

**KENAI PENINSULA BOROUGH
ALASKA**



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR FISCAL YEAR
ENDED JUNE 30, 2003**

COMPREHENSIVE
ANNUAL FINANCIAL REPORT
OF THE
KENAI PENINSULA BOROUGH
ALASKA

FOR THE FISCAL YEAR ENDED
JUNE 30, 2003

DALE BAGLEY
BOROUGH MAYOR

PREPARED BY
DEPARTMENT OF FINANCE

CRAIG C. CHAPMAN
ACTING DIRECTOR OF FINANCE

**KENAI PENINSULA BOROUGH, ALASKA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED JUNE 30, 2003**

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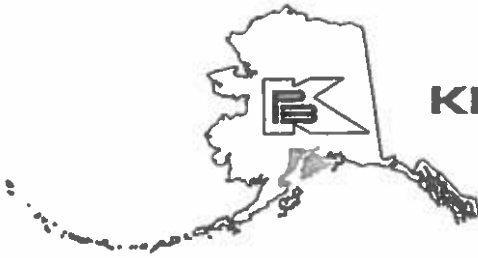
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KENAI PENINSULA BOROUGH

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BUSINESS (907) 262-4441 FAX (907) 262-1892

**DALE BAGLEY
MAYOR**

October 22, 2003

Honorable Members of the Assembly
Citizens of the Kenai Peninsula Borough

In accordance with Section 29.35.120 of Alaska Statutes, we are pleased to submit the Comprehensive Annual Financial Report for the year ended June 30, 2003. The financial statements were prepared in conformance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

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

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, 2003, 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, 2003, 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.

The independent audit of the financial statements of the Borough was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal and State of Alaska

grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with certain legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. These reports are available in the Borough's separately issued Single Audit Report.

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

Profile of the Kenai Peninsula Borough

The Borough was incorporated in 1964 as a second-class borough. It occupies a geographic area of approximately 25,600 miles. The Borough is located in the south central part of the state of Alaska. 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 line 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 operates under a 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 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 35-36 as part of the basic financial statements for the governmental funds. For governmental funds, other than the General Fund, these comparisons start on page 83.

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. In recent years, taxable property values have increased at a rate faster than Borough expenditures. As a result, the Borough's tax rate has decreased. Borough wide, the general government tax rate has decreased from 8.59 mills in FY1996 to 6.5 mills in FY2003. Sales tax continues to generate a larger portion of the borough's revenue; in FY1998, sales tax revenue represented 21% of total general fund revenues; in FY2003 sales tax revenue represents almost 29%. Oil and gas continues to provide stable employment in the Borough, with gas on the increase and oil on a slow decline. New exploration for natural gas resulted in the construction of a gas line from Ninilchik to Kenai, while two oil production platforms were shut in and taken offline due to poor production levels. Overall oil production decreased 1.85% to 11,300,000 barrels annually.

Long term financial planning

The South Peninsula Hospital and Central Peninsula General Hospital are both in the process of constructing additions to their facilities. The South Peninsula Hospital Service Area issued 20-year Service Area General Obligation bonds through the Alaska Municipal Bond Bank, in the amount of \$10,500,000 on September 30, 2003. On October 7, 2003, Central Peninsula General Hospital Service Area voters authorized the Borough to issue up to \$49,900,000 in Service Area General Obligation Bonds for the purpose of expanding their facility. It is expected that these bonds will be sold in December 2003. Additionally, the Borough issued 20 year bonds through the Alaska Municipal Bond Bank in the amount of \$14,700,000 for the construction of a new middle school located in Seward, Alaska. Annual debt payments are approximately \$1,100,000 and are eligible for 70% reimbursement from the State of Alaska.

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's subject to self-insured retentions, which are more fully described in the notes.

Pension and Other Postemployment Benefits

The Borough provides pensions 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 Kenai Peninsula Borough School District provides pensions 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 this plan 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 last valuation date, the non-profit pension plan was funded at 127% 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 matches employee contributions up to 4% of gross pay.

Additional information on pension arrangements and postemployment benefits can be found starting on page 60 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, 2002. This was the twenty-third 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 FY2003 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, with a special thanks to Catherine Wallace and Troy Tankersley, Division Managers; Terry Eubank, Auditor/Accountant; Brandi Harbaugh, Treasury Accountant; and Patricia Hartley, Administrative Assistant. We also want to thank the finance department staff at the Kenai Peninsula Borough School District, the South Peninsula Hospital, and Central Peninsula General 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,



Dale L. Bagley
Mayor



Craig C. Chapman
Acting Director of Finance

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, 2002

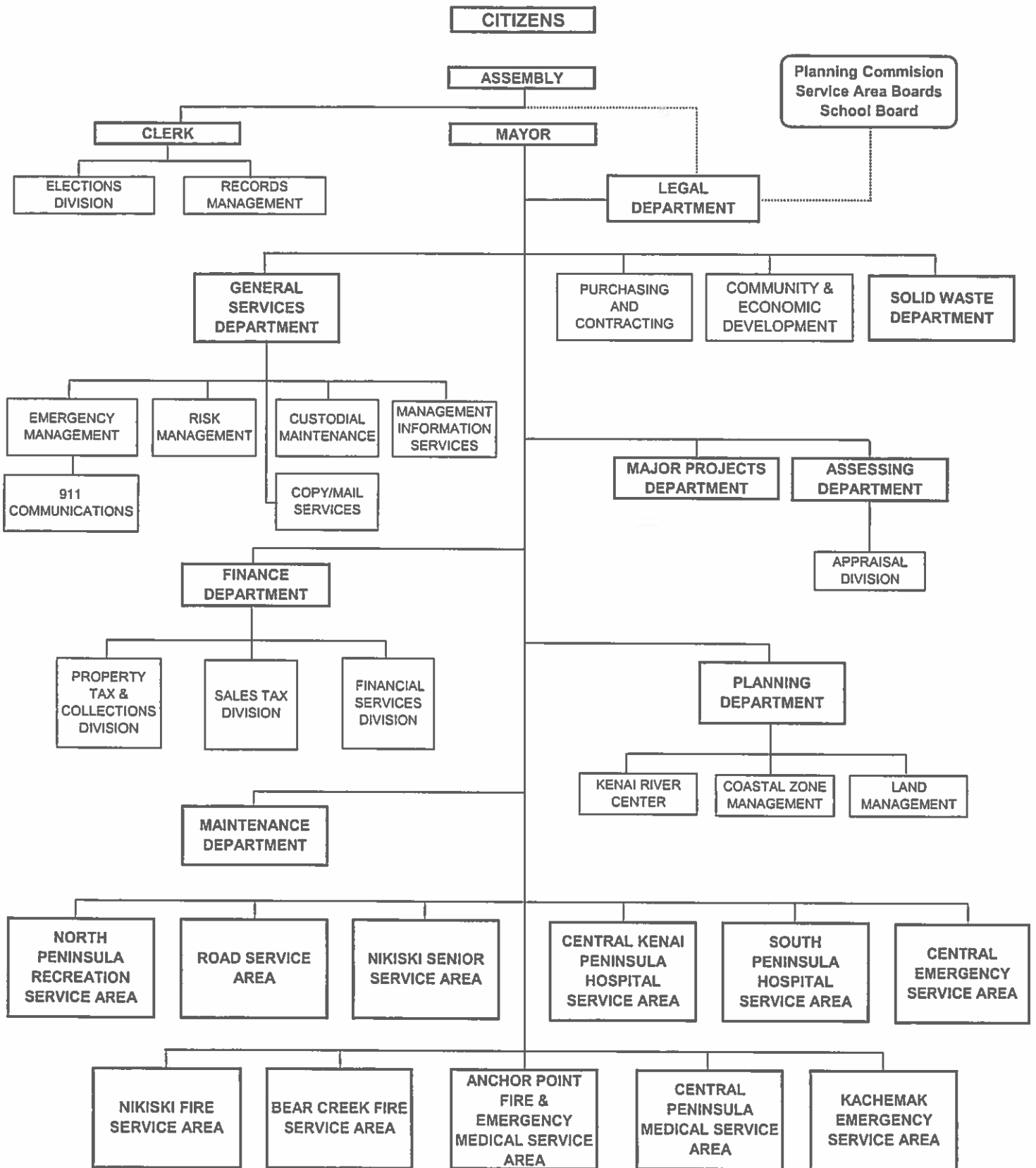
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

KENAI PENINSULA BOROUGH ORGANIZATIONAL CHART



KENAI PENINSULA BOROUGH

List of Principal Officials

Assembly Members

Pete Sprague	President
Gary Superman	Vice President
John Davis	
Paul Fischer	
Betty Glick	
Ron Long	
Milli Martin	
Grace Merkes	
Chris Moss	

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

Dale Bagley	Borough Mayor
Linda Murphy	Borough Clerk
Colette Thompson	Borough Attorney
Richard Campbell	General Services Director
Craig C. Chapman	Acting Finance Director
Shane Horan	Assessing Director
Max Best	Planning Director
Walter Robson	Major Projects Director
Dave Tressler	Maintenance Director
Catherine Mayer	Solid Waste Director
Mark Fowler	Purchasing & Contracting Officer

KENAI PENINSULA BOROUGH

Finance Department

Acting Finance Director

Craig C. Chapman

Division Managers

Craig Chapman
Cathey Wallace
Troy Tankersley
Rhonda Krohn

Controller
Accounting
Sales Tax
Property Tax

Accounting Staff

Jerri Braun
Tracy Davis
Terry Eubank
Amy Falk
Brandi Harbaugh
Patti Hartley
Charlene Hibpshman
Robin Horne
DeRay Jones

Becky Karsten
Lauri Lingafelt
Erin Lockwood
Nancy Myers
Marie Payfer
Angie Richardson
Joanne Rodgers
Cathy Wagner
Laurie Wood

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AUDITOR REPORT

MIKUNDA, COTTRELL & Co.

A Professional Corporation

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

215 Fidalgo, Suite 206 • Kenai, Alaska 99611

(907) 283-3484, Fax (907) 283-5842

Independent Auditor's Report

Members of the Assembly
Kenai Peninsula Borough
Soldotna, Alaska

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Kenai Peninsula Borough, Alaska, as of and for the year ended June 30, 2003, which collectively comprise the Borough's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Kenai Peninsula 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Kenai Peninsula Borough, Alaska, as of June 30, 2003, 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 September 26, 2003 on our consideration of the Borough's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Members of the Assembly
Kenai Peninsula Borough

The management's discussion and analysis, as identified in the table of contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. 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 introductory section, combining and individual nonmajor fund statements, combining internal service funds statements, capital asset schedules, statistical section and single audit schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund statements, combining internal service fund statements, capital asset schedules, the schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization*, and the schedule of state financial assistance as required by the State of Alaska Office of Management and Budget, *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical section, as identified in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Mikunder, Cottrell & Co.

September 26, 2003

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the Kenai Peninsula Borough (Borough), we offer the readers of the Borough's financial statements this overview and analysis of the Borough's financial activities for the fiscal year ended June 30, 2003. 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.

Financial Highlights

- The assets of the Kenai Peninsula Borough exceeded its liabilities at the close of the most recent year by \$347.8 million. Of this amount, \$93.5 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 23.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$24.6 million. Of this amount \$1.8 million was unreserved, undesignated and available for spending. The unreserved, undesignated fund balance for the General Fund represented 3.5% of total General Fund expenditures and transfers.
- The Borough's total net assets increased by \$6.9 million.
- As of the close of the current fiscal year, the Borough's governmental funds reported combined ending fund balances of \$67.8 million, an increase of \$2.8 million in comparison to the prior year.
- The Borough's total outstanding debt increased by \$4.3 million to a year-end balance of \$24.0 million. New debt for expansion of the landfill in Soldotna in the amount of \$7.0 was issued during the year.

Overview of the Financial Statements

The management 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 government-wide financial statements report information about the overall finances of the Borough similar to a business enterprise. 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.

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 29-30 of this report.

Fund financial statements.

A fund is a grouping of related accounts that is used to maintain control over resources that have 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, proprietary funds, and fiduciary funds.

Governmental funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide 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. 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 37 individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and Governmental Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and Bond Funded Capital Project Fund. The other 35 governmental funds are combined and shown as Other Governmental Funds on the Governmental Fund Balance Sheet and Governmental Statement of Revenues, Expenditures, and Changes in Fund Balances. Individual fund information for the 35 nonmajor funds is presented in the Combining Balance Sheet Nonmajor Governmental Funds and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Funds.

The basic governmental fund financial statements can be found on pages 31-36 of this report. Budgetary comparison statements for 13 special revenue funds with annual budgets are provided on pages 86-95 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 37-41 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 42 of this report.

Notes to the financial statements.

The notes provide additional information that is essential to a full understating of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 45-64 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 69-82 and internal service funds can be found on pages 99-101 of this report.

Government-wide Financial Analysis

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 \$347.8 million, at June 30, 2003 compared to \$341.0 million at June 30, 2002. By far the largest portion of the Borough's net assets (69%) 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 FY2003, governmental activities capital assets, net of accumulated depreciation of the Borough increased \$4.7 million, with much of this increase

related to land the Borough received from the State of Alaska land entitlement program valued at \$5.3 million.

Net Assets
June 30, 2003
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
Current and other assets	\$ 92.2	\$ 89.4	\$ 43.1	\$ 40.0	\$ 135.3	\$ 129.4
Capital assets	221.6	216.9	35.7	35.7	257.3	252.6
Total assets	<u>313.8</u>	<u>306.3</u>	<u>78.8</u>	<u>75.7</u>	<u>392.6</u>	<u>382.0</u>
Long-term debt outstanding	23.0	15.4	1.0	1.0	24.0	16.4
Other liabilities	15.3	19.1	5.5	5.5	20.8	24.6
Total liabilities	<u>38.3</u>	<u>34.5</u>	<u>6.5</u>	<u>6.5</u>	<u>44.8</u>	<u>41.0</u>
Net assets						
Invested in capital assets, net of related debt	205.6	203.5	34.7	34.2	240.3	237.7
Restricted	14.0	13.5	0.0	0.0	14.0	13.5
Unrestricted	<u>55.9</u>	<u>54.8</u>	<u>37.6</u>	<u>35.0</u>	<u>93.5</u>	<u>89.8</u>
Total net assets	<u>\$ 275.5</u>	<u>\$271.8</u>	<u>\$ 72.3</u>	<u>\$ 69.2</u>	<u>\$ 347.7</u>	<u>\$ 341.0</u>

Governmental activities.

Governmental activities increased the Borough's net assets by \$3.7 million. This compares to an increase of \$.4 million for the year ended June 30, 2002. Key elements of this is as follows:

- Land entitlements received from the State of Alaska valued at \$5.3 million.
- Property tax revenues increased \$3.8 million. A mill rate increases for Road Service area accounted for \$1.7 million; public safety programs received \$.7 million through increased property values.
- Public safety cost increased by \$2.7 million. Factors accounting for this increase include staffing increase of six FTE's, an increase of \$1.1 million in the amount of funds expended on the Spruce Bark Beetle infestation program, and \$1.1 million spent on the federally declared flood disaster that occurred in October 2002.

Business-type activities.

Business type activities increased the Borough's net assets by \$3.1 million. This compares to an increase of \$1.7 million for the year ended June 30, 2002. Key elements of this is as follows:

- Rate adjustments implemented in FY2002 resulted in a 13% increase in patient revenues during FY2003
- The increase in patient revenues was offset with 15% increase in employee wages and benefits associated to new bargaining agreements.

The net assets for the Borough's business-type activities are \$72.3 million, an increase of \$3.1 million. As with the governmental activities, a substantial portion (48%) 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 \$37.6 million as of June 30, 2003 compared to \$35.0 million at June 30, 2002.

Changes in net assets.

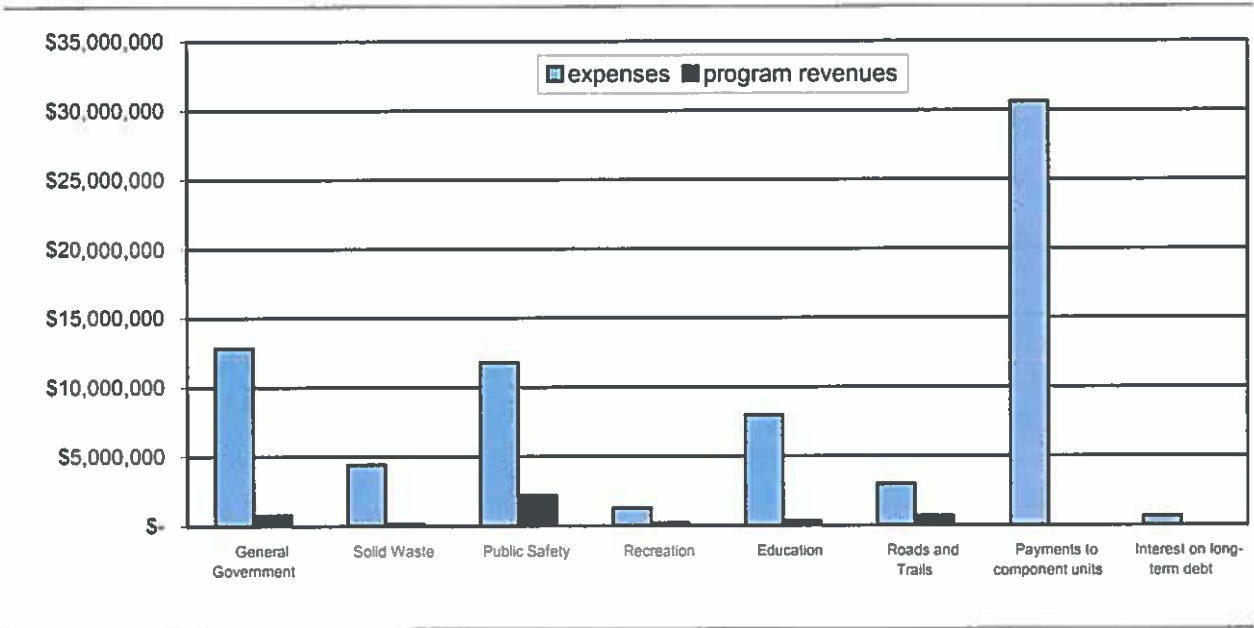
The Borough's total revenues and expenses for governmental and business-type activities are reflected in the following chart:

**Changes in Net Assets
For Year Ended June 30, 2003
(in millions)**

	Governmental Activities		Business-type Activities		Total	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Revenues:						
Program revenues:						
Charges for services	\$ 1.4	\$ 1.5	\$ 64.2	\$ 56.7	\$ 65.6	\$ 58.2
Operating grants and contributions	1.6	2.0	-	-	1.6	2.0
Capital grants and contributions	1.4	1.5	-	-	1.4	1.5
General revenues:						
Property taxes	41.7	37.9	2.6	2.4	44.3	40.3
Sales taxes	14.4	14.4	-	-	14.4	14.4
Other	15.8	10.6	1.0	1.5	16.8	12.1
Total revenues	<u>76.3</u>	<u>67.9</u>	<u>67.8</u>	<u>60.6</u>	<u>144.1</u>	<u>128.5</u>
Expenses:						
General government	12.8	11.5	-	-	12.8	11.5
Solid waste	4.5	4.7	-	-	4.5	4.7
Public safety	11.8	9.1	-	-	11.8	9.1
Recreation	1.3	1.3	-	-	1.3	1.3
Education	7.9	7.1	-	-	7.9	7.1
Road and trails	3.0	2.0	-	-	3.0	2.0
Payments to component unit- Kenai Peninsula Borough School District	30.6	30.7	-	-	30.6	30.7
Interest on long-term debt	.7	1.1	-	-	.7	1.1
Hospitals	-	-	64.7	58.9	64.7	58.9
Total expenses	<u>72.6</u>	<u>67.5</u>	<u>64.7</u>	<u>58.9</u>	<u>137.3</u>	<u>126.4</u>
Increase in net assets	3.7	.4	3.1	1.7	6.8	2.1
Net assets, July 1, 2002	<u>271.8</u>	<u>271.4</u>	<u>69.2</u>	<u>67.5</u>	<u>341.0</u>	<u>338.9</u>
Net assets, June 30, 2003	<u>\$275.5</u>	<u>\$271.8</u>	<u>\$72.3</u>	<u>\$69.2</u>	<u>\$347.8</u>	<u>\$341.0</u>

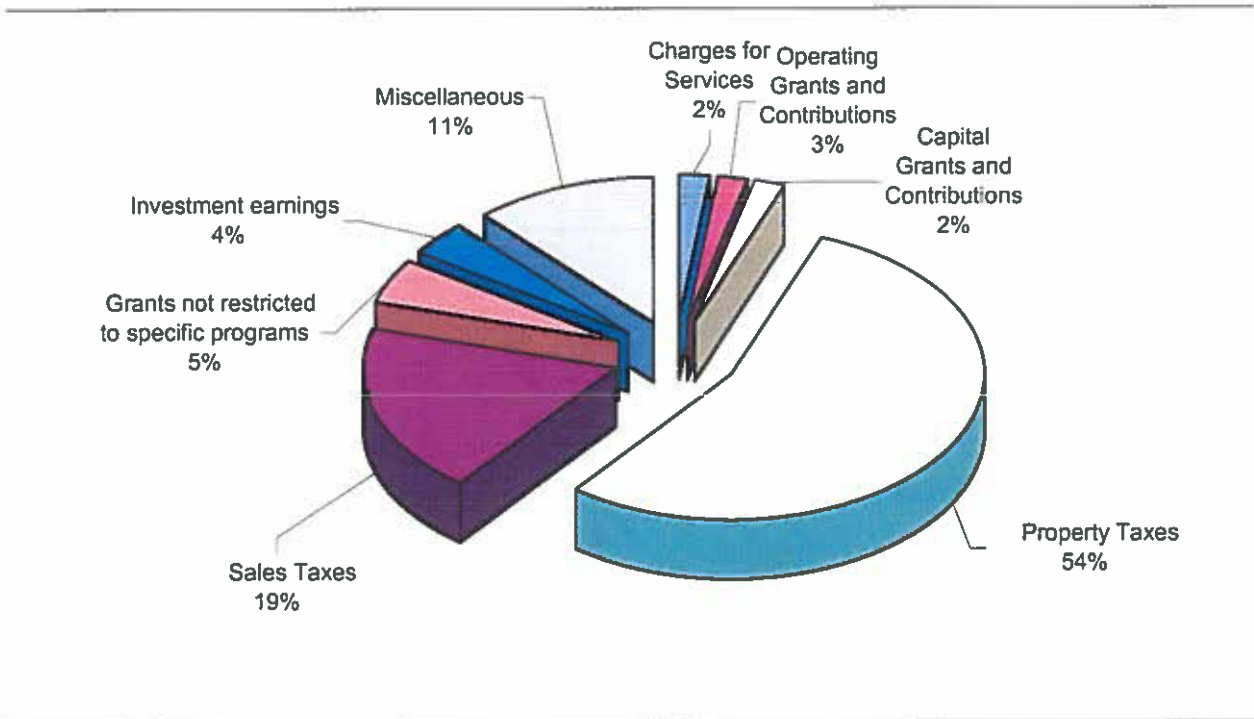
Expenses and Program Revenues – Governmental Activities

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 \$67.8 million, an increase of \$2.8 million in comparison with the prior year. A portion of this amount is reserved to indicate it is not available to new spending because it has already been committed: 1) to liquidate contracts and purchase orders of the prior period (\$3.9 million), 2) to liquidate prepaid expenses, 3) or for other restricted purposes. The remainder of fund balance is unreserved (\$63.9 million); although \$48.2 million is shown as designated in accordance with the Borough's fund balance policy. The remainder is available for spending at the government's discretion.

The General Fund is the chief operating fund of the Borough. At the end of the current fiscal year, total fund balance was \$24.8 million, unreserved fund balance was \$24.5 million, and unreserved undesignated fund balance was \$1.8 million. Total fund balance decreased \$1.4 million from the prior year. Key factors include:

- A reduction in the general mill rate from 7.0 mills to 6.5 mills. This decrease was offset by an increase in taxable assessed property values of approximately \$321 million.
- Increases in operating expenditures in the following departments; assessing, \$0.3 million increase due to an increase in staffing and cost associated with board of equalization presentation; mayor, \$0.5 million increase due to Community Economic Development Division cost now included in the mayors department, previously these cost were accounted for in a special revenue fund, capital project funding of \$0.8 million, increase in economic development funding of \$0.5 million, increasing the funding for operation of the Kenai River Center \$0.2 million to \$0.4 million, increasing non-departmental charges of \$0.3 million for Cook Inlet mapping.

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 \$37.6 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

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

- Planning department –
 - \$71,940 for program cost associated with grants that were appropriated
- Non departmental –
 - \$17,500 increase in funding for the Kenai Peninsula Tourism Marketing Council
- Transfers -
 - \$55,583 to fund additional capital improvements at the Anchor Point Solid Waste transfer site
 - \$50,000 to fund additional code review work at Soldotna Middle School.
 - \$140,000 to fund repairs to the elevator at the Borough's administration building.
 - \$18,060 to provide local match for a transportation feasibility study.
 - \$17,500 reduction in funding for design and implementation of a web-based sales tax return and payment system

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, 2003 amounts to \$257.3 million (net of accumulated depreciation), an increase of \$4.7 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 (in thousands):

Various major repairs and additions to school facilities	\$5.8 million
A variety of major repairs for existing roads and bridges	\$1.1 million
Land received from State of Alaska	\$5.3 million

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

	Governmental activities		Business-type activities		Total	
	2003	2002	2003	2002	2003	2002
Land & Improvements	\$ 62.4	\$ 57.0	\$ 1.0	\$ 1.0	\$ 63.4	\$ 58.0
Buildings	132.5	134.2	22.4	24.0	154.9	158.2
Improvements other than buildings	13.7	14.3	-	-	13.7	14.3
Machinery and equipment	6.6	5.7	11.8	10.5	18.4	16.2
Infrastructure	1.4	1.0	-	-	1.4	1.0

Construction in progress	5.0	4.7	.5	.2	5.5	4.9
Total governmental funds capital assets	<u>\$221.6</u>	<u>\$216.9</u>	<u>\$ 35.7</u>	<u>\$ 35.7</u>	<u>\$ 257.3</u>	<u>\$ 252.6</u>

Additional information on the Borough's capital assets can be found in Note E on pages 54-56 of this report.

Long-term debt.

At the end of the current fiscal year, the Borough had total debt outstanding of \$24.0 million. Of this amount, \$17.8 million was bonded and backed by the full faith and credit of the Borough. The remaining debt consists of debt secured by equipment, landfill closure cost, and early retirement incentive program.

