation date and assumed exit. This allocation is performed for the group as a whole, not as a sum of individual allocations.

Annual Pension Cost and Net Pension Obligation. The annual required contribution for the current year was determined as part of the January 1, 2008 actuarial valuation. The actuarial assumptions included: (a) September 2007 segment interests of (1) Years 0-5 – 5.260%, (2) Years 6-20 – 5.820%, and (3) Years over 20 – 6.380% rate of returns (net of administrative expenses); (b) projected salary increases of 2% per year; and (c) no inflation rate. The Hospital's annual pension cost and net pension obligation to the plan is as follows:

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Annual required contribution	\$ 497,921	\$ 559,618	\$ 703,637
Interest on net pension obligation	<u>40,306</u>	<u>39,174</u>	<u>-</u>
Annual pension cost	538,227	598,792	703,637
Contributions made	<u>(551,398)</u>	<u>(808,048)</u>	<u>(973,373)</u>
Increase (decrease) in net pension obligation	(13,171)	(209,246)	(269,736)
Net pension obligation (asset), beginning of year	<u>202,087</u>	<u>188,916</u>	<u>(20,340)</u>
Net pension obligation (asset), end of year	<u>\$ 188,916</u>	<u>\$ (20,340)</u>	<u>\$ (290,076)</u>

A schedule of funding progress is as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Liability as Percentage of Covered Payroll</u>
January 1, 2006	\$5,776,000	\$6,711,000	\$935,000	86%	\$ 9,335,000	10.02%
January 1, 2007	6,778,000	7,649,000	871,000	89%	10,241,000	8.51%
January 1, 2008	7,409,000	7,423,000	14,000	99%	10,500,000	0.13%

**L. Landfill Closure and Postclosure Care Cost**

The Governmental Accounting Standards Board issued Statement 18, "Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs", which establishes standards of accounting and financial reporting for municipal solid waste landfill closure and postclosure care costs that are required to be incurred by federal, state, or local laws or regulations. The Borough implemented this standard effective July 1, 1993.

State and Federal laws and regulations require the Borough to place a final cover on its landfills when they stop accepting waste and to perform certain maintenance and monitoring functions at the sites for up to thirty years after closure. The Borough has eight active landfills with cells having remaining useful lives of from 2 years to 10 years. The largest site has a lined cell with a remaining expected life of 2-3 years. This site has land enough for a minimum of four additional cells, which will be developed as needed and will extend the landfill life by approximately 25 years. The second largest facility has used 80% of cell capacity and will be in operation for 3-4 more years. These two facilities comprise 90% of total landfill capacity. There are also three sites which are closed, that are being monitored as required by law. As of June 30, 2009 the Borough has a recorded liability of \$3,457,727 in the government-wide financial statements for closure and postclosure cost associated with its landfills; in addition, \$3,440,213 of this amount has been reported as a designation of fund balance in the Solid Waste Special Revenue Fund and \$17,514 in the Solid Waste Capital Project Fund. These amounts are based on what it would cost to perform all closure and postclosure care in 2009; actual cost may vary from this estimate due to inflation, changes in technology, or changes in regulations. It is estimated the Borough will recognize another \$12,560,011 in expense and liability between June 30, 2009 and the year 2035, the date the landfills are expected to reach capacity.

The Borough is required by state and federal laws and regulations to make certain financial assurances, public notice and record keeping, and reporting regarding this liability. The Borough has complied with these provisions. The Borough is committed to funding the annual increase in the estimate of closure and postclosure care cost, and has established a special revenue fund for accounting for landfill operations.

**NON-MAJOR GOVERNMENTAL FUNDS**

**Kenai Peninsula Borough**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2009**

	<b>Special Revenue Funds</b>	<b>Capital Projects Funds</b>	<b>Debt Service Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>				
Cash and short-term investments	\$ 18,138	\$ -	\$ -	\$ 18,138
Equity in central treasury	31,588,339	9,028,105	360	40,616,804
Receivables (net of allowances for estimated uncollectibles):				
Taxes receivable	260,581	-	-	260,581
Accounts receivable	198,783	-	-	198,783
Land sale contracts receivable:				
Current	178,756	-	-	178,756
Delinquent	3,859	-	-	3,859
Due from other governments	654,865	1,636,228	-	2,291,093
Prepays	1,605	-	-	1,605
Land sale contracts receivable - long-term	778,349	-	-	778,349
<b>Total assets</b>	<b>\$ 33,683,275</b>	<b>\$ 10,664,333</b>	<b>\$ 360</b>	<b>\$ 44,347,968</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts and retainage payable	2,112,661	1,001,741	360	3,114,762
Accrued payroll and payroll taxes	242,501	15,233	-	257,734
Due to General Fund	14,415	-	-	14,415
Deferred revenue	4,314,769	54,246	-	4,369,015
<b>Total liabilities</b>	<b>6,684,346</b>	<b>1,071,220</b>	<b>360</b>	<b>7,755,926</b>
<b>Fund balances:</b>				
<b>Reserved:</b>				
Encumbrances	1,133,004	3,143,750	-	4,276,754
Prepays	1,605	-	-	1,605
<b>Unreserved:</b>				
<b>Designations:</b>				
Subsequent years expenditures	2,003,450	-	-	2,003,450
Landfill closure costs	3,440,213	17,514	-	3,457,727
Projects	4,243,571	6,431,849	-	10,675,420
Undesignated	16,177,086	-	-	16,177,086
<b>Total fund balances</b>	<b>26,998,929</b>	<b>9,593,113</b>	<b>-</b>	<b>36,592,042</b>
<b>Total liabilities and fund balances</b>	<b>\$ 33,683,275</b>	<b>\$ 10,664,333</b>	<b>\$ 360</b>	<b>\$ 44,347,968</b>

Kenai Peninsula Borough

Nonmajor Governmental Funds  
 Combining Statement of Revenues, Expenditures  
 and Changes in Fund Balances  
 For the Year Ended June 30, 2009

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Total Nonmajor Governmental Funds
Revenues:				
General property taxes	\$ 17,147,415	\$ -	\$ -	\$ 17,147,415
Motor vehicle tax	393,517	-	-	393,517
Intergovernmental:				
Federal	702,506	595,462	-	1,297,968
State	2,220,142	3,763,869	-	5,984,011
Investment earnings	1,449,707	236,796	-	1,686,503
Other revenues	2,229,165	300	-	2,229,465
Total revenues	<u>24,142,452</u>	<u>4,596,427</u>	<u>-</u>	<u>28,738,879</u>
Expenditures:				
General government	3,010,523	222,739	-	3,233,262
Solid waste	5,316,132	288,091	-	5,604,223
Public safety	11,386,299	3,813,623	-	15,199,922
Recreation	1,444,514	152,188	-	1,596,702
Education	931,584	1,822,500	-	2,754,084
Roads and trails	4,992,741	3,107,004	-	8,099,745
Debt service:				
Principal	-	-	2,355,000	2,355,000
Interest and other	-	-	978,119	978,119
Total expenditures	<u>27,081,793</u>	<u>9,406,145</u>	<u>3,333,119</u>	<u>39,821,057</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,939,341)</u>	<u>(4,809,718)</u>	<u>(3,333,119)</u>	<u>(11,082,178)</u>
Other financing sources (uses):				
Transfers in	8,203,549	5,764,007	3,333,119	17,300,675
Transfers out	(4,092,881)	-	-	(4,092,881)
Net other financing sources (uses)	<u>4,110,668</u>	<u>5,764,007</u>	<u>3,333,119</u>	<u>13,207,794</u>
Net change in fund balances	1,171,327	954,289	-	2,125,616
Fund balances beginning of year	<u>25,827,602</u>	<u>8,638,824</u>	<u>-</u>	<u>34,466,426</u>
Fund balances end of year	<u>\$ 26,998,929</u>	<u>\$ 9,593,113</u>	<u>\$ -</u>	<u>\$ 36,592,042</u>

**Nonmajor Special Revenue Funds**  
**Pages 72 - 94**

Special revenue funds are used for specific revenues that are legally restricted to expenditures for a specific purpose.

**Nikiski Fire Service Area Special Revenue Fund** – This fund is used to account for operating expenditures of the Nikiski Fire Service Area.

**Bear Creek Fire Service Area Special Revenue Fund** – This fund is used to account for operating expenditures of the Bear Creek Fire Service Area.

**Anchor Point Fire and Emergency Medical Service Area Special Revenue Fund** – This fund is used to account for operating expenditures of the Anchor Point Fire and Emergency Medical Service Area.

**Central Emergency Service Area Special Revenue Fund** – This fund is used to account for operating expenditures of the Central Emergency Service Area.

**Kachemak Emergency Service Area Special Revenue Fund** – This fund is used to account for operating expenditures of the Kachemak Emergency Service Area.

**Lowell Point Emergency Service Area Special Revenue Fund** – This fund is used to account for operating expenditures of the Lowell Point Emergency Service Area.

**Central Peninsula Emergency Medical Service Area Special Revenue Fund** – This fund is used to account for operating expenditures of the Central Peninsula Emergency Medical Service Area.

**North Peninsula Recreation Service Area Special Revenue Fund** - This fund is used to account for operating expenditures of the North Peninsula Recreation Service Area.

**Road Service Area Special Revenue Fund** – This fund is used to account for operating expenditures of the Road Service Area.

**Postsecondary Education Special Revenue Fund** – This fund is used to account for expenditures of the postsecondary education program.

**Land Trust Special Revenue Fund** – This fund is used to account for expenditures of the Land Trust Fund.

**Kenai River Center Special Revenue Fund** – This fund is used to account for expenditures of the Kenai River Center.

**Coastal Zone Management Special Revenue Fund** – This fund is used to account for expenditures of the Coastal Zone Management program.

**Seward Bear Creek Flood Service Area Special Revenue Fund** – This fund is used to account for operating expenditures of the Seward Bear Creek Flood Service Area.

**Disaster Relief Special Revenue Fund** – This fund is used to account for expenditures of the Disaster Relief program.

**Environmental Protection Program Special Revenue Fund** – This fund is used to account for expenditures of the environmental protection program.

**Local Emergency Planning Committee Special Revenue Fund** – This fund is used to account for expenditures of the local emergency planning program.

**Underground Storage Tank Removal and Upgrade Special Revenue Fund** – This fund is used to account for expenditures of the underground storage tank removal and upgrade program.

**Miscellaneous Grants Special Revenue Fund** – This fund is used to account for expenditures of miscellaneous grants received from the State of Alaska and the Federal Government.

**Nikiski Senior Service Area Special Revenue Fund** – This fund is used to account for expenditures of the Nikiski Senior Center.

**Solid Waste Special Revenue Fund** – This fund is used to account for expenditures of Kenai Peninsula Borough landfills.

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**Kenai Peninsula Borough**  
**Nonmajor Special Revenue Funds**  
**Combining Balance Sheet**  
**June 30, 2009**

ASSETS	Nikiski Fire Service Area	Bear Creek Fire Service Area	Anchor Point Fire and Emergency Medical Service Area	Central Emergency Service Area
Cash and short-term investments	\$ 2,019	\$ 316	\$ 200	\$ 15,203
Equity in central treasury	5,472,314	35,978	305,320	2,397,762
Receivables (net of allowances for estimated uncollectibles):				
Taxes receivable	32,114	8,590	10,318	90,870
Accounts receivable	59,474	-	-	98,608
Land sale contracts receivable:				
Current	-	-	-	-
Delinquent	-	-	-	-
Due from other governments	11,020	161,756	1,912	26,244
Prepays	-	-	-	-
Land sale contracts receivable - long-term	-	-	-	-
<b>Total assets</b>	<b>\$ 5,576,941</b>	<b>\$ 206,640</b>	<b>\$ 317,750</b>	<b>\$ 2,628,687</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts and retainage payable	41,656	17,134	5,295	76,567
Accrued payroll and payroll taxes	52,470	2,299	2,103	78,892
Due to General Fund	-	-	-	-
Deferred revenue	1,358,003	11,430	32,132	358,714
<b>Total liabilities</b>	<b>1,452,129</b>	<b>30,863</b>	<b>39,530</b>	<b>514,173</b>
Fund balances:				
Reserved:				
Encumbrances	1,300	13,541	-	-
Prepays	-	-	-	-
Unreserved:				
Designations:				
Subsequent years expenditures	639,740	-	27,582	-
Landfill closure costs	-	-	-	-
Projects	7,810	44,313	-	7,000
Undesignated	3,475,962	117,923	250,638	2,107,514
<b>Total fund balances</b>	<b>4,124,812</b>	<b>175,777</b>	<b>278,220</b>	<b>2,114,514</b>
<b>Total liabilities and fund balances</b>	<b>\$ 5,576,941</b>	<b>\$ 206,640</b>	<b>\$ 317,750</b>	<b>\$ 2,628,687</b>

<u>Kachemak Emergency Service Area</u>	<u>Lowell Point Emergency Service Area</u>	<u>Central Peninsula Emergency Medical Service Area</u>	<u>North Peninsula Recreation Service Area</u>	<u>Road Service Area</u>	<u>Post- Secondary Education</u>	<u>Land Trust</u>
\$ 200 272,033	\$ - 21,879	\$ - 15,822	\$ 200 2,268,831	\$ - 5,111,711	\$ - 108,114	\$ - 5,694,475
11,447	174	33	10,820	92,172	-	-
-	-	-	-	-	-	1,200
-	-	-	-	-	-	178,756
-	-	-	-	-	-	3,859
4,881	109	1,830	3,673	29,581	-	-
1,500	-	-	-	-	-	-
-	-	-	-	-	-	778,349
<u>\$ 290,061</u>	<u>\$ 22,162</u>	<u>\$ 17,685</u>	<u>\$ 2,283,524</u>	<u>\$ 5,233,464</u>	<u>\$ 108,114</u>	<u>\$ 6,656,639</u>
46,607	146	-	35,744	706,695	108,114	138,888
3,019	-	-	16,351	16,110	-	10,086
-	-	-	-	-	-	-
18,506	887	245	460,406	1,007,206	-	970,964
<u>68,132</u>	<u>1,033</u>	<u>245</u>	<u>512,501</u>	<u>1,730,011</u>	<u>108,114</u>	<u>1,119,938</u>
590	-	-	686	111,158	-	445,822
1,500	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	6,275	173,648	170,013	-	100,217
-	-	-	-	-	-	-
-	876	10,000	-	-	-	859,054
219,839	20,253	1,165	1,596,689	3,222,282	-	4,131,608
<u>221,929</u>	<u>21,129</u>	<u>17,440</u>	<u>1,771,023</u>	<u>3,503,453</u>	<u>-</u>	<u>5,536,701</u>
<u>\$ 290,061</u>	<u>\$ 22,162</u>	<u>\$ 17,685</u>	<u>\$ 2,283,524</u>	<u>\$ 5,233,464</u>	<u>\$ 108,114</u>	<u>\$ 6,656,639</u>

(Continued)

**Kenai Peninsula Borough**  
**Nonmajor Special Revenue Funds**  
**Combining Balance Sheet**  
**June 30, 2009**

	<u>Kenai River Center</u>	<u>Coastal Zone Management</u>	<u>Seward Bear Creek Flood</u>	<u>Disaster Relief</u>	<u>Environmental Protection Programs</u>
<b>ASSETS</b>					
Cash and short-term investments	\$ -	\$ -	\$ -	\$ -	\$ -
Equity in central treasury	170,777	-	438,642	212,358	2,691,411
Receivables (net of allowances for estimated uncollectibles):					
Taxes receivable	-	-	2,152	-	-
Accounts receivable	-	-	-	-	-
Land sale contracts receivable:					
Current	-	-	-	-	-
Delinquent	-	-	-	-	-
Due from other governments	42,023	-	1,687	-	205,857
Prepays	-	-	-	-	105
Land sale contracts receivable - long-term	-	-	-	-	-
<b>Total assets</b>	<b>\$ 212,800</b>	<b>\$ -</b>	<b>\$ 442,481</b>	<b>\$ 212,358</b>	<b>\$ 2,897,373</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts and retainage payable	40,887	-	68,560	-	110,608
Accrued payroll and payroll taxes	10,316	-	795	-	8,750
Due to General Fund	-	-	-	-	-
Deferred revenue	185	-	5,845	-	-
<b>Total liabilities</b>	<b>51,388</b>	<b>-</b>	<b>75,200</b>	<b>-</b>	<b>119,358</b>
<b>Fund balances:</b>					
<b>Reserved:</b>					
Encumbrances	44,694	-	30,000	-	244,701
Prepays	-	-	-	-	105
<b>Unreserved:</b>					
<b>Designations:</b>					
Subsequent years expenditures	7,735	-	-	172,270	-
Landfill closure costs	-	-	-	-	-
Projects	108,983	-	27,230	-	2,533,209
Undesignated	-	-	310,051	40,088	-
<b>Total fund balances</b>	<b>161,412</b>	<b>-</b>	<b>367,281</b>	<b>212,358</b>	<b>2,778,015</b>
<b>Total liabilities and fund balances</b>	<b>\$ 212,800</b>	<b>\$ -</b>	<b>\$ 442,481</b>	<b>\$ 212,358</b>	<b>\$ 2,897,373</b>

<u>Local Emergency Planning Committee</u>	<u>Underground Storage Tank Removal and Upgrades</u>	<u>Miscellaneous Grants</u>	<u>Nikiski Senior Service Area</u>	<u>Solid Waste</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,138
-	43,157	524,199	230,425	5,573,131	31,588,339
-	-	-	1,891	-	260,581
-	-	-	-	39,501	198,783
-	-	-	-	-	178,756
-	-	-	-	-	3,859
15,020	-	148,679	593	-	654,865
-	-	-	-	-	1,605
-	-	-	-	-	778,349
<u>\$ 15,020</u>	<u>\$ 43,157</u>	<u>\$ 672,878</u>	<u>\$ 232,909</u>	<u>\$ 5,612,632</u>	<u>\$ 33,683,275</u>
101	-	61,370	1,960	652,329	2,112,661
504	-	496	-	40,310	242,501
14,415	-	-	-	-	14,415
-	-	-	90,246	-	4,314,769
<u>15,020</u>	<u>-</u>	<u>61,866</u>	<u>92,206</u>	<u>692,639</u>	<u>6,684,346</u>
-	650	125,884	-	113,978	1,133,004
-	-	-	-	-	1,605
-	-	-	-	705,970	2,003,450
-	-	-	-	3,440,213	3,440,213
-	42,507	485,128	1,430	116,031	4,243,571
-	-	-	139,273	543,801	16,177,086
-	<u>43,157</u>	<u>611,012</u>	<u>140,703</u>	<u>4,919,993</u>	<u>26,998,929</u>
<u>\$ 15,020</u>	<u>\$ 43,157</u>	<u>\$ 672,878</u>	<u>\$ 232,909</u>	<u>\$ 5,612,632</u>	<u>\$ 33,683,275</u>

Kenai Peninsula Borough

Nonmajor Special Revenue Funds  
 Combining Statement of Revenues, Expenditures  
 and Changes in Fund Balances  
 For the Year Ended June 30, 2009

	<u>Nikiski Fire Service Area</u>	<u>Bear Creek Fire Service Area</u>	<u>Anchor Point Fire and Emergency Medical Service Area</u>	<u>Central Emergency Service Area</u>	<u>Kachemak Emergency Service Area</u>
Revenues:					
General property taxes	\$ 3,356,235	\$ 294,433	\$ 362,280	\$ 5,363,551	\$ 606,999
Motor vehicle tax	51,557	14,189	8,948	122,790	20,702
Intergovernmental:					
Federal	6,375	241,088	-	-	503
State	201,237	3,887	22,132	315,362	31,187
Investment earnings	241,333	9,295	15,978	187,471	24,290
Other revenues	230,399	-	4,498	587,557	-
Total revenues	<u>4,087,136</u>	<u>562,892</u>	<u>413,836</u>	<u>6,576,731</u>	<u>683,681</u>
Expenditures:					
General government	-	-	-	-	-
Solid waste	-	-	-	-	-
Public safety	3,396,084	427,555	251,721	5,309,143	646,599
Recreation	-	-	-	-	-
Education	-	-	-	-	-
Roads and trails	-	-	-	-	-
Total expenditures	<u>3,396,084</u>	<u>427,555</u>	<u>251,721</u>	<u>5,309,143</u>	<u>646,599</u>
Excess (deficiency) of revenues over (under) expenditures	<u>691,052</u>	<u>135,337</u>	<u>162,115</u>	<u>1,267,588</u>	<u>37,082</u>
Other financing sources (uses):					
Transfers in	-	-	-	13,872	-
Transfers out	(368,117)	(128,185)	(115,000)	(947,208)	(150,000)
Net other financing sources (uses)	<u>(368,117)</u>	<u>(128,185)</u>	<u>(115,000)</u>	<u>(933,336)</u>	<u>(150,000)</u>
Net change in fund balances	322,935	7,152	47,115	334,252	(112,918)
Fund balances beginning of year	<u>3,801,877</u>	<u>168,625</u>	<u>231,105</u>	<u>1,780,262</u>	<u>334,847</u>
Fund balances end of year	<u>\$ 4,124,812</u>	<u>\$ 175,777</u>	<u>\$ 278,220</u>	<u>\$ 2,114,514</u>	<u>\$ 221,929</u>

<b>Lowell Point Emergency Service Area</b>	<b>Central Peninsula Emergency Medical Service Area</b>	<b>North Peninsula Recreation Service Area</b>	<b>Road Service Area</b>	<b>Post-Secondary Education</b>	<b>Land Trust</b>
\$ 16,558	\$ 9,417	\$ 1,126,520	\$ 5,602,729	\$ -	\$ -
512	8,561	17,186	138,402	-	-
-	-	-	-	-	-
-	-	47,728	60,571	-	34,155
1,057	536	102,509	249,502	-	340,893
-	-	218,888	-	-	675,218
<u>18,127</u>	<u>18,514</u>	<u>1,512,831</u>	<u>6,051,204</u>	<u>-</u>	<u>1,050,266</u>
-	-	-	-	-	1,492,133
-	-	-	-	-	-
9,903	-	-	-	-	-
-	-	1,399,139	-	-	-
-	-	-	-	595,302	-
-	-	-	4,992,741	-	-
<u>9,903</u>	<u>-</u>	<u>1,399,139</u>	<u>4,992,741</u>	<u>595,302</u>	<u>1,492,133</u>
<u>8,224</u>	<u>18,514</u>	<u>113,692</u>	<u>1,058,463</u>	<u>(595,302)</u>	<u>(441,867)</u>
-	-	-	-	595,302	-
-	(13,872)	(200,000)	(510,159)	-	(123,390)
-	(13,872)	(200,000)	(510,159)	595,302	(123,390)
8,224	4,642	(86,308)	548,304	-	(565,257)
<u>12,905</u>	<u>12,798</u>	<u>1,857,331</u>	<u>2,955,149</u>	<u>-</u>	<u>6,101,958</u>
<u>\$ 21,129</u>	<u>\$ 17,440</u>	<u>\$ 1,771,023</u>	<u>\$ 3,503,453</u>	<u>\$ -</u>	<u>\$ 5,536,701</u>

**Kenai Peninsula Borough**

**Nonmajor Special Revenue Funds  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
For the Year Ended June 30, 2009**

	<u>Kenai River Center</u>	<u>Coastal Zone Management</u>	<u>Seward Bear Creek Flood Service Area</u>	<u>Disaster Relief</u>	<u>Environmental Protection Programs</u>
Revenues:					
General property taxes	\$ -	\$ -	\$ 196,639	\$ -	\$ -
Motor vehicle tax	-	-	7,895	-	-
Intergovernmental:					
Federal	80,804	2,177	-	-	300,576
State	36,687	-	3,640	-	-
Investment earnings	-	-	30,754	-	110,447
Other revenues	48,366	-	-	-	-
Total revenues	<u>165,857</u>	<u>2,177</u>	<u>238,928</u>	<u>-</u>	<u>411,023</u>
Expenditures:					
General government	667,201	2,177	-	-	-
Solid waste	-	-	-	-	-
Public safety	-	-	269,147	9,913	963,468
Recreation	-	-	-	-	-
Education	-	-	-	-	-
Roads and trails	-	-	-	-	-
Total expenditures	<u>667,201</u>	<u>2,177</u>	<u>269,147</u>	<u>9,913</u>	<u>963,468</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(501,344)</u>	<u>-</u>	<u>(30,219)</u>	<u>(9,913)</u>	<u>(552,445)</u>
Other financing sources (uses):					
Transfers in	547,451	-	-	-	-
Transfers out	-	(7,541)	(50,000)	-	(8,165)
Net other financing sources (uses)	<u>547,451</u>	<u>(7,541)</u>	<u>(50,000)</u>	<u>-</u>	<u>(8,165)</u>
Net change in fund balances	46,107	(7,541)	(80,219)	(9,913)	(560,610)
Fund balances beginning of year	<u>115,305</u>	<u>7,541</u>	<u>447,500</u>	<u>222,271</u>	<u>3,338,625</u>
Fund balances end of year	<u>\$ 161,412</u>	<u>\$ -</u>	<u>\$ 367,281</u>	<u>\$ 212,358</u>	<u>\$ 2,778,015</u>

<b>Local Emergency Planning Committee</b>	<b>Underground Storage Tank Removal and Upgrade</b>	<b>Miscellaneous Grants</b>	<b>Nikiski Senior Service Area</b>	<b>Solid Waste</b>	<b>Total Nonmajor Special Revenue Funds</b>
\$ -	\$ -	\$ -	\$ 212,054	\$ -	\$ 17,147,415
-	-	-	2,775	-	393,517
-	-	70,983	-	-	702,506
25,225	-	1,311,681	843	125,807	2,220,142
-	-	-	9,206	126,436	1,449,707
-	-	4,175	-	460,064	2,229,165
<u>25,225</u>	<u>-</u>	<u>1,386,839</u>	<u>224,878</u>	<u>712,307</u>	<u>24,142,452</u>
-	-	598,168	250,844	-	3,010,523
-	-	49,947	-	5,266,185	5,316,132
25,225	325	77,216	-	-	11,386,299
-	-	45,375	-	-	1,444,514
-	-	336,282	-	-	931,584
-	-	-	-	-	4,992,741
<u>25,225</u>	<u>325</u>	<u>1,106,988</u>	<u>250,844</u>	<u>5,266,185</u>	<u>27,081,793</u>
-	(325)	279,851	(25,966)	(4,553,878)	(2,939,341)
-	-	198,188	36,542	6,812,194	8,203,549
-	-	-	-	(1,471,244)	(4,092,881)
-	-	<u>198,188</u>	<u>36,542</u>	<u>5,340,950</u>	<u>4,110,668</u>
-	(325)	478,039	10,576	787,072	1,171,327
-	43,482	132,973	130,127	4,132,921	25,827,602
<u>\$ -</u>	<u>\$ 43,157</u>	<u>\$ 611,012</u>	<u>\$ 140,703</u>	<u>\$ 4,919,993</u>	<u>\$ 26,998,929</u>

Kenai Peninsula Borough

Nikiski Fire Service Area Special Revenue Fund  
 Schedule of Revenues, Expenditures and Changes  
 in Fund Balance - Budget and Actual  
 For the Year Ended June 30, 2009

	Budget			Variance Positive (Negative)
	Original	Final	Actual	
Revenues:				
General property taxes	\$ 3,365,279	\$ 3,365,279	\$ 3,356,235	\$ (9,044)
Motor vehicle tax	34,914	34,914	51,557	16,643
Intergovernmental:				
Federal	-	13,475	6,375	(7,100)
State	-	189,862	201,237	11,375
Investment earnings	129,496	129,496	241,333	111,837
Other revenues	250,000	250,000	230,399	(19,601)
Total revenues	<u>3,779,689</u>	<u>3,983,026</u>	<u>4,087,136</u>	<u>104,110</u>
Expenditures:				
Personnel	2,440,763	2,693,625	2,597,646	95,979
Supplies	169,448	184,598	157,892	26,706
Services	612,034	549,184	521,601	27,583
Capital outlay	135,524	133,699	118,945	14,754
Total expenditures	<u>3,357,769</u>	<u>3,561,106</u>	<u>3,396,084</u>	<u>165,022</u>
Excess (deficiency) of revenues over expenditures	<u>421,920</u>	<u>421,920</u>	<u>691,052</u>	<u>269,132</u>
Other financing sources (uses):				
Transfers (out)	<u>(368,117)</u>	<u>(368,117)</u>	<u>(368,117)</u>	<u>-</u>
Net change in fund balance	53,803	53,803	322,935	269,132
Fund balance at beginning of year	<u>3,801,877</u>	<u>3,801,877</u>	<u>3,801,877</u>	<u>-</u>
Fund balance at end of year	<u>\$ 3,855,680</u>	<u>\$ 3,855,680</u>	<u>\$ 4,124,812</u>	<u>\$ 269,132</u>

Kenai Peninsula Borough

**Bear Creek Fire Service Area Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2009**

	<u>Budget</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
General property taxes	\$ 284,186	\$ 284,186	\$ 294,433	\$ 10,247
Motor vehicle tax	12,664	12,664	14,189	1,525
Intergovernmental:				
Federal	-	294,356	241,088	(53,268)
State	-	3,887	3,887	-
Investment earnings	6,155	6,155	9,295	3,140
Total revenues	<u>303,005</u>	<u>601,248</u>	<u>562,892</u>	<u>(38,356)</u>
Expenditures:				
Personnel	64,836	68,723	67,665	1,058
Supplies	23,000	31,707	29,463	2,244
Services	70,022	107,370	80,482	26,888
Capital outlay	21,000	274,869	249,945	24,924
Total expenditures	<u>178,858</u>	<u>482,669</u>	<u>427,555</u>	<u>55,114</u>
Excess (deficiency) of revenues over expenditures	<u>124,147</u>	<u>118,579</u>	<u>135,337</u>	<u>16,758</u>
Other financing sources (uses):				
Transfers (out)	<u>(125,000)</u>	<u>(128,185)</u>	<u>(128,185)</u>	<u>-</u>
Net change in fund balance	(853)	(9,606)	7,152	16,758
Fund balance at beginning of year	<u>168,625</u>	<u>168,625</u>	<u>168,625</u>	<u>-</u>
Fund balance at end of year	<u>\$ 167,772</u>	<u>\$ 159,019</u>	<u>\$ 175,777</u>	<u>\$ 16,758</u>

Kenai Peninsula Borough

**Anchor Point Fire and Emergency Medical Service Area Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2009**

	<b>Budget</b>		<b>Actual</b>	<b>Variance Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Revenues:				
General property taxes	\$ 364,578	\$ 364,578	\$ 362,280	\$ (2,298)
Motor vehicle tax	13,314	13,314	8,948	(4,366)
Intergovernmental:				
State	-	7,733	22,132	14,399
Investment earnings	8,012	8,012	15,978	7,966
Other revenues	-	-	4,498	4,498
Total revenues	<u>385,904</u>	<u>393,637</u>	<u>413,836</u>	<u>20,199</u>
Expenditures:				
Personnel	120,234	127,967	124,256	3,711
Supplies	34,200	37,950	30,756	7,194
Services	96,596	92,846	83,014	9,832
Capital outlay	16,500	16,500	13,695	2,805
Total expenditures	<u>267,530</u>	<u>275,263</u>	<u>251,721</u>	<u>23,542</u>
Excess (deficiency) of revenues over expenditures	<u>118,374</u>	<u>118,374</u>	<u>162,115</u>	<u>43,741</u>
Other financing sources (uses):				
Transfers (out)	<u>(115,000)</u>	<u>(115,000)</u>	<u>(115,000)</u>	<u>-</u>
Net change in fund balance	3,374	3,374	47,115	43,741
Fund balance at beginning of year	<u>231,105</u>	<u>231,105</u>	<u>231,105</u>	<u>-</u>
Fund balance at end of year	<u>\$ 234,479</u>	<u>\$ 234,479</u>	<u>\$ 278,220</u>	<u>\$ 43,741</u>

Kenai Peninsula Borough

Central Emergency Service Area Special Revenue Fund

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

For the Year Ended June 30, 2009

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
General property taxes	\$ 5,390,771	\$ 5,390,771	\$ 5,363,551	\$ (27,220)
Motor vehicle tax	104,011	104,011	122,790	18,779
Intergovernmental:				
State	-	287,712	315,362	27,650
Investment earnings	66,346	66,346	187,471	121,125
Other revenues	665,856	665,856	587,557	(78,299)
Total revenues	<u>6,226,984</u>	<u>6,514,696</u>	<u>6,576,731</u>	<u>62,035</u>
Expenditures:				
Personnel	3,849,838	4,130,550	3,924,178	206,372
Supplies	354,655	328,594	318,493	10,101
Services	932,590	931,865	916,510	15,355
Capital outlay	131,879	165,664	149,962	15,702
Total expenditures	<u>5,268,962</u>	<u>5,556,673</u>	<u>5,309,143</u>	<u>247,530</u>
Excess (deficiency) of revenues over expenditures	<u>958,022</u>	<u>958,023</u>	<u>1,267,588</u>	<u>309,565</u>
Other financing sources (uses):				
Transfers in	13,872	13,872	13,872	-
Transfers (out)	(735,695)	(947,208)	(947,208)	-
Net other financing sources (uses)	<u>(721,823)</u>	<u>(933,336)</u>	<u>(933,336)</u>	<u>-</u>
Net change in fund balance	236,199	24,687	334,252	309,565
Fund balance at beginning of year	<u>1,780,262</u>	<u>1,780,262</u>	<u>1,780,262</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,016,461</u>	<u>\$ 1,804,949</u>	<u>\$ 2,114,514</u>	<u>\$ 309,565</u>

Kenai Peninsula Borough

Kachemak Emergency Service Area Special Revenue Fund

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

For the Year Ended June 30, 2009

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
General property taxes	\$ 613,878	\$ 613,878	\$ 606,999	\$ (6,879)
Motor vehicle tax	19,738	19,738	20,702	964
Intergovernmental:				
Federal	-	-	503	503
State	-	8,733	31,187	22,454
Investment earnings	8,628	8,628	24,290	15,662
Total revenues	<u>642,244</u>	<u>650,977</u>	<u>683,681</u>	<u>32,704</u>
Expenditures:				
Personnel	85,700	111,726	111,726	-
Supplies	13,200	44,370	44,252	118
Services	322,783	419,263	419,263	-
Capital outlay	44,462	72,085	71,358	727
Total expenditures	<u>466,145</u>	<u>647,444</u>	<u>646,599</u>	<u>845</u>
Excess (deficiency) of revenues over expenditures	<u>176,099</u>	<u>3,533</u>	<u>37,082</u>	<u>33,549</u>
Other financing sources (uses):				
Transfers (out)	<u>(150,000)</u>	<u>(150,000)</u>	<u>(150,000)</u>	<u>-</u>
Net change in fund balance	26,099	(146,467)	(112,918)	33,549
Fund balance at beginning of year	<u>334,847</u>	<u>334,847</u>	<u>334,847</u>	<u>-</u>
Fund balance at end of year	<u>\$ 360,946</u>	<u>\$ 188,380</u>	<u>\$ 221,929</u>	<u>\$ 33,549</u>