**Kenai Peninsula Borough Outstanding Debt
(in millions)**

	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
General Obligation bonds	\$ 17.8	\$ 13.4	\$ -	\$ -	\$ 17.8	\$ 13.4
Other debt	<u>5.2</u>	<u>4.8</u>	<u>1.0</u>	<u>1.5</u>	<u>6.2</u>	<u>6.3</u>
Total outstanding debt	<u>\$ 23.0</u>	<u>\$ 18.2</u>	<u>\$ 1.0</u>	<u>\$ 1.5</u>	<u>\$ 24.0</u>	<u>\$ 19.7</u>

Additional information on the Borough's long-term debt can be found in note H on pages 58-59 of this report.

Economic Factors and the Next Year's Budget and Rates

In setting the budgets for FY2003, 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 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.

All of these factors were considered in preparing the Borough's budget for FY2004. As a result, the FY2004 budget includes an increase in the Central Peninsula Hospital service area tax rate of 0.1 mill from the current rate of 0.4 mill to an approved rate of 0.5 mill.

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.

BASIC FINANCIAL STATEMENTS

KENAI PENINSULA BOROUGH

STATEMENT OF NET ASSETS
AS OF JUNE 30, 2003

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and Short-term Investments	\$ 91,482	\$ 5,782,271	\$ 5,873,753	\$ 79,160
Equity in Central Treasury	81,480,640	13,441,928	94,922,568	10,726,059
Cash With Fiscal Agent	1,486,928	-	1,486,928	-
Investment in Utility Special Assesment Districts	869,535	-	869,535	-
Receivables (Net of Allowances for Estimated Uncollectibles):				
Taxes Receivable	3,920,839	67,025	3,987,864	-
Accounts Receivable	94,875	13,961,881	14,056,756	91,303
Land Sale Contracts Receivable:				
Current	137,078	-	137,078	-
Delinquent	8,005	-	8,005	-
Due from Other Governments	2,913,418	-	2,913,418	4,056,081
Prepays	109,408	783,753	893,161	-
Inventory	-	1,970,363	1,970,363	1,099,150
Land Sale Contracts Receivable:				
Long-term	1,087,179	-	1,087,179	-
Assets who use is limited				
Cash and cash equivalent	-	2,016,864	2,016,864	-
Investments	-	751,312	751,312	-
Equity in central treasury	-	4,293,015	4,293,015	-
Capital assets (net of accumulated depreciation)				
Land	62,372,529	966,832	63,339,361	-
Buildings	132,502,853	22,343,740	154,846,593	-
Improvements other than buildings	13,688,625	17,640	13,706,265	-
Equipment	6,617,368	11,838,470	18,455,838	1,434,792
Construction in progress	5,015,965	546,563	5,562,528	-
Infrastructure	1,397,760	-	1,397,760	-
Total assets	\$ 313,794,487	\$ 78,781,657	\$ 392,576,144	\$ 17,486,545
Liabilities				
Accounts, contracts and retainage payable	3,077,572	2,364,312	5,441,884	199,268
Accrued payroll and payroll taxes	2,925,003	2,778,654	5,703,657	10,661,251
Accrued interest	288,175	-	288,175	-
Unearned revenue	8,930,644	320,336	9,250,980	4,209
Noncurrent liabilities:				
Due within one year	3,488,474	478,160	3,966,634	150,915
Due in more than one year	19,550,738	511,562	20,062,300	328,942
Total liabilities	38,260,606	6,453,024	44,713,630	11,344,585
Net Assets				
Invested in Capital Assets, net of related debt	205,595,888	34,723,523	240,319,411	954,935
Restricted for:				
Special Revenue Funds	5,723,804	-	5,723,804	470,286
Capital Projects	8,318,529	-	8,318,529	-
Unrestricted	55,895,660	37,605,110	93,500,770	4,716,739
Total net assets	\$ 275,533,881	\$ 72,328,633	\$ 347,862,514	\$ 6,141,960

The accompanying notes are an integral part of the financial statements

KENAI PENINSULA BOROUGH
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2003

Function/Program Activities	Program Revenue				Net (Expense) Revenue and Changes in Net Assets			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary Government								
Government Activities:								
General Government	\$ 12,845,108	\$ 283,781	\$ 378,410	\$ 116,176	\$ (12,066,741)	\$ -	\$ (12,066,741)	\$ -
Solid Waste	4,441,397	188,663	-	-	(4,252,734)	-	(4,252,734)	-
Public Safety	11,786,508	788,754	1,217,993	210,679	(9,569,082)	-	(9,569,082)	-
Recreation	1,292,386	185,538	-	14,800	(1,092,048)	-	(1,092,048)	-
Education	7,963,176	-	-	367,167	(7,596,009)	-	(7,596,009)	-
Roads and Trails	2,993,413	-	-	686,673	(2,306,740)	-	(2,306,740)	-
Payments to component units	30,618,860	-	-	-	(30,618,860)	-	(30,618,860)	-
Interest on long-term debt	658,217	-	-	-	(658,217)	-	(658,217)	-
Total government activities	<u>72,599,065</u>	<u>1,446,738</u>	<u>1,596,403</u>	<u>1,395,495</u>	<u>(68,160,431)</u>	<u>-</u>	<u>(68,160,431)</u>	<u>-</u>
Business Type activities:								
Hospitals	<u>64,670,528</u>	<u>64,170,901</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(499,627)</u>	<u>(499,627)</u>	<u>-</u>
Total primary government	<u>\$ 137,269,593</u>	<u>\$ 65,617,637</u>	<u>\$ 1,596,403</u>	<u>\$ 1,395,495</u>	<u>(68,160,431)</u>	<u>(499,627)</u>	<u>(68,660,058)</u>	<u>-</u>
Component unit:								
Kenai Peninsula Borough School District	<u>\$ 88,633,165</u>	<u>\$ 1,337,292</u>	<u>\$ 12,658,402</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(74,637,471)</u>
General revenues:								
Taxes:								
Property taxes								
					41,718,283	2,616,889	44,335,172	-
Sales Taxes								
					14,375,828	-	14,375,828	-
Grants not restricted to specific programs								
					3,932,395	349,835	4,282,230	43,992,698
Investment earnings								
					2,938,492	673,577	3,612,069	386,694
Payments from Kenai Peninsula Borough								
					-	-	-	30,618,860
Contributions-Land entitlements								
					5,482,954	-	5,482,954	-
Retirement of assets								
					(598,032)	-	(598,032)	-
Gain on sale of assets								
					12,010	1,102	13,112	-
Miscellaneous								
					4,018,896	4,129	4,023,025	932,164
Total general revenues								
					<u>71,880,826</u>	<u>3,645,532</u>	<u>75,526,358</u>	<u>75,930,416</u>
Change in net assets					3,720,395	3,145,905	6,866,300	1,292,945
Net assets-beginning					<u>271,813,486</u>	<u>69,182,728</u>	<u>340,996,214</u>	<u>4,849,015</u>
Net assets-ending					<u>\$ 275,533,881</u>	<u>\$ 72,328,633</u>	<u>\$ 347,862,514</u>	<u>\$ 6,141,960</u>

The accompanying notes are an integral part of the financial statements

KENAI PENINSULA BOROUGH

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2003

<u>ASSETS</u>	General	Bond Funded Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Cash and short-term Investments	\$ 1,010	\$ -	\$ 90,472	\$ 91,482
Equity in central treasury	23,837,940	9,286,803	37,829,051	70,953,794
Cash with fiscal agent	-	-	1,486,928	1,486,928
Investment in utility special assesment districts	869,535	-	-	869,535
Receivables (net of allowances for estimated uncollectibles):				
Taxes receivable	3,701,296	-	219,543	3,920,839
Accounts receivable	3,750	-	91,125	94,875
Land sale contracts receivable:				
Current	-	-	137,078	137,078
Delinquent	-	-	8,005	8,005
Due from other governments	895,588	-	2,017,830	2,913,418
Due from other funds	2,632,425	-	-	2,632,425
Prepays	1,518	-	107,890	109,408
Capital Assets				
Land sale contracts receivable:				
Long-term	-	-	1,087,179	1,087,179
Total Assets	<u>\$31,943,062</u>	<u>\$ 9,286,803</u>	<u>\$43,075,101</u>	<u>\$ 84,304,966</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts, contracts and retainage payable	473,781	118,023	1,723,726	2,315,530
Accrued payroll and payroll taxes	321,057	7,149	324,502	652,708
Due to other funds	-	-	2,632,425	2,632,425
Unearned revenue	6,335,886	-	4,583,542	10,919,428
Total Liabilities	7,130,724	125,172	9,264,195	16,520,091
Fund Balances:				
Reserves:				
Encumbrances	253,688	615,830	3,038,131	3,907,649
Prepays	1,518	-	12,847	14,365
Unreserved:				
Designations:				
General fund	22,772,944	-	-	22,772,944
Special Revenue funds	-	-	16,900,070	16,900,070
Capital Project funds	-	8,318,529	5,262,285	13,580,814
Undesignated:				
General fund	1,784,188	-	-	1,784,188
Special Revenue funds	-	-	5,235,394	5,235,394
Capital Project funds	-	227,272	3,362,179	3,589,451
Total Fund Balances	<u>24,812,338</u>	<u>9,161,631</u>	<u>33,810,906</u>	<u>67,784,875</u>
Total Liabilities and Fund Balances	<u>\$31,943,062</u>	<u>\$ 9,286,803</u>	<u>\$43,075,101</u>	<u>\$ 84,304,966</u>

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, 2003

Fund Balances-total governmental funds		\$ 67,784,875
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds		219,970,066
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds:		
Governmental bonds payable	(17,874,000)	
Landfill closure	(5,120,299)	
Other	<u>(44,913)</u>	(23,039,212)
Accrued interest		(288,175)
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		756,522
Proceeds from land sales which 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		1,232,262
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 that are reported with governmental activities		<u>9,117,543</u>
Net assets of governmental activities		<u>\$ 275,533,881</u>

The accompanying notes are an integral part of the financial statements

KENAI PENINSULA BOROUGH

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2003**

	General	Bond Funded Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property Taxes	\$ 27,786,573	\$ -	\$ 13,175,188	\$ 40,961,761
Sales Tax	14,375,828	-	-	14,375,828
Intergovernmental:				
Federal	1,689,774	-	1,597,224	3,286,998
State	3,567,789	-	1,923,561	5,491,350
Interest Earned	1,955,094	52,511	632,719	2,640,324
Other Revenues	816,399	-	2,572,392	3,388,791
Total Revenues	<u>50,191,457</u>	<u>52,511</u>	<u>19,901,084</u>	<u>70,145,052</u>
Expenditures:				
General Government	10,224,967	-	2,877,185	13,102,152
Solid Waste	-	-	4,659,581	4,659,581
Public Safety	1,090,301	-	11,064,359	12,154,660
Recreation	-	-	974,033	974,033
Education	-	2,705,456	3,559,473	6,264,929
Roads and Trails	-	-	3,358,743	3,358,743
Debt Service:				
Principal	-	-	2,575,000	2,575,000
Interest and Other	-	-	686,595	686,595
Total Expenditures	<u>11,315,268</u>	<u>2,705,456</u>	<u>29,754,969</u>	<u>43,775,693</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>38,876,189</u>	<u>(2,652,945)</u>	<u>(9,853,885)</u>	<u>26,369,359</u>
Other Financing Sources and (Uses):				
Bond and Loan Proceeds	-	7,040,000	-	7,040,000
Transfers In	398,676	-	13,397,497	13,796,173
Transfers (Out)	(40,671,247)	-	(3,743,786)	(44,415,033)
Total Other Financing Sources (Uses)	<u>(40,272,571)</u>	<u>7,040,000</u>	<u>9,653,711</u>	<u>(23,578,860)</u>
Net Changes in Fund Balances	(1,396,382)	4,387,055	(200,174)	2,790,499
Fund Balances at Beginning of Year	<u>26,208,720</u>	<u>4,774,576</u>	<u>34,011,080</u>	<u>64,994,376</u>
Fund Balances at End of Year	<u>\$ 24,812,338</u>	<u>\$ 9,161,631</u>	<u>\$ 33,810,906</u>	<u>\$ 67,784,875</u>

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 BALANCE OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2003

Net change in fund balances-total governmental funds (page 33) \$ 2,790,499

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	\$ 7,776,532	
Less current year depreciation	<u>(7,242,201)</u>	534,331

The net effect of various transactions involving capital assets (i.e. sales, trade-ins and donations) is to increase net assets		4,448,296
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Retirement of capital assets decrease net assets in the Statement of Activities, do not appear in the governmental funds because it does not use financial resources		(598,032)
--	--	-----------

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

Bond Proceeds	(7,040,000)	
Principal payments	<u>2,575,000</u>	(4,465,000)

Revenues reported in the Statement of Activities which 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	756,522	
Land sales	<u>1,232,262</u>	1,988,784

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	28,376	
Decrease in early retirement incentive program	51,982	
Increase in disaster relief cost	(44,913)	
Increase in landfill postclosure cost	<u>(372,904)</u>	(337,457)

Internal service funds are used by management to charge the cost of certain activities to individual funds. The net revenue of internal service funds is reported with governmental activities		<u>(641,026)</u>
--	--	------------------

Change in net assets of governmental activities		<u>\$ 3,720,395</u>
---	--	---------------------

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, 2003**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 27,647,552	\$ 27,647,552	\$ 27,786,573	\$ 139,021
Sales Tax	14,050,617	14,050,617	14,375,828	325,211
Intergovernmental	4,972,555	5,083,919	5,257,563	173,644
Investment Earnings	2,700,000	2,700,000	1,955,094	(744,906)
Other	795,000	795,000	816,399	21,399
Total Revenues	50,165,724	50,277,088	50,191,457	(85,631)
Expenditures:				
General government:				
Assembly				
Personnel	508,129	519,678	516,675	3,003
Supplies	93,811	81,507	24,002	57,505
Services	521,271	488,978	385,519	103,459
Capital Outlay	32,500	65,548	12,417	53,131
Total Assembly	1,155,711	1,155,711	938,613	217,098
Mayor:				
Personnel	561,421	586,421	578,964	7,457
Supplies	8,169	8,169	2,640	5,529
Services	250,078	224,466	183,153	41,313
Capital Outlay	22,694	23,306	20,043	3,263
Total Mayor	842,362	842,362	784,800	57,562
General Services:				
Personnel	1,563,611	1,567,472	1,540,835	26,637
Supplies	179,178	219,057	158,685	60,372
Services	896,292	840,480	690,895	149,585
Capital Outlay	68,510	80,582	63,975	16,607
Total General Services	2,707,591	2,707,591	2,454,390	253,201
Legal:				
Personnel	477,614	468,614	464,196	4,418
Supplies	4,823	3,561	2,757	804
Services	178,647	183,949	141,999	41,950
Capital Outlay	9,775	14,735	13,427	1,308
Total Legal	670,859	670,859	622,379	48,480
Finance:				
Personnel	1,435,827	1,435,827	1,398,058	37,769
Supplies	12,262	13,342	11,837	1,505
Services	494,718	485,018	258,425	226,593
Capital Outlay	25,981	34,601	29,540	5,061
Total Finance	1,968,788	1,968,788	1,697,860	270,928
Assessing:				
Personnel	1,272,833	1,251,145	1,251,143	2
Supplies	17,574	14,257	14,254	3
Services	293,621	320,748	320,748	-
Capital Outlay	38,395	36,273	36,272	1
Total Assessing	1,622,423	1,622,423	1,622,417	6

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, 2003**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Planning:				
Personnel	\$ 657,781	\$ 657,781	\$ 610,317	\$ 47,464
Supplies	22,126	27,126	20,645	6,481
Services	482,086	537,566	178,389	359,177
Capital Outlay	43,098	54,558	41,119	13,439
Total Planning	<u>1,205,091</u>	<u>1,277,031</u>	<u>850,470</u>	<u>426,561</u>
Capital Projects Administration:				
Personnel	57,479	57,479	39,088	18,391
Supplies	9,942	11,692	9,141	2,551
Services	25,253	23,503	18,054	5,449
Capital Outlay	4,400	4,400	4,188	212
Total Capital Projects Administration	<u>97,074</u>	<u>97,074</u>	<u>70,471</u>	<u>26,603</u>
Non Departmental:				
Personnel	36,326	73,348	73,348	-
Supplies	-	5,100	4,820	280
Services	1,356,414	1,292,667	1,094,625	198,042
Capital Outlay	-	39,125	10,774	28,351
Total Non Departmental	<u>1,392,740</u>	<u>1,410,240</u>	<u>1,183,567</u>	<u>226,673</u>
Total general government	<u>11,662,639</u>	<u>11,752,079</u>	<u>10,224,967</u>	<u>1,527,112</u>
Public Safety:				
Office of Emergency Management				
Personnel	525,840	527,243	487,863	39,380
Supplies	28,196	33,694	22,936	10,758
Services	593,118	575,067	491,586	83,481
Capital Outlay	85,700	96,850	87,916	8,934
Total Public Safety	<u>1,232,854</u>	<u>1,232,854</u>	<u>1,090,301</u>	<u>142,553</u>
Total expenditures	<u>12,895,493</u>	<u>12,984,933</u>	<u>11,315,268</u>	<u>1,669,665</u>
Excess of Revenues Over Expenditures	<u>37,270,231</u>	<u>37,292,155</u>	<u>38,876,189</u>	<u>1,584,034</u>
Other Financing Sources and (Uses):				
Transfers In	93,126	398,676	398,676	-
Transfers (Out)	(40,526,846)	(40,772,989)	(40,671,247)	101,742
Total Other Financing Sources (Uses)	<u>(40,433,720)</u>	<u>(40,374,313)</u>	<u>(40,272,571)</u>	<u>101,742</u>
Net Changes in Fund Balance	<u>(3,163,489)</u>	<u>(3,082,158)</u>	<u>(1,396,382)</u>	<u>1,685,776</u>
Fund Balances at Beginning of Year	<u>23,980,065</u>	<u>26,208,720</u>	<u>26,208,720</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 20,816,576</u>	<u>\$ 23,126,562</u>	<u>\$ 24,812,338</u>	<u>\$ 1,685,776</u>

The accompanying notes are an integral part of the financial statements

KENAI PENINSULA BOROUGH

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 JUNE 30, 2003

	<u>Business-type Activities</u>			<u>Governmental Activities Internal Service Funds</u>
	<u>Central Peninsula Hospital</u>	<u>South Peninsula Hospital</u>	<u>Total</u>	
ASSETS				
Current Assets:				-
Cash and cash equivalents	\$ 4,929,571	\$ 852,700	\$ 5,782,271	\$ -
Equity in central treasury	<u>7,023,061</u>	<u>6,418,867</u>	<u>13,441,928</u>	<u>10,526,846</u>
	11,952,632	7,271,567	19,224,199	10,526,846
Property taxes receivable, net	26,937	40,088	67,025	-
Patient receivables, net	7,373,164	5,840,912	13,214,076	-
Other receivables	727,129	20,676	747,805	-
Prepaid items	613,816	169,937	783,753	-
Inventory	<u>998,153</u>	<u>972,210</u>	<u>1,970,363</u>	-
Total current assets	<u>21,691,831</u>	<u>14,315,390</u>	<u>36,007,221</u>	<u>10,526,846</u>
Assets whose use is limited:				
Cash and cash equivalents	1,816,889	199,975	2,016,864	-
Investments	751,312	-	751,312	-
Equity in central treasury	<u>3,139,180</u>	<u>1,153,835</u>	<u>4,293,015</u>	-
Total assets whose use is limited	<u>5,707,381</u>	<u>1,353,810</u>	<u>7,061,191</u>	-
Capital Assets:				
Land	756,502	479,693	1,236,195	-
Buildings	29,192,985	20,364,865	49,557,850	-
Equipment	13,847,513	11,406,841	25,254,354	4,034,796
Improvements other than buildings	21,404	-	21,404	-
Construction in progress	525,148	21,415	546,563	-
Less Accumulated Depreciation	<u>(22,653,303)</u>	<u>(18,249,818)</u>	<u>(40,903,121)</u>	<u>(2,409,762)</u>
Total capital assets (net of accumulated depreciation)	<u>21,690,249</u>	<u>14,022,996</u>	<u>35,713,245</u>	<u>1,625,034</u>
Total Assets	<u>\$49,089,461</u>	<u>\$29,692,196</u>	<u>\$ 78,781,657</u>	<u>\$ 12,151,880</u>

(Continued)

The accompanying notes are an integral part of the financial statements

KENAI PENINSULA BOROUGH

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 JUNE 30, 2003

	<u>Business-type Activities</u>			<u>Governmental Activities Internal Service Funds</u>
	<u>Central Peninsula Hospital</u>	<u>South Peninsula Hospital</u>	<u>Total</u>	
LIABILITIES				
Current Liabilities:				
Accounts and contracts payable	\$ 1,502,157	\$ 862,155	\$ 2,364,312	\$ 762,042
Accrued payroll and payroll taxes	1,449,550	1,329,104	2,778,654	2,272,295
Current portion of long-term debt	478,160	-	478,160	-
Deferred revenue	<u>291,153</u>	<u>29,183</u>	<u>320,336</u>	<u>-</u>
Total current liabilities	3,721,020	2,220,442	5,941,462	3,034,337
Noncurrent liabilities:				
Long-term debt, net of current portion	<u>511,562</u>	<u>-</u>	<u>511,562</u>	<u>-</u>
Total Liabilities	<u>4,232,582</u>	<u>2,220,442</u>	<u>6,453,024</u>	<u>3,034,337</u>
NET ASSETS				
Invested in capital assets, net of related debt	20,700,527	14,022,996	34,723,523	1,625,034
Unrestricted	<u>24,156,352</u>	<u>13,448,758</u>	<u>37,605,110</u>	<u>7,492,509</u>
Total net assets	<u>\$44,856,879</u>	<u>\$27,471,754</u>	<u>\$ 72,328,633</u>	<u>\$ 9,117,543</u>

The accompanying notes are an integral part of the financial statements

KENAI PENINSULA BOROUGH

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2003

	Business-type Activities Enterprise Funds			Governmental Activities Internal Service Funds
	Central Peninsula Hospital	South Peninsula Hospital	Total	
Operating Revenues:				
Net Patient Service Revenues	\$ 40,660,468	\$ 22,898,782	\$ 63,559,250	\$ -
Other Operating Revenues	<u>339,447</u>	<u>272,204</u>	<u>611,651</u>	<u>2,037,612</u>
Total Net Operating Revenues	<u>40,999,915</u>	<u>23,170,986</u>	<u>64,170,901</u>	<u>2,037,612</u>
Operating Expenses:				
Nursing Services	9,643,405	6,453,015	16,096,420	-
Other Professional Services	8,523,335	5,948,283	14,471,618	1,928,213
General Services	2,725,699	2,650,543	5,376,242	-
Fiscal and Administrative Services	12,964,527	6,422,069	19,386,596	645,878
Provision for Doubtful Accounts	3,773,756	694,768	4,468,524	-
Depreciation	<u>3,093,217</u>	<u>1,777,911</u>	<u>4,871,128</u>	<u>439,907</u>
Total Operating Expenses	<u>40,723,939</u>	<u>23,946,589</u>	<u>64,670,528</u>	<u>3,013,998</u>
Operating income (loss)	<u>275,976</u>	<u>(775,603)</u>	<u>(499,627)</u>	<u>(976,386)</u>
Non-Operating Revenues (Expenses):				
General Property Taxes	1,172,092	1,444,797	2,616,889	-
Investment earnings	491,828	181,749	673,577	298,168
Intergovernmental - State Revenue Sharing	193,202	156,633	349,835	-
Gain (Loss) on Disposal of Assets	-	1,102	1,102	37,192
Interest Expense	(58,516)	-	(58,516)	-
Other	<u>119,710</u>	<u>(57,065)</u>	<u>62,645</u>	<u>-</u>
Total non-operating revenues (expenses)	<u>1,918,316</u>	<u>1,727,216</u>	<u>3,645,532</u>	<u>335,360</u>
Income (loss) before contributions and transfers	<u>2,194,292</u>	<u>951,613</u>	<u>3,145,905</u>	<u>(641,026)</u>
Change in net assets	2,194,292	951,613	3,145,905	(641,026)
Total net assets, beginning of year	<u>42,662,587</u>	<u>26,520,141</u>	<u>69,182,728</u>	<u>9,758,569</u>
Total net assets, end of year	<u>\$ 44,856,879</u>	<u>\$ 27,471,754</u>	<u>\$ 72,328,633</u>	<u>\$ 9,117,543</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, 2003

	Business-type Activities Enterprise Funds			Governmental Activities Internal Service Funds
	Central Peninsula Hospital	South Peninsula Hospital	Total	
Cash Flows from Operating Activities:				
Receipts from patients and users	\$ 37,697,463	\$20,669,057	\$ 58,366,520	\$ 2,037,612
Payments to suppliers	(10,520,185)	(7,466,676)	(17,986,861)	(921,091)
Payments to employees	(23,079,381)	(13,992,281)	(37,071,662)	(242,494)
Other receipts (payments)	(524,870)	55,324	(469,546)	-
Net cash provided by operating activities	<u>3,573,027</u>	<u>(734,576)</u>	<u>2,838,451</u>	<u>874,027</u>
Cash flows from noncapital financing activities:				
Receipts from property taxes	1,204,509	1,448,840	2,653,349	-
State grants	223,424	179,248	402,672	-
Net cash provided by (used in) noncapital financing activities	<u>1,427,933</u>	<u>1,628,088</u>	<u>3,056,021</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Purchase of capital assets	(2,837,031)	(2,071,691)	(4,908,722)	(685,097)
Principal paid on capital debt	(535,334)	-	(535,334)	-
Interest paid on capital debt	(58,516)	-	(58,516)	-
Proceeds from state contributions	676,249	-	676,249	-
Proceeds from sale of capital assets	-	1,102	1,102	37,192
Net cash from capital and related financing activities	<u>(2,754,632)</u>	<u>(2,070,589)</u>	<u>(4,825,221)</u>	<u>(647,905)</u>
Cash flows from investing activities:				
Purchase of investments	-	(168,444)	(168,444)	-
Interest on investments	491,828	181,469	673,297	298,168
Net cash provided by investing activities	<u>491,828</u>	<u>13,025</u>	<u>504,853</u>	<u>298,168</u>
Net increase (decrease) in cash and cash equivalents	2,738,156	(1,164,052)	1,574,104	524,290
Cash and equity in central treasury, beginning of year	<u>9,214,476</u>	<u>8,435,619</u>	<u>17,650,095</u>	<u>10,002,556</u>
Cash and equity in central treasury, end of year	<u>\$ 11,952,632</u>	<u>\$ 7,271,567</u>	<u>\$ 19,224,199</u>	<u>\$ 10,526,846</u>

(Continued)

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, 2003

	<u>Business-type Activities Enterprise Funds</u>			<u>Governmental Activities Internal Service Funds</u>
	<u>Central Peninsula Hospital</u>	<u>South Peninsula Hospital</u>	<u>Total</u>	
Reconciliation of operating income to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 275,976	\$ (775,603)	\$ (499,627)	\$ (976,386)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	3,093,217	1,777,911	4,871,128	439,907
Other non-operating income (expense)	119,710	(57,065)	62,645	-
Change in assets and liabilities:				
(Increase) decrease in taxes receivables	-	-	-	-
(Increase) decrease in patient receivables	471,304	(1,807,162)	(1,335,858)	-
(Increase) decrease in other receivables	(577,200)	55,324	(521,876)	-
(Increase) decrease in inventory	(22,496)	(55,826)	(78,322)	-
(Increase) decrease in prepaid items	(101,948)	2,851	(99,097)	580,392
Increase (decrease) in accounts and contracts payable	763,071	373,514	1,136,585	84,548
Increase (decrease) in accrued liabilities	(448,607)	(248,520)	(697,127)	-
Increase in accrued payroll and payroll taxes	-	-	-	294,737
(Decrease) in claims payable	-	-	-	450,829
Total adjustments	<u>3,297,051</u>	<u>41,027</u>	<u>3,338,078</u>	<u>1,850,413</u>
Net cash provided (used) by operating activities	<u>\$ 3,573,027</u>	<u>\$ (734,576)</u>	<u>\$ 2,838,451</u>	<u>\$ 874,027</u>
Noncash investing, capital and financing activities:				
Increase in Fair Value of Investments	<u>\$ 64,625</u>	<u>\$ -</u>	<u>\$ 64,625</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements

KENAI PENINSULA BOROUGH
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2003

	Agency Funds
Assets	
Equity in central treasury	\$ 769,847
Taxes receivable	212,163
Other receivable	869,535
Total assets	1,851,545
 Liabilities	
Accounts payable	40
Deferred Admin. Fee	84,685
Due to Landowners	311,490
Due to Other Funds	869,535
Due to Other Entities:	
Homer	190,803
Kachemak City	504
Kenai	203,332
Seldovia	6,847
Seward	78,833
Soldotna	105,476
Total Liabilities	1,851,545
 Net assets	 \$ -

The accompanying notes are an integral part of the financial statements

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, 2003**

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 a 9-member elected assembly and elected mayor form of government and 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 and Central Peninsula General Hospital. South Peninsula Hospital is a service district hospital leased from the City of Homer, Alaska and operated by South Peninsula Hospital, Inc (SPHI). The lease with the City of Homer expires in 2024, the operating lease with SPHI expires April 2008. Central Peninsula General Hospital (CPGH) is a borough-owned, service district hospital currently leased and operated by Central Peninsula General Hospital, Inc. The lease with Central Peninsula General Hospital, Inc expires December 31, 2007. The hospitals are supported by service areas whose mill rates provide funding for capital equipment, capital improvements and service area board expenses. The hospitals are reported as enterprise funds.

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 combined 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 School District budget, approves the tax levy to support the budget, and approves any debt issuance.

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) 262-5846.

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 nonfiduciary 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 nonexchange 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.

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 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 use the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available as net current assets. "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. It accounts for all projected funded from bond proceeds. This fund is project length and does not have an annual budget.

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 Peninsula Hospital Service Area.

Central Peninsula Hospital (CPGH) 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 fund accounts for tax collection services provided to other governments located within the Kenai Peninsula 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 proprietary fund financial statements to the extent that those standard 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. 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 nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the SPH and CPGH 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 ending equity balance. Some funds, in particular the Enterprise funds and the Special Revenue Central Emergency Services Fund and School District, have cash which is not aggregated in the central treasury. For purposes of the Statement of Cash Flows in Proprietary Funds, all highly liquid investments with a maturity of three months or less when purchased and deposits in Central Treasury are considered to be cash equivalents.

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.

Investments for the government, as well as for its component units, are reported at fair value.

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 4.3% of outstanding property taxes at June 30, 2003.

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, 2003 are recorded as prepaid items. The primary prepaid expenses of the hospital enterprise funds are insurance premiums.

5. Assets Whose Use Is Limited

Certain assets are classified as restricted 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, 2003 is as follows:

Central Peninsula Hospital:	
Malpractice reserve, held by trustee	\$ 2,497,964
Plant Replacement	3,139,180
Other	70,237
South Peninsula Hospital:	
Employee health reserve	953,835
Employee education loan program	199,975
Malpractice reserve, held by trustee	<u>200,000</u>
Total Assets whose use is limited	<u>\$ 7,061,191</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. 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>
Building	10-50
Improvements other than building	10-50
Infrastructure	10-50
Vehicles	7-10
Equipment	5-10

7. Compensated Absences

The Borough, School District, 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 \$2,230,834 at June 30, 2003 for the Primary Government excluding the hospitals. The Borough does not accrue a liability for nonvested sick leave, payable only in the event of employee absence due to illness. That amount is \$1,268,677 at June 30, 2003. An internal service fund, Employee Compensated Leave Fund, has been established to account for resources accumulated to provide for compensated absences, for the Borough's governmental activities.

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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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 is 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.

Designated for Subsequent Year's Expenditures

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

Other Designations

The Borough has developed an unreserved fund balance policy. This policy established criteria for determining appropriate levels of unreserved portion of 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 Government Standards Board (GASB) pronouncements as well as following all

Financial Accounting Board Statements and Interpretations, Accounting Principles Board Opinion and Accounting Research Bulletins of the Committee on Accounting procedure 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 mill levies 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 Mayor may transfer unencumbered balances within a fund, which is then reported to the Assembly at their next meeting. The legal level of control is at the fund level. 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. Deposits and investments

The Borough's investments have been listed by type of instrument below. Government Accounting Standards Board (GASB) Statement No. 3 establishes categories as an indication of the level of risk involved in the investment. The government security money market funds and the external investment pool are not categorized. All of the Borough's remaining investments are in the category of least risk and include investments that are insured or registered in the Borough's name, or securities that are held by the Borough or its agent in the Borough's name.

	Category			Fair Value
	1	2	3	
Categorized Investments:				
Repurchase Agreement	\$ 11,870,857	\$ -	\$ -	\$ 11,870,857
U.S. Government Securities	57,690,829	-	-	57,690,829
Corporate Bonds	<u>19,907,789</u>	-	-	<u>19,907,789</u>
	89,469,475	-	-	89,469,475
Investments Not Subject to Categorization:				
External Investment Pool				<u>17,026,306</u>
Total Central Treasury Investments				106,495,781
Assets Whose Use is Limited:				
Categorized Investments:				
U.S. Government Securities	<u>5,044,327</u>	-	-	<u>5,044,327</u>
Total Investments	<u>\$ 94,513,802</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 111,540,108</u>

The valuation methods used to estimate the fair value of the aforementioned investments are described in the following paragraphs.

The overnight repurchase agreements are fully collateralized investments at the First National Bank of Alaska. It is a highly liquid, short-term investment where the principal equals fair value. The Borough's custodial bank, Union Bank of California, provides fair value information for each security held in the borough's name on a monthly basis. The Borough utilizes the fair value information provided by its custodial bank for financial reporting purposes.

The Alaska Municipal League Investment Pool (AMLIP) is considered to be an external investment pool as defined by GASB Statement No. 31. AMLIP is not SEC registered. Regulatory oversight is established by Alaska Statute 37.23. The law sets forth numerous requirements regarding authorized investments and reporting. The pool is incorporated in the State of Alaska as a nonprofit corporation and reports to a board of directors. Alaska Statute 37.23.050 requires the retention of an investment manager. The manager is required to produce monthly disclosure statements on the pool. The pool also has retained an investment advisor who monitors the performance of the investment manager to ensure compliance with investment policies. All participation in the pool is voluntary. The pool must maintain a dollar-weighted average maturity of 90 days or less, and only purchase instruments having remaining maturities of 397 days or less. On a monthly basis, the investments in the pool are reviewed for fair value by an independent pricing service. As of June 30, 2003, the fair value of the investments in the pool approximates amortized cost and is the same as the value of the pool shares.

The Kenai Peninsula Borough School District, a component unit of the Kenai Peninsula Borough, participates in the Kenai Peninsula Borough's central treasury. The School District's cash on hand is used to account for petty cash and other cash not classified elsewhere. These cash amounts are not included in the central treasury.

Borough investments are insured or registered or are securities which are held by the Borough or its agent in the Borough's name, the lowest risk category as defined by Statement No. 3 of the Governmental Accounting Standards Board. Money market mutual funds are not categorized as to risk as defined by Statement 3. Investment grade corporate bonds are defined as those with a rating of "triple b" or higher by a major rating agency. 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. The Borough has throughout the course of the year invested in commercial paper. 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.

Cash and short term investment balances at June 30, 2003, consisted of the following:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Cash and Short Term Investments Held in Central Treasury:		
Checking Accounts:		
Borough	\$ (713,472)	\$ 164,552
Component Unit (School District)	(1,325,062)	-
Time Deposits	<u>4,000,000</u>	<u>4,000,000</u>
Total Cash and Short Term Investments Held in Central Treasury	1,961,466	4,164,552
Other Cash and Short Term Investments:		
Checking and Savings Accounts:		
Borough	90,072	90,072
Proprietary Funds	5,979,601	6,610,535
Proprietary Funds – Assets Whose Use is Limited	1,946,627	1,946,627
Time Deposits	70,237	70,237
Cash on Hand:		
Borough	1,410	-
Proprietary Funds	2,645	-
Component Unit (School District)	<u>79,160</u>	<u>79,160</u>
Total Other Cash and Short Term Investments	<u>8,169,752</u>	<u>8,796,631</u>
Total Cash and Short Term Investments	<u>\$ 10,131,218</u>	<u>\$ 12,961,183</u>

The following is a summary of Equity in Central Treasury and investments at June 30, 2003:

General Fund	\$ 23,837,940
Special Revenue Fund	27,736,186
Capital Projects Funds	19,379,668
Enterprise Funds	13,441,928
Internal Service Funds	10,526,846
Fiduciary Funds	769,847
Component Unit – Agency Funds	2,038,773
Component Unit	<u>10,726,059</u>
Total Equities in Central Treasury	<u>\$ 108,457,247</u>

The Equity in Central Treasury consists of the following:

Cash and Short Term Investments	\$ 1,961,466
Investments	<u>106,495,781</u>
	<u>\$ 108,457,247</u>

Calculation of the Net Increase (Decrease) in the Fair Value of Investments-Aggregate Method

Fair value at June 30, 2003	\$ 106,495,781
Add: Cost of investments sold/called/matured in FY2003	126,180,322
Less: Cost of investments purchases in FY2003	(128,013,249)
Less: Fair value at June 30, 2002	<u>(104,800,612)</u>
Change in fair value of investments	<u>\$ (137,758)</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 a 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 2%, 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, 2002	Total Taxes are due	October 15, 2002
Levy Date	Not later than June 15, 2002	Penalties & Interest added	October 17, 2002
Tax Bills mailed	Not later than July 1, 2002	Lien Date	April 15, 2003

Property taxes levied for the current year are recognized as revenues, even though a portion is collectible in the period subsequent to the year. The Borough's property tax collection records show that approximately 97.8% 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 3 years, current average is approximately every 6 years.

C. Receivables

Receivables at June 30, 2003, for the government's individual major fund and business type fund and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Proprietary</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Taxes	\$ 3,844,531	\$ 94,326	\$ 233,276	\$ 4,172,133
Patient	-	16,631,963	-	16,631,963
Accounts and Other	3,750	747,805	91,125	842,680
Land sale contracts	-	-	1,232,262	1,232,262
Intergovernmental	895,588	-	2,017,830	2,913,418
Interfund	2,632,425	-	-	2,632,425
Gross Receivables	7,376,294	17,474,094	3,521,950	28,424,881
Less Allowance for Uncollectibles	(143,235)	(3,445,188)	(13,733)	(3,602,156)
	<u>\$ 7,233,059</u>	<u>\$ 14,028,906</u>	<u>\$ 3,560,760</u>	<u>\$ 24,822,725</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, 2003, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Property taxes receivable (general fund)	\$ 542,478	\$ 3,950,550
Property taxes receivable (nonmajor governmental funds)	214,044	2,961,944
Land sale receivables	1,232,262	-
Grant funds received prior to meeting all eligibility requirements	<u>-</u>	<u>2,018,150</u>
Total deferred/unearned revenue for governmental funds	<u>\$1,988,784</u>	<u>\$ 8,930,644</u>

E. Capital assets

Capital asset activity for the year ended June 30, 2003 was as follows:

Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 57,001,651	\$ 6,380,423	\$ (1,009,545)	\$ 62,372,529
Construction in progress	<u>4,691,625</u>	<u>2,498,698</u>	<u>(2,174,358)</u>	<u>5,015,965</u>
Total capital assets, not being depreciated	<u>61,693,276</u>	<u>8,879,121</u>	<u>(3,183,903)</u>	<u>67,388,494</u>
Capital assets, being depreciated:				
Buildings	253,484,091	3,159,493	(33,456)	256,610,128
Improvements other than buildings	50,405,930	1,183,356	-	51,589,286
Machinery and equipment	16,365,846	1,898,704	(421,129)	17,843,421
Infrastructure	<u>1,060,038</u>	<u>400,214</u>	<u>-</u>	<u>1,460,252</u>
Total capital assets being depreciated	321,315,905	6,641,767	(454,585)	327,503,087
Less accumulated depreciation for:				
Buildings	(119,246,164)	(4,869,475)	8,364	(124,107,275)
Improvements other than buildings	(36,096,195)	(1,804,466)	-	(37,900,661)
Machinery and equipment	(10,669,577)	(977,605)	421,129	(11,226,053)
Infrastructure	<u>(31,930)</u>	<u>(30,562)</u>	<u>-</u>	<u>(62,492)</u>
Total accumulated depreciation	<u>(166,043,866)</u>	<u>(7,682,108)</u>	<u>429,493</u>	<u>(173,296,481)</u>
Total capital assets, being depreciated, net	<u>155,272,039</u>	<u>(1,040,341)</u>	<u>(25,092)</u>	<u>154,206,606</u>
Governmental activities capital assets, net	<u>\$ 216,965,315</u>	<u>\$ 7,838,780</u>	<u>\$ (3,208,995)</u>	<u>\$ 221,595,100</u>

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

Business-type activities:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 868,962	\$ -	\$ -	\$ 868,962
Construction in progress	157,337	464,854	(75,628)	546,563
Total capital assets, not being depreciated	<u>1,026,299</u>	<u>464,854</u>	<u>(75,628)</u>	<u>1,415,525</u>
Capital assets, being depreciated:				
Land improvements	367,233	-	-	367,233
Buildings	49,432,087	131,007	(5,244)	49,557,850
Leasehold improvements	14,683	6,721	-	21,404
Machinery and equipment	21,850,597	4,371,615	(967,858)	25,254,354
Total capital assets being depreciated	<u>71,664,600</u>	<u>4,509,343</u>	<u>(973,102)</u>	<u>75,200,841</u>
Less accumulated depreciation for:				
Land improvements	(246,537)	(22,826)	-	(269,363)
Buildings	(25,380,740)	(1,837,925)	4,554	(27,214,111)
Leasehold improvements	(2,082)	(1,674)	(7)	(3,763)
Machinery and equipment	(11,384,736)	(3,008,703)	977,555	(13,415,884)
Total accumulated depreciation	<u>(37,014,095)</u>	<u>(4,871,128)</u>	<u>982,102</u>	<u>(40,903,121)</u>
Total capital assets, being depreciated, net	<u>34,650,505</u>	<u>(361,785)</u>	<u>8,999</u>	<u>34,297,720</u>
Business-type activities capital assets, net	<u>\$ 35,676,804</u>	<u>\$ 103,069</u>	<u>\$ (66,628)</u>	<u>\$ 35,713,245</u>

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

Governmental activities:	
General government	\$ 292,368
Senior citizens	5,282
Public safety	446,971
Solid waste facilities	594,128
Road maintenance, including infrastructure assets	30,562
Recreation	379,077
Schools	5,493,813
Capital assets held by the government's internal service fund are charged to the various functions based on their usage of the assets	<u>439,907</u>
Total depreciation expense - governmental activities	<u>\$ 7,682,108</u>
Business-type activities:	
Hospitals:	
Central Peninsula General Hospital	\$ 3,093,217
South Peninsula Hospital	1,777,911
Total depreciation expense - business-type activities	<u>\$ 4,871,128</u>

Construction commitments:

The Borough has active construction projects as of June 30, 2003. The projects include major repair of existing roads, improvement to school facilities, and various public works projects. At year-end the Borough's commitments with contractors are as follows:

<u>Projects</u>	<u>Remaining Commitments</u>	<u>Financing Sources</u>
Major repair of existing roads	\$ 381,475	State grants and local funding
Improvement to school facilities	1,392,882	General Obligation Bonds and local funding
Various public works projects	<u>1,607,444</u>	Federal and State Grants and local funding
Total	<u>\$ 3,381,801</u>	

Discretely presented component unit

Capital asset activity for Kenai Peninsula Borough School District for the year ended June 30, 2003 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets being depreciated:				
Machinery and Equipment	\$ 6,313,751	\$ 151,744	\$ -	\$ 6,465,495
Less accumulated depreciation for:				
Machinery and Equipment	<u>(4,698,279)</u>	<u>(332,424)</u>	<u>-</u>	<u>(5,030,703)</u>
Governmental Activities capital assets, net	<u>\$ 1,615,472</u>	<u>\$ 180,680</u>	<u>\$ -</u>	<u>\$ 1,434,792</u>

F. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2003 is as follows:

The General Fund has made short-term loans of \$4,807 to the Local Emergency Planning Committee fund, \$24,134 to the Coastal Zone Management Fund, \$963,588 to the Disaster Relief Special Revenue Fund, and \$152,968 to the Community Development Special Revenue Fund to cover cash needs while awaiting reimbursement from State and Federal granting agencies.

The General Fund has made a short-term loan of \$1,486,928 to the Bond Fund to cover cash held with fiscal agent for a bond payment due in July 2003.

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds-		
General Fund	\$ 2,632,425	\$ -
Nonmajor Governmental Funds	-	2,632,425
Total	<u>\$ 2,632,425</u>	<u>\$ 2,632,425</u>

Interfund transfers

Interfund operating transfers have been made in accordance with appropriating ordinances. The Borough collects a 2% 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 \$30,618,860.

Transfers between funds for the year ended June 30, 2003, were as follows:

Transfer Out:	Transfer In:			
	General Fund	Nonmajor Governmental Funds	Component Unit	Total
Major Funds-				
General Fund	\$ -	\$ 10,052,387	\$ 30,618,860	\$ 40,671,247
Nonmajor Governmental Funds	398,676	3,345,110	-	3,743,786
Total	\$ 398,676	\$ 13,397,497	\$ 30,618,860	\$ 44,415,033

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. Effective October 01, 2002 the Borough became self-insured for workers' compensation.

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 retained earnings of the fund are designated for future catastrophic losses.

	Beginning of Fiscal Year <u>Liability</u>	Current Year Claim <u>Estimates</u>	Claim <u>Payments</u>	End of Fiscal Year <u>Liability</u>
2001 – 2002	\$240,707	\$118,639	\$(163,691)	\$195,655
2002 – 2003	\$195,655	\$530,957	\$(80,128)	\$646,484

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 Kenai Peninsula Hospital was self-insured for medical malpractice claims up to \$200,000 per claim during the years 1987-1995. In connection with this, the hospital established a revocable trust from which its portion of any claim will be paid. At June 30, 2003, the Central Kenai Peninsula Hospital had on deposit \$2,497,964 in the trust account for payment of future claims. Starting January 1, 1996, the hospital's insurance coverage was changed to provide first dollar coverage for medical malpractice claims. 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.

H. Long-term debt

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

	Beginning Balance July 1, 2002	Additions	Reductions	Ending Balance June 30, 2003	Due within one year
Governmental Activities					
Areawide School Bonds	\$12,689,000	\$ -	\$ 2,225,000	\$10,464,000	\$2,300,000
Recreation Bonds	720,000	-	350,000	370,000	370,000
Landfill Closure	4,747,395	384,453	11,549	5,120,299	178,561
Early Retirement Incentive Program	51,982	-	51,982	-	-
Solid Waste Bonds	-	7,040,000	-	7,040,000	595,000
Disaster Relief	-	1,146,647	1,101,734	44,913	44,913
Total Governmental activity long-term liabilities	<u>\$18,208,377</u>	<u>\$8,571,100</u>	<u>\$ 3,740,265</u>	<u>\$23,039,212</u>	<u>\$3,488,474</u>
Business-Type Activities:					
Hospital Debt:					
MRI Machine	544,614	-	305,999	238,615	238,615
CT Scanner	980,442	-	229,335	751,107	239,545
Business-type activity long-term liabilities	<u>\$ 1,525,056</u>	<u>\$ -</u>	<u>\$ 535,334</u>	<u>\$ 989,722</u>	<u>\$ 478,160</u>

The Kenai Peninsula Borough has issued general obligation bonds for acquisition and construction of schools, solid waste disposal and transfer facilities, hospitals, and for remodeling of a recreational facility. The general obligation school bonds pledge the full faith and credit of the Borough, while the recreation 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 on some issues. The State of Alaska will reimburse the Borough up to 70% for the School Bonds issued April 1, 1994, issued May 1, 1995, and issued December 12, 2000. Subsequent to year-end, general obligation bonds in the amount of \$14,700,000 were issued for construction of a new middle school in Seward, Alaska. These bonds will require annual payments of approximately \$1,100,000, starting December 2003.

Recreation Bonds. The voters of the North Peninsula Recreation Service Area authorized on May 11, 1993, the sale of \$3,000,000 in general obligation bonds. These bond proceeds were used for planning, designing, acquiring property for, equipping and constructing renovations to the pool facility. The bonds were issued August 1, 1993. The final payment is due August 1, 2003.

A summary of bonds payable (in thousands) at June 30, 2003, is as follows:

	Date of Issue	Issued	Interest Rate	Maturity Dates	Annual Installments	Outstanding June 30, 2003
School Bonds	04-01-94	\$ 1,640	7.50 -12.00	1995 - 2004	\$ 135 to 200	\$ 200
	05-01-95	11,735	4.50 - 7.00	1996 - 2005	565 to 1,520	4,315
	12-12-00	<u>7,429</u>	4.75 - 5.00	2001 - 2011	740 to 769	<u>5,949</u>
Total School Bonds		<u>\$20,804</u>				<u>\$10,464</u>
Recreation Bonds	08-01-93	<u>\$ 3,000</u>	3.00 - 5.50	1994-2003	245 to 370	<u>\$ 370</u>
Solid Waste Bonds	05-22-03	<u>\$ 7,040</u>	2.50 - 4.25	2003-2013	855 to 860	<u>\$ 7,040</u>

Disaster Relief Fund – Flooding 2002. The Borough incurred substantial cost associated with a number of falls storms between the dates of October 23, 2002 and November 12, 2002, resulting in a federal disaster declaration signed by the President on December 4, 2002. The total cost associated with the disaster is estimated to be \$1,146,647, of which \$1,101,734 was incurred in FY2003. The cost associated with the disaster was shared by the State of Alaska (25%) and the Federal government (75%).

Solid Waste Bonds. Voters of the Borough authorized the issuance of \$12,000,000 in general obligation 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 2008.

Business Type Activity. The Central Kenai Peninsula Hospital (Enterprise Fund) has financed the purchase of a Magnetic Resonance Imaging System, in the amount of \$1,450,000 at 4.48% interest due in quarterly installments of \$81,326. The outstanding balance at June 30, 2003, is \$238,615. In addition, a CT Scanner has been financed in the amount of \$1,200,000 at 4.38% in quarterly installments of \$67,136. The outstanding balance at June 30, 2003 is \$751,107.

Debt service requirements at June 30, 2003 were as follows:

Fiscal Year	Government Activities General Obligation		Business-type Activities Hospitals	
	Principal	Interest	Principal	Interest
2003-04	\$ 3,265,000	\$789,565	\$ 478,160	\$ 34,364
2004-05	2,810,000	625,732	250,211	18,334
2005-06	2,910,000	483,480	261,351	7,193
2006-07	1,405,000	377,255	-	-
2007-08	1,425,000	322,892	-	-
2008-2013	6,059,000	709,533	-	-
Total	<u>\$17,874,000</u>	<u>\$3,308,457</u>	<u>\$ 989,722</u>	<u>\$ 59,891</u>

I. 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.

J. Pension Plans

1. State of Alaska Public Employees' Retirement System

The Borough and the School District participates in the Public Employees' Retirement System (PERS) an agent multiple employer plan which covers eligible State and local government employees or the Teachers' Retirement System (TRS), a cost sharing multiple employer plan which covers teachers and other eligible participants. The plans were established and are administered by the State of Alaska 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, AK 99811-0203

Funding Policy. For PERS, employees are required to contribute 6.75% (7.5% for peace officers and firefighters) of their annual covered salary. The employee contribution rate for TRS is 8.65% of covered base salary. Under both plans, the funding policy provides for periodic employer contribution at 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.

The Borough's contribution rate for PERS is as follows:

	PERS
Pension	4.54%
Postemployment healthcare	<u>1.86%</u>
Total contribution rate	6.40%

The School District's contribution rate for PERS and TRS is as follows:

	PERS	TRS
Pension	3.61%	9.0%
Postemployment healthcare	<u>1.46%</u>	<u>2.0%</u>
Total contribution rate	5.07%	11.0%

Under both plans, employer contribution rates are level percentages of payroll and is determined using the projected unit credit actuarial funding method. The plans use the level dollar method to amortize the unfunded liability over an open, rolling twenty-five year period. Funding surpluses are amortized over five years.

The required contribution for each plan was determined as part of the June 30, 2002 actuarial valuation. The significant actuarial assumption used in the valuation of the plan follows:

1. Investment return of 8.25% per annum, compounded annually, net of expenses;
2. Projected salary increases of 6.0% for the first five years and 4.5% per year thereafter for fire/police and 5.5% for the first 10 years and 4.0% thereafter for all other employees;
3. Health cost inflation of 12.0% in 2003 through 2005, trending downward by .5% per year starting in 2006 thru 2015.
4. Total inflation, as measured by the Consumer Price Index for urban and clerical worker for Anchorage, is assumed to increase 3.5% annually; and
5. Asset valuation – effective June 30, 2002, the asset valuation method recognizes 20% of the investment gain or loss in each of the current and preceding four years. This method is being phased in over the next five years. All assets are valued at market value. Any differences are amortized and applied to the employer contribution rate. Valuation assets cannot be outside the range of 80 to 120% of market value of assets.