Kenai Peninsula Borough

Lowell Point Emergency Service Area Special Revenue Fund

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

For the Year Ended June 30, 2009

	<u>Budget</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
General property taxes	\$ 15,407	\$ 15,407	\$ 16,558	\$ 1,151
Motor vehicle tax	480	480	512	32
Intergovernmental:				
State	-	875	-	(875)
Investment earnings	468	468	1,057	589
Total revenues	<u>16,355</u>	<u>17,230</u>	<u>18,127</u>	<u>897</u>
Expenditures:				
Supplies	1,052	394	394	-
Services	10,962	11,646	9,509	2,137
Capital outlay	-	849	-	849
Total expenditures	<u>12,014</u>	<u>12,889</u>	<u>9,903</u>	<u>2,986</u>
Excess (deficiency) of revenues over expenditures	<u>4,341</u>	<u>4,341</u>	<u>8,224</u>	<u>3,883</u>
Net change in fund balance	4,341	4,341	8,224	3,883
Fund balance at beginning of year	<u>12,905</u>	<u>12,905</u>	<u>12,905</u>	<u>-</u>
Fund balance at end of year	<u>\$ 17,246</u>	<u>\$ 17,246</u>	<u>\$ 21,129</u>	<u>\$ 3,883</u>

Kenai Peninsula Borough

Central Peninsula Emergency Medical Service Area Special Revenue Fund

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

For the Year Ended June 30, 2009

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
General property taxes	\$ 9,492	\$ 9,492	\$ 9,417	\$ (75)
Motor vehicle tax	-	-	8,561	8,561
Intergovernmental:				
State	-	10,000	-	(10,000)
Investment earnings	-	-	536	536
Total revenues	<u>9,492</u>	<u>19,492</u>	<u>18,514</u>	<u>(978)</u>
Expenditures:				
Services	-	10,000	-	10,000
Total expenditures	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Excess (deficiency) of revenues over expenditures	<u>9,492</u>	<u>9,492</u>	<u>18,514</u>	<u>9,022</u>
Other financing sources (uses):				
Transfers (out)	<u>(13,872)</u>	<u>(13,872)</u>	<u>(13,872)</u>	<u>-</u>
Net change in fund balance	(4,380)	(4,380)	4,642	9,022
Fund balance at beginning of year	<u>12,798</u>	<u>12,798</u>	<u>12,798</u>	<u>-</u>
Fund balance at end of year	<u>\$ 8,418</u>	<u>\$ 8,418</u>	<u>\$ 17,440</u>	<u>\$ 9,022</u>

Kenai Peninsula Borough

North Peninsula Recreation Service Area Special Revenue Fund

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

For the Year Ended June 30, 2009

	<u>Budget</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
General property taxes	\$ 1,132,318	\$ 1,132,318	\$ 1,126,520	\$ (5,798)
Motor vehicle tax	15,467	15,467	17,186	1,719
Intergovernmental:				
State	-	47,728	47,728	-
Investment earnings	67,280	67,280	102,509	35,229
Other revenues	183,600	183,600	218,888	35,288
Total revenues	<u>1,398,665</u>	<u>1,446,393</u>	<u>1,512,831</u>	<u>66,438</u>
Expenditures:				
Personnel	739,113	789,790	789,790	-
Supplies	109,800	108,671	100,489	8,182
Services	521,154	513,611	496,637	16,974
Capital outlay	6,500	12,223	12,223	-
Total expenditures	<u>1,376,567</u>	<u>1,424,295</u>	<u>1,399,139</u>	<u>25,156</u>
Excess (deficiency) of revenues over expenditures	<u>22,098</u>	<u>22,098</u>	<u>113,692</u>	<u>91,594</u>
Other financing sources (uses):				
Transfers (out)	<u>(200,000)</u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>
Net change in fund balance	(177,902)	(177,902)	(86,308)	91,594
Fund balance at beginning of year	<u>1,857,331</u>	<u>1,857,331</u>	<u>1,857,331</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,679,429</u>	<u>\$ 1,679,429</u>	<u>\$ 1,771,023</u>	<u>\$ 91,594</u>

Kenai Peninsula Borough

**Road Service Area Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2009**

	<u>Budget</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
General property taxes	\$ 5,622,878	\$ 5,622,878	\$ 5,602,729	\$ (20,149)
Motor vehicle tax	133,483	133,483	138,402	4,919
Intergovernmental:				
State	-	60,571	60,571	-
Investment earnings	87,603	87,603	249,502	161,899
Total revenues	<u>5,843,964</u>	<u>5,904,535</u>	<u>6,051,204</u>	<u>146,669</u>
Expenditures:				
Personnel	832,114	893,685	813,275	80,410
Supplies	66,920	90,520	67,847	22,673
Services	3,613,748	4,316,689	4,100,528	216,161
Capital outlay	3,800	16,100	11,091	5,009
Total expenditures	<u>4,516,582</u>	<u>5,316,994</u>	<u>4,992,741</u>	<u>324,253</u>
Excess (deficiency) of revenues over expenditures	<u>1,327,382</u>	<u>587,541</u>	<u>1,058,463</u>	<u>470,922</u>
Other financing sources (uses):				
Transfers (out)	<u>(1,250,000)</u>	<u>(510,159)</u>	<u>(510,159)</u>	<u>-</u>
Net change in fund balance	77,382	77,382	548,304	470,922
Fund balance at beginning of year	<u>2,955,149</u>	<u>2,955,149</u>	<u>2,955,149</u>	<u>-</u>
Fund balance at end of year	<u>\$ 3,032,531</u>	<u>\$ 3,032,531</u>	<u>\$ 3,503,453</u>	<u>\$ 470,922</u>

Kenai Peninsula Borough

Post-Secondary Education Special Revenue Fund  
 Schedule of Revenues, Expenditures and Changes  
 in Fund Balance - Budget and Actual  
 For the Year Ended June 30, 2009

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Services	595,302	595,302	595,302	-
Total expenditures	595,302	595,302	595,302	-
Excess (deficiency) of revenues over expenditures	(595,302)	(595,302)	(595,302)	-
Other financing sources (uses):				
Transfers in	595,302	595,302	595,302	-
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -

**Kenai Peninsula Borough**

**Land Trust Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2009**

	<u>Budget</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental:				
State	\$ -	\$ 34,155	\$ 34,155	\$ -
Investment earnings	192,944	192,944	340,893	147,949
Payments on land contracts	650,000	650,000	490,756	(159,244)
Land leases	130,000	130,000	82,086	(47,914)
Timber and gravel sales	45,000	45,000	71,309	26,309
Miscellaneous	25,000	25,000	31,067	6,067
Total revenues	<u>1,042,944</u>	<u>1,077,099</u>	<u>1,050,266</u>	<u>(26,833)</u>
Expenditures:				
Personnel	447,241	489,396	466,713	22,683
Supplies	8,500	15,355	15,355	-
Services	1,602,059	1,932,025	534,981	1,397,044
Capital outlay	12,500	477,500	475,084	2,416
Total expenditures	<u>2,070,300</u>	<u>2,914,276</u>	<u>1,492,133</u>	<u>1,422,143</u>
Excess (deficiency) of revenues over expenditures	<u>(1,027,356)</u>	<u>(1,837,177)</u>	<u>(441,867)</u>	<u>1,395,310</u>
Other financing sources (uses):				
Transfers (out)	<u>-</u>	<u>(123,390)</u>	<u>(123,390)</u>	<u>-</u>
Net change in fund balance	(1,027,356)	(1,960,567)	(565,257)	1,395,310
Fund balance at beginning of year	<u>6,101,958</u>	<u>6,101,958</u>	<u>6,101,958</u>	<u>-</u>
Fund balance at end of year	<u>\$ 5,074,602</u>	<u>\$ 4,141,391</u>	<u>\$ 5,536,701</u>	<u>\$ 1,395,310</u>

Kenai Peninsula Borough

**Kenai River Center Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2009**

	<u>Budget</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental:				
Federal	\$ -	\$ 198,122	\$ 80,804	\$ (117,318)
State	38,500	36,687	36,687	-
Other revenues	48,366	48,366	48,366	-
Total revenues	<u>86,866</u>	<u>283,175</u>	<u>165,857</u>	<u>(117,318)</u>
Expenditures:				
Personnel	462,513	497,614	496,006	1,608
Supplies	17,550	14,023	9,418	4,605
Services	198,135	356,600	159,147	197,453
Capital outlay	-	6,270	2,630	3,640
Total expenditures	<u>678,198</u>	<u>874,507</u>	<u>667,201</u>	<u>207,306</u>
Excess (deficiency) of revenues over expenditures	<u>(591,332)</u>	<u>(591,332)</u>	<u>(501,344)</u>	<u>89,988</u>
Other financing sources (uses):				
Transfers in	<u>547,451</u>	<u>547,451</u>	<u>547,451</u>	<u>-</u>
Net change in fund balance	(43,881)	(43,881)	46,107	89,988
Fund balance at beginning of year	<u>115,305</u>	<u>115,305</u>	<u>115,305</u>	<u>-</u>
Fund balance at end of year	<u>\$ 71,424</u>	<u>\$ 71,424</u>	<u>\$ 161,412</u>	<u>\$ 89,988</u>

Kenai Peninsula Borough

Seward Bear Creek Flood Service Area Special Revenue Fund

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

For the Year Ended June 30, 2009

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
General property taxes	\$ 191,319	\$ 191,319	\$ 196,639	\$ 5,320
Motor vehicle tax	6,224	6,224	7,895	1,671
Intergovernmental:				
State	-	3,640	3,640	-
Investment earnings	10,724	10,724	30,754	20,030
Total revenues	<u>208,267</u>	<u>211,907</u>	<u>238,928</u>	<u>27,021</u>
Expenditures:				
Personnel	39,272	42,912	40,636	2,276
Supplies	2,950	6,650	6,414	236
Services	87,709	342,563	217,847	124,716
Capital outlay	1,000	4,700	4,250	450
Total expenditures	<u>130,931</u>	<u>396,825</u>	<u>269,147</u>	<u>127,678</u>
Excess (deficiency) of revenues over expenditures	<u>77,336</u>	<u>(184,918)</u>	<u>(30,219)</u>	<u>154,699</u>
Other financing sources (uses):				
Transfers (out)	-	(50,000)	(50,000)	-
Net change in fund balance	77,336	(234,918)	(80,219)	154,699
Fund balance at beginning of year	<u>447,500</u>	<u>447,500</u>	<u>447,500</u>	<u>-</u>
Fund balance at end of year	<u>\$ 524,836</u>	<u>\$ 212,582</u>	<u>\$ 367,281</u>	<u>\$ 154,699</u>

Kenai Peninsula Borough

Nikiski Senior Service Area Special Revenue Fund  
 Schedule of Revenues, Expenditures and Changes  
 in Fund Balance - Budget and Actual  
 For the Year Ended June 30, 2009

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
General property taxes	\$ 212,674	\$ 212,674	\$ 212,054	\$ (620)
Motor vehicle tax	1,820	1,820	2,775	955
Intergovernmental:				
State	-	2,272	843	(1,429)
Investment earnings	4,793	4,793	9,206	4,413
Total revenues	<u>219,287</u>	<u>221,559</u>	<u>224,878</u>	<u>3,319</u>
Expenditures:				
Services	250,000	250,067	250,025	42
Capital outlay	-	2,205	819	1,386
Total expenditures	<u>250,000</u>	<u>252,272</u>	<u>250,844</u>	<u>1,428</u>
Excess (deficiency) of revenues over expenditures	<u>(30,713)</u>	<u>(30,713)</u>	<u>(25,966)</u>	<u>4,747</u>
Other financing sources (uses):				
Transfers in	<u>36,542</u>	<u>36,542</u>	<u>36,542</u>	<u>-</u>
Net change in fund balance	5,829	5,829	10,576	4,747
Fund balance at beginning of year	<u>130,127</u>	<u>130,127</u>	<u>130,127</u>	<u>-</u>
Fund balance at end of year	<u>\$ 135,956</u>	<u>\$ 135,956</u>	<u>\$ 140,703</u>	<u>\$ 4,747</u>

Kenai Peninsula Borough

Solid Waste Special Revenue Fund  
 Schedule of Revenues, Expenditures and Changes  
 in Fund Balance - Budget and Actual  
 For the Year Ended June 30, 2009

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
State	\$ -	\$ 125,807	\$ 125,807	\$ -
Investment earnings	137,378	137,378	126,436	(10,942)
Other revenues	441,643	441,643	460,064	18,421
Total revenues	<u>579,021</u>	<u>704,828</u>	<u>712,307</u>	<u>7,479</u>
Expenditures:				
Personnel	1,837,985	1,965,770	1,795,002	170,768
Supplies	554,956	661,192	555,298	105,894
Services	4,084,038	4,060,855	2,863,864	1,196,991
Capital outlay	26,376	67,376	52,021	15,355
Total expenditures	<u>6,503,355</u>	<u>6,755,193</u>	<u>5,266,185</u>	<u>1,489,008</u>
Excess (deficiency) of revenues over expenditures	<u>(5,924,334)</u>	<u>(6,050,365)</u>	<u>(4,553,878)</u>	<u>1,496,487</u>
Other financing sources (uses):				
Transfers in	6,812,194	6,812,194	6,812,194	-
Transfers (out)	<u>(1,471,244)</u>	<u>(1,471,244)</u>	<u>(1,471,244)</u>	<u>-</u>
Net other financing sources (uses)	<u>5,340,950</u>	<u>5,340,950</u>	<u>5,340,950</u>	<u>-</u>
Net change in fund balance	(583,384)	(709,415)	787,072	1,496,487
Fund balance at beginning of year	<u>4,132,921</u>	<u>4,132,921</u>	<u>4,132,921</u>	<u>-</u>
Fund balance at end of year	<u>\$ 3,549,537</u>	<u>\$ 3,423,506</u>	<u>\$ 4,919,993</u>	<u>\$ 1,496,487</u>

**Nonmajor Capital Project Funds**  
**Pages 96 - 99**

Capital Project funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

**School Revenue Capital Project Fund** – This fund is used to account for acquisition and construction of school facilities funded by the Borough.

**General Government Capital Project Fund** – This fund is used to account for acquisition and construction of major capital facilities for the general government.

**Resource Management Capital Project Fund** – This fund is used to account for acquisition and construction of major capital facilities for the Borough's land management program.

**Solid Waste Capital Project Fund** – This fund is used to account for acquisition and construction of major capital facilities of the solid waste program.

**Road Service Area Capital Project Fund** – This fund is used to account for acquisition and construction of major capital facilities of the Road Service Area.

**Nikiski Fire Service Area Capital Project Fund** – This fund is used to account for acquisition and construction of major capital facilities of the Nikiski Fire Service Area.

**Bear Creek Fire Service Area Capital Project Fund** – This fund is used to account for acquisition and construction of major capital facilities of the Bear Creek Fire Service Area.

**Central Emergency Service Area Capital Project Fund** – This fund is used to account for acquisition and construction of major capital facilities of the Central Emergency Service Area.

**Anchor Point Fire and Emergency Medical Service Area Capital Project Fund** – This fund is used to account for acquisition and construction of major capital facilities of the Anchor Point Fire and Emergency Medical Service Area.

**Kachemak Emergency Service Area Capital Project Fund** – This fund is used to account for acquisition and construction of major capital facilities of the Kachemak Emergency Service Area.

**911 Communications Capital Project Fund** – This fund is used to account for acquisition and construction of communication facilities for the Borough's 911 program.

**North Peninsula Recreation Service Area Capital Project Fund** – This fund is used to account for acquisition and construction of major capital facilities of the North Peninsula Recreation Service Area.

**Kenai Peninsula Borough  
Nonmajor Capital Projects Funds  
Combining Balance Sheet  
June 30, 2009**

	<u>School Revenue</u>	<u>General Government</u>	<u>Resource Management</u>	<u>Solid Waste</u>	<u>Road Service Area</u>	<u>Nikiski Fire Service Area</u>
<u>ASSETS</u>						
Equity in central treasury	\$ 2,700,420	\$ 1,437,142	\$ 27,353	\$ 990,322	\$ 1,272,089	\$ 736,178
Due from other governments	522,014	-	-	-	384,119	463,783
<b>Total assets</b>	<b><u>\$ 3,222,434</u></b>	<b><u>\$ 1,437,142</u></b>	<b><u>\$ 27,353</u></b>	<b><u>\$ 990,322</u></b>	<b><u>\$ 1,656,208</u></b>	<b><u>\$ 1,199,961</u></b>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts and retainage payable	233,595	421	-	2,540	378,881	12,939
Accrued payroll and payroll taxes	14,120	-	-	-	1,113	-
Deferred revenue	-	-	-	-	54,246	-
<b>Total liabilities</b>	<b><u>247,715</u></b>	<b><u>421</u></b>	<b><u>-</u></b>	<b><u>2,540</u></b>	<b><u>434,240</u></b>	<b><u>12,939</u></b>
Fund balances:						
Reserved:						
Encumbrances	1,062,559	4,850	-	80,678	678,431	401,605
Unreserved:						
Designations:						
Landfill closure costs	-	-	-	17,514	-	-
Capital projects	1,912,160	1,431,871	27,353	889,590	543,537	785,417
<b>Total fund balances</b>	<b><u>2,974,719</u></b>	<b><u>1,436,721</u></b>	<b><u>27,353</u></b>	<b><u>987,782</u></b>	<b><u>1,221,968</u></b>	<b><u>1,187,022</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 3,222,434</u></b>	<b><u>\$ 1,437,142</u></b>	<b><u>\$ 27,353</u></b>	<b><u>\$ 990,322</u></b>	<b><u>\$ 1,656,208</u></b>	<b><u>\$ 1,199,961</u></b>

<u>Bear Creek Fire Service Area</u>	<u>Central Emergency Service Area</u>	<u>Anchor Point Fire and Emergency Medical Service Area</u>	<u>Kachemak Emergency Service Area</u>	<u>911 Communications</u>	<u>North Peninsula Recreation Service Area</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$ 205,484 1,707	\$ 588,345 195,703	\$ 165,798 268	\$ 311,582 -	\$ 101 3,154	\$ 593,291 65,480	\$ 9,028,105 1,636,228
<u>\$ 207,191</u>	<u>\$ 784,048</u>	<u>\$ 166,066</u>	<u>\$ 311,582</u>	<u>\$ 3,255</u>	<u>\$ 658,771</u>	<u>\$10,664,333</u>
71,462 - -	199,348 - -	5,133 - -	50,323 - -	- - -	47,099 - -	1,001,741 15,233 54,246
<u>71,462</u>	<u>199,348</u>	<u>5,133</u>	<u>50,323</u>	<u>-</u>	<u>47,099</u>	<u>1,071,220</u>
61,292 - 74,437 135,729	176,802 - 407,898 584,700	10,136 - 150,797 160,933	64,053 - 197,206 261,259	- - 3,255 3,255	603,344 - 8,328 611,672	3,143,750 17,514 6,431,849 9,593,113
<u>\$ 207,191</u>	<u>\$ 784,048</u>	<u>\$ 166,066</u>	<u>\$ 311,582</u>	<u>\$ 3,255</u>	<u>\$ 658,771</u>	<u>\$10,664,333</u>

Kenai Peninsula Borough

Nonmajor Capital Projects Funds  
 Combining Statement of Revenues, Expenditures  
 and Changes in Fund Balances  
 For the Year Ended June 30, 2009

	<u>School Revenue</u>	<u>General Government</u>	<u>Resource Management</u>	<u>Solid Waste</u>	<u>Road Service Area</u>	<u>Nikiski Fire Service Area</u>
Revenues:						
Intergovernmental:						
Federal	\$ 418,920	\$ -	\$ -	\$ -	\$ 144,645	\$ -
State	604,716	-	-	-	1,731,710	885,744
Investment earnings	-	-	-	-	77,001	46,353
Other revenues	-	-	-	-	-	-
Total revenues	<u>1,023,636</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,953,356</u>	<u>932,097</u>
Expenditures:						
General government	-	222,739	-	-	-	-
Solid waste	-	-	-	288,091	-	-
Public safety	-	-	-	-	-	1,086,580
Recreation	-	-	-	-	-	-
Education	1,822,500	-	-	-	-	-
Roads and trails	-	-	-	-	3,107,004	-
Total expenditures	<u>1,822,500</u>	<u>222,739</u>	<u>-</u>	<u>288,091</u>	<u>3,107,004</u>	<u>1,086,580</u>
Excess deficiency) of revenues over (under) expenditures	<u>(798,864)</u>	<u>(222,739)</u>	<u>-</u>	<u>(288,091)</u>	<u>(1,153,648)</u>	<u>(154,483)</u>
Other financing sources (uses):						
Transfers in	1,793,000	858,595	-	641,000	510,159	300,000
Net other financing sources (uses)	<u>1,793,000</u>	<u>858,595</u>	<u>-</u>	<u>641,000</u>	<u>510,159</u>	<u>300,000</u>
Net change in fund balances	994,136	635,856	-	352,909	(643,489)	145,517
Fund balances at beginning of year	<u>1,980,583</u>	<u>800,865</u>	<u>27,353</u>	<u>634,873</u>	<u>1,865,457</u>	<u>1,041,505</u>
Fund balances at end of year	<u>\$ 2,974,719</u>	<u>\$ 1,436,721</u>	<u>\$ 27,353</u>	<u>\$ 987,782</u>	<u>\$ 1,221,968</u>	<u>\$ 1,187,022</u>

<b>Bear Creek Fire Service Area</b>	<b>Central Emergency Service Area</b>	<b>Anchor Point Fire and Emergency Medical Service Area</b>	<b>Kachemak Emergency Services Service Area</b>	<b>911 Communications</b>	<b>North Peninsula Recreation Service Area</b>	<b>Total Nonmajor Capital Projects Funds</b>
\$ 1,706	\$ -	\$ -	\$ 25,750	\$ 4,441	\$ -	\$ 595,462
342	342,696	70,000	15,000	-	113,661	3,763,869
10,657	53,594	12,160	16,961	-	20,070	236,796
-	-	-	-	-	300	300
<u>12,705</u>	<u>396,290</u>	<u>82,160</u>	<u>57,711</u>	<u>4,441</u>	<u>134,031</u>	<u>4,596,427</u>
-	-	-	-	-	-	222,739
-	-	-	-	-	-	288,091
133,140	1,891,643	335,328	277,180	89,752	-	3,813,623
-	-	-	-	-	152,188	152,188
-	-	-	-	-	-	1,822,500
-	-	-	-	-	-	3,107,004
<u>133,140</u>	<u>1,891,643</u>	<u>335,328</u>	<u>277,180</u>	<u>89,752</u>	<u>152,188</u>	<u>9,406,145</u>
(120,435)	(1,495,353)	(253,168)	(219,469)	(85,311)	(18,157)	(4,809,718)
128,185	936,513	115,000	150,000	8,165	323,390	5,764,007
<u>128,185</u>	<u>936,513</u>	<u>115,000</u>	<u>150,000</u>	<u>8,165</u>	<u>323,390</u>	<u>5,764,007</u>
7,750	(558,840)	(138,168)	(69,469)	(77,146)	305,233	954,289
<u>127,979</u>	<u>1,143,540</u>	<u>299,101</u>	<u>330,728</u>	<u>80,401</u>	<u>306,439</u>	<u>8,638,824</u>
<u>\$ 135,729</u>	<u>\$ 584,700</u>	<u>\$ 160,933</u>	<u>\$ 261,259</u>	<u>\$ 3,255</u>	<u>\$ 611,672</u>	<u>\$ 9,593,113</u>

**Nonmajor Debt Service Funds**  
**Pages 101 -105**

**General Government Debt Service Fund** – This fund is used to account for payments associated with general obligation bonds for construction of capital facilities of the general government.

**Solid Waste Debt Service Fund** – This fund is used to account for payments associated with general obligation bonds for construction of capital facilities at Borough landfills.

**Central Emergency Services Debt Service Fund** – This fund is used to account for payments associated with general obligation bonds for construction of capital facilities and purchase of fire fighting equipment of the Central Emergency Services Service Area.

**Kenai Peninsula Borough**  
**Nonmajor Debt Service Funds**  
**Combining Balance Sheet**  
**June 30, 2009**

ASSETS	General Government	Solid Waste	Central Emergency Services	Total Nonmajor Debt Service Funds
Equity in central treasury	\$ 360	\$ -	\$ -	\$ 360
Total assets	<u>\$ 360</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 360</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts and retainage payable	360	-	-	360
Total liabilities	<u>360</u>	<u>-</u>	<u>-</u>	<u>360</u>
Undesignated fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 360</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 360</u>

**Kenai Peninsula Borough**

**Nonmajor Debt Service Funds  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
For the Year Ended June 30, 2009**

	<u>General Government</u>	<u>Solid Waste</u>	<u>Central Emergency Services</u>	<u>Total Nonmajor Debt Service Funds</u>
Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Debt service:				
Principal	1,565,000	705,000	85,000	2,355,000
Interest and other	745,297	125,244	107,578	978,119
Total expenditures	<u>2,310,297</u>	<u>830,244</u>	<u>192,578</u>	<u>3,333,119</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,310,297)</u>	<u>(830,244)</u>	<u>(192,578)</u>	<u>(3,333,119)</u>
Other financing sources (uses):				
Transfers in	<u>2,310,297</u>	<u>830,244</u>	<u>192,578</u>	<u>3,333,119</u>
Net change in fund balances	-	-	-	-
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Kenai Peninsula Borough

General Government Debt Service Fund  
 Schedule of Revenues, Expenditures and Changes  
 in Fund Balance - Budget and Actual  
 For the Year Ended June 30, 2009

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Debt service:				
Principal	1,565,000	1,565,000	1,565,000	-
Interest and other	769,738	769,738	745,297	24,441
Total expenditures	2,334,738	2,334,738	2,310,297	24,441
Excess (deficiency) of revenues over expenditures	(2,334,738)	(2,334,738)	(2,310,297)	24,441
Other financing sources (uses):				
Transfers in	2,334,738	2,334,738	2,310,297	(24,441)
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -

Kenai Peninsula Borough

Solid Waste Debt Service Fund  
 Schedule of Revenues, Expenditures and Changes  
 in Fund Balance - Budget and Actual  
 For the Year Ended June 30, 2009

	Budget			Variance Positive (Negative)
	Original	Final	Actual	
Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Debt service:				
Principal	705,000	705,000	705,000	-
Interest and other	125,244	125,244	125,244	-
Total expenditures	830,244	830,244	830,244	-
Excess (deficiency) of revenues over expenditures	(830,244)	(830,244)	(830,244)	-
Other financing sources (uses):				
Transfers in	830,244	830,244	830,244	-
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -

Kenai Peninsula Borough

Central Emergency Services Debt Service Fund  
 Schedule of Revenues, Expenditures and Changes  
 in Fund Balance - Budget and Actual  
 For the Year Ended June 30, 2009

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Debt service:				
Principal	85,000	85,000	85,000	-
Interest and other	107,578	107,578	107,578	-
Total expenditures	192,578	192,578	192,578	-
Excess (deficiency) of revenues over expenditures	(192,578)	(192,578)	(192,578)	-
Other financing sources (uses):				
Transfers in	192,578	192,578	192,578	-
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -

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INTERNAL SERVICE FUNDS

**Kenai Peninsula Borough**

**Internal Service Funds  
Combining Statement of Net Assets  
June 30, 2009**

	<u>Insurance and Litigation</u>	<u>Employee Health Insurance</u>	<u>Equipment Replacement</u>	<u>Employee Compensated Leave</u>	<u>Total Internal Service Funds</u>
<b>ASSETS</b>					
Current assets:					
Cash and short term investments	\$ 32,454	\$ -	\$ -	\$ -	\$ 32,454
Equity in central treasury	4,524,078	415,777	2,683,695	2,844,465	10,468,015
Total current assets	<u>4,556,532</u>	<u>415,777</u>	<u>2,683,695</u>	<u>2,844,465</u>	<u>10,500,469</u>
Capital assets:					
Equipment	-	-	4,841,394	-	4,841,394
Less accumulated depreciation	-	-	(2,859,237)	-	(2,859,237)
Total capital assets (net of accumulated depreciation)	<u>-</u>	<u>-</u>	<u>1,982,157</u>	<u>-</u>	<u>1,982,157</u>
Total assets	<u>\$ 4,556,532</u>	<u>\$ 415,777</u>	<u>\$ 4,665,852</u>	<u>\$ 2,844,465</u>	<u>\$ 12,482,626</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts and contracts payable	36,359	27,230	18,163	-	81,752
Claims payable	1,146,775	611,596	-	-	1,758,371
Compensated absences	23,885	-	-	711,116	735,001
Total current liabilities	<u>1,207,019</u>	<u>638,826</u>	<u>18,163</u>	<u>711,116</u>	<u>2,575,124</u>
Long term liabilities-					
compensated absences	-	-	-	2,133,349	2,133,349
Total liabilities	<u>1,207,019</u>	<u>638,826</u>	<u>18,163</u>	<u>2,844,465</u>	<u>4,708,473</u>
<b>NET ASSETS</b>					
Invested in capital assets	-	-	1,982,157	-	1,982,157
Unrestricted	3,349,513	(223,049)	2,665,532	-	5,791,996
Total net assets	<u>\$ 3,349,513</u>	<u>\$ (223,049)</u>	<u>\$ 4,647,689</u>	<u>\$ -</u>	<u>\$ 7,774,153</u>

**Kenai Peninsula Borough**

**Internal Service Funds**

**Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets**

**For the Year Ended June 30, 2009**

	<u>Insurance and Litigation</u>	<u>Employee Health Insurance</u>	<u>Equipment Replacement</u>	<u>Employee Compensated Leave</u>	<u>Total Internal Service Funds</u>
Operating revenues:					
Charge for sales and services	\$ 2,916,850	\$ 3,555,721	\$ 535,803	\$ 2,132,117	\$ 9,140,491
Other	29,257	-	-	-	29,257
Total operating revenues	<u>2,946,107</u>	<u>3,555,721</u>	<u>535,803</u>	<u>2,132,117</u>	<u>9,169,748</u>
Operating expenses:					
Administrative services	527,372	98,761	-	2,132,117	2,758,250
Insurance premiums	838,778	164,990	-	-	1,003,768
Self-insured losses	2,088,946	3,796,010	-	-	5,884,956
Depreciation	-	-	299,912	-	299,912
Total operating expenses	<u>3,455,096</u>	<u>4,059,761</u>	<u>299,912</u>	<u>2,132,117</u>	<u>9,946,886</u>
Operating income (loss)	<u>(508,989)</u>	<u>(504,040)</u>	<u>235,891</u>	<u>-</u>	<u>(777,138)</u>
Non-operating revenues:					
Investment earnings	215,450	32,715	122,033	-	370,198
Other	-	-	11,793	-	11,793
Total non-operating revenues	<u>215,450</u>	<u>32,715</u>	<u>133,826</u>	<u>-</u>	<u>381,991</u>
Change in net assets	(293,539)	(471,325)	369,717	-	(395,147)
Net assets at beginning of year	<u>3,643,052</u>	<u>248,276</u>	<u>4,277,972</u>	<u>-</u>	<u>8,169,300</u>
Net assets at end of year	<u>\$ 3,349,513</u>	<u>\$ (223,049)</u>	<u>\$ 4,647,689</u>	<u>\$ -</u>	<u>\$ 7,774,153</u>

Kenai Peninsula Borough

Internal Service Funds  
 Combining Statement of Cash Flows  
 For the Year Ended June 30, 2009

	<u>Insurance and Litigation</u>	<u>Employee Health Insurance</u>	<u>Equipment Replacement</u>	<u>Employee Compensated Leave</u>	<u>Total Internal Service Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Receipts from interfund services provided	\$ 2,916,850	\$ 3,555,721	\$ 535,803	\$ 2,132,117	\$ 9,140,491
Other program revenue	29,257	-	-	-	29,257
Payments to suppliers	(3,367,166)	(4,012,523)	18,163	-	(7,361,526)
Payments to employees	(437,331)	-	-	(1,975,701)	(2,413,032)
Net cash provided (used) by operating activities	<u>(858,390)</u>	<u>(456,802)</u>	<u>553,966</u>	<u>156,416</u>	<u>(604,810)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Purchase of capital assets	-	-	(430,846)	-	(430,846)
Proceeds from sale of capital assets	-	-	11,793	-	11,793
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>(419,053)</u>	<u>-</u>	<u>(419,053)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES -</b>					
Investment earnings	<u>215,450</u>	<u>32,715</u>	<u>122,033</u>	<u>-</u>	<u>370,198</u>
Net increase (decrease) in cash and cash equivalents	(642,940)	(424,087)	256,946	156,416	(653,665)
Cash and equity in central treasury at beginning of year	<u>5,199,472</u>	<u>839,864</u>	<u>2,426,749</u>	<u>2,688,049</u>	<u>11,154,134</u>
Cash and equity in central treasury at end of year	<u>\$ 4,556,532</u>	<u>\$ 415,777</u>	<u>\$ 2,683,695</u>	<u>\$ 2,844,465</u>	<u>\$ 10,500,469</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>					
Operating income (loss)	<u>\$ (508,989)</u>	<u>\$ (504,040)</u>	<u>\$ 235,891</u>	<u>\$ -</u>	<u>\$ (777,138)</u>
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	-	-	299,912	-	299,912
Change in assets and liabilities:					
Increase (decrease) in accounts and contracts payable	8,370	27,230	18,163	-	53,763
Increase (decrease) in accrued payroll and payroll taxes	(15,850)	-	-	156,416	140,566
Increase (decrease) in claims payable	(422,541)	20,008	-	-	(402,533)
(Increase) decrease in accounts receivable	80,620	-	-	-	80,620
Total adjustments	<u>(349,401)</u>	<u>47,238</u>	<u>318,075</u>	<u>156,416</u>	<u>172,328</u>
Net cash provided (used) by operating activities	<u>\$ (858,390)</u>	<u>\$ (456,802)</u>	<u>\$ 553,966</u>	<u>\$ 156,416</u>	<u>\$ (604,810)</u>

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**FIDUCIARY FUNDS**

**Kenai Peninsula Borough**

**Fiduciary Fund Type - Agency Funds  
Combining Statement of Assets and Liabilities  
June 30, 2009**

**With Comparative Totals for June 30, 2008**

	<u>Tax Fund</u>	<u>Special Assessment Fund</u>	<u>Total June 30, 2009</u>	<u>Total June 30, 2008</u>
<u>ASSETS</u>				
Equity in central treasury	\$ 431,916	\$ 613,681	\$ 1,045,597	\$ 961,432
Taxes receivable	85,241	-	85,241	73,542
Due from landowners	-	718,196	718,196	590,162
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 517,157</u>	<u>\$ 1,331,877</u>	<u>\$ 1,849,034</u>	<u>\$ 1,625,136</u>
<u>LIABILITIES</u>				
Accounts and contracts payable	-	-	-	145
Deposits from landowners	-	3,000	3,000	2,000
Deferred administration fee	-	74,291	74,291	77,954
Due to landowners	-	455,996	455,996	500,473
Loans payable	-	798,590	798,590	590,163
Due to other entities:				
Homer	113,859	-	113,859	163,410
Kachemak City	809	-	809	541
Kenai	235,948	-	235,948	181,820
Seldovia	5,540	-	5,540	8,561
Seward	56,829	-	56,829	42,074
Soldotna	104,172	-	104,172	57,995
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	<u>\$ 517,157</u>	<u>\$ 1,331,877</u>	<u>\$ 1,849,034</u>	<u>\$ 1,625,136</u>

**Kenai Peninsula Borough**  
**Fiduciary Fund Type - Agency Funds**  
**Combining Statement of Changes in Assets and Liabilities**  
**For the Year Ended June 30, 2009**