For the year ended June 30, 2003, the Borough's annual pension cost of \$765,300 for PERS was equal to its required and actual contributions.

Three-year trend information for PERS is as follows:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2001	\$666,500	100%	-
2002	712,500	100%	-
2003	765,300	100%	-

A schedule of funding progress for PERS is as follows ('000's Omitted). Note that the valuation dates are for June 30, 1999, 2001 and 2002. An actuarial valuation was not done for the year ending June 30, 2000.

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded (Assets in Excess of) Liability	Funded Ratio	Covered Payroll	Unfunded (Assets In Excess of) Liability as Percentage of Covered Payroll
June 30, 1999						
Pension	\$34,103	\$31,737	\$(2,366)	107%	\$9,874	(24%)
Postemployment Healthcare	13,825	12,867	(958)	107%	\$9,874	(10%)
June 30, 2001						
Pension	39,048	39,549	501	99%	9,784	5%
Postemployment Healthcare	16,533	16,746	213	99%	9,784	2%
June 30, 2002						
Pension	32,847	46,303	13,456	71%	11,067	122%
Postemployment Healthcare	19,957	28,133	8,176	71%	11,067	74%

For the year ended June 30, 2003, the School District's annual pension cost of \$534,000 for PERS was equal to its

required and actual contributions.

Trend information for PERS is as follows:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2000	\$ 457,500	100%	-
2001	648,000	100%	-
2002	534,000	100%	-

A schedule of funding progress for PERS is as follows ('000's Omitted).). Note that the valuation dates are for June 30, 1999, 2001 and 2002. An actuarial valuation was not done for the year ending June 30, 2000.

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded (Assets in Excess of) Liability	Funded Ratio	Covered Payroll	Unfunded (Assets in Excess of) Liability as Percentage of Covered Payroll
June 30, 1999						
Pension	\$40,450	\$36,483	\$ (3,967)	111%	\$12,698	(31%)
Postemployment healthcare	16,399	14,791	(1,608)	111%	12,698	(13%)
June 30, 2001						
Pension	45,056	44,990	(66)	100%	13,666	(0.5%)
Postemployment healthcare	19,077	19,049	(28)	100%	13,666	(0.2%)
June 30, 2002						
Pension	36,824	49,693	12,869	74%	11,395	113%
Postemployment healthcare	22,374	30,193	7,819	74%	11,395	69%

The District's contribution to TRS were equal to the required contribution for each year and are as follows:

Fiscal year ending	Contribution
June 30, 2001	\$4,375,000
2002	4,103,000
2003	4,209,000

2. Hospital Pension Plans

Central Peninsula General Hospital Plan Description

On July 1, 1995, the Hospital established a pension plan under Internal Revenue Code 403 (b). Under the plan the hospital matches employee contributions up to 4% of gross pay. The fund's covered payroll for the years ended June 30, 2003 and 2002 was \$14,415,000 and \$12,344,000, respectively. Total payroll for the years ended June 30, 2003 and 2002 was \$18,034,600 and \$15,223,000.

Employee contribution to the plan for the years ended June 30, 2003 and 2002 were \$940,700 and \$750,500, respectively. Employer contribution was \$466,600 and \$385,400 for the same periods. Total contributions to the plan were 9.80 % of covered payroll for June 30, 2003 and 9.20% for June 30, 2002.

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 employee 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, 2003 actuarial valuation. The actuarial assumptions included: (a) 7.0% investment rate of return (net of administrative expenses); (b) projected salary increases of 3.0% per year; and (c) no inflation rate.

The hospital's annual pension cost and net pension obligation to the plan is as follows:

	<u>2000</u>	<u>2001</u>	<u>2002</u>
Annual required contribution	\$ 119,913	\$ 287,423	\$ 394,788
Interest on net pension obligation	<u>20,563</u>	<u>30,715</u>	<u>30,262</u>
Annual pension cost	140,476	318,138	425,050
Contributions made	<u>311,304</u>	<u>311,304</u>	<u>475,194</u>
Increase (decrease) in net pension obligation	(170,828)	6,834	(50,144)
Net pension obligation, beginning of year	<u>411,175</u>	<u>240,347</u>	<u>247,181</u>
Net pension obligation, end of year	<u>\$ 240,347</u>	<u>\$ 247,181</u>	<u>\$ 197,037</u>

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Assets in Excess of Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Assets In Excess of Liability as Percentage of Covered Payroll</u>
January 1, 2000	\$3,151	\$2,337	\$814	135%	\$6,304	12.9%
January 1, 2001	3,485	2,688	797	130%	6,870	11.6%
January 1, 2002	3,907	3,069	838	127%	6,983	12.0%

K. – 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 seven active landfills with remaining useful lives of from 1 year to 6 years. The largest and second largest facilities have used 97% and 90%, respectively, of capacity and will be in operation for one and three more years. These two facilities comprise 90% of total landfill capacity. These two facilities also have available land which when developed, will extend the landfills lives by approximately 25 years. There are also three sites, which are closed, and are being monitored as required by law. The Borough has accrued \$5,302,202 in the government-wide financial statements for closure and postclosure cost associated with its landfills; in addition, this amount has been reported as a designation of fund balance in the Solid Waste Special Revenue Fund. These amounts are based on

what it would cost to perform all closure and postclosure care in 2003; actual cost may vary from this estimate due to inflation, changes in technology, or changes in regulations.

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.

L. Carryover Encumbrances

The following is a reconciliation of the budget information shown in the financial statement and the budget per the FY2002 budget document. The reconciling items include carryover encumbrances and authorized projects:

<u>Fund</u>	<u>Assembly Approved Budget Document</u>	<u>Carry-over Encumbrances and Projects</u>	<u>Original Budget per Financial Statements</u>
General Fund:			
Assembly	\$ 1,076,820	\$ 78,891	\$ 1,155,711
Mayor	813,626	28,736	842,362
General Services	2,605,335	102,256	2,707,591
Legal	628,140	42,719	670,859
Finance	1,866,107	102,681	1,968,788
Assessing	1,611,776	10,647	1,622,423
Planning	937,177	267,914	1,205,091
Capital Projects Administration	95,147	1,927	97,074
Non Departmental	1,281,414	111,326	1,392,740
Office of Emergency Management	1,173,924	58,930	1,232,854
Transfers	40,526,846	-	40,526,846
Total General Fund	52,616,312	806,027	53,422,339
Annually budgeted Special Revenue Funds:			
Nikiski Fire Service Area	2,785,010	8,458	2,793,468
Bear Creek Fire Service Area	201,401	27,230	228,631
Anchor Point Fire & Emergency Medical Service Area	242,550	-	242,550
Central Emergency Service Area	3,989,049	31,546	4,020,595
Kachemak Emergency Service Area	303,794	-	303,794
Central Emergency Medical Service Area	143,035	-	143,035
North Peninsula Recreation Service Area	1,408,119	4,571	1,412,690
Road Service Area	4,154,028	14,333	4,168,361
Post Secondary Education	377,347	-	377,347
Land Trust Fund	638,025	577,674	1,215,699
Kenai River Center	399,935	-	399,935
Nikiski Senior Service Area	173,309	-	173,309
Solid Waste	4,343,326	36,750	4,380,076

NON-MAJOR GOVERNMENTAL FUNDS

Nonmajor Government Funds

Special Revenue Funds

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 Services 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.

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.

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

Community & Economic Development Special Revenue Fund – This fund is used to account for expenditures of the community & economic development program.

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.

Debt Service Funds

Bond Debt Service Fund – This fund is used to account for payments associated with general obligation bonds for construction of capital facilities.

North Peninsula Recreation Service Area Debt Service Fund – This fund is used to account for payments associated with general obligation bonds for construction of recreational facilities in the North Peninsula Service Area.

Capital Project Funds

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 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 Services 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 Communication 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.

Miscellaneous Grants Capital Project Fund – This fund is used to account for acquisition and construction of miscellaneous capital facilities.

KENAI PENINSULA BOROUGH
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2003

Special Revenue Funds

	<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>ASSETS</u>				
Cash and Short-term Investments	\$ 100	\$ 8,667	\$ -	\$ 81,505
Equity in Central Treasury	4,099,112	234,157	119,861	2,203,107
Cash With Fiscal Agent	-	-	-	-
Receivables (Net of Allowances for Estimated Uncollectibles):				
Taxes Receivable	26,705	5,954	12,698	66,061
Accounts Receivable	-	1,257	-	69,170
Land Sale Contracts Receivable:				
Current	-	-	-	-
Delinquent	-	-	-	-
Due from Other Governments	6,462	2,296	2,498	23,939
Prepays	4,228	-	-	539
Land Sale Contracts Receivable:				
Long-term	-	-	-	-
Total Assets	<u>\$ 4,136,607</u>	<u>\$ 252,331</u>	<u>\$ 135,057</u>	<u>\$ 2,444,321</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts, Contracts and Retainage Payable	43,014	8,962	4,210	66,953
Accrued Payroll and Payroll Taxes	69,375	32	2,920	89,713
Due to Other Funds:				
General Fund	-	-	-	-
Deferred Revenue	<u>1,301,859</u>	<u>25,415</u>	<u>17,049</u>	<u>125,664</u>
Total Liabilities	<u>1,414,248</u>	<u>34,409</u>	<u>24,179</u>	<u>282,330</u>
Fund Balances:				
Reserves:				
Encumbrances	5,941	58,199	671	64,087
Prepays	4,228	-	-	539
Unreserved:				
Designations	2,712,190	114,370	96,886	1,132,281
Undesignated	<u>-</u>	<u>45,353</u>	<u>13,321</u>	<u>965,084</u>
Total Fund Balances	<u>2,722,359</u>	<u>217,922</u>	<u>110,878</u>	<u>2,161,991</u>
Total Liabilities and Fund Balances	<u>\$ 4,136,607</u>	<u>\$ 252,331</u>	<u>\$ 135,057</u>	<u>\$ 2,444,321</u>

(continued)

KENAI PENINSULA BOROUGH
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - CONTINUED
June 30, 2003

Special Revenue Funds - continued

	<u>Kachemak 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>ASSETS</u>				
Cash and Short-term Investments	\$ -	\$ -	\$ 200	\$ -
Equity in Central Treasury	81,142	5,154	1,443,485	3,287,833
Cash With Fiscal Agent	-	-	-	-
Receivables (Net of Allowances for Estimated Uncollectibles):				
Taxes Receivable	9,158	4,675	11,594	72,718
Accounts Receivable	-	-	-	-
Land Sale Contracts Receivable:				
Current	-	-	-	-
Delinquent	-	-	-	-
Due from Other Governments	3,657	1,426	2,810	25,990
Prepays	1,600	-	760	-
Land Sale Contracts Receivable:				
Long-term	-	-	-	-
Total Assets	<u>\$ 95,557</u>	<u>\$ 11,255</u>	<u>\$ 1,458,849</u>	<u>\$ 3,386,541</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts, Contracts and Retainage Payable	54	-	42,990	147,693
Accrued Payroll and Payroll Taxes	333	-	26,752	17,751
Due to Other Funds:				
General Fund	-	-	-	-
Deferred Revenue	<u>10,837</u>	<u>4,238</u>	<u>569,994</u>	<u>946,045</u>
Total Liabilities	<u>11,224</u>	<u>4,238</u>	<u>639,736</u>	<u>1,111,489</u>
Fund Balances:				
Reserves:				
Encumbrances	9,638	-	11,595	136,007
Prepays	1,600	-	760	-
Unreserved:				
Designations	73,095	-	806,758	2,139,045
Undesignated	<u>-</u>	<u>7,017</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>84,333</u>	<u>7,017</u>	<u>819,113</u>	<u>2,275,052</u>
Total Liabilities and Fund Balances	<u>\$ 95,557</u>	<u>\$ 11,255</u>	<u>\$ 1,458,849</u>	<u>\$ 3,386,541</u>

Special Revenue Funds - continued

<u>Post-Secondary Education</u>	<u>Land Trust</u>	<u>Kenai River Center</u>	<u>Coastal Zone Management</u>	<u>Disaster Relief</u>	<u>Environmental Protection Programs</u>	<u>Local Emergency Planning Committee</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
370,163	3,783,216	173,181	-	-	5,850,859	-
-	-	-	-	-	-	-
8,600	-	-	-	-	-	-
-	-	-	-	-	-	-
-	137,078	-	-	-	-	-
-	8,005	-	-	-	-	-
2,740	-	-	47,614	1,101,733	52,543	8,910
-	-	-	-	-	105	-
-	<u>1,087,179</u>	-	-	-	-	-
<u>\$ 381,503</u>	<u>\$5,015,478</u>	<u>\$173,181</u>	<u>\$ 47,614</u>	<u>\$ 1,101,733</u>	<u>\$ 5,903,507</u>	<u>\$ 8,910</u>
82,906	44,882	5,475	20,454	4,891	159,277	2,201
-	11,983	11,080	3,026	-	20,151	622
-	-	-	24,134	963,588	-	4,807
<u>67,489</u>	<u>1,232,262</u>	<u>8,185</u>	-	-	<u>275</u>	-
<u>150,395</u>	<u>1,289,127</u>	<u>24,740</u>	<u>47,614</u>	<u>968,479</u>	<u>179,703</u>	<u>7,630</u>
-	165,405	228	-	-	1,243,289	1,280
-	-	-	-	-	105	-
141,885	-	-	-	-	4,480,410	-
<u>89,223</u>	<u>3,560,946</u>	<u>148,213</u>	-	<u>133,254</u>	-	-
<u>231,108</u>	<u>3,726,351</u>	<u>148,441</u>	-	<u>133,254</u>	<u>5,723,804</u>	<u>1,280</u>
<u>\$ 381,503</u>	<u>\$5,015,478</u>	<u>\$173,181</u>	<u>\$ 47,614</u>	<u>\$ 1,101,733</u>	<u>\$ 5,903,507</u>	<u>\$ 8,910</u>

(continued)

KENAI PENINSULA BOROUGH
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - CONTINUED
June 30, 2003

Special Revenue Funds - continued

	<u>Underground Storage Tank Removal and Upgrade</u>	<u>Miscellaneous Grants</u>	<u>Community & Economic Development</u>	<u>Nikiski Senior Service Area</u>	<u>Solid Waste</u>
<u>ASSETS</u>					
Cash and Short-term Investments	\$ -	\$ -	\$ -	\$ -	\$ -
Equity in Central Treasury	102,094	109,427	-	191,101	5,682,294
Cash With Fiscal Agent	-	-	-	-	-
Receivables (Net of Allowances for Estimated Uncollectibles):					
Taxes Receivable	-	-	-	1,380	-
Accounts Receivable	-	-	-	1,353	19,345
Land Sale Contracts Receivable:					
Current	-	-	-	-	-
Delinquent	-	-	-	-	-
Due from Other Governments	-	35,185	82,577	347	-
Prepays	-	-	100,658	-	-
Land Sale Contracts Receivable:					
Long-term	-	-	-	-	-
Total Assets	<u>\$ 102,094</u>	<u>\$ 144,612</u>	<u>\$ 183,235</u>	<u>\$ 194,181</u>	<u>\$5,701,639</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts, Contracts and Retainage Payable	13,949	51,466	24,056	-	344,078
Accrued Payroll and Payroll Taxes	-	577	596	2,086	24,738
Due to Other Funds:					
General Fund	-	-	152,968	-	-
Deferred Revenue	-	-	-	83,404	-
Total Liabilities	<u>13,949</u>	<u>52,043</u>	<u>177,620</u>	<u>85,490</u>	<u>368,816</u>
Fund Balances:					
Reserves:					
Encumbrances	13,000	92,569	-	-	40,526
Prepays	-	-	5,615	-	-
Unreserved:					
Designations	-	-	-	108,691	5,094,459
Undesignated	75,145	-	-	-	197,838
Total Fund Balances	<u>88,145</u>	<u>92,569</u>	<u>5,615</u>	<u>108,691</u>	<u>5,332,823</u>
Total Liabilities and Fund Balances	<u>\$ 102,094</u>	<u>\$ 144,612</u>	<u>\$ 183,235</u>	<u>\$ 194,181</u>	<u>\$5,701,639</u>

Debt Service Funds

Capital Project Funds

<u>Bonds</u>	<u>North Peninsula Recreation</u>	<u>School Revenue</u>	<u>General Government</u>	<u>Resource Management</u>	<u>Solid Waste</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	2,783,859	871,344	53,707	222,634
1,486,928	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	240,878	-	40,874	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 1,486,928</u>	<u>\$ -</u>	<u>\$ 3,024,737</u>	<u>\$ 871,344</u>	<u>\$ 94,581</u>	<u>\$ 222,634</u>
-	-	370,900	627	-	714
-	-	35,175	754	934	726
1,486,928	-	-	-	-	-
-	-	-	-	-	-
<u>1,486,928</u>	<u>-</u>	<u>406,075</u>	<u>1,381</u>	<u>934</u>	<u>1,440</u>
-	-	387,033	22,669	25,735	20,928
-	-	-	-	-	-
-	-	1,822,716	747,669	67,912	104,966
-	-	408,913	99,625	-	95,300
-	-	-	-	-	-
-	-	2,618,662	869,963	93,647	221,194
<u>\$ 1,486,928</u>	<u>\$ -</u>	<u>\$ 3,024,737</u>	<u>\$ 871,344</u>	<u>\$ 94,581</u>	<u>\$ 222,634</u>

(continued)

KENAI PENINSULA BOROUGH
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - CONTINUED
June 30, 2003

Capital Project Funds - continued

	<u>Road Service Area</u>	<u>Nikiski Fire Service Area</u>	<u>Bear Creek Fire Service Area</u>	<u>Central Emergency Service Area</u>	<u>Anchor Point Fire and Emergency Medical Service Area</u>
<u>ASSETS</u>					
Cash and Short-term Investments	\$ -	\$ -	\$ -	\$ -	\$ -
Equity in Central Treasury	1,469,404	1,570,816	478,644	1,341,687	219,698
Cash With Fiscal Agent	-	-	-	-	-
Receivables (Net of Allowances for Estimated Uncollectibles):					
Taxes Receivable	-	-	-	-	-
Accounts Receivable	-	-	-	-	-
Land Sale Contracts Receivable:					
Current	-	-	-	-	-
Delinquent	-	-	-	-	-
Due from Other Governments	192,229	-	-	-	-
Prepays	-	-	-	-	-
Land Sale Contracts Receivable:					
Long-term	-	-	-	-	-
Total Assets	<u>\$ 1,661,633</u>	<u>\$ 1,570,816</u>	<u>\$ 478,644</u>	<u>\$ 1,341,687</u>	<u>\$ 219,698</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts, Contracts and Retainage Payable	84,991	193,355	-	971	-
Accrued Payroll and Payroll Taxes	2,741	106	-	190	-
Due to Other Funds:					
General Fund	-	-	-	-	-
Deferred Revenue	45,369	75,682	25,000	-	14,375
Total Liabilities	<u>133,101</u>	<u>269,143</u>	<u>25,000</u>	<u>1,161</u>	<u>14,375</u>
Fund Balances:					
Reserves:					
Encumbrances	421,669	249,172	-	5,093	30,000
Prepays	-	-	-	-	-
Unreserved:					
Designations	1,103,683	169,171	378,000	78,903	104,627
Undesignated	3,180	883,330	75,644	1,256,530	70,696
Total Fund Balances	<u>1,528,532</u>	<u>1,301,673</u>	<u>453,644</u>	<u>1,340,526</u>	<u>205,323</u>
Total Liabilities and Fund Balances	<u>\$ 1,661,633</u>	<u>\$ 1,570,816</u>	<u>\$ 478,644</u>	<u>\$ 1,341,687</u>	<u>\$ 219,698</u>

(continued)

Capital Project Funds - continued

<u>Kachemak Emergency Services Service Area</u>	<u>911 Communications</u>	<u>North Peninsula Recreation Service Area</u>	<u>Miscellaneous Grants</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 90,472
176,459	561,285	329,733	13,595	37,829,051
-	-	-	-	1,486,928
-	-	-	-	219,543
-	-	-	-	91,125
-	-	-	-	137,078
-	-	-	-	8,005
128,000	-	6,695	8,427	2,017,830
-	-	-	-	107,890
-	-	-	-	1,087,179
<u>\$ 304,459</u>	<u>\$ 561,285</u>	<u>\$ 336,428</u>	<u>\$ 22,022</u>	<u>\$ 43,075,101</u>
-	-	3,864	793	1,723,726
-	-	912	1,229	324,502
-	-	-	-	2,632,425
-	-	10,400	20,000	4,583,542
-	-	15,176	22,022	9,264,195
-	26,077	7,320	-	3,038,131
-	-	-	-	12,847
300,635	362,298	21,705	-	22,162,355
3,824	172,910	292,227	-	8,597,573
<u>304,459</u>	<u>561,285</u>	<u>321,252</u>	<u>-</u>	<u>33,810,906</u>
<u>\$ 304,459</u>	<u>\$ 561,285</u>	<u>\$ 336,428</u>	<u>\$ 22,022</u>	<u>\$ 43,075,101</u>

KENAI PENINSULA BOROUGH
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

Special Revenue Funds

	<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>
Revenues:				
General Property Taxes	\$ 2,999,087	\$ 187,196	\$ 257,400	\$ 2,728,410
Motor Vehicle Tax	32,897	11,687	12,304	121,766
Intergovernmental:				
Federal	-	37,612	-	-
State:				
Revenue Sharing	4,507	1,341	814	18,666
Grants	-	-	-	-
Interest Earned	-	-	-	288
Other Revenues	2,647	2,843	5,827	284,315
Total Revenues	<u>3,039,138</u>	<u>240,679</u>	<u>276,345</u>	<u>3,153,445</u>
Expenditures:				
General government	-	-	-	-
Solid waste	-	-	-	-
Public safety	2,457,653	131,488	174,859	2,947,151
Recreation	-	-	-	-
Education	-	-	-	-
Roads and trails	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other	-	-	-	-
Total Expenditures	<u>2,457,653</u>	<u>131,488</u>	<u>174,859</u>	<u>2,947,151</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>581,485</u>	<u>109,191</u>	<u>101,486</u>	<u>206,294</u>
Other Financing Sources and (Uses):				
Transfers In	-	-	-	143,035
Transfers (Out)	(126,767)	(75,000)	(50,000)	(785,202)
Total Other Financing Sources (Uses)	<u>(126,767)</u>	<u>(75,000)</u>	<u>(50,000)</u>	<u>(642,167)</u>
Net Changes in Fund Balances	454,718	34,191	51,486	(435,873)
Fund Balances at Beginning of Year	<u>2,267,641</u>	<u>183,731</u>	<u>59,392</u>	<u>2,597,864</u>
Fund Balances at End of Year	<u>\$ 2,722,359</u>	<u>\$ 217,922</u>	<u>\$ 110,878</u>	<u>\$ 2,161,991</u>

Special Revenue Funds - continued

<u>Kachemak 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>	<u>Kenai River Center</u>
\$ 316,712	\$ 141,959	\$ 1,331,166	\$ 4,254,780	\$ 407,788	\$ -	\$ -
18,620	7,258	14,303	128,328	13,930	-	-
-	-	-	-	-	-	-
-	835	2,328	260,982	-	-	-
5,000	-	-	-	-	-	-
-	-	-	6,938	-	-	-
-	-	185,563	44,233	-	1,738,322	-
<u>340,332</u>	<u>150,052</u>	<u>1,533,360</u>	<u>4,695,261</u>	<u>421,718</u>	<u>1,738,322</u>	<u>-</u>
-	-	-	-	-	1,552,883	350,148
276,306	-	-	-	-	-	-
-	-	885,154	-	-	-	-
-	-	-	-	377,347	-	-
-	-	-	2,281,668	-	-	-
-	-	-	-	-	-	-
<u>276,306</u>	<u>-</u>	<u>885,154</u>	<u>2,281,668</u>	<u>377,347</u>	<u>1,552,883</u>	<u>350,148</u>
64,026	150,052	648,206	2,413,593	44,371	185,439	(350,148)
-	-	-	-	-	-	321,291
(30,000)	(143,035)	(427,075)	(1,300,000)	-	(20,000)	-
<u>(30,000)</u>	<u>(143,035)</u>	<u>(427,075)</u>	<u>(1,300,000)</u>	<u>-</u>	<u>(20,000)</u>	<u>321,291</u>
34,026	7,017	221,131	1,113,593	44,371	165,439	(28,857)
50,307	-	597,982	1,161,459	186,737	3,560,912	177,298
<u>\$ 84,333</u>	<u>\$ 7,017</u>	<u>\$ 819,113</u>	<u>\$ 2,275,052</u>	<u>\$ 231,108</u>	<u>\$ 3,726,351</u>	<u>\$ 148,441</u>

(continued)

KENAI PENINSULA BOROUGH
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2003

Special Revenue Funds - continued

	<u>Coastal Zone Management</u>	<u>Disaster Relief Fund</u>	<u>Environmental Protection Programs</u>	<u>Local Emergency Planning Committee</u>	<u>Underground Storage Tank Removal and Upgrade</u>
Revenues:					
General Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Motor Vehicle Tax	-	-	-	-	-
Intergovernmental:					
Federal	121,464	826,300	125,228	25,000	-
State:					
Revenue Sharing	-	-	-	-	-
Grants	-	275,434	-	-	-
Interest Earned	-	-	225,905	-	-
Other Revenues	-	-	-	-	-
Total Revenues	<u>121,464</u>	<u>1,101,734</u>	<u>351,133</u>	<u>25,000</u>	<u>-</u>
Expenditures:					
General Government	-	-	-	-	-
Solid Waste	-	-	-	-	137,129
Public Safety	121,464	1,116,534	2,850,788	23,720	-
Recreation	-	-	-	-	-
Education	-	-	-	-	-
Roads and Trails	-	-	-	-	-
Debt Service					
Principal	-	-	-	-	-
Interest and Other	-	-	-	-	-
Total Expenditures	<u>121,464</u>	<u>1,116,534</u>	<u>2,850,788</u>	<u>23,720</u>	<u>137,129</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>(14,800)</u>	<u>(2,499,655)</u>	<u>1,280</u>	<u>(137,129)</u>
Other Financing Sources and (Uses):					
Transfers in	-	50,000	-	-	-
Transfers (Out)	-	(6,157)	(475,000)	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>43,843</u>	<u>(475,000)</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balances	-	29,043	(2,974,655)	1,280	(137,129)
Fund Balances at Beginning of Year	-	104,211	8,698,459	-	225,274
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ 133,254</u>	<u>\$ 5,723,804</u>	<u>\$ 1,280</u>	<u>\$ 88,145</u>

Special Revenue Funds - continued

Debt Service Funds

Miscellaneous Grants	Community & Economic Development	Nikiski Senior Service Area	Solid Waste	North Peninsula Recreation	Bonds
\$ -	\$ -	\$ 187,832	\$ -	\$ -	\$ -
-	-	1,765	-	-	-
35,535	267,792	-	-	-	-
-	-	208	-	-	-
-	65,083	-	-	-	-
-	-	-	257,417	-	-
120,000	-	-	188,642	-	-
<u>155,535</u>	<u>332,875</u>	<u>189,805</u>	<u>446,059</u>	<u>-</u>	<u>-</u>
81,026	202,465	173,309	-	-	-
-	-	-	3,700,002	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	2,225,000	350,000
-	-	-	-	659,520	27,075
<u>81,026</u>	<u>202,465</u>	<u>173,309</u>	<u>3,700,002</u>	<u>2,884,520</u>	<u>377,075</u>
<u>74,509</u>	<u>130,410</u>	<u>16,496</u>	<u>(3,253,943)</u>	<u>(2,884,520)</u>	<u>(377,075)</u>
18,060	-	26,425	3,304,519	2,884,520	377,075
-	(305,550)	-	-	-	-
<u>18,060</u>	<u>(305,550)</u>	<u>26,425</u>	<u>3,304,519</u>	<u>2,884,520</u>	<u>377,075</u>
92,569	(175,140)	42,921	50,576	-	-
-	180,755	65,770	5,282,247	-	-
<u>\$ 92,569</u>	<u>\$ 5,615</u>	<u>\$ 108,691</u>	<u>\$ 5,332,823</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

KENAI PENINSULA BOROUGH
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2003

Capital Project Funds

	<u>School Revenue</u>	<u>General Government</u>	<u>Resource Management</u>	<u>Solid Waste</u>
Revenues:				
General Property Taxes	\$ -	\$ -	\$ -	\$ -
Motor Vehicle Tax	-	-	-	-
Intergovernmental:				
Federal	-	-	91,176	-
State:				
Revenue Sharing	-	-	-	-
Grants	367,167	-	25,000	-
Interest Earned	-	-	-	-
Other Revenues	-	-	-	-
Total Revenues	<u>367,167</u>	<u>-</u>	<u>116,176</u>	<u>-</u>
Expenditures:				
General Government	-	188,445	320,482	-
Solid Waste	-	-	-	822,450
Public Safety	-	-	-	-
Recreation	-	-	-	-
Education	3,182,126	-	-	-
Roads and Trails	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and Other	-	-	-	-
Total Expenditures	<u>3,182,126</u>	<u>188,445</u>	<u>320,482</u>	<u>822,450</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,814,959)</u>	<u>(188,445)</u>	<u>(204,306)</u>	<u>(822,450)</u>
Other Financing Sources and (Uses):				
Transfers In	2,050,000	832,500	20,000	375,283
Transfers (Out)	-	-	-	-
Total Other Financing Sources (Uses)	<u>2,050,000</u>	<u>832,500</u>	<u>20,000</u>	<u>375,283</u>
Net Changes in Fund Balances	(764,959)	644,055	(184,306)	(447,167)
Fund Balances at Beginning of Year	<u>3,383,621</u>	<u>225,908</u>	<u>277,953</u>	<u>668,361</u>
Fund Balances at End of Year	<u>\$ 2,618,662</u>	<u>\$ 869,963</u>	<u>\$ 93,647</u>	<u>\$ 221,194</u>

Capital Project Funds - continued

<u>Road Service Area</u>	<u>Nikiski Fire Service Area</u>	<u>Bear Creek Fire Service Area</u>	<u>Central Emergency Service Area</u>	<u>Anchor Point Fire Emergency Medical Service Area</u>	<u>Kachemak Emergency Services Service Area</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
42,734	-	-	-	-	15,956
-	-	-	-	-	-
686,673	23,098	-	-	11,625	160,000
-	56,689	15,028	52,086	4,130	2,496
-	-	-	-	-	-
<u>729,407</u>	<u>79,787</u>	<u>15,028</u>	<u>52,086</u>	<u>15,755</u>	<u>178,452</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	408,317	-	285,430	16,998	249,359
-	-	-	-	-	-
1,077,075	-	-	-	-	-
-	-	-	-	-	-
<u>1,077,075</u>	<u>408,317</u>	<u>-</u>	<u>285,430</u>	<u>16,998</u>	<u>249,359</u>
-	-	-	-	-	-
<u>(347,668)</u>	<u>(328,530)</u>	<u>15,028</u>	<u>(233,344)</u>	<u>(1,243)</u>	<u>(70,907)</u>
1,300,000	100,000	100,000	775,000	150,000	330,000
-	-	-	-	-	-
<u>1,300,000</u>	<u>100,000</u>	<u>100,000</u>	<u>775,000</u>	<u>150,000</u>	<u>330,000</u>
952,332	(228,530)	115,028	541,656	148,757	259,093
<u>576,200</u>	<u>1,530,203</u>	<u>338,616</u>	<u>798,870</u>	<u>56,566</u>	<u>45,366</u>
<u>\$ 1,528,532</u>	<u>\$ 1,301,673</u>	<u>\$ 453,644</u>	<u>\$ 1,340,526</u>	<u>\$ 205,323</u>	<u>\$ 304,459</u>

(continued)

KENAI PENINSULA BOROUGH
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2003

Capital Project Funds - continued

	<u>911</u>	<u>North Peninsula</u>	<u>Miscellaneous</u>	<u>Total</u>
	<u>Communications</u>	<u>Recreation</u>	<u>Grants</u>	<u>Governmental</u>
		<u>Service Area</u>		<u>Funds</u>
Revenues:				
General Property Taxes	\$ -	\$ -	\$ -	\$ 12,812,330
Motor Vehicle Tax	-	-	-	362,858
Intergovernmental:				
Federal	-	-	8,427	1,597,224
State:				
Revenue Sharing	-	-	-	289,681
Grants	-	14,800	-	1,633,880
Interest Earned	-	11,742	-	632,719
Other Revenues	-	-	-	2,572,392
Total Revenues	<u>-</u>	<u>26,542</u>	<u>8,427</u>	<u>19,901,084</u>
Expenditures:				
General Government	-	-	8,427	2,877,185
Solid Waste	-	-	-	4,659,581
Public Safety	4,292	-	-	11,064,359
Recreation	-	88,879	-	974,033
Education	-	-	-	3,559,473
Roads and Trails	-	-	-	3,358,743
Debt Service				
Principal	-	-	-	2,575,000
Interest and Other	-	-	-	686,595
Total Expenditures	<u>4,292</u>	<u>88,879</u>	<u>8,427</u>	<u>29,754,969</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>(4,292)</u>	<u>(62,337)</u>	<u>-</u>	<u>(9,853,885)</u>
Other Financing Sources and (Uses):				
Transfers In	189,789	50,000	-	13,397,497
Transfers (Out)	-	-	-	(3,743,786)
Total Other Financing Sources (Uses)	<u>189,789</u>	<u>50,000</u>	<u>-</u>	<u>9,653,711</u>
Net Changes in Fund Balances	185,497	(12,337)	-	(200,174)
Fund Balances at Beginning of Year	<u>375,788</u>	<u>333,589</u>	<u>-</u>	<u>34,011,080</u>
Fund Balances at End of Year	<u>\$ 561,285</u>	<u>\$ 321,252</u>	<u>\$ -</u>	<u>\$ 33,810,906</u>

KENAI PENINSULA BOROUGH

NIKISKI FIRE SERVICE AREA
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2003

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
General Property Taxes	\$2,948,423	\$2,948,423	\$2,999,087	\$ 50,664
Motor Vehicle Tax	27,420	27,420	32,897	5,477
Intergovernmental:				
State:				
Revenue Sharing	4,077	4,077	4,507	430
Other Revenues	-	-	2,647	2,647
Total Revenues	<u>2,979,920</u>	<u>2,979,920</u>	<u>3,039,138</u>	<u>59,218</u>
Expenditures:				
Personnel	2,003,167	2,023,167	1,940,661	82,506
Supplies	154,341	155,741	127,708	28,033
Services	408,441	375,506	303,754	71,752
Capital Outlay	<u>100,752</u>	<u>112,287</u>	<u>85,530</u>	<u>26,757</u>
Total Expenditures	<u>2,666,701</u>	<u>2,666,701</u>	<u>2,457,653</u>	<u>209,048</u>
Excess of revenues over expenditures	<u>313,219</u>	<u>313,219</u>	<u>581,485</u>	<u>268,266</u>
Other Financing Sources (Uses):				
Transfers (out)	<u>(126,767)</u>	<u>(126,767)</u>	<u>(126,767)</u>	<u>-</u>
Net change in fund balance	186,452	186,452	454,718	268,266
Fund Balance at Beginning of Year	<u>2,267,641</u>	<u>2,267,641</u>	<u>2,267,641</u>	<u>-</u>
Fund Balance at End of Year	<u>\$2,454,093</u>	<u>\$2,454,093</u>	<u>\$2,722,359</u>	<u>\$ 268,266</u>

KENAI PENINSULA BOROUGH
BEAR CREEK FIRE SERVICE AREA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2003

	<u>Budget</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
General Property Taxes	\$ 185,208	\$ 185,208	\$ 187,196	\$ 1,988
Motor Vehicle Tax	6,971	6,971	11,687	4,716
Intergovernmental:				
Federal	-	55,715	37,612	(18,103)
State:				
Revenue Sharing	5,154	5,154	1,341	(3,813)
Other Revenues	2,653	2,653	2,843	190
Total Revenues	<u>199,986</u>	<u>255,701</u>	<u>240,679</u>	<u>(15,022)</u>
Expenditures:				
Personnel	-	11,680	11,677	3
Supplies	21,643	27,428	19,456	7,972
Services	90,988	71,590	56,230	15,360
Capital Outlay	41,000	86,838	44,125	42,713
Total Expenditures	<u>153,631</u>	<u>197,536</u>	<u>131,488</u>	<u>66,048</u>
Excess of revenues over expenditures	<u>46,355</u>	<u>58,165</u>	<u>109,191</u>	<u>51,026</u>
Other Financing Sources (Uses):				
Transfers (out)	<u>(75,000)</u>	<u>(75,000)</u>	<u>(75,000)</u>	<u>-</u>
Net change in fund balance	<u>(28,645)</u>	<u>(16,835)</u>	<u>34,191</u>	<u>51,026</u>
Fund Balance at Beginning of Year	<u>183,731</u>	<u>183,731</u>	<u>183,731</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 155,086</u>	<u>\$ 166,896</u>	<u>\$ 217,922</u>	<u>\$ 51,026</u>

KENAI PENINSULA BOROUGH
ANCHOR POINT FIRE AND MEDICAL SERVICE AREA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2003

	<u>Budget</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
General Property Taxes	\$ 253,686	\$ 253,686	\$ 257,400	\$ 3,714
Motor Vehicle Tax	4,578	4,578	12,304	7,726
Intergovernmental:				
State:				
Revenue Sharing	700	700	814	114
Grants	-	-	5,827	5,827
Total Revenues	<u>258,964</u>	<u>258,964</u>	<u>276,345</u>	<u>17,381</u>
Expenditures:				
Personnel	75,727	80,862	80,721	141
Supplies	20,300	33,187	26,475	6,712
Services	80,523	66,333	60,670	5,663
Capital Outlay	<u>16,000</u>	<u>12,168</u>	<u>6,993</u>	<u>5,175</u>
Total Expenditures	<u>192,550</u>	<u>192,550</u>	<u>174,859</u>	<u>17,691</u>
Excess of revenues over expenditures	<u>66,414</u>	<u>66,414</u>	<u>101,486</u>	<u>35,072</u>
Other Financing Sources (Uses):				
Transfers (out)	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
Net change in fund balance	16,414	16,414	51,486	35,072
Fund Balance at Beginning of Year	<u>59,392</u>	<u>59,392</u>	<u>59,392</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 75,806</u>	<u>\$ 75,806</u>	<u>\$ 110,878</u>	<u>\$ 35,072</u>

KENAI PENINSULA BOROUGH
CENTRAL EMERGENCY SERVICE AREA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2003

	<u>Budget</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
General Property Taxes	\$2,721,142	\$ 2,721,142	\$2,728,410	\$ 7,268
Motor Vehicle Tax	89,376	89,376	121,766	32,390
Intergovernmental:				
State:				
Revenue Sharing	16,580	16,580	18,666	2,086
Interest Earned	-	-	288	288
Other Revenues	250,000	250,000	284,315	34,315
Total Revenues	<u>3,077,098</u>	<u>3,077,098</u>	<u>3,153,445</u>	<u>76,347</u>
Expenditures:				
Personnel	2,190,106	2,194,339	2,046,521	147,818
Supplies	120,602	157,650	145,536	12,114
Services	622,636	561,730	505,750	55,980
Capital Outlay	302,049	321,674	249,344	72,330
Total Expenditures	<u>3,235,393</u>	<u>3,235,393</u>	<u>2,947,151</u>	<u>288,242</u>
Excess of revenues over (under) expenditures	<u>(158,295)</u>	<u>(158,295)</u>	<u>206,294</u>	<u>364,589</u>
Other Financing Sources (Uses):				
Transfers in	143,035	143,035	143,035	-
Transfers (out)	(785,202)	(785,202)	(785,202)	-
Total Other Financing Sources (Uses)	<u>(642,167)</u>	<u>(642,167)</u>	<u>(642,167)</u>	<u>-</u>
Net change in fund balance	<u>(800,462)</u>	<u>(800,462)</u>	<u>(435,873)</u>	<u>364,589</u>
Fund Balance at Beginning of Year	<u>2,597,864</u>	<u>2,597,864</u>	<u>2,597,864</u>	<u>-</u>
Fund Balance at End of Year	<u>\$1,797,402</u>	<u>\$ 1,797,402</u>	<u>\$2,161,991</u>	<u>\$ 364,589</u>

KENAI PENINSULA BOROUGH
KACHEMAK EMERGENCY SERVICE AREA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2003

	<u>Budget</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
General Property Taxes	\$ 311,775	\$ 311,775	\$ 316,712	\$ 4,937
Motor Vehicle Tax	14,977	14,977	18,620	3,643
Intergovernmental:				
State:				
Revenue Sharing	4,464	4,464	-	(4,464)
Grants	-	5,000	5,000	-
Total Revenues	<u>331,216</u>	<u>336,216</u>	<u>340,332</u>	<u>4,116</u>
Expenditures:				
Personnel	4,000	3,893	2,224	1,669
Supplies	6,500	4,000	3,582	418
Services	240,294	235,596	224,627	10,969
Capital Outlay	23,000	46,515	45,873	642
Total Expenditures	<u>273,794</u>	<u>290,004</u>	<u>276,306</u>	<u>13,698</u>
Excess of revenues over expenditures	<u>57,422</u>	<u>46,212</u>	<u>64,026</u>	<u>17,814</u>
Other Financing Sources (Uses):				
Transfers (out)	<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>	-
Net change in fund balance	27,422	16,212	34,026	17,814
Fund Balance at Beginning of Year	<u>50,307</u>	<u>50,307</u>	<u>50,307</u>	-
Fund Balance at End of Year	<u>\$ 77,729</u>	<u>\$ 66,519</u>	<u>\$ 84,333</u>	<u>\$ 17,814</u>

KENAI PENINSULA BOROUGH

CENTRAL PENINSULA EMERGENCY MEDICAL SERVICE AREA
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2003

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
General Property Taxes	\$ 136,922	\$ 136,922	\$ 141,959	\$ 5,037
Motor Vehicle Tax	5,206	5,206	7,258	2,052
Intergovernmental:				
State:				
Revenue Sharing	907	907	835	(72)
Total Revenues	<u>143,035</u>	<u>143,035</u>	<u>150,052</u>	<u>7,017</u>
Expenditures:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>143,035</u>	<u>143,035</u>	<u>150,052</u>	<u>7,017</u>
Other Financing Sources (Uses):				
Transfers (out)	<u>(143,035)</u>	<u>(143,035)</u>	<u>(143,035)</u>	<u>-</u>
Net change in fund balance	-	-	7,017	7,017
Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,017</u>	<u>\$ 7,017</u>

KENAI PENINSULA BOROUGH
NORTH PENINSULA RECREATION SERVICE AREA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2003

	<u>Budget</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
General Property Taxes	\$1,321,443	\$ 1,321,443	\$ 1,331,166	\$ 9,723
Motor Vehicle Tax	11,873	11,873	14,303	2,430
Intergovernmental:				
State:				
Revenue Sharing	2,800	2,800	2,328	(472)
Other Revenues	<u>200,000</u>	<u>200,000</u>	<u>185,563</u>	<u>(14,437)</u>
Total Revenues	<u>1,536,116</u>	<u>1,536,116</u>	<u>1,533,360</u>	<u>(2,756)</u>
Expenditures:				
Personnel	565,980	565,980	550,595	15,385
Supplies	81,821	103,042	74,587	28,455
Services	328,814	281,374	247,992	33,382
Capital Outlay	<u>9,000</u>	<u>35,219</u>	<u>11,980</u>	<u>23,239</u>
Total Expenditures	<u>985,615</u>	<u>985,615</u>	<u>885,154</u>	<u>100,461</u>
Excess of revenues over expenditures	<u>550,501</u>	<u>550,501</u>	<u>648,206</u>	<u>97,705</u>
Other Financing Sources (Uses):				
Transfers (out)	<u>(427,075)</u>	<u>(427,075)</u>	<u>(427,075)</u>	<u>-</u>
Net change in fund balance	123,426	123,426	221,131	97,705
Fund Balance at Beginning of Year	<u>597,982</u>	<u>597,982</u>	<u>597,982</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 721,408</u>	<u>\$ 721,408</u>	<u>\$ 819,113</u>	<u>\$ 97,705</u>

KENAI PENINSULA BOROUGH

ROAD SERVICE AREA
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2003

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
General Property Taxes	\$ 4,200,080	\$ 4,200,080	\$ 4,254,780	\$ 54,700
Motor Vehicle Tax	32,252	32,252	128,328	96,076
Intergovernmental:				
State:				
Revenue Sharing	254,742	254,742	260,982	6,240
Interest Earned	-	-	6,938	6,938
Other Revenues	-	-	44,233	44,233
Total Revenues	<u>4,487,074</u>	<u>4,487,074</u>	<u>4,695,261</u>	<u>208,187</u>
Expenditures:				
Personnel	419,990	426,490	427,675	(1,185)
Supplies	17,170	44,145	39,943	4,202
Services	2,420,160	2,533,085	1,804,716	728,369
Capital Outlay	11,041	14,641	9,334	5,307
Total Expenditures	<u>2,868,361</u>	<u>3,018,361</u>	<u>2,281,668</u>	<u>736,693</u>
Excess of revenues over expenditures	<u>1,618,713</u>	<u>1,468,713</u>	<u>2,413,593</u>	<u>944,880</u>
Other Financing Sources (Uses):				
Transfers (out)	<u>(1,300,000)</u>	<u>(1,300,000)</u>	<u>(1,300,000)</u>	<u>-</u>
Net change in fund balance	318,713	168,713	1,113,593	944,880
Fund Balance at Beginning of Year	<u>1,161,459</u>	<u>1,161,459</u>	<u>1,161,459</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 1,480,172</u>	<u>\$ 1,330,172</u>	<u>\$ 2,275,052</u>	<u>\$ 944,880</u>

KENAI PENINSULA BOROUGH
POST-SECONDARY EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2003

	<u>Budget</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
General Property Taxes	\$ 399,533	\$ 399,533	\$ 407,788	\$ 8,255
Motor Vehicle Tax	<u>3,920</u>	<u>3,920</u>	<u>13,930</u>	<u>10,010</u>
Total Revenues	<u>403,453</u>	<u>403,453</u>	<u>421,718</u>	<u>18,265</u>
Expenditures:				
Services	<u>377,347</u>	<u>377,347</u>	<u>377,347</u>	<u>-</u>
Total Expenditures	<u>377,347</u>	<u>377,347</u>	<u>377,347</u>	<u>-</u>
Excess of revenues over expenditures	<u>26,106</u>	<u>26,106</u>	<u>44,371</u>	<u>18,265</u>
Net change in fund balance	26,106	26,106	44,371	18,265
Fund Balance at Beginning of Year	<u>186,737</u>	<u>186,737</u>	<u>186,737</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 212,843</u>	<u>\$ 212,843</u>	<u>\$ 231,108</u>	<u>\$ 18,265</u>

KENAI PENINSULA BOROUGH

LAND TRUST
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2003

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Other Revenues:				
Payments on Land Contracts	\$ 500,000	\$ 500,000	\$ 1,120,766	\$ 620,766
Land Leases	100,000	100,000	80,611	(19,389)
Timber and Gravel Sales	500,000	500,000	422,719	(77,281)
Interest on Contracts	60,000	60,000	86,599	26,599
Miscellaneous	5,000	5,000	27,627	22,627
Total Revenues	<u>1,165,000</u>	<u>1,165,000</u>	<u>1,738,322</u>	<u>573,322</u>
Expenditures:				
Personnel	286,448	283,488	236,888	46,600
Supplies	10,050	9,850	1,167	8,683
Services	565,415	673,628	406,395	267,233
Capital Outlay	353,786	1,115,255	908,433	206,822
Total Expenditures	<u>1,215,699</u>	<u>2,082,221</u>	<u>1,552,883</u>	<u>529,338</u>
Excess of revenues over (under) expenditures	<u>(50,699)</u>	<u>(917,221)</u>	<u>185,439</u>	<u>1,102,660</u>
Other Financing Sources (Uses):				
Transfers (out)	-	(20,000)	(20,000)	-
Net change in fund balance	(50,699)	(937,221)	165,439	1,102,660
Fund Balance at Beginning of Year	<u>3,560,912</u>	<u>3,560,912</u>	<u>3,560,912</u>	-
Fund Balance at End of Year	<u>\$3,510,213</u>	<u>\$ 2,623,691</u>	<u>\$3,726,351</u>	<u>\$ 1,102,660</u>

KENAI PENINSULA BOROUGH
KENAI RIVER CENTER
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2003

	<u>Budget</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal	\$ -	\$ 8,185	\$ -	\$ (8,185)
Total Revenues	<u>-</u>	<u>8,185</u>	<u>-</u>	<u>(8,185)</u>
Expenditures:				
Personnel	269,751	269,751	266,480	3,271
Supplies	11,360	19,460	8,549	10,911
Services	89,824	98,009	68,188	29,821
Capital Outlay	<u>29,000</u>	<u>30,900</u>	<u>6,931</u>	<u>23,969</u>
Total Expenditures	<u>399,935</u>	<u>418,120</u>	<u>350,148</u>	<u>67,972</u>
Excess of revenues over (under) expenditures	<u>(399,935)</u>	<u>(409,935)</u>	<u>(350,148)</u>	<u>59,787</u>
Other Financing Sources:				
Transfers in	<u>321,291</u>	<u>321,291</u>	<u>321,291</u>	<u>-</u>
Net change in fund balance	(78,644)	(88,644)	(28,857)	59,787
Fund Balance at Beginning of Year	<u>177,298</u>	<u>177,298</u>	<u>177,298</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 98,654</u>	<u>\$ 88,654</u>	<u>\$ 148,441</u>	<u>\$ 59,787</u>

KENAI PENINSULA BOROUGH

NIKISKI SENIOR SERVICE AREA
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2003

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
General Property Taxes	\$ 185,160	\$ 185,160	\$ 187,832	\$ 2,672
Motor Vehicle Tax	1,228	1,228	1,765	537
Intergovernmental:				
State:				
Revenue Sharing	183	183	208	25
Total Revenues	186,571	186,571	189,805	3,234
Expenditures-				
Personnel	50,272	51,552	51,552	-
Services	123,037	121,757	121,757	-
Total Expenditures	173,309	173,309	173,309	-
Excess of revenues over (under) expenditures	13,262	13,262	16,496	3,234
Other Financing Sources:				
Transfers in	26,425	26,425	26,425	-
Net change in fund balance	39,687	39,687	42,921	3,234
Fund Balance at Beginning of Year	65,770	65,770	65,770	-
Fund Balance at End of Year	\$ 105,457	\$ 105,457	\$ 108,691	\$ 3,234

KENAI PENINSULA BOROUGH
SOLID WASTE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2003

	<u>Budget</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest Earned	\$ 360,000	\$ 360,000	\$ 257,417	\$ (102,583)
Other Revenues:				
Recycle fees	6,000	6,000	5,666	(334)
Solid waste dumping fees	136,500	136,500	159,070	22,570
Hazardous waste dumping fees	15,000	15,000	23,906	8,906
Total Revenues	<u>517,500</u>	<u>517,500</u>	<u>446,059</u>	<u>(71,441)</u>
Expenditures:				
Personnel	534,476	565,726	554,749	10,977
Supplies	103,549	167,416	128,434	38,982
Services	3,674,351	3,565,659	2,949,493	616,166
Capital Outlay	67,700	78,324	67,326	10,998
Total Expenditures	<u>4,380,076</u>	<u>4,377,125</u>	<u>3,700,002</u>	<u>677,123</u>
Excess of revenues over (under) expenditures	<u>(3,862,576)</u>	<u>(3,859,625)</u>	<u>(3,253,943)</u>	<u>605,682</u>
Other Financing Sources:				
Transfers in	-	3,304,519	3,304,519	-
Total Other Financing Sources	<u>-</u>	<u>3,304,519</u>	<u>3,304,519</u>	<u>-</u>
Net change in fund balance	<u>(3,862,576)</u>	<u>(555,106)</u>	<u>50,576</u>	<u>605,682</u>
Fund Balance at Beginning of Year	<u>5,282,247</u>	<u>5,282,247</u>	<u>5,282,247</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 1,419,671</u>	<u>\$ 4,727,141</u>	<u>\$ 5,332,823</u>	<u>\$ 605,682</u>

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INTERNAL SERVICE FUNDS

KENAI PENINSULA BOROUGH
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2003

	Insurance and Litigation	Equipment Replacement	Employee Compensated Leave Fund	Total
ASSETS				
Current assets:				
Equity in central treasury	\$ 7,255,543	\$ 1,040,469	\$ 2,230,834	\$ 10,526,846
Total current assets	<u>7,255,543</u>	<u>1,040,469</u>	<u>2,230,834</u>	<u>10,526,846</u>
Noncurrent assets:				
Capital assets				
Equipment	-	4,034,796	-	4,034,796
Less: accumulated depreciation	<u>-</u>	<u>(2,409,762)</u>	<u>-</u>	<u>(2,409,762)</u>
Total capital assets (net of accumulated depreciation)	<u>-</u>	<u>1,625,034</u>	<u>-</u>	<u>1,625,034</u>
Total noncurrent assets	<u>-</u>	<u>1,625,034</u>	<u>-</u>	<u>1,625,034</u>
Total assets	<u>\$ 7,255,543</u>	<u>\$ 2,665,503</u>	<u>\$ 2,230,834</u>	<u>\$ 12,151,880</u>
LIABILITIES				
Current liabilities:				
Accounts and contracts payable	35,004	80,554	-	115,558
Accrued payroll and payroll taxes	41,461	-	2,230,834	2,272,295
Claims payable	<u>646,484</u>	<u>-</u>	<u>-</u>	<u>646,484</u>
Total current liabilities	<u>722,949</u>	<u>80,554</u>	<u>2,230,834</u>	<u>3,034,337</u>
NET ASSETS				
Invested in capital assets, net of related debt	-	1,625,034	-	1,625,034
Unrestricted	6,532,594	959,915	-	7,492,509
Total net assets	<u>\$ 6,532,594</u>	<u>\$ 2,584,949</u>	<u>\$ -</u>	<u>\$ 9,117,543</u>