	<u>Total</u> <u>June 30, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Total</u> <u>June 30, 2009</u>
<b>TAX AGENCY FUND</b>				
<u>ASSETS</u>				
Equity in central treasury	\$ 380,859	\$ 32,466,382	\$ 32,415,325	\$ 431,916
Taxes receivable	<u>73,542</u>	<u>7,551,102</u>	<u>7,539,403</u>	<u>85,241</u>
Total assets	<u>\$ 454,401</u>	<u>\$ 40,017,484</u>	<u>\$ 39,954,728</u>	<u>\$ 517,157</u>
<u>LIABILITIES</u>				
Due to other entities:				
Homer	163,410	10,199,963	10,249,514	113,859
Kachemak City	541	67,143	66,875	809
Kenai	181,820	8,112,538	8,058,410	235,948
Seldovia	8,561	336,867	339,888	5,540
Seward	42,074	5,041,278	5,026,523	56,829
Soldotna	<u>57,995</u>	<u>8,567,334</u>	<u>8,521,157</u>	<u>104,172</u>
Total liabilities	<u>\$ 454,401</u>	<u>\$ 32,325,123</u>	<u>\$ 32,262,367</u>	<u>\$ 517,157</u>
<b>SPECIAL ASSESSMENT AGENCY FUND</b>				
<u>ASSETS</u>				
Equity in central treasury	\$ 580,573	\$ 120,013	\$ 86,905	\$ 613,681
Due from landowners	<u>590,162</u>	<u>367,341</u>	<u>239,307</u>	<u>718,196</u>
Total assets	<u>\$ 1,170,735</u>	<u>\$ 487,354</u>	<u>\$ 326,212</u>	<u>\$ 1,331,877</u>
<u>LIABILITIES</u>				
Accounts payable	145	-	145	-
Deposits from landowners	2,000	1,000	-	3,000
Deferred administration fee	77,954	12,841	16,504	74,291
Due to landowners	500,473	119,013	163,490	455,996
Loans payable	<u>590,163</u>	<u>447,733</u>	<u>239,306</u>	<u>798,590</u>
Total liabilities	<u>\$ 1,170,735</u>	<u>\$ 580,587</u>	<u>\$ 419,445</u>	<u>\$ 1,331,877</u>

(continued)

**Kenai Peninsula Borough**

**Fiduciary Fund Type - Agency Funds  
Combining Statement of Changes in Assets and Liabilities - continued  
For the Year Ended June 30, 2009**

<b>TOTALS - ALL AGENCY FUNDS</b>	<u>Total June 30, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Total June 30, 2009</u>
<u>ASSETS</u>				
Equity in central treasury	\$ 961,432	\$ 32,586,395	\$ 32,502,230	\$ 1,045,597
Taxes receivable	73,542	7,551,102	7,539,403	85,241
Due from landowners	<u>590,162</u>	<u>367,341</u>	<u>239,307</u>	<u>718,196</u>
Total assets	<u>\$ 1,625,136</u>	<u>\$ 40,504,838</u>	<u>\$ 40,280,940</u>	<u>\$ 1,849,034</u>
<u>LIABILITIES</u>				
Accounts and contracts payable	145	-	145	-
Deposits from landowners	2,000	1,000	-	3,000
Deferred administration fee	77,954	12,841	16,504	74,291
Due to landowners	500,473	119,013	163,490	455,996
Loans payable	590,163	447,733	239,306	798,590
Due to other entities:				
Homer	163,410	10,199,963	10,249,514	113,859
Kachemak City	541	67,143	66,875	809
Kenai	181,820	8,112,538	8,058,410	235,948
Seldovia	8,561	336,867	339,888	5,540
Seward	42,074	5,041,278	5,026,523	56,829
Soldotna	<u>57,995</u>	<u>8,567,334</u>	<u>8,521,157</u>	<u>104,172</u>
Total liabilities	<u>\$ 1,625,136</u>	<u>\$ 32,905,710</u>	<u>\$ 32,681,812</u>	<u>\$ 1,849,034</u>

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**CAPITAL ASSETS**

**Kenai Peninsula Borough**

**Capital Assets Used in the Operation of Governmental Funds  
Comparative Schedules by Source<sup>(1)</sup>  
June 30, 2009 and 2008**

	<u>2008</u>	<u>2009</u>
Governmental funds capital assets:		
Land	\$ 67,553,002	\$ 68,407,360
Buildings	283,792,679	284,281,329
Improvements other than buildings	65,729,987	66,391,674
Machinery and equipment	23,349,213	25,305,551
Infrastructure	7,393,903	9,392,273
Construction in progress	<u>5,978,584</u>	<u>9,348,657</u>
 Total governmental funds capital assets	 <u>\$ 453,797,368</u>	 <u>\$ 463,126,844</u>
 Investments in governmental funds capital assets by source:		
General obligation bonds	269,034,306	269,843,766
State and federal grants	36,802,083	38,293,467
Federal revenue sharing	3,357,614	3,357,614
General Fund revenue	45,432,914	45,986,886
Special revenue funds	38,096,873	44,430,920
Dedicated lands	126,058	126,058
Donations	<u>60,947,520</u>	<u>61,088,133</u>
 Total governmental funds capital assets	 <u>\$ 453,797,368</u>	 <u>\$ 463,126,844</u>

<sup>(1)</sup>This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

**Kenai Peninsula Borough**

**Capital Assets Used in the Operation of Governmental Funds  
Schedule of Changes by Function and Activity<sup>(1)</sup>  
For the Fiscal Year Ended June 30, 2009**

<u>Function and Activity</u>	<b>Governmental Funds Capital Assets <u>June 30, 2008</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b>Governmental Funds Capital Assets <u>June 30, 2009</u></b>
General government	\$ 76,185,224	\$ 826,028	\$ 88,427	\$ 76,922,825
Senior citizens	243,800	-	-	243,800
Public safety:				
Fire protection and emergency medical	23,463,561	3,746,596	5,700	27,204,457
Emergency communications	8,058,529	86,598	-	8,145,127
Total public safety	31,522,090	3,833,194	5,700	35,349,584
Solid waste facilities	29,482,328	329,795	-	29,812,123
Road maintenance:				
Maintenance	98,566	-	-	98,566
Roads	8,244,602	1,998,369	-	10,242,971
Total road maintenance	8,343,168	1,998,369	-	10,341,537
Recreation:				
North Peninsula Recreation service area	9,675,633	154,733	-	9,830,366
Schools	298,345,125	2,281,484	-	300,626,609
Total governmental funds capital assets	\$ 453,797,368	\$ 9,423,603	\$ 94,127	\$ 463,126,844

<sup>(1)</sup>This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

Kenai Peninsula Borough

Capital Assets Used in the Operation of Governmental Funds  
 Schedule by Function and Activity<sup>(1)</sup>  
 June 30, 2009

	<u>Land</u>	<u>Buildings</u>	<u>Buildings</u>	<u>Improvements Other Than Buildings</u>	<u>Equipment</u>	<u>Infrastructure</u>	<u>Construction In Progress</u>	<u>Total</u>
General government:								
Administration building	\$ -	\$ 2,702,657	\$ 1,350,563	\$ 1,652,211	\$ -	\$ 911,640	\$ -	\$ 6,617,071
Maintenance	203,609	1,392,155	33,538	961,272	-	-	-	2,590,574
Areawide	61,555,697	5,481,251	641,282	36,950	-	-	-	67,715,180
Total general government	61,759,306	9,576,063	2,025,383	2,650,433	-	911,640	-	76,922,825
Senior citizens	-	243,800	-	-	-	-	-	243,800
Public safety:								
Fire protection and emergency medical:								
Nikiski Fire service area	49,172	1,983,705	266,489	4,525,870	-	646,849	-	7,472,085
Bear Creek Fire service area	17,211	836,335	130,271	1,399,274	-	-	-	2,383,091
Central Emergency service area	493,936	1,367,009	370,399	6,307,791	-	3,619,812	-	12,158,947
Anchor Point Fire and Emergency Medical service area	31,048	688,227	118,540	801,109	-	784,773	-	2,423,697
Kachemak Fire and Emergency	127,270	1,473,290	-	1,016,933	-	128,445	-	2,745,938
Lowell Point Fire and Emergency	-	-	12,653	8,046	-	-	-	20,699
Total fire protection and emergency medical	718,637	6,348,566	898,352	14,059,023	-	5,179,879	-	27,204,457
Emergency communications:								
Central Peninsula Emergency	-	4,838,523	89,578	1,853,059	-	-	-	6,781,160
Services communication center	-	-	-	1,363,967	-	-	-	1,363,967
Emergency warning systems	-	4,838,523	89,578	3,217,026	-	-	-	8,145,127
Total communications	-	9,677,046	179,156	5,033,052	-	-	-	14,889,254
Total public safety	718,637	11,187,089	987,930	17,276,049	-	5,179,879	-	35,349,584
Solid waste facilities	2,908,687	1,354,816	20,913,986	4,357,933	-	276,701	-	29,812,123
Road maintenance	-	-	-	126,279	9,392,273	822,985	-	10,341,537
Recreation:								
North Peninsula Recreation service area	145,640	7,823,669	1,627,184	223,148	-	10,725	-	9,830,366

(Continued)

**Kenai Peninsula Borough**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Function and Activity<sup>(1)</sup>**  
**June 30, 2009**

	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other Than Buildings</u>	<u>Equipment</u>	<u>Infrastructure</u>	<u>Construction In Progress</u>	<u>Total</u>
School district:							
Central office and warehouse	-	1,789,730	604,290	-	-	-	2,394,020
Schools:							
Outside cities:							
Anchor Point/Middle/Junior high	205,102	-	-	-	-	-	205,102
Central Peninsula Elementary	-	-	36,690	-	-	-	36,690
Chapman Elementary	8,500	2,597,653	492,160	-	-	-	3,098,313
Cooper Landing	-	1,034,751	150,986	-	-	-	1,185,737
Tebughna	-	1,564,013	152,551	-	-	13,907	1,730,471
English Bay	-	2,447,908	230,577	-	-	-	2,678,485
Hope Elementary	3,000	2,523,867	538,910	-	-	-	3,065,777
Kalifornsky Beach	258,803	4,884,108	182,936	-	-	-	5,325,847
McNeil Canyon	-	4,305,122	681,143	11,903	-	363,740	5,361,908
Moose Pass	28,154	901,766	68,404	-	-	-	998,324
Nanwalek	-	265,033	-	126,919	-	627,779	1,019,731
Nikiski Elementary	-	-	-	-	-	3,526	3,526
Nikiski High	-	22,847,128	4,727,949	5,000	-	24,337	27,604,414
Nikolaevsk	51,282	4,726,376	364,129	72,801	-	168,024	5,382,612
Nimlichik	16,399	5,466,134	470,223	54,020	-	-	6,006,776
North Star Elementary	-	6,076,014	1,379,034	-	-	-	7,455,048
Port Graham	400	2,101,880	132,307	-	-	-	2,234,587
Skyview High	-	22,039,127	3,729,227	-	-	-	25,768,354
Sterling	7,450	3,744,355	709,477	34,127	-	-	4,495,409
Tustumena	8,001	7,883,965	241,021	-	-	-	8,132,987
Voznesenka	19,555	150,000	16,400	34,156	-	-	220,111
Total outside cities	606,646	95,559,200	14,304,124	338,926	-	1,201,313	112,010,209
Homer:							
West Homer Elementary	322,028	11,332,823	46,614	-	-	-	11,701,465
Paul Banks Elementary	23,971	2,589,113	679,965	6,142	-	-	3,299,191
High School	400,913	27,364,333	6,990,257	-	-	38,007	34,793,510
Junior High	17,024	3,197,028	748,103	-	-	-	3,962,155
Intermediate	18,000	1,444,505	682,250	-	-	-	2,144,755
High School Addition	29,177	2,598,949	103,555	-	-	-	2,731,681
Flex School	63,248	461,150	-	-	-	-	524,398
Total Homer	874,361	48,987,901	9,250,744	6,142	-	38,007	59,157,155

(Continued)

**Kenai Peninsula Borough**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Function and Activity<sup>(1)</sup>**  
**June 30, 2009**

	<u>Land</u>	<u>Buildings</u>	<u>Buildings</u>	<u>Improvements Other Than Buildings</u>	<u>Equipment</u>	<u>Infrastructure</u>	<u>Construction In Progress</u>	<u>Total</u>
<b>Kenai:</b>								
Elementary II	52,800	2,614,381	104,667	-	-	-	-	2,771,848
Mountain View Elementary	-	5,892,103	1,315,996	67,213	-	-	-	7,275,312
Sears Elementary	41,575	1,709,394	464,620	-	-	-	-	2,215,589
Junior High	60,499	4,057,399	824,749	-	-	-	-	4,942,647
High School	129,517	17,962,941	2,977,354	62,605	-	-	-	21,132,417
Vocational High	40,000	509,655	254,483	-	-	-	-	804,138
Arts and Crafts Building	-	118,341	-	-	-	-	-	118,341
<b>Total Kenai</b>	<b>324,391</b>	<b>32,864,214</b>	<b>5,941,869</b>	<b>129,818</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>39,260,292</b>
<b>Seldovia:</b>								
Susan B. English Shop Building	27,953	3,705,452	1,005,119	-	-	-	-	4,738,524
<b>Total Seldovia</b>	<b>1,000</b>	<b>430,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>431,000</b>
<b>Seward:</b>								
Elementary II	235,000	6,562,446	917,462	40,000	-	-	-	7,754,908
Middle	346,295	14,649,061	61,912	-	-	40,040	-	15,097,308
Jr. High/High School	182,596	12,652,150	2,118,247	-	-	-	-	14,952,993
<b>Total Seward</b>	<b>763,891</b>	<b>33,863,657</b>	<b>3,097,621</b>	<b>40,000</b>	<b>-</b>	<b>40,040</b>	<b>-</b>	<b>37,805,209</b>
<b>Soldotna:</b>								
Elementary	270,048	5,067,002	1,272,689	-	-	456,626	-	7,066,365
Redoubt Elementary	-	4,151,522	624,208	40,000	-	-	-	4,815,730
Multipurpose Room	-	316,186	-	-	-	-	-	316,186
Junior High	5,900	7,584,837	1,930,667	-	-	53,904	-	9,575,308
High School	900	16,231,707	1,719,915	71,484	-	-	-	18,024,006
<b>Total Soldotna</b>	<b>276,848</b>	<b>33,351,254</b>	<b>5,547,479</b>	<b>111,484</b>	<b>-</b>	<b>510,530</b>	<b>-</b>	<b>39,797,595</b>
<b>Other areawide:</b>								
Areawide pool/water projects	-	611,839	1,070,907	45,339	-	356,837	-	2,084,922
Portable classrooms	-	2,932,645	15,038	-	-	-	-	2,947,683
<b>Total other areawide</b>	<b>-</b>	<b>3,544,484</b>	<b>1,085,945</b>	<b>45,339</b>	<b>-</b>	<b>356,837</b>	<b>-</b>	<b>5,032,605</b>
<b>Total school district</b>	<b>2,875,090</b>	<b>254,095,892</b>	<b>40,837,191</b>	<b>671,709</b>	<b>-</b>	<b>2,146,727</b>	<b>-</b>	<b>300,626,609</b>
<b>Total governmental funds capital assets</b>	<b>\$ 68,407,360</b>	<b>\$ 284,281,329</b>	<b>\$ 66,391,674</b>	<b>\$ 25,305,551</b>	<b>\$ 9,392,273</b>	<b>\$ 9,348,657</b>	<b>\$</b>	<b>\$ 463,126,844</b>

<sup>(1)</sup>This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

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# Kenai Peninsula Borough

## STATISTICAL TABLES

This part of the Kenai Peninsula 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 Borough's overall financial health.

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

Kenai Peninsula Borough

TABLE I

Net Assets by Component  
Last Eight Fiscal Years  
(accrual basis of accounting)  
(amounts expressed in thousands)

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
<b>Governmental activities:</b>								
Invested in capital assets, net of related debt	\$203,504	\$205,596	\$206,044	\$207,770	\$206,436	\$212,721	\$212,403	\$221,769
Restricted	13,553	14,042	23,288	13,253	7,454	4,841	3,339	6,458
Unrestricted	54,756	55,896	40,927	46,905	51,140	54,577	66,242	59,174
<b>Total governmental activities net assets</b>	<b>\$271,813</b>	<b>\$275,534</b>	<b>\$270,259</b>	<b>\$267,928</b>	<b>\$265,030</b>	<b>\$272,139</b>	<b>\$281,984</b>	<b>\$287,401</b>
<b>Business-type activities:</b>								
Invested in capital assets, net of related debt	\$34,152	\$34,724	\$33,995	\$35,684	\$39,332	\$47,721	\$49,462	\$52,461
Restricted	-	-	-	-	3,677	1,481	1,236	774
Unrestricted	35,031	37,605	41,161	45,097	46,054	43,742	44,860	47,559
<b>Total business-type activities net assets</b>	<b>\$69,183</b>	<b>\$72,329</b>	<b>\$75,156</b>	<b>\$80,781</b>	<b>\$89,063</b>	<b>\$92,944</b>	<b>\$95,558</b>	<b>\$100,794</b>
<b>Primary government</b>								
Invested in capital assets, net of related debt	\$237,656	\$240,320	\$240,039	\$243,454	\$245,768	\$260,442	\$261,865	\$274,230
Restricted	13,553	14,042	23,288	13,253	11,131	6,322	4,575	7,232
Unrestricted	89,787	93,501	82,088	92,002	97,194	98,319	111,102	106,733
<b>Total primary government net assets</b>	<b>\$340,996</b>	<b>\$347,863</b>	<b>\$345,415</b>	<b>\$348,709</b>	<b>\$354,093</b>	<b>\$365,083</b>	<b>\$377,542</b>	<b>\$388,195</b>

## Kenai Peninsula Borough

TABLE II

**Changes in Net Assets  
Last Eight Fiscal Years  
(accrual basis of accounting)**

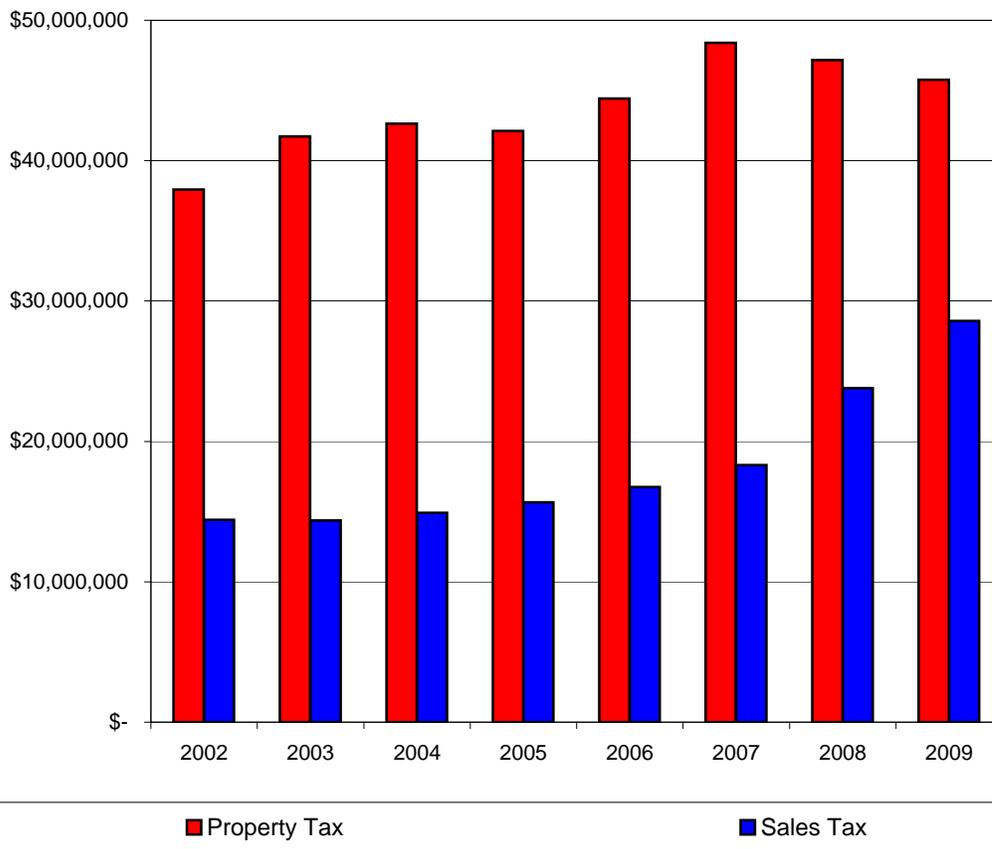
	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
<b>Expenses</b>								
Governmental activities:								
General government	\$ 11,553,510	\$ 12,845,108	\$ 13,759,624	\$ 15,039,269	\$ 14,181,543	\$ 12,009,076	\$ 13,779,385	\$ 16,353,718
Solid waste	4,664,265	4,441,397	4,546,868	4,305,904	5,314,682	4,529,426	3,926,410	7,089,368
Public safety	9,103,350	11,786,508	11,566,281	10,878,435	11,916,169	12,283,753	13,249,097	14,422,777
Recreation	1,300,703	1,292,386	1,362,013	1,812,465	3,910,173	2,034,416	1,910,662	1,847,522
Education	37,780,145	38,582,036	40,756,908	41,802,049	46,208,601	46,526,601	45,793,694	49,039,690
Roads and trails	1,965,464	2,993,413	4,402,233	2,400,466	4,840,374	4,686,013	4,816,351	6,231,915
Interest on long-term debt	1,155,657	658,217	1,279,647	1,175,467	994,069	1,077,954	1,064,378	957,764
Total governmental activities expenses	<u>67,523,094</u>	<u>72,599,065</u>	<u>77,673,574</u>	<u>77,414,055</u>	<u>87,365,611</u>	<u>83,147,239</u>	<u>84,539,977</u>	<u>95,942,754</u>
Business-type activities-								
Hospitals	58,982,870	64,670,528	67,470,710	73,992,156	74,003,739	90,057,676	100,952,586	112,328,342
Total primary government expenses	<u>\$126,505,964</u>	<u>\$137,269,593</u>	<u>\$145,144,284</u>	<u>\$151,406,211</u>	<u>\$161,369,350</u>	<u>\$173,204,915</u>	<u>\$185,492,563</u>	<u>\$208,271,096</u>
<b>Program revenues</b>								
Governmental activities:								
Charges for services:								
General government	511,544	283,781	389,853	335,682	345,976	380,614	392,902	777,538
Solid waste	219,463	188,663	213,640	173,091	282,653	434,748	269,726	460,064
Public safety	582,417	788,754	794,845	1,047,816	1,080,412	1,774,276	1,964,061	1,867,890
Recreation	203,074	185,538	156,876	164,560	168,123	180,655	197,361	219,188
Operating grants and contribution	1,977,148	1,596,403	2,174,309	3,322,537	6,293,122	3,399,453	2,766,547	4,550,168
Capital grants and contributions	1,461,039	1,395,495	2,180,682	1,673,099	3,184,671	4,118,769	3,594,638	4,500,246
Total governmental activities program revenues:	<u>4,954,685</u>	<u>4,438,634</u>	<u>5,910,205</u>	<u>6,716,785</u>	<u>11,354,957</u>	<u>10,288,515</u>	<u>9,185,235</u>	<u>12,375,094</u>
Business-type activities:								
Hospital charges for services	56,754,435	64,170,901	67,228,364	74,450,071	75,458,572	86,620,954	95,689,825	107,798,997
Operating grants and contribution	-	-	-	-	-	154,950	13,621	255,010
Capital grants and contributions	-	-	-	-	-	-	-	1,709,281
Total business-type activities	<u>56,754,435</u>	<u>64,170,901</u>	<u>67,228,364</u>	<u>74,450,071</u>	<u>75,458,572</u>	<u>86,775,904</u>	<u>95,703,446</u>	<u>109,763,288</u>
Total primary government program revenues	<u>\$ 61,709,120</u>	<u>\$ 68,609,535</u>	<u>\$ 73,138,569</u>	<u>\$ 81,166,856</u>	<u>\$ 86,813,529</u>	<u>\$ 97,064,419</u>	<u>\$104,888,681</u>	<u>\$122,138,382</u>
Net (expenses)/revenue								
Government activities	(62,568,409)	(68,160,431)	(71,763,369)	(70,697,270)	(76,010,654)	(72,858,724)	(75,354,742)	(83,567,660)
Business-type activities	(2,228,435)	(499,627)	(242,346)	457,915	1,454,833	(3,281,772)	(5,249,140)	(2,565,054)
Total primary government net expense	<u>\$(64,796,844)</u>	<u>\$(68,660,058)</u>	<u>\$(72,005,715)</u>	<u>\$(70,239,355)</u>	<u>\$(74,555,821)</u>	<u>\$(76,140,496)</u>	<u>\$(80,603,882)</u>	<u>\$(86,132,714)</u>
<b>General revenues and other changes in net assets</b>								
Governmental activities:								
Taxes								
Property taxes	37,943,100	41,718,283	42,641,738	42,121,021	44,430,849	48,397,294	47,167,291	45,763,297
Sales taxes	14,407,262	14,375,828	14,910,977	15,670,832	16,755,426	18,321,611	23,801,181	28,585,036
Unrestricted grants and contributions	3,671,468	3,932,395	3,842,682	2,700,870	2,843,908	6,379,840	5,247,721	7,767,742
Investment earnings	3,501,923	2,938,492	809,165	3,144,975	1,855,581	4,927,247	4,682,399	4,247,230
Special items	-	5,482,954	582,664	162,413	2,678,564	194,435	2,163,478	2,576,186
Miscellaneous	3,408,956	3,432,874	3,701,071	4,566,480	4,548,277	1,746,975	2,137,826	45,372
Total governmental activities	<u>62,932,709</u>	<u>71,880,826</u>	<u>66,488,297</u>	<u>68,366,591</u>	<u>73,112,605</u>	<u>79,967,402</u>	<u>85,199,896</u>	<u>88,984,863</u>
Business-type activities:								
Property taxes	2,430,837	2,616,889	3,025,894	4,629,241	4,864,764	5,412,121	6,254,543	7,133,533
Unrestricted grants and contributions	389,693	349,835	25,575	25,575	-	-	-	-
Investment earnings	883,108	673,577	135,738	313,432	600,935	1,385,420	1,363,418	665,850
Miscellaneous	187,517	5,231	(117,359)	205,189	1,361,719	364,497	245,151	1,759
Total business-type activities	<u>3,891,155</u>	<u>3,645,532</u>	<u>3,069,848</u>	<u>5,173,437</u>	<u>6,827,418</u>	<u>7,162,038</u>	<u>7,863,112</u>	<u>7,801,142</u>
Total primary government	<u>66,823,864</u>	<u>75,526,358</u>	<u>69,558,145</u>	<u>73,540,028</u>	<u>79,940,023</u>	<u>87,129,440</u>	<u>93,063,008</u>	<u>96,786,005</u>
<b>Changes in net assets</b>								
Governmental activities	364,300	3,720,395	(5,275,072)	(2,330,679)	(2,898,049)	7,108,678	9,845,154	5,417,203
Business-type activities	1,662,720	3,145,905	2,827,502	5,631,352	8,282,251	3,880,266	2,613,972	5,236,088
Total primary government	<u>\$ 2,027,020</u>	<u>\$ 6,866,300</u>	<u>\$(2,447,570)</u>	<u>\$ 3,300,673</u>	<u>\$ 5,384,202</u>	<u>\$ 10,988,944</u>	<u>\$ 12,459,126</u>	<u>\$ 10,653,291</u>

**Kenai Peninsula Borough**

Table III

**Governmental Activities Tax Revenues by Source  
Last Eight Fiscal Years  
(accrual basis of accounting)**

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Total</u>
2002	\$37,943,100	\$14,407,262	\$52,350,362
2003	41,718,283	14,375,828	56,094,111
2004	42,641,738	14,910,977	57,552,715
2005	42,121,021	15,670,832	57,791,853
2006	44,430,849	16,755,426	61,186,275
2007	48,397,294	18,321,611	66,718,905
2008	47,167,291	23,801,181	70,968,472
2009	45,763,297	28,585,036	74,348,333



Kenai Peninsula Borough

Table IV

Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Fund										
Reserved	\$ 406,778	\$ 479,331	\$ 354,603	\$ 255,206	\$ 318,064	\$ 98,704	\$ 252,852	\$ 279,145	\$ 480,474	\$ 533,923
Unreserved	26,701,571	27,876,524	25,824,117	24,557,132	20,034,527	17,090,419	15,032,451	20,013,018	23,979,600	24,604,294
Total General Fund	<u>\$27,108,349</u>	<u>\$28,355,855</u>	<u>\$26,178,720</u>	<u>\$24,812,338</u>	<u>\$20,352,591</u>	<u>\$17,189,123</u>	<u>\$15,285,303</u>	<u>\$20,292,163</u>	<u>\$24,460,074</u>	<u>\$25,138,217</u>
All other governmental funds										
Reserved	1,798,199	3,542,224	5,030,786	3,666,808	16,270,937	6,168,912	5,604,994	5,751,376	3,321,822	4,471,230
Unreserved, reported in:										
Special revenue funds	10,155,219	18,970,653	23,656,468	22,135,464	22,487,636	24,030,122	23,612,583	22,364,901	25,077,731	25,864,320
Capital projects funds	6,375,451	12,223,479	10,098,402	17,170,265	14,723,736	13,134,043	11,506,248	10,834,479	7,695,830	6,740,283
Total all other governmental funds	<u>\$18,328,869</u>	<u>\$34,736,356</u>	<u>\$38,785,656</u>	<u>\$42,972,537</u>	<u>\$53,482,309</u>	<u>\$43,333,077</u>	<u>\$40,723,825</u>	<u>\$38,950,756</u>	<u>\$36,095,383</u>	<u>\$37,075,833</u>

The Kenai Peninsula Borough developed an Unreserved Fund Balance policy in 2001. This policy provides guidelines regarding minimum and maximum levels of unreserved fund balance for the Borough's General Fund and Service Areas' operating and capital project funds. The policy requires that the following items should be considered when establishing an acceptable level of fund balance: working capital requirements, operating contingencies to include revenue volatility and unexpected expenditures, and future capital expansion. The policy also established that if a fund balance was outside the acceptable range, the subsequent year's budget must include a five-year plan of action to achieve compliance with the acceptable range.

**Kenai Peninsula Borough**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

Table V

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Revenues</b>										
Property taxes	\$36,621,773	\$38,207,989	\$37,943,100	\$40,961,761	\$42,493,681	\$42,702,040	\$44,202,071	\$48,235,053	\$47,216,050	\$45,796,378
Sales Tax	12,814,417	13,708,974	14,407,262	14,375,828	14,910,977	15,670,832	16,755,426	18,321,611	23,801,181	28,585,036
Intergovernmental	16,147,083	22,398,434	9,038,139	8,778,348	10,794,534	10,341,082	14,924,888	15,416,267	13,317,714	16,759,845
Investment earnings	3,504,046	6,938,112	3,017,960	2,640,324	799,151	2,983,265	1,685,672	4,536,308	4,269,412	3,877,032
Other revenues	2,123,354	1,827,920	2,950,349	3,388,791	2,613,236	3,517,763	4,252,498	3,218,169	4,016,545	3,392,467
Total revenues	<u>71,210,673</u>	<u>83,081,429</u>	<u>67,356,810</u>	<u>70,145,052</u>	<u>71,611,579</u>	<u>75,214,982</u>	<u>81,820,555</u>	<u>89,727,408</u>	<u>92,620,902</u>	<u>98,410,758</u>
<b>Expenditures:</b>										
General government	10,576,416	11,059,651	11,198,634	11,442,124	13,264,721	13,812,467	12,795,754	12,302,055	13,379,469	15,881,770
Solid waste	3,428,372	3,794,379	3,627,278	3,837,131	3,791,184	4,438,926	4,147,463	4,578,280	4,791,911	5,311,704
Public safety	6,061,619	6,860,034	8,532,554	11,190,264	10,272,548	9,782,444	10,990,280	11,774,981	12,841,297	12,949,263
Recreation	723,299	773,795	909,781	885,154	929,578	1,383,393	3,448,362	1,295,789	1,302,674	1,441,969
Education	30,284,012	30,668,243	31,006,284	30,996,207	32,501,758	34,268,066	37,695,674	38,614,183	38,603,640	42,450,275
Roads and trails	1,496,347	1,966,252	2,119,461	2,281,668	3,188,390	3,198,758	3,479,969	3,402,294	4,309,600	6,101,376
Capital outlay	6,606,123	5,588,265	9,116,040	10,500,410	11,172,647	17,037,100	11,425,755	13,661,765	12,699,282	9,282,690
Debt service										
Principal	10,730,000	10,855,000	2,480,000	2,575,000	3,840,000	3,375,000	3,485,000	2,065,000	2,305,000	2,355,000
Interest	2,101,848	1,302,262	839,104	686,595	1,300,728	1,231,528	1,065,369	1,087,269	1,075,491	978,119
Total expenditures	<u>72,008,036</u>	<u>72,867,881</u>	<u>69,829,136</u>	<u>74,394,553</u>	<u>80,261,554</u>	<u>88,527,682</u>	<u>88,533,626</u>	<u>88,781,616</u>	<u>91,308,364</u>	<u>96,752,166</u>
Excess of revenues over (under) expenditures	(797,363)	10,213,548	(2,472,326)	(4,249,501)	(8,649,975)	(13,312,700)	(6,713,071)	945,792	1,312,538	1,658,592
<b>Other financing sources (uses)</b>										
Transfers in	20,538,925	19,944,611	14,066,670	13,796,173	15,019,352	15,488,288	16,406,111	19,851,269	17,069,227	17,444,450
Transfers out	(20,517,945)	(19,944,611)	(14,066,670)	(13,796,173)	(15,019,352)	(15,488,288)	(16,706,111)	(20,151,269)	(17,069,227)	(17,444,450)
Bonds issued	-	7,429,000	-	7,040,000	14,700,000	-	2,500,000	2,588,000	-	-
Sale of capital assets	9,468	12,445	-	-	-	-	-	-	-	-
Net other financing sources (uses)	<u>30,448</u>	<u>7,441,445</u>	<u>-</u>	<u>7,040,000</u>	<u>14,700,000</u>	<u>-</u>	<u>2,200,000</u>	<u>2,288,000</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ (766,915)</u>	<u>\$17,654,993</u>	<u>\$ (2,472,326)</u>	<u>\$ 2,790,499</u>	<u>\$ 6,050,025</u>	<u>\$ (13,312,700)</u>	<u>\$ (4,513,071)</u>	<u>\$ 3,233,792</u>	<u>\$ 1,312,538</u>	<u>\$ 1,658,592</u>
Debt service as a percentage of noncapital expenditures	19.62%	18.07%	5.47%	5.10%	7.44%	6.44%	5.90%	4.20%	4.30%	3.81%
Total non-capital expenditures	65,401,913	67,279,616	60,713,096	63,894,143	69,088,907	71,490,582	77,107,871	75,119,851	78,609,082	87,469,476