KENAI PENINSULA BOROUGH

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

	<u>Insurance and Litigation</u>	<u>Equipment Replacement</u>	<u>Employee Compensated Leave Fund</u>	<u>Total</u>
Operating Revenues:				
Charges for sales and services	\$ 1,251,657	\$ 493,161	\$ 292,794	\$ 2,037,612
Total operating revenues	<u>1,251,657</u>	<u>493,161</u>	<u>292,794</u>	<u>2,037,612</u>
Operating Expenses:				
Administrative service	353,084	-	292,794	645,878
Insurance premiums	1,397,256	-	-	1,397,256
Self-insured losses	530,957	-	-	530,957
Depreciation	-	439,907	-	439,907
Total Operating expenses	<u>2,281,297</u>	<u>439,907</u>	<u>292,794</u>	<u>3,013,998</u>
Operating income (loss)	<u>(1,029,640)</u>	<u>53,254</u>	<u>-</u>	<u>(976,386)</u>
Non-Operating Revenues:				
Gain on disposal of assets	-	37,192	-	37,192
Investment earnings	252,103	46,065	-	298,168
Total non-operating revenues	<u>252,103</u>	<u>83,257</u>	<u>-</u>	<u>335,360</u>
Income (loss) from operations	<u>(777,537)</u>	<u>136,511</u>	<u>-</u>	<u>(641,026)</u>
Change in net assets	<u>(777,537)</u>	<u>136,511</u>	<u>-</u>	<u>(641,026)</u>
Total net assets-beginning	<u>7,310,131</u>	<u>2,448,438</u>	<u>-</u>	<u>9,758,569</u>
Total net assets-ending	<u>\$ 6,532,594</u>	<u>\$ 2,584,949</u>	<u>\$ -</u>	<u>\$ 9,117,543</u>

KENAI PENINSULA BOROUGH
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

	<u>Insurance and Litigation</u>	<u>Equipment Replacement</u>	<u>Employee Compensated Leave Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts received from customers	\$ 1,251,657	\$ 493,161	\$ 292,794	\$ 2,037,612
Payments to suppliers	(1,001,645)	80,554	-	(921,091)
Payments to employees	(242,494)	-	-	(242,494)
Net cash provided by operating activities	<u>7,518</u>	<u>573,715</u>	<u>292,794</u>	<u>874,027</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of capital assets	-	(685,097)	-	(685,097)
Proceeds from sale of capital assets	-	37,192	-	37,192
Net cash used by capital and related financing activities	<u>-</u>	<u>(647,905)</u>	<u>-</u>	<u>(647,905)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	<u>252,103</u>	<u>46,065</u>	<u>-</u>	<u>298,168</u>
Net cash provided by investing activities	<u>252,103</u>	<u>46,065</u>	<u>-</u>	<u>298,168</u>
Net increase(decrease) in cash and cash equivalents	259,621	(28,125)	292,794	524,290
Cash and equity in central treasury, beginning of year	<u>6,995,922</u>	<u>1,068,594</u>	<u>1,938,040</u>	<u>10,002,556</u>
Cash and equity in central treasury, end of year	<u>\$ 7,255,543</u>	<u>\$ 1,040,469</u>	<u>\$ 2,230,834</u>	<u>\$ 10,526,846</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	<u>\$ (1,029,640)</u>	<u>\$ 53,254</u>	<u>\$ -</u>	<u>\$ (976,386)</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	-	439,907	-	439,907
Change in assets and liabilities:				
Decrease in prepaid expenses	580,392	-	-	580,392
Increase in accounts and contracts payable	3,994	80,554	-	84,548
Increase in accrued payroll and payroll taxes	1,943	-	292,794	294,737
Increase in claims payable	450,829	-	-	450,829
Total adjustments	<u>1,037,158</u>	<u>520,461</u>	<u>292,794</u>	<u>1,850,413</u>
Net cash provided by operating activities	<u>\$ 7,518</u>	<u>\$ 573,715</u>	<u>\$ 292,794</u>	<u>\$ 874,027</u>

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FIDUCIARY FUNDS

KENAI PENINSULA BOROUGH
FIDUCIARY FUND TYPE
COMBINING STATEMENT OF ASSETS AND LIABILITIES
JUNE 30, 2003

With Comparative Totals for Year Ended June 30, 2002

	<u>Tax Fund</u>	<u>Special Assessment Agency Fund</u>	<u>Total June 30, 2003</u>	<u>Total June 30, 2002</u>
<u>ASSETS</u>				
Equity in Central Treasury	\$ 373,632	\$ 396,215	\$ 769,847	\$ 657,590
Taxes Receivable	212,163	-	212,163	223,506
Other Receivable	<u>-</u>	<u>869,535</u>	<u>869,535</u>	<u>409,966</u>
Total Assets	<u>\$ 585,795</u>	<u>\$ 1,265,750</u>	<u>\$ 1,851,545</u>	<u>\$ 1,291,062</u>
<u>LIABILITIES</u>				
Accounts and Contracts Payable	\$ -	\$ 40	\$ 40	\$ 716
Deposits from Landowners	-	-	-	2,683
Deferred Admin. Fee	-	84,685	84,685	64,456
Due to Landowners	-	311,490	311,490	282,988
Due to Other Entities:				
Homer	190,803	-	190,803	169,106
Kachemak City	504	-	504	310
Kenai	203,332	-	203,332	236,341
Seldovia	6,847	-	6,847	8,994
Seward	78,833	-	78,833	94,620
Soldotna	105,476	-	105,476	90,424
General Fund	<u>-</u>	<u>869,535</u>	<u>869,535</u>	<u>340,424</u>
Total Liabilities	<u>\$ 585,795</u>	<u>\$ 1,265,750</u>	<u>\$ 1,851,545</u>	<u>\$ 1,291,062</u>

KENAI PENINSULA BOROUGH
FIDUCIARY FUND TYPE
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED JUNE 30, 2003

	<u>Total</u> <u>June 30, 2002</u>	<u>Additions</u>	<u>Deductions</u>	<u>Total</u> <u>June 30, 2003</u>
TAX AGENCY FUND				
<u>Assets</u>				
Equity in Central Treasury	\$ 376,289	\$ 20,269,758	\$ 20,272,415	\$ 373,632
Taxes Receivable	<u>223,506</u>	<u>4,141,949</u>	<u>4,153,292</u>	<u>212,163</u>
Total Assets	<u>\$ 599,795</u>	<u>\$ 24,411,707</u>	<u>\$ 24,425,707</u>	<u>\$ 585,795</u>
<u>Liabilities</u>				
Due to Other Entities:				
Homer	169,106	5,910,487	5,888,790	190,803
Kachemak City	310	28,497	28,303	504
Kenai	236,341	5,407,441	5,440,450	203,332
Seldovia	8,994	270,274	272,421	6,847
Seward	94,620	2,899,255	2,915,042	78,833
Soldotna	<u>90,424</u>	<u>5,742,461</u>	<u>5,727,409</u>	<u>105,476</u>
Total Liabilities	<u>\$ 599,795</u>	<u>\$ 20,258,415</u>	<u>\$ 20,272,415</u>	<u>\$ 585,795</u>
SPECIAL ASSESSMENT AGENCY FUND				
<u>Assets</u>				
Equity in Central Treasury	\$ 281,301	\$ 1,004,349	\$ 889,435	\$ 396,215
Due from Landowners	<u>409,966</u>	<u>819,415</u>	<u>359,846</u>	<u>869,535</u>
Total Assets	<u>\$ 691,267</u>	<u>\$ 1,823,764</u>	<u>\$ 1,249,281</u>	<u>\$ 1,265,750</u>
<u>Liabilities</u>				
Accounts Payable	716	40	716	40
Deposits from Landowners	2,683	4,486	7,169	-
Deferred Admin. Fee	64,456	37,269	17,040	84,685
Due to Landowners	282,988	28,502	-	311,490
Due to General Fund	<u>340,424</u>	<u>888,957</u>	<u>359,846</u>	<u>869,535</u>
Total Liabilities	<u>\$ 691,267</u>	<u>\$ 959,254</u>	<u>\$ 384,771</u>	<u>\$ 1,265,750</u>

(continued)

KENAI PENINSULA BOROUGH
FIDUCIARY FUND TYPE
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED JUNE 30, 2003

TOTALS - ALL AGENCY FUNDS	<u>Total June 30, 2002</u>	<u>Additions</u>	<u>Deductions</u>	<u>Total June 30, 2003</u>
<u>Assets</u>				
Equity in Central Treasury	\$ 657,590	\$21,274,107	\$21,161,850	\$ 769,847
Taxes Receivable	223,506	4,141,949	4,153,292	212,163
Other Receivable	<u>409,966</u>	<u>819,415</u>	<u>359,846</u>	<u>869,535</u>
Total Assets	<u>\$ 1,291,062</u>	<u>\$26,235,471</u>	<u>\$25,674,988</u>	<u>\$ 1,851,545</u>
<u>Liabilities</u>				
Accounts and Contracts Payable	\$ 716	\$ 40	\$ 716	40
Deposits from Landowners	2,683	4,486	7,169	-
Deferred Admin. Fee	64,456	37,269	17,040	84,685
Due to Landowners	282,988	28,502	-	311,490
Due to Other Entities:				
Homer	169,106	5,910,487	5,888,790	190,803
Kachemak City	310	28,497	28,303	504
Kenai	236,341	5,407,441	5,440,450	203,332
Seldovia	8,994	270,274	272,421	6,847
Seward	94,620	2,899,255	2,915,042	78,833
Soldotna	90,424	5,742,461	5,727,409	105,476
General Fund	<u>340,424</u>	<u>888,957</u>	<u>359,846</u>	<u>869,535</u>
Total Liabilities	<u>\$ 1,291,062</u>	<u>\$21,217,669</u>	<u>\$20,657,186</u>	<u>\$ 1,851,545</u>

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CAPITAL ASSETS

KENAI PENINSULA BOROUGH

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY SOURCE¹
JUNE 30, 2003 AND 2002

	<u>2002</u>	<u>2003</u>
Governmental funds capital assets:		
Land	\$ 57,001,651	\$ 62,372,529
Buildings	253,484,091	256,610,128
Improvements other than buildings	50,405,930	51,589,286
Machinery and equipment	12,655,995	13,808,625
Infrastructure	1,060,038	1,460,252
Construction in progress	<u>4,691,625</u>	<u>5,015,965</u>
Total governmental funds capital assets	<u>\$ 379,299,330</u>	<u>\$ 390,856,785</u>
Investments in governmental funds capital assets by source:		
General Obligation Bonds	236,323,130	239,526,093
State and Federal Grants	30,417,067	30,725,293
Federal Revenue Sharing	2,676,359	2,887,903
General Fund Revenue	40,033,988	40,976,136
Special Revenue Funds	17,810,521	20,229,686
Dedicated Lands	80,700	80,700
Donations	<u>51,957,565</u>	<u>56,430,974</u>
Total governmental funds capital assets	<u>\$ 379,299,330</u>	<u>\$ 390,856,785</u>

¹This 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 ACTIVITY¹
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

<u>Function and Activity</u>	<u>Governmental Funds Capital Assets June 30, 2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>Governmental Funds Capital Assets June 30, 2003</u>
General government	\$ 61,288,284	\$ 6,058,567	\$ 1,041,469	\$ 66,305,382
Senior citizens	243,800	-	-	243,800
Public safety:				
Fire protection and emergency				
medical	11,854,039	1,013,067	29,053	12,838,053
Emergency communications	1,565,131	-	-	1,565,131
Total public safety	13,419,170	1,013,067	29,053	14,403,184
Solid waste facilities	16,362,113	1,200,536	-	17,562,649
Road maintenance:				
Maintenance	37,882	-	-	37,882
Roads	1,060,038	400,214	-	1,460,252
Total road maintenance	1,097,920	400,214	-	1,498,134
Recreation:				
North peninsula recreation				
service area	9,250,804	80,775	-	9,331,579
Schools	277,637,239	4,506,327	631,509	281,512,057
Total governmental funds capital assets	\$ 379,299,330	\$ 13,259,486	\$ 1,702,031	\$ 390,856,785

¹This 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 ACTIVITY¹
 JUNE 30, 2003

	<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>
General government:							
Administration building	\$ -	\$ 2,668,186	\$ 1,153,041	\$ 1,752,766	\$ -	\$ 178,288	\$ 5,752,281
Maintenance	148,290	1,377,271	33,538	777,323	-	-	2,336,422
Areawide	56,400,494	1,784,612	-	31,573	-	-	58,216,679
Total general government	56,548,784	5,830,069	1,186,579	2,561,662	-	178,288	66,305,382
Senior citizens	-	243,800	-	-	-	-	243,800
Public safety:							
Fire protection and emergency medical:							
Nikiski fire service area	49,172	1,983,705	266,489	2,999,769	-	90,794	5,389,929
Bear creek fire service area	17,211	228,162	121,875	537,712	-	-	904,960
Central emergency service area	121,613	1,367,009	176,205	3,300,908	-	-	4,965,736
Anchor point fire and emergency Medical service area	30,249	463,920	118,540	433,792	-	-	1,046,501
Kachemak fire and emergency	-	5,290	-	496,272	-	29,365	530,927
Total fire protection and emergency medical	218,245	4,048,086	683,109	7,768,453	-	120,159	12,838,053
Emergency communications:							
Central peninsula emergency Services communication center	-	-	89,578	1,138,870	-	-	1,228,448
Emergency warning systems	-	-	-	336,683	-	-	336,683
Total communications	-	-	89,578	1,475,553	-	-	1,565,131
Total public safety	218,245	4,048,086	772,687	9,244,006	-	120,159	14,403,184
Solid waste facilities	2,908,687	1,354,816	10,954,623	1,845,478	-	499,046	17,562,649
Road maintenance	-	-	-	37,882	1,460,252	-	1,498,134
Recreation:							
North peninsula recreation service area	145,640	7,749,287	1,241,280	114,597	-	80,775	9,331,579
School district:							
Central office and warehouse	-	1,777,314	203,017	-	-	401,272	2,381,603

(Continued)

KENAI PENINSULA BOROUGH
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY FUNCTION AND ACTIVITY¹
 JUNE 30, 2003

	<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>
Schools:							
Outside cities:							
Anchor Point/Middle/Junior high	205,102	-	-	-	-	-	205,102
Central Peninsula Elementary	-	-	36,690	-	-	-	36,690
Chapman Elementary	8,500	2,597,654	464,389	-	-	-	3,070,543
Cooper Landing	-	1,001,843	150,986	-	-	-	1,152,829
E. L. "Bob" Bartlett	-	1,564,013	142,538	-	-	-	1,706,551
English Bay	-	2,447,908	230,577	-	-	-	2,678,485
Hope Elementary	3,000	2,504,206	538,910	-	-	-	3,046,116
Kalifornsky Beach	258,803	4,884,108	158,948	-	-	-	5,301,859
McNeil Canyon	-	4,305,122	638,411	-	-	-	4,943,533
Moose Pass	28,154	691,228	82,929	-	-	138,114	940,425
Nikiski Elementary	22,378	3,411,256	641,282	-	-	285,383	4,360,299
Nikiski High	-	22,816,264	4,472,660	-	-	-	27,288,924
Nikolaevsk	51,282	2,518,592	324,547	5,000	-	1,570,938	4,470,359
Ninilchik	16,399	5,261,509	476,340	-	-	-	5,754,248
North Star Elementary	-	6,076,014	1,352,921	-	-	-	7,428,935
Port Graham	400	1,988,705	132,307	-	-	92,970	2,214,382
Skyview High	-	22,039,127	3,729,227	-	-	-	25,768,354
Sterling	7,450	3,699,355	639,505	-	-	-	4,346,310
Tustumena	8,001	7,823,639	228,315	-	-	-	8,059,955
Voznesenka	19,555	150,000	16,400	-	-	-	185,955
Total outside cities	629,024	95,780,543	14,457,882	5,000	-	2,087,405	112,959,854
Homer:							
West Homer Elementary	322,028	11,332,823	46,614	-	-	-	11,701,465
Paul Banks Elementary	23,971	2,472,457	679,965	-	-	116,655	3,293,048
High School	400,913	27,359,949	6,963,734	-	-	-	34,724,596
Junior High	17,024	3,024,010	739,103	-	-	-	3,780,137
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	431,672	-	-	-	29,479	524,399
Total Homer	874,361	48,664,365	9,215,221	-	-	146,134	58,900,081
Kenai:							
Elementary II	52,800	2,614,381	104,667	-	-	-	2,771,848
Mountain View Elementary	-	5,892,103	1,293,037	-	-	-	7,185,140
Sears Elementary	41,575	1,371,705	369,694	-	-	408,631	2,191,605
Junior High	60,499	4,012,105	481,439	-	-	140,619	4,694,662
High School	129,517	17,684,022	2,066,798	-	-	499,332	20,379,669
Vocational High	40,000	509,655	254,483	-	-	-	804,138
Arts and Crafts Building	-	118,341	-	-	-	-	118,341
Total Kenai	324,391	32,202,312	4,570,118	-	-	1,048,582	38,145,403

(Continued)

KENAI PENINSULA BOROUGH
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY¹
JUNE 30, 2003

	<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>
Seldovia:							
Susan B. English	27,953	3,668,235	883,448	-	-	-	4,579,636
Shop Building	1,000	430,000	-	-	-	-	431,000
Total Seldovia	28,953	4,098,235	883,448	-	-	-	5,010,636
Seward:							
Elementary II	235,000	6,511,507	910,609	-	-	-	7,657,116
Jr. High/High School	182,596	12,598,700	2,053,862	-	-	-	14,835,158
Total Seward	417,596	19,110,207	2,964,471	-	-	-	22,492,274
Soldotna:							
Elementary	270,048	4,840,286	1,191,471	-	-	-	6,301,805
Redoubt Elementary	-	3,680,343	584,104	-	-	311,896	4,576,343
Multipurpose Room	-	316,186	-	-	-	-	316,186
Junior High	5,900	7,584,837	689,868	-	-	14,273	8,294,878
High School	900	16,181,075	1,588,569	-	-	-	17,770,544
Total Soldotna	276,848	32,602,727	4,054,012	-	-	326,169	37,259,756
Other areawide:							
Areawide pool/water projects	-	408,000	1,070,907	-	-	128,135	1,607,042
Portable classrooms	-	2,740,367	15,041	-	-	-	2,755,408
Total other areawide	-	3,148,367	1,085,948	-	-	128,135	4,362,450
Total school district	2,551,173	237,384,070	37,434,117	5,000	-	4,137,697	281,512,057
Total governmental funds capital assets	\$ 62,372,529	\$ 256,610,128	\$ 51,589,286	\$ 13,808,625	\$ 1,460,252	\$ 5,015,965	\$ 390,856,785

¹This 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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STATISTICAL TABLES

STATISTICAL TABLES

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KENAI PENINSULA BOROUGH

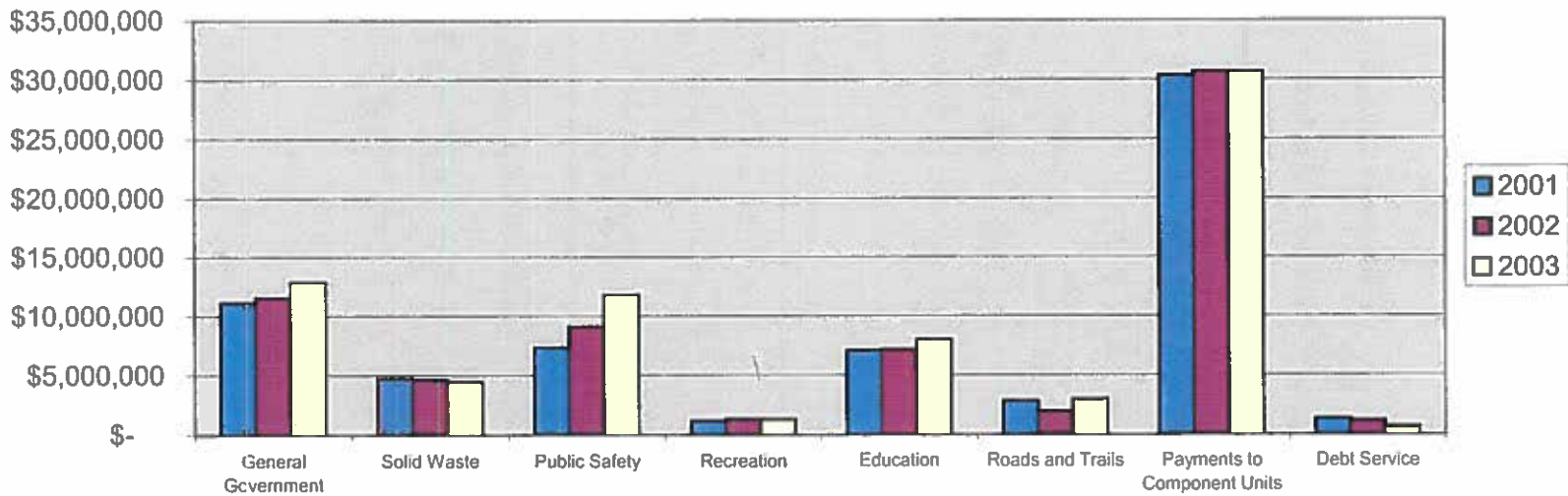
TABLE I

GOVERNMENT-WIDE EXPENSES BY FUNCTION *
GOVERNMENTAL ACTIVITY
LAST THREE FISCAL YEARS

Fiscal Year	General Government	Solid Waste	Public Safety	Recreation	Education	Roads and Trails	Payments to Component Units	Debt Service	Total
2001	\$ 11,137,097	\$ 4,744,957	\$ 7,329,292	\$ 1,138,364	\$ 7,073,691	\$ 2,801,654	\$ 30,343,206	\$ 1,302,262	\$ 65,870,523
2002	11,553,510	4,664,265	9,103,350	1,300,703	7,109,359	1,965,464	30,670,786	1,155,657	67,523,094
2003	12,845,108	4,441,397	11,786,508	1,292,386	7,963,176	2,993,413	30,618,860	658,217	72,599,065

*This table presents information prepared on a government-wide basis. Financial information prior to FY2001 has not been converted to the government-wide format.

Government-wide Expenses by Function



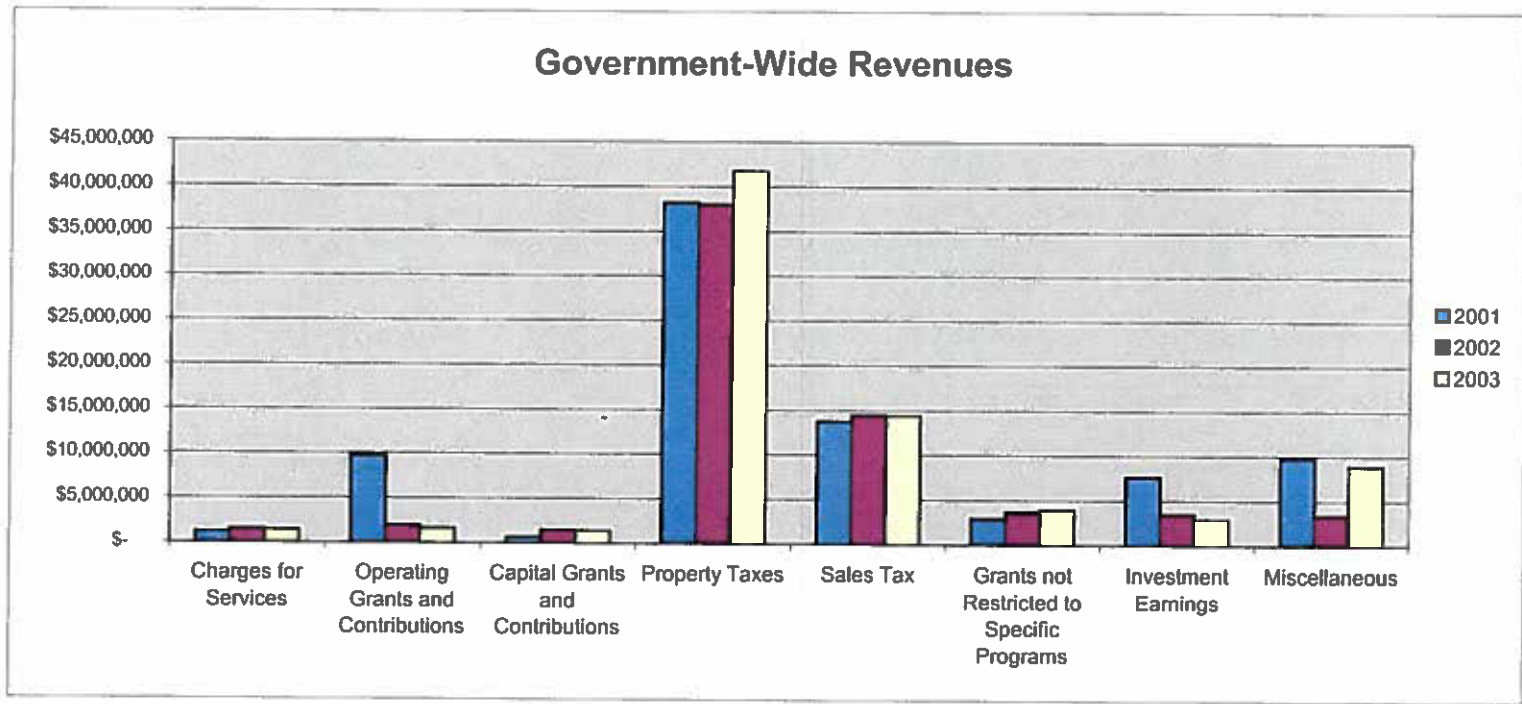
KENAI PENINSULA BOROUGH

GOVERNMENT-WIDE REVENUES
GOVERNMENTAL ACTIVITY *
LAST THREE FISCAL YEARS

TABLE II

Fiscal Year	Program Revenue			General Revenues						Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Property Taxes	Sales Tax	Grants not Restricted to Specific Programs	Investment Earnings	Miscellaneous		
2001	\$ 1,187,352	\$ 9,687,206	\$ 642,075	\$ 38,207,989	\$ 13,708,974	\$ 2,986,456	\$ 7,655,659	\$ 9,755,948	\$ 83,831,659	
2002	1,516,498	1,977,148	1,461,039	37,943,100	14,407,262	3,671,468	3,501,923	3,408,956	67,887,394	
2003	1,446,736	1,596,403	1,395,495	41,718,283	14,375,828	3,932,395	2,938,492	8,915,828	76,319,460	

*This table presents information prepared on a government-wide basis. Financial information prior to FY2001 has not been converted to government wide format.