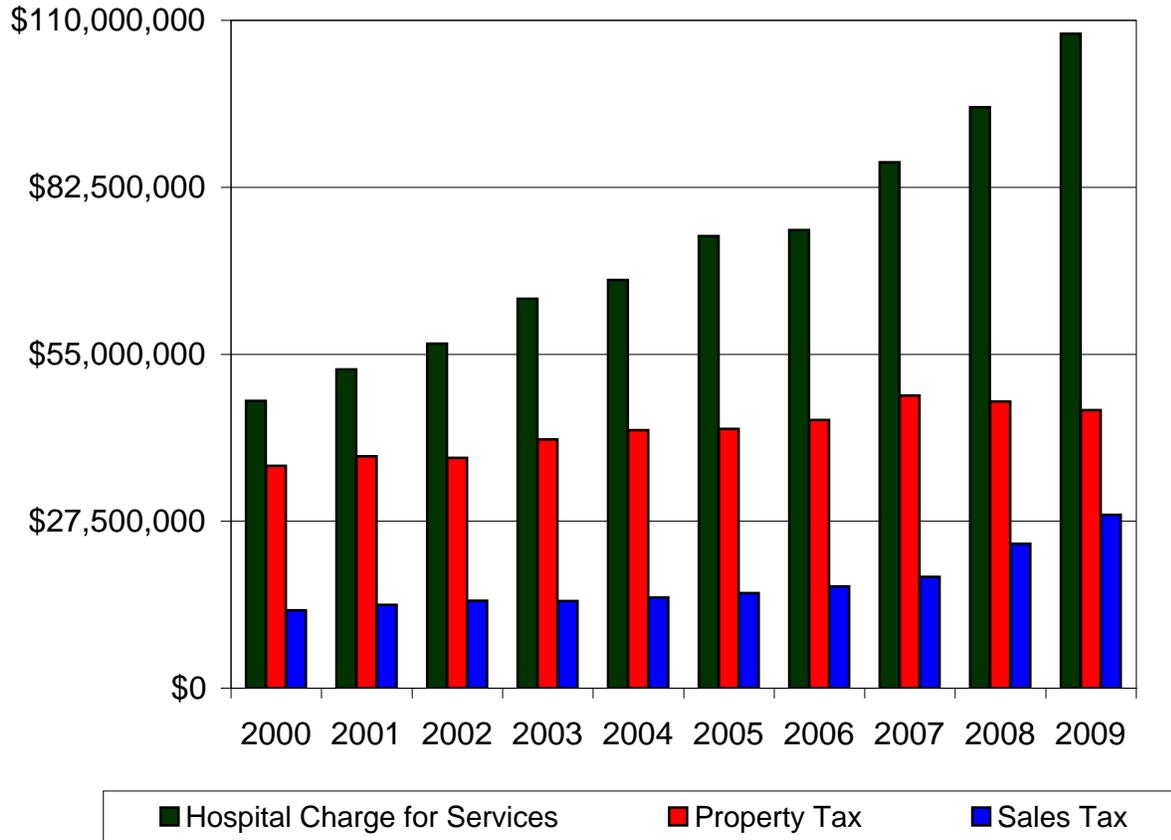
Kenai Peninsula Borough

Table VI

Significant Revenues by Source  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

<u>Fiscal Year</u>	<u>Hospital Charge for Services</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Total</u>
2000	\$ 47,310,533	\$36,621,773	\$12,814,417	\$96,746,723
2001	52,503,530	38,207,989	13,708,974	104,420,493
2002	56,754,435	37,943,100	14,407,262	109,104,797
2003	64,170,901	40,961,761	14,375,828	119,508,490
2004	67,228,364	42,493,681	14,910,977	124,633,022
2005	74,450,071	42,702,040	15,670,832	132,822,943
2006	75,458,572	44,202,701	16,755,426	136,416,699
2007	86,620,954	48,235,053	18,321,611	153,177,618
2008	95,689,825	47,216,050	23,801,181 *	166,707,056
2009	107,798,997	45,796,378	28,585,036	182,180,411

\* Sales tax rate was changed from 2% to 3% effective January 1, 2008



Kenai Peninsula Borough

Table VII

Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years  
(in thousands of dollars)

Fiscal Year	Assessed Values			Tax Exempt Values (1)			Total Taxable Assessed Value	Total Direct Tax Rate	Assessed Value as a Percentage of Actual Value
	Real	Oil & Gas	Personal Property	Real	Personal				
2000	\$ 2,812,154	\$ 448,685	\$ 257,051	\$ 127,824	31,762		\$ 3,358,304	8.00	95.46%
2001	2,976,229	465,766	279,242	140,756	32,097		3,548,384	7.50	95.35%
2002	3,027,956	606,604	285,766	161,085	41,528		3,717,713	7.00	94.83%
2003	3,290,671	680,522	290,369	176,523	40,998		4,044,041	6.50	94.90%
2004	3,509,442	673,367	276,649	196,210	40,844		4,222,404	6.50	94.68%
2005	3,656,476	611,303	253,595	215,076	42,051		4,264,247	6.50	94.31%
2006	4,009,648	561,689	285,351	304,702	44,210		4,507,776	6.50	92.82%
2007	4,402,946	558,190	295,431	340,356	28,161		4,888,050	6.50	92.99%
2008	4,940,180	607,052	224,479	374,395	27,938		5,369,378	5.50	93.03%
2009	5,533,794	635,272	220,272	394,457	28,124		5,966,757	4.50	93.39%

Note: Borough code requires a revaluation of all property no less than every 5 years, current average is approximately every 7 years. Figures in this table have been revised from the FY05 CAFR to exclude state and federal exemptions previously included

(1) Tax exempt values represent only those exemptions provide by the Borough. It does not include those exemptions provided by federal or state requirements

Source: Data is provided by the Kenai Peninsula Borough's Assessing Department.

Fiscal Year	Borough (1) (4)		City of Homer (5)		City of Kachemak (5)		City of Kenai (5)		City of Seldovia (5)		City of Seward (5)		City of Soldotna (5)	
	Operating	Special District	Operating	Special Districts	Operating	Special Districts	Operating	Special Districts	Operating	Special Districts	Operating	Special Districts	Operating	Special Districts
2000	8.00	0.10	5.50	2.00	1.00	2.00	3.50	0.40	7.25	0.00	3.12	0.00	1.65	3.15
2001	7.50	0.10	5.50	2.00	1.00	2.00	3.50	0.40	7.25	0.00	3.12	0.00	1.65	3.15
2002	7.00	0.10	5.50	1.75	1.00	1.75	3.50	0.40	7.25	0.00	3.12	0.00	1.65	3.00
2003	6.50	0.10	5.00	1.75	1.00	1.75	3.50	0.40	7.25	0.00	3.12	0.00	1.65	3.00
2004	6.50	0.10	5.00	1.75	1.00	1.75	5.00	0.50	7.25	0.00	3.12	0.00	1.65	3.10
2005	6.50	0.10	4.50	1.75	1.00	1.75	4.50	1.00	7.25	0.00	3.12	0.50	1.65	3.35
2006	6.50	0.10	4.50	1.75	2.00	1.75	4.50	1.00	7.25	0.00	3.12	0.50	1.65	3.35
2007	6.50	0.10	4.50	1.75	2.00	1.75	4.50	1.00	4.60	0.00	3.12	0.50	1.65	3.35
2008	5.50	0.00 (3)	4.50	2.00	2.00	2.00	4.50	1.00	4.60	0.00	3.12	0.50	1.65	3.55
2009	4.50	0.00	4.50	2.30	1.00	2.30	4.50	0.90	4.60	0.00	3.12	0.50	1.65	3.35

(1) Borough's General Fund maximum mill rate for FY2009 is 8.272 mills

(2) Overlapping rates are those of the first class cities located within the Borough. The mill rates shown consist of two components: the mill rate for the operating entity and the mill rate for special districts, which include fire and emergency response, higher education, and local support for hospitals.

(3) The mill rate for the special district, the Post Secondary Fund, was combined into the Operating fund mill rate

**Sources:**

(4) Data provided by Kenai Peninsula Borough Clerk's Office.

(5) Data provided by the City Clerk's Office for each respective City.

**Kenai Peninsula Borough**

**Table IX**

**Principal Property Taxpayers  
Current and Nine Years Ago**

Taxpayer	2009			2000		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
	(1)			(1)		
Tesoro Alaska Company	\$ 200,081,694	1	3.35%	\$ 82,319,590	4	2.45%
Union Oil/Unocal	186,237,020	2	3.12%	263,333,202	1	7.85%
Conoco-Phillips Petroleum Co.	162,640,779	3	2.73%	88,068,371	3	2.62%
Marathon Oil Company	130,856,530	4	2.19%	44,700,210	7	1.33%
BP Exploration Alaska Inc.	71,539,503	5	1.20%	-	-	-
ACS of the Northland, Inc.	64,132,699	6	1.07%	-	-	-
XTO Energy, Inc.	44,716,770	7	0.75%	-	-	-
Kenai Kachemak Pipeline	42,857,780	8	0.72%	-	-	-
Agrium US Inc.	19,161,536	9	0.32%	-	-	-
Fred Meyer	18,928,022	10	0.32%	14,812,528	10	0.44%
Kenai Fertilizer Co. LLC	-	-	-	215,095,700	2	6.41%
Cross Timbers	-	-	-	28,035,400	8	0.84%
Century Telephone Enterprises	-	-	-	55,979,583	6	1.67%
ARCO	-	-	-	74,243,030	5	2.21%
Cook Inlet Pipeline	-	-	-	18,385,700	9	0.55%
<b>Totals</b>	<b>\$ 941,152,333</b>		<b>15.77%</b>	<b>\$ 884,973,314</b>		<b>26.37%</b>

(1) **Source:** Data is provided by the Kenai Peninsula Borough's Assessing Department.

Total Assessed value based on total tax levy for FY2009 and FY2000 respectively.	\$5,966,757,000	\$3,355,946,678
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Kenai Peninsula Borough

Table X

Taxable Sales by Line of Business  
Current

<u>Line of Business</u>	<u>2009 Taxable Sales</u>
Retail Trade	\$ 421,005,140
Wholesale Trade	79,573,057
Restaurant/Bar	72,869,259
Utilities	66,080,672
Hotel/Motel/Bed & Breakfast	62,387,821
Information	46,637,098
Guiding Water	45,480,297
Services	41,161,550
Rental Residential Property	33,743,943
Public Administration	14,846,684
Professional, Scientific and Technical Services	14,679,627
Construction Contracting	12,122,130
Telecommunications	11,590,156
Manufacturing	8,612,060
Administrative, Waste Management,	8,325,040
Other	28,208,621
Total	<u>\$ 967,323,156</u>

Borough direct sales tax rate 3.00%

**Source:** Data is provided by the Kenai Peninsula Borough's Finance Department, Sales Tax Division.

Kenai Peninsula Borough

Table XI

Property Tax Levies and Collections  
General Fund  
Last Ten Fiscal Years

Year Ended June 30	Total Tax Levy for Fiscal Year	Collected in the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2000	\$26,792,683	\$26,212,896	97.836%	\$ 576,594	\$26,789,490	99.988%
2001	26,611,167	26,132,333	98.201%	477,165	26,609,498	99.994%
2002	26,096,387	25,644,795	98.270%	449,551	26,094,346	99.992%
2003	26,370,536	25,879,204	98.137%	487,835	26,367,039	99.987%
2004	27,558,497	27,062,845	98.201%	491,880	27,554,725	99.986%
2005	27,820,350	27,446,158	98.655%	370,330	27,816,488	99.986%
2006	29,357,626	28,978,909	98.710%	372,836	29,351,745	99.980%
2007	31,768,274	31,346,983	98.674%	409,044	31,756,027	99.961%
2008	30,042,125	29,651,635	98.700%	350,122	30,001,757	99.866%
2009	26,779,449	26,431,968	98.702%	-	26,431,968	98.702%

Kenai Peninsula Borough

Table XII

Ratios of Outstanding Debt by Type and Per Capita  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Business-Type Activities (1)			Total	Percentage of Personal Income	Percentage of Estimated Actual Taxable Value of Property (Area Wide)	Debt Per Capita (2) (3) Service Areas			
	General Obligation Bonds (Area Wide)	General Obligation Bonds (Service Area)	General Obligation Bonds	Capital Leases	Area Wide				Central Emergency Services Service Area	South Peninsula Hospital Service Area	Central Peninsula Hospital Service Area	
2000	\$ 19,315,000	-	\$ -	-	\$ 19,315,000	1.38%	0.58%	\$ 389	\$ -	\$ -	\$ -	-
2001	15,889,000	-	2,037,282	-	17,926,282	1.24%	0.51%	317	-	-	-	65
2002	13,409,000	-	1,525,056	-	14,934,056	0.99%	0.40%	257	-	-	-	49
2003	17,874,000	-	989,722	-	18,863,722	1.25%	0.47%	335	-	-	-	32
2004	28,734,000	-	58,275,000	511,562	87,520,562	5.76%	2.07%	555	-	824	-	1,508
2005	25,359,000	-	56,655,000	261,351	82,275,351	5.16%	1.93%	490	-	807	-	1,465
2006	21,874,000	2,500,000	54,645,000	-	79,019,000	4.79%	1.75%	426	127	777	-	1,406
2007	22,399,000	2,425,000	52,795,000	1,450,192	79,069,192	4.51%	1.62%	428	123	881	-	1,353
2008	20,174,000	2,345,000	65,200,000	1,109,570	88,828,570	4.73%	1.65%	381	115	1,982	-	1,290
2009	17,904,000	2,260,000	62,520,000	754,730	83,438,730	4.44%	1.40%	338	116	1,846	-	1,206

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

- (1) Business-type activities debt is for the South Peninsula Hospital Service Area and Central Peninsula Hospital Service Area and is debt of the Service Areas, not the Primary Government
- (2) Other Governmental Fund type debt is for the Central Emergency Services Service Area and is debt of the Service Area not the Primary Government
- (3) Due to overlapping taxing jurisdictions, the Debt Per Capita of the Area Wide must be combined with each overlapping Service Area to determine the total Debt Per Capita within each Tax Code Area

Population data can be found on Table XIII

**Kenai Peninsula Borough**

**Table XIII**

**Legal Debt Margin Information  
Last Ten Fiscal Years**

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**NO DEBT LIMIT IS MANDATED BY LAW**

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Kenai Peninsula Borough

Table XIV

Demographic and Economic Statistics  
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (amount expressed in thousands)	Per Capita Personal Income	Median Age (3)	School Enrollment	Unemployment Rate (2)
2000	\$ 49,673	\$ 1,398,638	\$ 28,157	36.3	9,896	**
2001	50,172	1,446,609	28,833	35.9	9,963	8.00%
2002	52,245	1,508,201	28,868	36.4	9,799	7.90%
2003	53,316	1,505,864	28,244	36.6	9,661	9.40%
2004	51,733	1,519,711	29,376	37.4	9,467	10.00%
2005	51,765	1,594,109	30,795	38.0	9,527	9.50%
2006	51,350	1,650,417	32,141	39.7	9,389	8.70%
2007	52,370	1,753,889	33,490	39.1	9,368	8.10%
2008	52,990	1,879,960	35,478	39.2	9,250	7.70%
2009	52,990 *	1,879,960 *	35,478 *	39.2 *	9,256	8.20%

Sources:

(1) Alaska Department of Labor estimates as of July 1 of each fiscal year

(2) Data is provided by the State of Alaska Department of Labor and is the average rate for the previous calendar year

(3) Data is provided by the State of Alaska Department of Labor

\* Current year information is not available as of the date of this report, prior year information is used

\*\* The Bureau of Labor Statistics, changed their method of calculating unemployment rates. They have recalculated the unemployment rate back to 2001. Unemployment rates for 1999-2000 are not available using the new method.

[http://www.labor.state.ak.us/research/emp\\_ue/kblf.htm](http://www.labor.state.ak.us/research/emp_ue/kblf.htm)

Kenai Peninsula Borough

Table XV

Principal Employers  
Current and Nine Years Ago

<u>Employer</u>	<u>2009 Rank</u>	<u>2000 Rank</u>
Kenai Peninsula Borough School	1	1
Central Peninsula General Hospital	2	7
Safeway Inc	3	5
Kenai Peninsula Borough	4	6
ASRC Energy Services O&M Inc	5	-
Alaska Department of Corrections	6	8
South Peninsula Hospital Inc	7	-
Frontier Community Services Inc	8	-
Fred Meyer Stores Inc	9	10
Chevron USA Inc.	10	-
Conoco Phillips Company	-	2
Peak Oilfield Svc Co	-	3
Union Oil of California	-	4
CIRI Alaska Tourism Corporation	-	9

\* The State of Alaska has passed legislation that prevents disclosure of the number of employees for each employer. Although specific employee counts are available for 2008, because that information was released prior to the legislation being implemented, the State will not provide detail information for 1999.