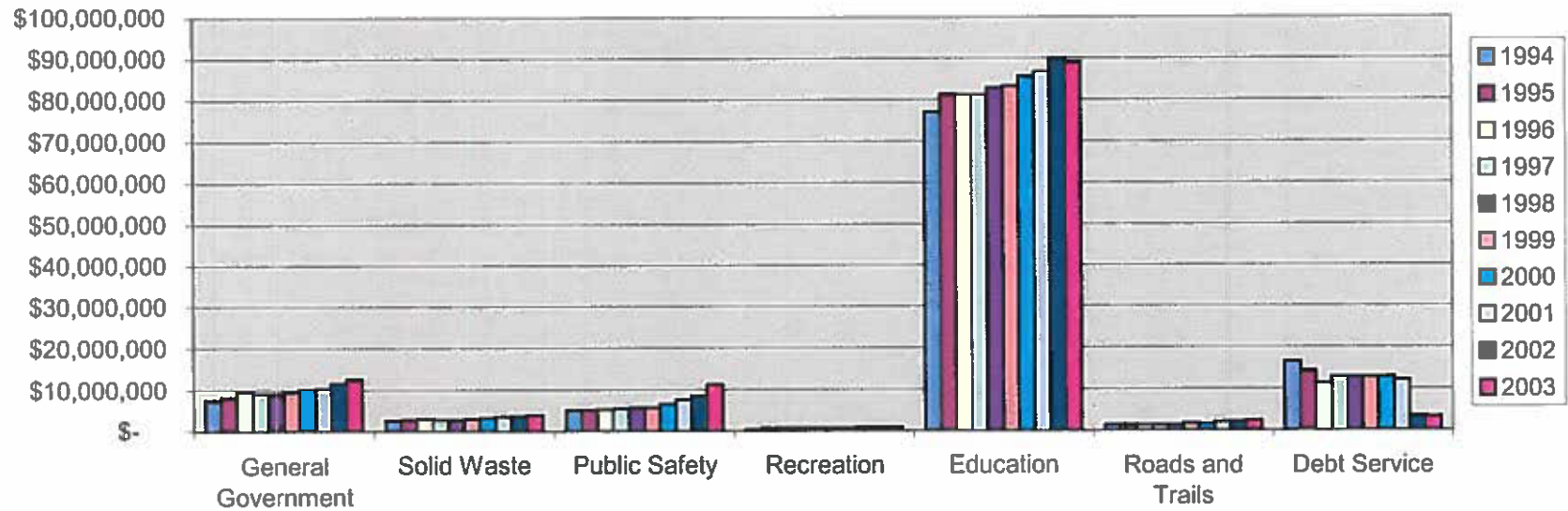
KENAI PENINSULA BOROUGH

TABLE III

GENERAL GOVERNMENT EXPENDITURES BY FUNCTION*
LAST TEN FISCAL YEARS

Fiscal Year	General Government	Solid Waste	Public Safety	Recreation	Education	Roads and Trails	Debt Service	Total
1994	\$ 7,453,771	\$ 2,544,107	\$ 5,008,146	\$ 349,925	\$ 77,048,285	\$ 1,213,104	\$ 16,521,841	\$ 110,139,179
1995	8,054,258	2,770,107	5,098,356	615,822	81,266,846	1,339,318	14,285,609	113,430,316
1996	9,513,074	2,969,400	5,197,080	704,721	81,101,258	1,220,920	11,264,812	111,971,265
1997	9,098,705	2,829,306	5,329,014	755,676	81,173,847	1,307,061	12,828,741	113,322,350
1998	9,186,201	2,658,515	5,590,415	704,986	82,871,383	1,316,646	12,828,183	115,156,329
1999	9,542,554	2,853,714	5,653,876	709,321	83,243,340	1,718,889	12,836,395	116,558,089
2000	10,146,151	3,182,891	6,491,884	723,299	85,647,711	1,496,347	12,831,848	120,520,131
2001	10,232,746	3,451,277	7,686,939	773,795	86,629,267	1,966,252	12,157,262	122,897,538
2002	11,536,592	3,627,278	8,520,337	909,781	89,976,646	2,119,461	3,319,104	120,009,199
2003	12,584,798	3,837,131	11,196,421	885,154	89,010,512	2,281,668	3,261,595	123,057,279

*Includes General Fund, Special Revenue Funds, Debt Service Funds, and School District



KENAI PENINSULA BOROUGH

TABLE IV

GENERAL REVENUES BY SOURCE*
LAST TEN FISCAL YEARS

Fiscal Year	Taxes	Intergovernmental	Interest	Miscellaneous	Total
1994	\$ 43,355,686	\$ 68,130,545	\$ 1,944,798	\$ 2,304,568	\$ 115,735,597
1995	46,236,763	66,182,846	2,803,205	3,025,930	118,248,744
1996	47,051,778	64,639,148	3,263,346	3,390,302	118,344,574
1997	46,917,549	65,105,255	3,166,292	3,912,781	119,101,877
1998	49,390,827	65,288,344	3,484,361	3,850,392	122,013,924
1999	48,515,123	64,982,874	2,788,751	3,458,846	119,745,594
2000	49,436,190	68,105,114	3,317,726	4,355,437	125,214,467
2001	51,916,963	76,015,622	6,399,268	3,585,824	137,917,677
2002	52,350,362	64,783,081	3,017,513	5,034,606	125,185,562
2003	55,337,589	64,209,758	2,832,336	5,431,281	127,810,964

*Includes General Fund, Special Revenue Funds, Debt Service Funds, and School District.

General Revenues by Source

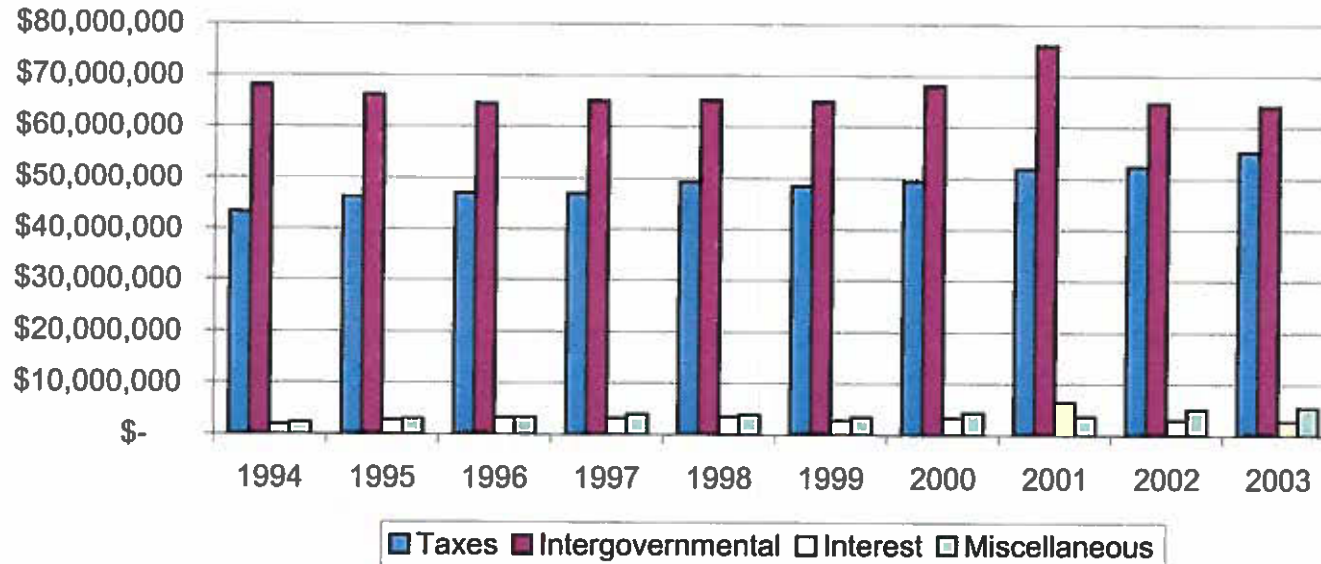


TABLE V

KENAI PENINSULA BOROUGH
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Mill Levy	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Collections	Total Collections As a Percent of Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes As a Percent of Total Levy
1994	8.55	\$25,862,272	\$25,295,785	97.81%	\$ 422,979	\$25,718,764	99.45%	\$1,433,475	5.54%
1995	8.59	26,750,410	26,378,904	98.61%	570,435	26,949,339	100.74%	1,457,027	5.45%
1996	8.59	27,288,423	26,840,504	98.36%	326,798	27,167,302	99.56%	1,530,846	5.61%
1997	8.30	26,588,976	26,343,999	99.08%	301,930	26,645,929	100.21%	1,652,966	6.22%
1998	8.30	27,784,263	27,318,145	98.32%	629,900	27,948,045	100.59%	1,649,297	5.94%
1999	8.00	26,764,520	26,076,089	97.43%	557,573	26,633,662	99.51%	1,715,252	6.41%
2000	8.00	26,847,573	26,374,757	98.24%	688,098	27,062,855	100.80%	1,652,859	6.16%
2001	7.50	26,618,992	26,175,635	98.33%	773,663	26,949,298	101.24%	1,412,533	5.31%
2002	7.00	26,101,409	25,525,117	97.79%	484,723	26,009,840	99.65%	1,327,753	5.09%
2003	6.50	26,335,138	25,961,629	98.58%	494,560	26,456,189	100.46%	1,268,326	4.82%

Property tax collections do not included motor vehicle taxes levied and collected by the State of Alaska on behalf of the Borough

KENAI PENINSULA BOROUGH

TABLE VI

NIKISKI FIRE SERVICE AREA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Mill Levy	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Collections	Total Collections As a Percent of Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes As a Percent of Total Levy
1994	1.73	\$ 1,965,056	\$ 1,952,471	99.36%	\$ 32,676	\$ 1,985,147	101.02%	\$ 34,443	1.75%
1995	2.30	2,582,439	2,571,717	99.58%	15,850	2,587,567	100.20%	35,182	1.36%
1996	2.30	2,567,894	2,554,437	99.48%	7,332	2,561,769	99.76%	38,804	1.51%
1997	2.30	2,521,212	2,506,530	99.42%	(1,429)	2,505,101	99.36%	39,173	1.55%
1998	2.30	2,661,729	2,648,851	99.52%	33,558	2,682,409	100.78%	34,374	1.29%
1999	2.30	2,523,740	2,507,263	99.35%	5,782	2,513,045	99.58%	41,587	1.65%
2000	2.30	2,351,047	2,339,077	99.49%	10,240	2,349,317	99.93%	37,863	1.61%
2001	2.30	2,382,582	2,379,437	99.87%	25,592	2,405,029	100.94%	26,766	1.12%
2002	2.30	2,674,336	2,646,954	98.98%	13,489	2,660,443	99.48%	22,859	0.85%
2003	2.30	2,981,612	2,964,014	99.41%	27,559	2,991,573	100.33%	28,329	0.95%

Property tax collections do not include motor vehicle taxes levied and collected by the State of Alaska on behalf of the Borough

TABLE VII

BEAR CREEK FIRE SERVICE AREA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Mill Levy	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Collections	Total Collections As a Percent of Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes As a Percent of Total Levy
1994	2.00	\$ 80,376	\$ 79,093	98.40%	\$ 1,050	\$ 80,143	99.71%	\$ 4,143	5.15%
1995	2.00	82,090	81,193	98.91%	2,170	83,363	101.55%	3,546	4.32%
1996	2.00	92,195	90,337	97.98%	965	91,302	99.03%	4,559	4.94%
1997	2.00	98,507	96,441	97.90%	2,110	98,551	100.04%	5,289	5.37%
1998	2.00	95,448	93,501	97.96%	2,897	96,398	101.00%	5,473	5.73%
1999	2.00	101,711	98,115	96.46%	3,590	101,705	99.99%	7,291	7.17%
2000	2.00	113,846	108,157	95.00%	2,107	110,264	96.85%	10,660	9.36%
2001	2.00	141,862	138,788	97.83%	7,787	146,575	103.32%	7,272	5.13%
2002	2.25	169,990	163,860	96.39%	4,864	168,724	99.26%	6,779	3.99%
2003	2.25	186,039	181,406	97.51%	4,849	186,255	100.12%	6,191	3.33%

Property tax collections do not include motor vehicle taxes levied and collected by the State of Alaska on behalf of the Borough

KENAI PENINSULA BOROUGH

TABLE VIII

ANCHOR POINT FIRE AND EMERGENCY MEDICAL SERVICE AREA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Mill Levy	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Collections	Total Collections As a Percent of Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes As a Percent of Total Levy
1994	0.90	\$ 70,978	\$ 68,324	96.26%	\$ 4,140	\$ 72,464	102.09%	\$ 6,932	9.77%
1995	0.90	73,168	69,486	94.97%	4,036	73,522	100.48%	7,784	10.64%
1996	0.90	78,040	74,350	95.27%	3,072	77,422	99.21%	8,173	10.47%
1997	0.90	81,883	78,581	95.97%	3,724	82,305	100.52%	8,555	10.45%
1998	0.90	85,696	80,803	94.29%	3,422	84,225	98.28%	10,374	12.11%
1999	0.90	89,963	83,892	93.25%	5,345	89,237	99.19%	11,408	12.68%
2000	0.90	102,709	96,768	94.22%	4,408	101,176	98.51%	13,690	13.33%
2001	0.90	105,233	100,731	95.72%	6,360	107,091	101.77%	11,812	11.22%
2002	1.20	142,313	136,219	95.72%	6,091	142,310	100.00%	10,871	7.64%
2003	2.00	257,274	248,608	96.63%	6,389	254,997	99.11%	14,849	5.77%

Property tax collections do not include motor vehicle taxes levied and collected by the State of Alaska on behalf of the Borough

TABLE IX

CENTRAL EMERGENCY SERVICE AREA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Mill Levy	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Collections	Total Collections As a Percent of Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes As a Percent of Total Levy
1994	2.85	\$ 1,872,795	\$ 1,833,517	97.90%	\$ 28,860	\$ 1,862,377	99.44%	\$ 98,050	5.24%
1995	2.85	2,033,824	2,006,354	98.65%	45,378	2,051,732	100.88%	98,802	4.86%
1996	2.85	2,155,567	2,121,231	98.41%	31,006	2,152,237	99.85%	100,475	4.66%
1997	2.85	2,237,988	2,199,584	98.28%	26,895	2,226,479	99.49%	112,133	5.01%
1998	2.75	2,254,096	2,189,783	97.15%	52,936	2,242,719	99.50%	112,769	5.00%
1999	2.75	2,309,503	2,258,575	97.79%	55,752	2,314,327	100.21%	111,639	4.83%
2000	2.75	2,390,438	2,343,129	98.02%	38,561	2,381,690	99.63%	123,115	5.15%
2001	2.75	2,576,049	2,535,561	98.43%	79,005	2,614,566	101.50%	91,310	3.54%
2002	2.60	2,470,927	2,415,966	97.78%	54,951	2,470,917	100.00%	79,101	3.20%
2003	2.60	2,712,373	2,678,065	98.74%	41,328	2,719,393	100.26%	76,039	2.80%

Property tax collections do not include motor vehicle taxes levied and collected by the State of Alaska on behalf of the Borough

KENAI PENINSULA BOROUGH

TABLE X

KACHEMAK EMERGENCY SERVICE AREA
PROPERTY TAX LEVIES AND COLLECTIONS
INCEPTION TO DATE

Fiscal Year	Mill Levy	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Collections	Total Collections As a Percent of Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes As a Percent of Total Levy
2002	1.75	\$ 384,780	\$ 376,030	97.73%	\$ -	\$ 376,030	97.73%	\$ 8,742	2.27%
2003	1.75	314,920	308,335	97.91%	7,144	\$ 315,479	100.18%	9,760	3.10%

Property tax collections do not include motor vehicle taxes levied and collected by the State of Alaska on behalf of the Borough

TABLE XI

CENTRAL PENINSULA EMERGENCY MEDICAL SERVICE AREA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Mill Levy	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Collections	Total Collections As a Percent of Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes As a Percent of Total Levy
1994	1.00	\$ 119,260	\$ 115,921	97.20%	\$ 2,537	\$ 118,458	99.33%	\$ 6,414	5.38%
1995	1.00	122,624	119,550	97.49%	3,676	123,226	100.49%	7,011	5.72%
1996	1.00	128,574	123,653	96.17%	2,642	126,295	98.23%	8,336	6.48%
1997	1.00	130,384	128,761	98.76%	4,203	132,964	101.98%	9,398	7.21%
1998	1.00	140,712	137,189	97.50%	5,701	142,890	101.55%	8,567	6.09%
1999	1.00	147,473	141,359	95.85%	4,650	146,009	99.01%	9,733	6.60%
2000	1.00	130,616	126,913	97.16%	4,984	131,897	100.98%	8,671	6.64%
2001	1.00	125,500	121,271	96.63%	6,801	128,072	102.05%	5,858	4.67%
2002	1.00	127,723	121,388	95.04%	3,811	125,199	98.02%	7,779	6.09%
2003	1.00	138,892	135,326	97.43%	5,629	140,955	101.49%	6,154	4.43%

Property tax collections do not include motor vehicle taxes levied and collected by the State of Alaska on behalf of the Borough

KENAI PENINSULA BOROUGH

TABLE XII

NORTH PENINSULA RECREATION SERVICE AREA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Mill Levy	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Collections	Total Collections As a Percent of Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes As a Percent of Total Levy
1994	1.00	\$ 1,167,915	\$ 1,160,655	99.38%	\$ 10,972	\$ 1,171,627	100.32%	\$ 14,511	1.24%
1995	1.00	1,163,088	1,156,683	99.45%	7,570	1,164,253	100.10%	14,073	1.21%
1996	1.00	1,155,053	1,149,742	99.54%	4,147	1,153,889	99.90%	15,623	1.35%
1997	1.00	1,136,382	1,130,941	99.52%	(1,238)	1,129,703	99.41%	15,867	1.40%
1998	1.00	1,202,404	1,197,063	99.56%	16,400	1,213,463	100.92%	14,259	1.19%
1999	1.00	1,131,206	1,124,043	99.37%	774	1,124,817	99.44%	17,484	1.55%
2000	1.00	1,042,251	1,036,901	99.49%	5,400	1,042,301	100.00%	15,857	1.52%
2001	1.00	1,063,127	1,056,571	99.38%	11,127	1,067,698	100.43%	10,976	1.03%
2002	1.00	1,183,327	1,176,134	99.39%	5,878	1,182,012	99.89%	9,793	0.83%
2003	1.00	1,322,986	1,315,929	99.47%	11,979	1,327,908	100.37%	12,300	0.93%

Property tax collections do not include motor vehicle taxes levied and collected by the State of Alaska on behalf of the Borough

TABLE XIII

ROAD SERVICE AREA
PROPERTY TAX LEVIES AND COLLECTIONS
INCEPTION TO DATE

Fiscal Year	Mill Levy	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Collections	Total Collections As a Percent of Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes As a Percent of Total Levy
1995	0.45	\$ 993,320	\$ 980,014	98.66%	\$ 10,606	\$ 990,620	99.73%	\$ 24,839	2.50%
1996	0.50	1,118,641	1,100,656	98.39%	11,013	1,111,669	99.38%	31,289	2.80%
1997	0.50	1,134,381	1,122,656	98.97%	11,851	1,134,507	100.01%	36,409	3.21%
1998	0.50	1,194,117	1,171,497	98.11%	23,377	1,194,874	100.06%	38,519	3.23%
1999	0.50	1,178,343	1,154,114	97.94%	19,732	1,173,846	99.62%	43,227	3.67%
2000	0.50	1,171,229	1,152,037	98.36%	16,672	1,168,709	99.78%	47,301	4.04%
2001	1.00	2,481,045	2,444,655	98.53%	33,301	2,477,956	99.88%	56,145	2.26%
2002	1.00	2,635,613	2,585,175	98.09%	39,020	2,624,195	99.57%	56,479	2.14%
2003	1.50	4,249,614	4,198,632	98.80%	45,093	4,243,725	99.86%	80,351	1.89%

Property tax collections do not include motor vehicle taxes levied and collected by the State of Alaska on behalf of the Borough

KENAI PENINSULA BOROUGH

TABLE XIV

**NIKISKI SENIOR CITIZENS SERVICE AREA
PROPERTY TAX LEVIES AND COLLECTIONS
INCEPTION TO DATE**

		Total	Current Tax	Percent of Levy	Delinquent Tax	Total	Total Collections As a Percent	Outstanding Delinquent	Outstanding Delinquent Taxes As a Percent
1995	0.15	\$ 158,344	\$ 157,687	99.59%	\$ -	\$ 157,687	99.59%	\$ 837	0.53%
1996	0.13	135,523	134,835	99.49%	444	135,279	99.82%	1,174	0.87%
1997	0.13	133,469	132,592	99.34%	516	133,108	99.73%	1,475	1.11%
1998	0.13	141,241	140,477	99.46%	2,116	142,593	100.96%	1,395	0.99%
1999	0.13	136,518	135,711	99.41%	(148)	135,563	99.30%	1,895	1.39%
2000	0.13	127,088	126,629	99.64%	361	126,990	99.92%	1,475	1.16%
2001	0.13	129,132	128,346	99.39%	1,112	129,458	100.25%	998	0.77%
2002	0.15	167,897	167,108	99.53%	520	167,628	99.84%	1,158	0.69%
2003	0.15	186,786	185,906	99.53%	1,514	187,420	100.34%	1,403	0.75%

Property tax collections do not include motor vehicle taxes levied and collected by the State of Alaska on behalf of the Borough

TABLE XV

**CENTRAL KENAI PENINSULA HOSPITAL SERVICE AREA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year	Mill Levy	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Collections	Total Collections As a Percent of Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes As a Percent of Total Levy
1994	0.56	\$ 1,231,909	\$ 1,213,883	98.54%	\$ 26,462	\$ 1,240,345	100.68%	\$ 65,681	5.33%
1995	0.70	1,583,190	1,568,123	99.05%	23,422	1,591,545	100.53%	70,125	4.43%
1996	0.50	1,154,012	1,139,893	98.78%	14,473	1,154,366	100.03%	65,235	5.65%
1997	0.50	1,159,044	1,151,276	99.33%	9,775	1,161,051	100.17%	66,762	5.76%
1998	0.40	975,169	959,252	98.37%	23,752	983,004	100.80%	57,973	5.94%
1999	0.40	966,784	948,141	98.07%	13,872	962,013	99.51%	61,847	6.40%
2000	0.40	941,278	919,358	97.67%	19,536	938,894	99.75%	51,578	5.48%
2001	0.40	972,611	942,995	96.96%	22,649	965,644	99.28%	44,092	4.53%
2002	0.40	1,032,313	1,018,044	98.62%	14,969	1,033,013	100.07%	41,009	3.97%
2003	0.40	1,135,999	1,119,155	98.52%	17,335	1,136,490	100.04%	42,006	3.70%

Property tax collections do not include motor vehicle taxes levied and collected by the State of Alaska on behalf of the Borough

KENAI PENINSULA BOROUGH

TABLE XVI

SOUTH PENINSULA HOSPITAL SERVICE AREA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Mill Levy	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Collections	Total Collections As a Percent of Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes As a Percent of Total Levy
1994	2.00	\$1,054,234	\$1,015,575	96.33%	\$ 33,528	\$1,049,103	99.51%	\$ 103,306	9.80%
1995	2.00	1,089,657	1,060,484	97.32%	49,084	1,109,568	101.83%	109,082	10.01%
1996	2.00	1,138,506	1,099,709	96.59%	29,033	1,128,742	99.14%	113,238	9.95%
1997	2.00	1,178,372	1,155,996	98.10%	35,414	1,191,410	101.11%	115,552	9.81%
1998	2.00	1,211,169	1,184,086	97.76%	39,206	1,223,292	101.00%	117,460	9.70%
1999	2.00	1,255,297	1,203,320	95.86%	46,075	1,249,395	99.53%	121,849	9.71%
2000	2.00	1,387,157	1,344,878	96.95%	43,549	1,388,427	100.09%	125,415	9.04%
2001	2.00	1,450,239	1,376,721	94.93%	55,883	1,432,604	98.78%	114,311	7.88%
2002	1.75	1,295,513	1,262,370	97.44%	42,661	1,305,031	100.73%	102,120	7.88%
2003	1.75	1,384,725	1,340,395	96.80%	36,401	1,376,796	99.43%	91,604	6.62%

Property tax collections do not include motor vehicle taxes levied and collected by the State of Alaska on behalf of the Borough

KENAI PENINSULA BOROUGH

TABLE XVII

PROPERTY TAX RATES AND TAX LEVIES - ALL OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

Fiscal Year	City of Homer	City of Kenai	City of Seldovia	City of Seward	City of Seward (Special)	City of Soldotna	City of Kachemak
TAX RATES (MILLS)							
1994	5.5	3.5	7.75	3.0	3.0	1.65	2.0
1995	5.5	3.5	7.50	3.0	3.0	1.65	2.0
1996	5.5	3.5	7.25	3.0	3.0	1.65	1.0
1997	5.5	3.5	7.25	3.0	3.0	1.65	1.0
1998	5.5	3.5	7.25	3.12	3.12	1.65	1.0
1999	5.5	3.5	7.25	3.12	3.12	1.65	1.0
2000	5.5	3.5	7.25	3.12	3.12	1.65	1.0
2001	5.5	3.5	7.25	3.12	3.12	1.65	1.0
2002	5.5	3.5	7.25	3.12	3.12	1.65	1.0
2003	5.0	3.5	7.25	3.12	3.12	1.65	1.0
TAX LEVIES							
1994	\$ 1,063,159	\$ 1,022,229	\$ 130,797	\$ 436,382	\$ 58,066	\$ 312,794	\$ 29,449
1995	1,106,266	1,080,881	125,771	443,874	81,060	344,249	33,938
1996	1,158,018	1,094,935	120,537	446,961	38,319	369,640	17,244
1997	1,166,357	1,090,726	117,145	425,176	26,409	377,176	18,771
1998	1,172,916	1,141,938	113,084	447,547	16,002	394,141	18,997
1999	1,204,097	1,190,617	122,803	481,570	21,418	410,576	19,605
2000	1,298,578	1,219,751	126,140	515,876	20,116	414,655	23,324
2001	1,341,183	1,227,127	129,806	608,179	29,277	423,812	25,250
2002	1,375,463	1,247,375	138,337	626,359	28,889	435,871	26,041
2003	1,568,242	1,326,864	145,062	639,378	28,004	469,792	28,401

The municipal tax rate is limited by statute to three percent of the assessed value of property assessed excepting that the municipalities may, without limitation as to the rate or amount, levy taxes annually in an amount sufficient to pay the principal and interest on bonds as they shall become due. Taxes are payable when billed. Payment in full is due on or before October 15 and becomes delinquent thereafter. At the option of the taxpayer, taxes may be paid in two equal installments. If the taxpayer elects this option, the first one-half of the taxes payable must be paid on or before September 15. The second one-half taxes then become due on or before November 15 and become delinquent thereafter. If the first one-half of the taxes payable are not paid by September 15, payment of taxes in full becomes due on or before October 15. Late payment penalty of 5% of the taxes due shall be added to all delinquent taxes on the day they become delinquent and an additional penalty of 5% of the taxes due shall be added to any tax more than 30 days delinquent. Interest shall be calculated at 10% per year from the date that the taxes would have ordinarily come due.