**Source:** Data is provided by the State of Alaska Department of Labor

Kenai Peninsula Borough

Table XVI

Full-time Equivalent Borough Government Employees by Function  
Last Ten Fiscal Years

Function	Full-time Equivalent Employee as of June 30									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General government:										
Assembly	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Mayoral	4.00	7.00 (1)	6.00	10.00 (3)	11.00	11.00	11.00	10.00	10.00	10.00
Office of emergency mgmt	-	-	-	-	-	-	-	10.00 (5)	12.00	12.00
General services	28.00	30.00	31.10	31.55	31.60	32.60	32.60	21.60 (5)	21.80	22.10
Legal	6.00	6.00	6.00	6.00	6.00	5.00	5.00	5.00	5.00	5.00
Finance	24.50	27.00 (2)	27.00	23.00 (3)	23.00	23.00	23.00	23.00	23.00	23.00
Assessing	20.75	19.75	19.75	20.75	21.00	21.00	21.00	21.00	22.00	22.00
Planning	11.75	9.80	8.80	9.10	9.50	8.50	8.50	9.00	9.00	9.00
Major projects	6.00	6.00	7.00	8.00	9.00	8.00	8.00	8.00	8.00	9.00 (8)
Other	0.00	0.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>106.50</b>	<b>111.05</b>	<b>112.15</b>	<b>113.90</b>	<b>116.60</b>	<b>114.60</b>	<b>114.60</b>	<b>113.10</b>	<b>116.30</b>	<b>117.60</b>
Fire and Emergency Services:										
Nikiski Fire	21.00	21.00	21.00	23.00	24.00	24.00	23.00	23.00	23.00	21.00 (9)
Bear Creek Fire	-	-	-	0.40	0.40	0.40	0.40	0.40	0.40	0.75
Anchor Point	-	-	0.40	1.00	1.00	1.00	1.00	1.00	1.00	1.00
CES	23.00	23.00	23.00	26.00	27.00	27.00	28.00	30.50 (6)	33.50 (7)	33.50
Kechemak	-	-	-	-	-	-	-	-	0.75	1.00
Seward Bear Creek Flood	-	-	-	-	-	0.50	0.50	0.50	0.75	0.75
Recreation	12.25	12.25	13.25	13.25	14.00	13.25	13.25	13.25	13.25	13.25
Roads	5.00	5.00	5.00	6.00	6.00	7.00	7.00	7.00	7.00	8.00 (10)
Land trust fund	4.50	4.50	4.50	4.50	5.00	5.00	5.00	5.00	5.00	5.00
Kenai River Center	2.00	3.50	4.50	4.20	4.50	4.50	4.50	4.50	4.50	5.00
Nikiski seniors	-	-	-	1.00	1.00	1.00	1.00	1.00	1.00	0.00
Solid waste	7.00	7.00	7.25	7.25	8.75	19.25 (4)	19.25	19.25	20.25	20.75 (11)
Risk management	2.55	2.55	3.55	3.60	4.60	4.60	4.60	4.60	4.60	3.60 (12)
<b>Total</b>	<b>183.80</b>	<b>189.85</b>	<b>194.60</b>	<b>204.10</b>	<b>212.85</b>	<b>222.10</b>	<b>221.60</b>	<b>223.10</b>	<b>231.30</b>	<b>231.20</b>

- (1) Start up of Community and Economic Division
- (2) Purchasing department transferred from Maintenance, increase in 2 positions
- (3) Purchasing department transferred from the Finance department to the Mayoral department, reduction of 4 positions in Finance
- (4) The Borough took over operations of the Soldotna landfill, previously the operations were contracted out
- (5) The Office of Emergency Management and 911 Communications separated from General Services
- (6) Staffing at Funny River Fire Station
- (7) Staffing at Kasilof Fire Station
- (8) Transfer of project manager from Solid Waste
- (9) Elimination of Assistant Chief and a mechanic position, estimated savings \$190,000
- (10) Added Engineer to assist with managing road improvement projects
- (11) Added full-time contract administrator, increased .5 secretary to full-time, and transfer of project manager to Major projects
- (12) Elimination of Worker's compensation manager position, remaining job duties being shared with other staff

Source: Data is provided by the Kenai Peninsula Borough's Human Resources Department

Kenai Peninsula Borough

Table XVII

Operating Indicators by Function  
Last Ten Fiscal Years

Function	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General government- 911 calls answered	***	***	***	14,458	16,919	17,200	17,926	15,084	16,590	18,915
Fire and emergency services: **										
Number of calls responded to:										
Nikiski	614	653	628	657	745	745	733	665	737	811
Bear Creek	87	70	94	97	79	99	76	120	164	134
Anchor Point	141	146	225	188	150	150	190	191	198	187
CES	1,322	1,348	1,437	1,437	1,551	1,771	1,942	1,825	1,919	1,962
Kachemak	-	- (1)	97	80	63	83	99	95	114	147
Landfills-										
Refuse collected (tons)	57,500	59,700	62,500	63,100	62,600	60,500	64,000	67,200	65,000	65,828

Note: With the exception of 911 calls, indicators are not available for the general government functions  
 \*\* Fire and Emergency Services indices are as of December 31 of the prior calendar year  
 \*\*\* Information not available  
 (1) This is the first year that Kachemak Emergency Service Area was in operations

Sources: Various Kenai Peninsula Borough department's and service area's performance measures.

Kenai Peninsula Borough

Table XVIII

Capital Asset Statistics by Function  
Last Ten Fiscal Years

Function	Fiscal Year										
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Fire and emergency services:											
Number of Stations:											
Nikiski	4	4	4	4	4	4	4	4	4	4	4
Bear Creek	1	1	1	1	1	1	1	1	1	1	1
Anchor Point	1	1	1	1	1	1	1	1	1	2	2
CES	4	4	4	4	4	4	4	4	5	6	6
Kachemak	0	0	0	1	1	1	1	1	1	1	1
Landfills:											
Number of landfills	8	8	8	8	8	8	8	8	8	8	8
Number of transfer sites	12	12	12	12	12	12	12	12	12	12	12
Recreation-											
Number of facilities	6	6	6	7	7	8	8	8	8	8	8
Roads-											
Miles of roads maintained	629	629	638	638	630	589	608	614	620	623	631

Note: No capital asset indicators are available for the general government functions

Sources: Various Kenai Peninsula Borough department's and service area's performance measures.

SINGLE AUDIT

**Kenai Peninsula Borough**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2009**

<u>Federal Grantor</u>	<u>Grant Number</u>	<u>CFDA #</u>	<u>Expenditures</u> <u>6/30/09</u>
<u>U. S Department of Commerce:</u>			
Passed through Alaska Department of Commerce, Community & Economic Development:			
Alaska Coastal Zone Management Program Required Tasks	890995	11.419	\$ 38,500
Alaska Coastal Zone Management Section 309 Enhancement Grant	891007	11.419	12,615
Coastal Management Plan Update	871096	11.419	2,177
Alaska Coastal Management Travel/Training Grant	890993	11.419	1,090
Passed through Alaska Department of Military & Veterans Affairs:			
Bear Creek Public Safety Inoperable Communications Grant	2007-GS-H7-0025	11.555	176,876
National Tsunami Hazard Mitigation Program	02NOAA-GR34280	11.467	1,287
Total U. S Department of Commerce			<u>232,545</u>
<u>U.S. Department of the Interior:</u>			
Passed through U.S. Bureau of Land Management:			
Payment in Lieu of Taxes *	FY2008 SEC 6901/02	15.226	3,047,622
Passed through State of Alaska Department of Natural Resources			
Urban Interface Wildlife Protection Plan	05DG1110000207	15.228	66,550
Urban Interface Wildlife Protection Plan	FY07	15.228	36,845
Passed through US Fish and Wildlife Service:			
National Wildlife Refuge Revenue Sharing	FY2009	15.659	24,916
Passed through Materials Management Service			
Coastal Impact Assistance Program			
Planning & Administration	MO9AF15160	15.426	6,642
Crooked Creek Bank Restoration and Habitat Protection	MO9AF15197	15.426	15,000
Kasilof Personal Use Fisheries Habitat Protection	MO9AF15176	15.426	6,074
Crooked Creek State Recreation Area Riverbank Restoration	MO9AF15161	15.426	24
Total U.S. Department of the Interior			<u>3,203,673</u>
<u>U.S. Department of Transportation:</u>			
Passed through Alaska Department of Transportation:			
Kenai Spur Road Extension	MOA	20.205	9,528
Keystone Road Paving Project	MOA	20.205	118,659
Total U.S. Department of Transportation			<u>128,187</u>
<u>U.S. Department of Homeland Security:</u>			
Bear Creek Firefighter Assistance Grant	EMW-2007-FR-00514	97.044	2,451
Bear Creek Firefighter Assistance Grant	EMW-2007-FO-03591	97.044	52,068
Bear Creek Firefighter Assistance Grant	EMW-2008-FO-02668	97.044	1,706
Passed through Alaska Department of Commerce, Community & Economic Development -			
Community Assistance Program Travel/Training Grant	890521	97.023	859
Passed through Alaska Department of Military & Veterans Affairs:			
Citizens Corp FY2008	2007-GE-T7-0003	97.053	21,035
Emergency Management Performance Grant	08EMPG-GR35569	97.042	50,000
Emergency Management Performance Grant	2009-EP-0036	97.042	50,000
Emergency Response Activities Grant	2008-GE-T8-0005	97.067	3,154
State Homeland Security Grant Program - Kachemak Emergency	2007-GE-T7-0003	97.073	26,253
Total Department of Homeland Security			<u>207,526</u>

(continued)

**Kenai Peninsula Borough**  
**Schedule of Expenditures of Federal Awards - continued**  
**Year Ended June 30, 2009**

<u>Federal Grantor</u>	<u>Grant Number</u>	<u>CFDA #</u>	<u>Expenditures 6/30/09</u>
<u>Denali Commission:</u>			
Central Peninsula Hospital Digital Mammography *		90.100	282,200
Central Peninsula Hospital MRI Breast Dynacad *		90.100	29,970
Serenity House Capital Grant *		90.100	463,868
Passed through Rural Alaska Community Action Plan Inc.			
Tyonek Junk Vehicle Removal *		90.100	49,947
Passed through Alaska Housing Finance Corporation			
Nanwalek Teacher Housing *		90.100	418,920
Total Denali Commission			<u>1,244,905</u>
<u>U.S. Department of Health and Human Services:</u>			
Passed through the Alaska Department of Health and Social Services:			
Behavioral Health Prevention and Early Intervention Services	FY09	93.959	46,875
Alaska Hospital Preparedness Program - Heritage Place		93.889	2,200
Alaska Hospital Preparedness Program - Central Peninsula Hospital		93.889	18,665
Passed through the Alaska State Hospital & Nursing Home Association			
Alaska Hospital Preparedness Program - South Peninsula Hospital		93.889	33,039
Small Rural Hospital Improvement Grant - South Peninsula Hospital		93.301	8,718
Total Department of Health and Human Services			<u>109,497</u>
<u>U.S. Department of Agriculture:</u>			
National Forest Receipts *		10.665	869,957
Passed through U.S. Forest Service:			
00 Spruce Bark Beetle Infestation	00BTL	10.664	2,576
01 Spruce Bark Beetle Infestation	01BTL	10.664	150,855
03 Spruce Bark Beetle Infestation	03BTL	10.664	18,705
04 Spruce Bark Beetle Infestation	04BTL	10.664	8,185
05 Spruce Bark Beetle Infestation	05BTL	10.664	194,189
06 Spruce Bark Beetle Infestation	07BTL	10.664	272,889
Spruce Bark Beetle Mitigation Program Work	08DG11100100203	10.664	197,181
Passed through Alaska Department of Natural Resources:			
Bear Creek Fire Service Area Volunteer Fire Assistance Grant	FY09	10.664	9,693
Nikiski Fire Service Area Volunteer Fire Assistance Grant	FY09	10.664	6,375
Total U.S. Department of Agriculture			<u>1,730,605</u>
TOTAL FEDERAL			<u>\$ 6,856,938</u>

\* Federal Major Program

**Kenai Peninsula Borough**

**Schedule of Expenditures of State Awards  
Year Ended June 30, 2009**

<u>State Grantor</u>	<u>Grant Number</u>	<u>Expenditures 6/30/09</u>
Alaska Department of Commerce, Community & Economic Development:		
Shared Fisheries Business Tax		\$ 8,318
Fish Resource Landing Tax		174
Community Revenue Sharing - Borough *	FY09	2,060,590
Community Revenue Sharing - Anchor Point	FY09	20,200
Community Revenue Sharing - Bear Creek	FY09	20,200
Community Revenue Sharing - Clam Gulch	FY09	20,200
Community Revenue Sharing - Cohoe	FY09	20,200
Community Revenue Sharing - Cooper Landing	FY09	20,200
Community Revenue Sharing - Diamond Ridge	FY09	20,200
Community Revenue Sharing - Fox River	FY09	20,200
Community Revenue Sharing - Fritz Creek	FY09	20,200
Community Revenue Sharing - Funny River	FY09	20,200
Community Revenue Sharing - Kalifornsky	FY09	20,200
Community Revenue Sharing - Kasilof	FY09	20,200
Community Revenue Sharing - Lowell Point	FY09	20,200
Community Revenue Sharing - Moose Pass	FY09	20,200
Community Revenue Sharing - Nanwalek	FY09	20,200
Community Revenue Sharing - Nikiski	FY09	20,200
Community Revenue Sharing - Ninilchik	FY09	20,200
Community Revenue Sharing - Port Graham	FY09	20,200
Community Revenue Sharing - Primrose	FY09	20,200
Community Revenue Sharing - Ridgeway	FY09	20,200
Community Revenue Sharing - Salamatof	FY09	20,200
Community Revenue Sharing - Seldovia Village	FY09	20,200
Community Revenue Sharing - Sterling	FY09	20,200
Community Revenue Sharing - Tyonek	FY09	20,200
Municipal Energy Assistance Program for Unincorporated Communities - Anchor Point	880624	14,251
Municipal Energy Assistance Program for Unincorporated Communities- Cooper Landing	880625	8,323
Municipal Energy Assistance Program for Unincorporated Communities - Hope	880626	13,975
Municipal Energy Assistance Program for Unincorporated Communities - Nanwalek	880627	20,000
Municipal Energy Assistance Program for Unincorporated Communities- Nikiski	880628	11,423
Municipal Energy Assistance Program for Unincorporated Communities- Nikolaevsk	880629	20,000
Municipal Energy Assistance Program for Unincorporated Communities- Ninilchik	880630	5,000
Municipal Energy Assistance Program for Unincorporated Communities- Port Graham	880631	20,000
Municipal Energy Assistance Program for Unincorporated Communities- Seldovia	880632	20,000
Anchor Point Fire Service Area Tanker	05-DC-062	70,000
Bastein Drive Road Improvements	08-DC-301	30,981
Bear Creek Multi-Use Facility	09-DC-482	342
Borough-wide Road Upgrades *	09-DC-218	883,934
Central Emergency Services Static Fire Fighting Water Supply Points *	09-DC-215	342,696
Community College Drive Road Improvements *	08-DC-304	238,439
Cook Inlet Regional Citizens Advisory Group Development Safety Project	06-DC-341	56,180
Kachemak Fire Service Area ATV Rescue/Fire Support	08-DC-300	15,000
Kenai High School Asphalt Replacement	06-DC-190	2,321

(continued)

**Kenai Peninsula Borough**

**Schedule of Expenditures of State Awards - continued  
Year Ended June 30, 2009**

<u>State Grantor</u>	<u>Grant Number</u>	<u>Expenditures 6/30/09</u>
Alaska Department of Commerce, Community & Economic Development (continued):		
Keystone Drive Reconstruction *	07-DC-308	325,080
KPBSD Equipment & Supplies for District Schools	07-DC-311	12,332
KPBSD Equipment & Supplies for District Schools	09-DC-220	86,383
KPBSD Equipment & Supplies for District Schools *	08-DC-310	190,556
KPBSD Mini Projects for Youth Education Development	07-DC-313	45,170
Midway Drive Road Improvements *	08-DC-305	250,894
Nikiski Elementary School Crosswalk/Bike path	06-DC-342	2,223
Nikiski Fire Engine *	09-DC-483	238,895
Nikiski Fire Service Area Station 2 *	09-DC-216	646,849
Nikiski High School Auditorium Upgrades	06-DC-344	6,154
Nikiski High School Security Project	08-DC-307	10,982
Nikiski High School Track *	06-DC-191	211,996
Nikiski Senior Home Meal Delivery Vehicle	08-DC-308	843
Ninilchik Handicap Access	06-DC-192	8,452
Ninilchik Reroof Section D & E	06-DC-195	65,197
Ninilchik School Bus Turnaround	06-DC-194	2,566
Ninilchik Window Replacement	06-DC-193	2,908
North Peninsula Recreation Community Center	09-DC-092	60,486
North Peninsula Recreation Youth Facility	06-DC-353	53,176
Recreational Fishing Activities for Disabled Veterans	08-RR-021	45,375
Sears Elementary Roof	07-DC-314	6,707
Seward Elementary Gym Floor & Carpet Replacement	06-DC-198	26,290
Soldotna Elementary School Roof replacement	08-DC-309	3,056
Soldotna Elementary School Roof replacement	06-DC-199	64,204
Soldotna High School Sports Field Construction	06-DC-200	79,223
Soldotna Middle School Gym Siding	08-DC-311	36,581
South Peninsula Hospital Diagnostic Hospital Equipment	09-DC-091	24,751
South Peninsula Hospital Distance Learning Grant	05-DC-061	4,963
Tyonek School Books and Supplies	08-DC-312	1,841
Total Alaska Department of Commerce, Community & Economic Development		6,820,680
Alaska Department of Health & Social Services:		
South Peninsula Hospital Emergency Preparedness Grant		6,000
South Peninsula Hospital Senior Grant		17,219
Behavioral Health Prevention & Early Intervention Services *	602-09-011	328,125
Behavioral Health Bring the Kids Home *	602-09-974	203,875
Serenity House Essential Program Equipment Capital Grant		35,000
Passed Through the Alaska Division of Alcoholism & Drug Abuse		
Serenity House Residential Treatment Grant	602-09-282	86,815
Total Alaska Department of Health & Social Services		677,034

(continued)

**Kenai Peninsula Borough**

**Schedule of Expenditures of State Awards - continued  
Year Ended June 30, 2009**

<u>State Grantor</u>	<u>Grant Number</u>	<u>Expenditures 6/30/09</u>
Alaska Department of Revenue:		
Electric & Telephone Cooperative *	FY09	181,980
Fish Tax *	FY09	725,456
Passed Through the Alaska Mental Health Trust Authority		
Serenity House Relocation and Expansion Grant		<u>50,000</u>
Total Alaska Department of Revenue		<u>957,436</u>
Alaska Department of Education & Early Development:		
State School Debt Reimbursement *		<u>1,616,817</u>
Total Alaska Department of Education & Early Development		<u>1,616,817</u>
Alaska Department of Transportation:		
Kenai Spur Road Extension	MOA	2,382
CPGH Alaska Highway Safety Grant	402OP-09-04-04	26,610
CPGH Alaska Highway Safety Grant	452-08-01-056	<u>3,440</u>
Total Alaska Department of Transportation		<u>32,432</u>
Alaska Department of Administration:		
Division of Retirement & Benefits PERS Relief HB310 *		<u>1,985,582</u>
Total Alaska Department of Administration		<u>1,985,582</u>
Alaska Department of Military & Veteran Affairs:		
Passed Through the Alaska Division of Homeland Security & Emergency Management		
Local Emergency Planning Committee	09LEPC-AR35253	<u>25,225</u>
Total Alaska Department of Military & Veteran Affairs		<u>25,225</u>
Alaska Housing Finance Corporation:		
Nanwalek Teacher Housing	THP-08-KPB-1	<u>75,855</u>
Total Alaska Department of Military & Veteran Affairs		<u>75,855</u>
 TOTAL STATE		 <u>\$ 12,191,061</u>

\* State Major Program