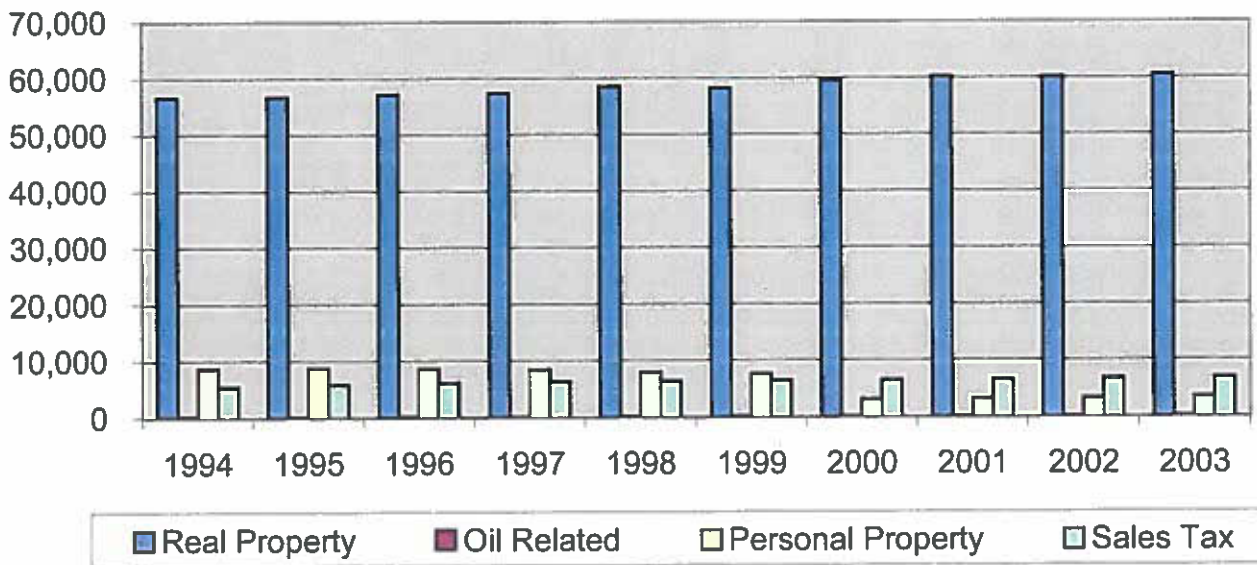
KENAI PENINSULA BOROUGH

TABLE XVIII

NUMBER OF TAX ACCOUNTS
LAST TEN FISCAL YEARS

Fiscal Year	Real Property	Oil Related	Personal Property	Sales Tax	Total
1994	56,630	168	8,720	5,496	71,014
1995	56,741	164	8,717	5,789	71,411
1996	57,145	159	8,652	6,111	72,067
1997	57,401	171	8,431	6,290	72,293
1998	58,501	151	7,996	6,435	73,083
1999	58,211	144	7,675	6,484	72,514
2000	59,543	144	3,072	6,504	69,263
2001	60,205	144	3,280	6,599	70,228
2002	60,159	139	3,326	6,769	70,393
2003	60,515	146	3,468	6,917	71,046

NUMBER OF TAX ACCOUNTS



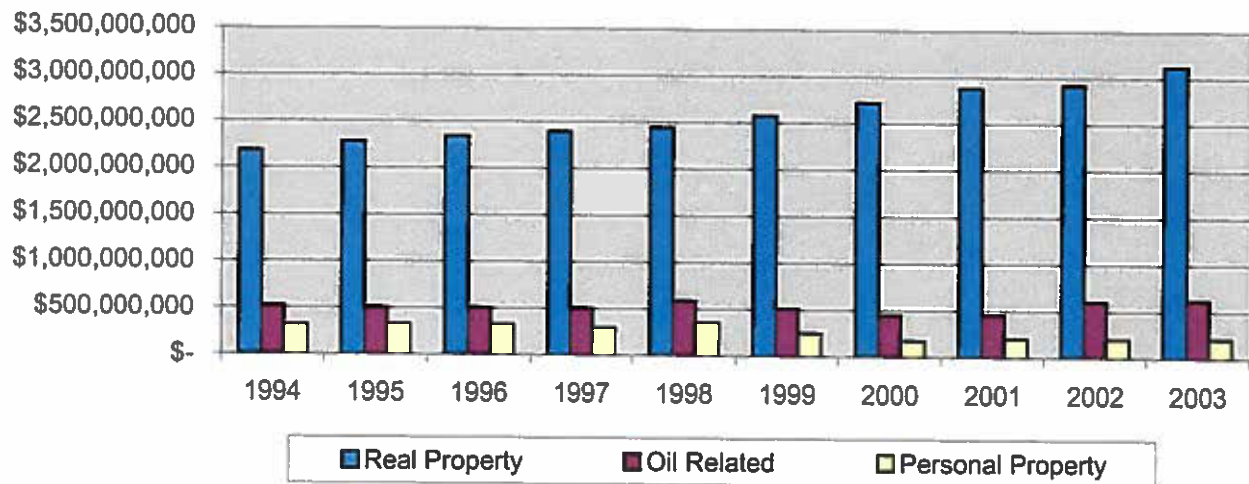
KENAI PENINSULA BOROUGH

TABLE XIX

ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(Assessed at 100% of Value)

Fiscal Year	Real Property	Oil Related	Personal Property	Total	Taxable Assessed Value Per Capita
1994	\$2,184,164,327	\$522,197,427	\$318,465,380	\$3,024,827,134	\$ 64,690
1995	2,280,381,078	506,482,931	327,269,850	3,114,133,859	66,116
1996	2,339,408,955	506,471,979	330,885,433	3,176,766,367	67,894
1997	2,397,768,876	507,535,282	298,033,984	3,203,338,142	66,600
1998	2,447,973,674	590,418,930	356,662,912	3,395,055,516	69,549
1999	2,581,288,351	512,562,050	251,714,649	3,345,565,050	68,344
2000	2,725,427,521	452,600,420	177,918,737	3,355,946,678	67,536
2001	2,882,006,362	462,171,190	205,021,367	3,549,198,919	70,722
2002	2,920,015,563	601,141,730	207,615,650	3,728,772,943	72,846
2003	3,126,181,999	619,755,320	211,236,646	3,957,173,965	75,545

Taxable Property Values



KENAI PENINSULA BOROUGH

TABLE XX

RATIO OF NET AREAWIDE GENERAL BONDED DEBT
TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

Fiscal Year	Taxable Assessed Value	Net Bonded Debt	Ratio of Net Bonded Debt to taxable Assessed Value (Percent)	Net Bonded Debt Per Capita
1994	\$3,024,827,134	\$59,365,000	1.96%	\$ 1,270
1995	3,114,133,859	61,840,000	1.99%	1,313
1996	3,176,766,367	54,985,000	1.73%	1,175
1997	3,203,338,142	47,030,000	1.47%	978
1998	3,347,501,616	38,050,000	1.14%	779
1999	3,345,565,050	28,375,000	0.85%	580
2000	3,355,946,678	19,315,000	0.58%	389
2001	3,549,198,919	15,889,000	0.45%	317
2002	3,728,772,943	13,409,000	0.36%	262
2003	3,957,173,965	17,874,000	0.45%	341

TABLE XXI

LEGAL DEBT MARGIN
JUNE 30, 2003

NO DEBT LIMIT IS MANDATED BY LAW

KENAI PENINSULA BOROUGH
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2003

TABLE XXII

<u>Governmental Unit</u>	<u>Net Debt Outstanding</u>	<u>Percentage Application to this Governmental Unit</u>	<u>Share of Debt</u>
Direct Debt:			
Bonded Debt:			
Education	\$10,464,000	100%	\$10,464,000
Solid Waste	7,040,000	100%	7,040,000
North Peninsula Recreation *	370,000	100%	370,000
Total Bonded Debt and Direct Debt	<u>17,874,000</u>		<u>17,874,000</u>
Overlapping Debt:			
Cities within Borough:			
Homer	8,652,091	100%	8,652,091
Kenai	300,000	100%	300,000
Seldovia	75,000	100%	75,000
Seward	7,690,620	100%	7,690,620
Soldotna	1,400,000	100%	1,400,000
Total Overlapping Debt	<u>18,117,711</u>	100%	<u>18,117,711</u>
Total Direct and Overlapping Debt	<u>\$35,991,711</u>	100%	<u>\$35,991,711</u>

*General obligation debt repaid through general property taxes of the service area.

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES LAST TEN FISCAL YEARS

TABLE XXIII

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Expenditures*</u>	<u>Ratio of Debt Service to General Expenditures (Percent)</u>
1994	\$ 11,085,000	\$ 5,431,351	\$ 16,516,351	\$ 110,139,178	15.00%
1995	9,505,000	4,778,675	14,283,675	113,708,646	12.56%
1996	7,110,000	4,153,011	11,263,011	111,971,265	10.06%
1997	8,220,000	4,619,380	12,839,380	113,531,185	11.31%
1998	9,255,000	3,572,471	12,827,471	115,426,942	11.11%
1999	9,965,000	2,868,433	12,833,433	116,558,089	11.01%
2000	10,730,000	2,100,391	12,830,391	120,520,131	10.65%
2001	10,855,000	1,283,882	12,138,882	122,897,538	9.88%
2002	2,480,000	836,801	3,316,801	120,009,199	2.76%
2003	2,575,000	661,595	3,236,595	123,057,279	2.63%

*Includes General Fund, Special Revenue Funds, Debt Service Funds and School District.

KENAI PENINSULA BOROUGH

TABLE XXIV

PROPERTY VALUE AND BANK DEPOSITS
LAST TEN FISCAL YEARS

Fiscal Year	Property Value			Bank Deposits** (000's)
	Real	Personal	Oil	
1994	\$2,184,164,327	\$318,465,380	\$ 522,197,427	\$ 314,203
1995	2,280,381,078	327,269,850	506,482,931	338,763
1996	2,339,408,955	330,885,433	506,471,979	358,414
1997	2,397,768,876	298,033,984	507,535,282	372,897
1998	2,447,973,674	356,662,912	590,418,930	367,727
1999	2,581,288,351	251,714,649	512,562,050	388,852
2000	2,725,427,521	177,918,737	452,600,420	424,011
2001	2,882,006,362	205,021,367	462,171,190	460,345
2002	2,920,015,563	207,615,650	601,141,730	483,044
2003	3,126,181,999	211,236,646	619,755,320	517,626

**From individual bank branch managers.

NOTE: The Borough does not issue building permits, so construction by year is not available.

TABLE XXV

PRINCIPAL TAXPAYERS
YEAR ENDED JUNE 30, 2003

Principal Taxpayer	Type of Business	Taxable Assessed Value 100% of Market Value	Percentage of Total Taxable Assessed Value
Union Oil/Unocal	Petroleum Products	\$ 358,357,890	9.61%
Agrium US, Inc.	Urea & Ammonia Plant	190,340,291	5.10%
Phillips Petroleum Co.	Petroleum Products	101,661,882	2.73%
Tesoro Alaska Petroleum Co.	Petroleum Refinery	95,987,062	2.57%
BP Exploration Alaska, Inc.	Petroleum Products	77,783,465	2.09%
Alaska Communications Systems	Utility	71,777,121	1.92%
Marathon Oil Co.	Petroleum Products	59,933,610	1.61%
XTO Energy, Inc.	Petroleum Products	42,497,960	1.14%
Forest Oil Corp.	Petroleum Products	29,451,590	0.79%
Phillips Alaska Inc.	Petroleum Products	26,283,140	0.70%
Total		\$ 1,054,074,011	28.26%

KENAI PENINSULA BOROUGH

TABLE XXVI

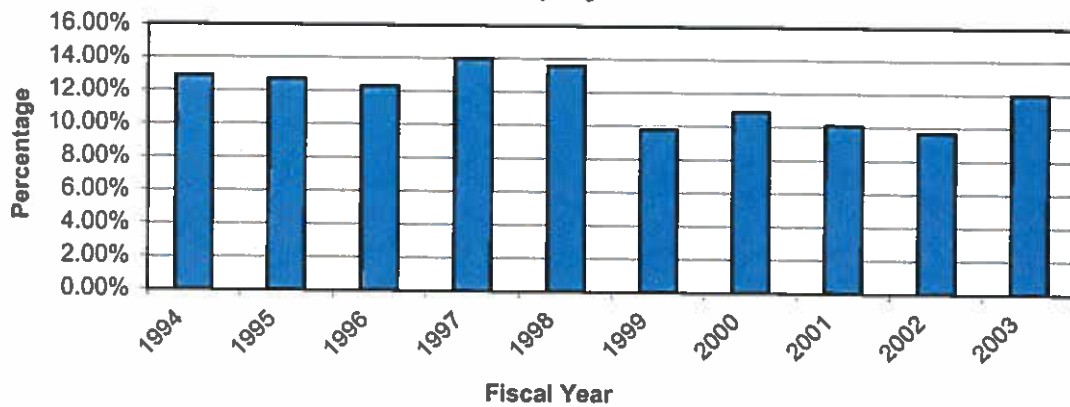
DEMOGRAPHIC DATA
LAST TEN FISCAL YEARS

Fiscal Year	Population *	Median Age **	School Enrollment	Unemployment Rate **
1994	46,759	32.8	9,905	12.90%
1995	47,101	33.3	10,226	12.70%
1996	46,790	32.0	10,271	12.30%
1997	48,098	33.6	10,383	14.00%
1998	48,815	35.1	10,405	13.60%
1999	48,952	35.4	10,405	9.80%
2000	49,691	36.1	9,982	10.90%
2001	50,185	36.3	9,947	10.10%
2002	51,187	36.3	9,799	9.70%
2003	52,382	36.7	9,632	12.00%

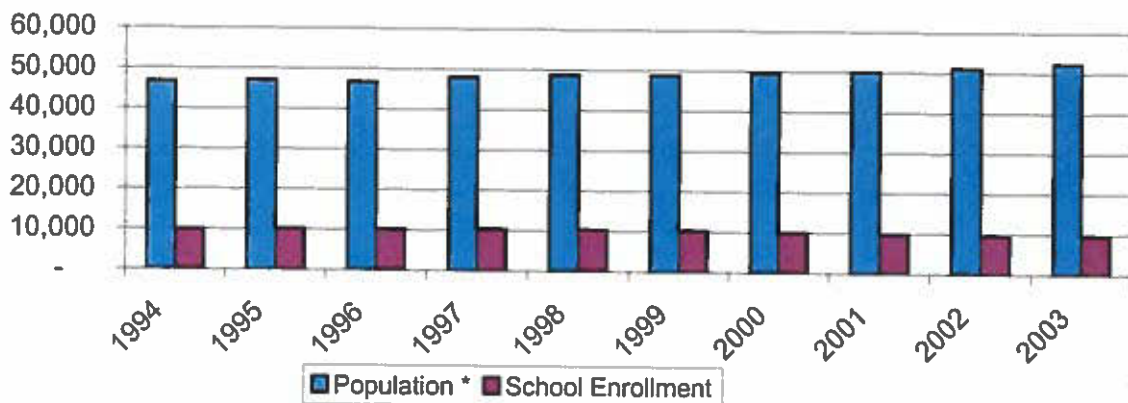
* Data provided by the State of Alaska Department of Community & Economic Development

** Data provided by the State of Alaska Department of Labor & Workforce Development and is the average rate for the previous calendar year

Unemployment Rate



Population and School Enrollment



KENAI PENINSULA BOROUGH
MISCELLANEOUS STATISTICAL DATA
AS OF JUNE 30, 2003

TABLE XXVII

DATE OF INCORPORATION	January 1, 1964		
AUTHORITY FOR INCORPORATION	State of Alaska Borough Act of 1961		
FORM OF GOVERNMENT	Second Class Borough, Elected Mayor and 9-Member Assembly		
AREAWIDE POWERS	Tax Assessment and Collection, Education, Planning and Zoning, Solid Waste Disposal, 911 Emergency Communications, Senior Citizen Funding, Emergency Management, Post Secondary Education, and General		
SERVICE AREA POWERS	Hospital, Fire Protection, Emergency Medical and Ambulance Services, Recreation, and Road Maintenance and Construction		
NON-AREAWIDE POWERS	Ports and Harbors, Tourism Promotion, and Special Assessment Authority for utility line extension and road construction.		
AREA	25,600 Square Miles		
EMERGENCY SERVICES	8 Fire Stations 2 Hospitals		
SOLID WASTE DISPOSAL	2 Baler/Landfills 5 Landfills 4 Transfer Sites 8 Drop Box Sites		
ROADS	630 Miles Maintained		
EDUCATION	<u>Type of School</u>	<u>Number of Schools</u>	<u>Average Daily Membership</u>
	High Schools	7	2,937
	Middle Schools	4	1,273
	Elementary Schools	17	3,949
	Combined Elementary/High School	10	1,124
	Charter Schools	3	229
	Alternative Schools	<u>2</u>	<u>120</u>
		<u>43</u>	<u>9,632</u>
	Support staff: 422 Certified Staff: 694 Administrative Personnel: 45		
BOROUGH PERMANENT EMPLOYEES	249 (Excluding Elected Borough Mayor)		
ELECTIONS	Number of Registered Voters, 2003: 36,741 Votes Cast in October 1, 2002 Borough Election: 11,229		

Single Audit

KENAI PENINSULA BOROUGH

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2003**

<u>Federal Grantor</u>	<u>Grant Number</u>	<u>CFDA #</u>	<u>Expenditures 6/30/03</u>
<u>U.S. Bureau of Land Management:</u>			
Payment in Lieu of Taxes	FY2002 SEC 6901/02	15 226	\$ 1,579,494.00
Total U.S. Bureau of Land Management			<u>1,579,494.00</u>
<u>U.S. Department of Health & Human Services:</u>			
Passed through Alaska Department of Community & Economic Development:			
Seldovia Community Education Center	831465	93.569	350.00
Passed through Alaska Department of Health & Social Services:			
CPGH Bioterrorism Training and Curriculum Development Program	CPGH FY03	93.996	8,260.00
Total U.S. Department of Health & Human Services			<u>8,610.00</u>
<u>U.S. Department of Military & Veterans Affairs:</u>			
Passed through Alaska Division of Emergency Services:			
Local Emergency Planning Committee	SYF2003	83.534	25,000.00
Total U.S. Department of Military & Veterans Affairs			<u>25,000.00</u>
<u>U. S Department of Commerce:</u>			
Passed through Alaska Department of Community & Economic Development:			
Alaska Coastal Zone management	830448	11.419	78,510.00
Passed through National Oceanic & Atmospheric Administration:			
Coastal Impact Assistance Program	NA170Z2049	11.419	42,954.00
Salmon Branding Project	NA03NMF4270109	11.427	24,243.12
Riverbank project Kenai River Center	NA17FZ1566	11.463	66,175.94
Total U. S Department of Commerce			<u>211,883.06</u>
<u>U.S. Department of the Interior:</u>			
Passed through Alaska Department of Natural Resources:			
Rural Fire Assistance	G-9915-02-004	15.228	1,897.00
Total U.S. Department of the Interior			<u>1,897.00</u>
<u>U.S. Department of Transportation:</u>			
Passed through Alaska Department of Transportation:			
Kenai Peninsula Borough Transportation Plan	MOU	20.205	35,185.21
Kenai Spur Rd Extension	MOA	20.205	42,734.05
Total U.S. Department of Transportation			<u>77,919.26</u>
<u>Federal Emergency Management Agency:</u>			
Wellness & Fitness	EMW-2001-FG-08087	83.554	35,714.92
Assistance to Firefighters -KES vehicle	EMW-2001-FG-016959	83.554	15,956.00
Passed through Alaska Department of Military & Veterans Affairs			
FEMA - October & November 2002 Flood *	2003 Flood	83.544	826,300.71
Passed through Alaska Division of Emergency Services:			
EMPG	EMPG03	83.552	28,875.00
EMPG	EMPG02	83.552	9,625.00
Total Federal Emergency Management Agency			<u>916,471.63</u>
<u>U.S. Department of Housing & Urban Development:</u>			
Senior Housing	B-02-AP-AK-0006	14.246	8,426.66
Total U.S. Department of Housing & Urban Development			<u>8,426.66</u>

(continued)

KENAI PENINSULA BOROUGH

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2003

<u>Federal Grantor</u>	<u>Grant Number</u>	<u>CFDA #</u>	<u>Expenditures 6/30/03</u>
<u>National Aeronautic & Space Administration:</u>			
Passed through Alaska Department of Natural Resources:			
Remote Sensing-Kenai Hazard Mitigation & Monitoring	39680/ NAG13-01010	43.XXX	10,293.42
Total National Aeronautic & Space Administration			<u>10,293.42</u>
<u>U.S. Department of Agriculture:</u>			
98 Spruce Bark Beetle Infestation *	98BTL	10.664	74,934.64
00 Spruce Bark Beetle Infestation *	00BTL	10.664	141,079.15
01 Spruce Bark Beetle Infestation *	01BTL	10.664	1,909,160.61
03 Spruce Bark Beetle Infestation *	03BTL	10.664	321,840.85
Emergency Response Grant *	02EMR	10.664	282,838.89
Passed through Alaska Department of Community & Economic Development:			
National Forest Receipts	831231	10.665	29,404.42
Passed through University of Alaska Fairbanks:			
Cook Inlet Sockeye Salmon Branding Project	UAF 02-0072	10.200	120,000.00
Passed through Alaska Manufactures' Association:			
Cook Inlet Sockeye Salmon Branding Project	KPB/AKMA Contract	10.200	111,913.16
Salmon Branding Project	KPB/AKMA Contract	10.200	11,635.71
Passed through City of Soldotna, Alaska:			
Riverbank project @ KRC	NA17FZ1566	10.902	25,000.00
Total U.S. Department of Agriculture			<u>3,027,807.43</u>
<u>U.S. Department of the Interior:</u>			
National Wildlife Refuge Rev Sharing	FY2003	15.6XX	20,974.00
Total U.S. Department of the Interior			<u>20,974.00</u>
TOTAL FEDERAL			<u>\$ 5,888,776.46</u>

* Federal Major Program

KENAI PENINSULA BOROUGH

SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED JUNE 30, 2003

<u>State Grantor</u>	<u>Grant Number</u>	<u>Expenditures 6/30/03</u>
Alaska Department of Fish & Game:		
Streambank Protection & Restoration	Coop Agreement # 02-071	\$ 25,000.00
Total Alaska Department of Fish & Game		<u>25,000.00</u>
Alaska Department of Community & Economic Development:		
Revenue Sharing *		849,569.00
Safe Communities *		749,160.00
Shared Fish Tax/Landing tax	831322 / 831323	31,687.47
Cook Inlet Sockeye Salmon Branding Project	03-DC-184	20,083.48
Arctic Winter Games Legislative grant	03-DC-063	45,000.00
Ninichik Elem./High School Additional & Other School capital * improvements & Deferred maintenance projects	1/98-001	193,577.53
Edgington Road Repair	03-DC-064	19,630.94
Nikiski Emergency Access Route	03-DC-069	23,098.18
Anchor Point Fire Rescue Vehicles	03-DC-092	11,625.00
Kachemak Emergency Services Fire Engine *	03-DC-066	160,000.00
North Peninsula Recreation Community Center	03-DC-213	14,799.90
Total Alaska Department of Community & Economic Development		<u>2,118,231.50</u>
Alaska Department of Environmental Conservation:		
Cook Inlet Regional Citizens Advisory Council	MOU #2002-08	10,000.00
Sterling Well	MOU	32,799.00
Total Alaska Department of Environmental Conservation		<u>42,799.00</u>
Alaska Department of Natural Resources:		
Passed Through the Alaska Division of Forestry		
Anchor Point Fire Volunteer Fire Assistance	VFA Kachemak	5,000.00
Passed Through the Alaska Division Parks & Outdoor Recreation		
Kenai Peninsula Safe Kids Coalition	CPGH - 40023	6,000.00
Total Alaska Department of Natural Resources		<u>11,000.00</u>
Alaska Department of Health & Social Services:		
Passed Through the Alaska Division Alcoholism & Drug Abuse		
CPGH Serenity House Residential Treatment Center Grant	CPGH - 62441	2,500.00
CPGH Serenity House Residential Treatment Center Grant	CPGH - 63441	8,712.00
Total Alaska Department of Health & Social Services		<u>11,212.00</u>
Alaska Department of Administration:		
Borowide Road Improvement *	03-MG-027	289,806.42
Borowide Road Improvement *	02-MG-074	366,552.66
Total Alaska Department of Administration		<u>656,359.08</u>
Alaska Department of Education & Early Development:		
State School Debt Reimbursement *		1,854,055.00
KCHS reinsulate exterior walls *	GR-02-027	182,082.82
Total Alaska Department of Education al & Early Development		<u>2,036,137.82</u>
Alaska Department of Revenue:		
Electric & Telephone Coop. *		177,324.74
Fish Resource Landing Tax		23,508.98
Fish Tax *		512,000.00
Total Alaska Department of Revenue		<u>712,833.72</u>
Alaska Department of Transportation:		
Kenai Spur Road Extension	MOA	10,683.51
Total Alaska Department of Transportation		<u>10,683.51</u>
Alaska Department of Military & Veteran Affairs:		
FEMA - October & November 2002 Flood *	2003 FLOOD	275,433.57
Total Alaska Department of Military & Veteran Affairs		<u>275,433.57</u>
TOTAL STATE		<u>\$ 5,899,690.20</u>

* State Major Program

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