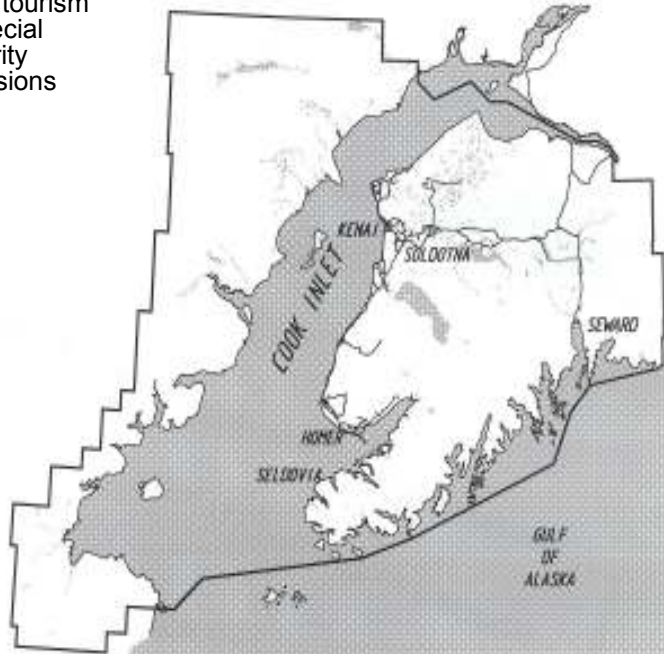


KENAI PENINSULA BOROUGH

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, emergency management, senior citizen grant funding, postsecondary education funding, general administrative services
Service Area Powers	Hospital, fire protection, emergency medical and ambulance services, recreation, senior citizen, and road maintenance and construction
Non-Areawide Powers	Ports and harbors, tourism promotion, and special assessment authority for utility line extensions
Area	25,600 square miles
Population	51,350
Emergency Services	15 fire stations, 2 hospitals
Solid Waste Disposal	8 landfills, 2 baling facilities, 8 transfer facilities, 8 transfer sites, recycling and hazardous waste collection stations
Roads	623 miles maintained
Education	44 schools in operation



Overview

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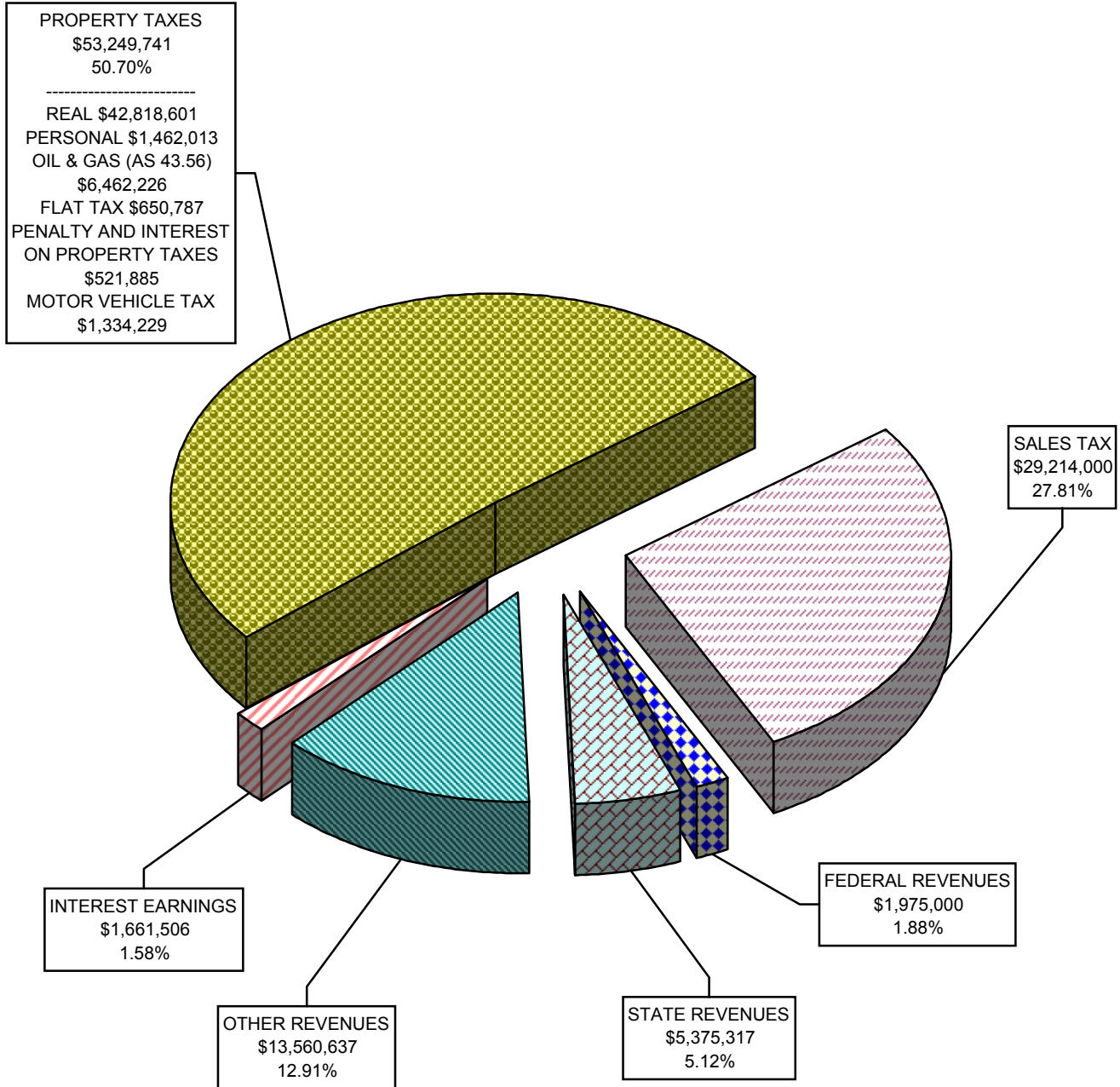
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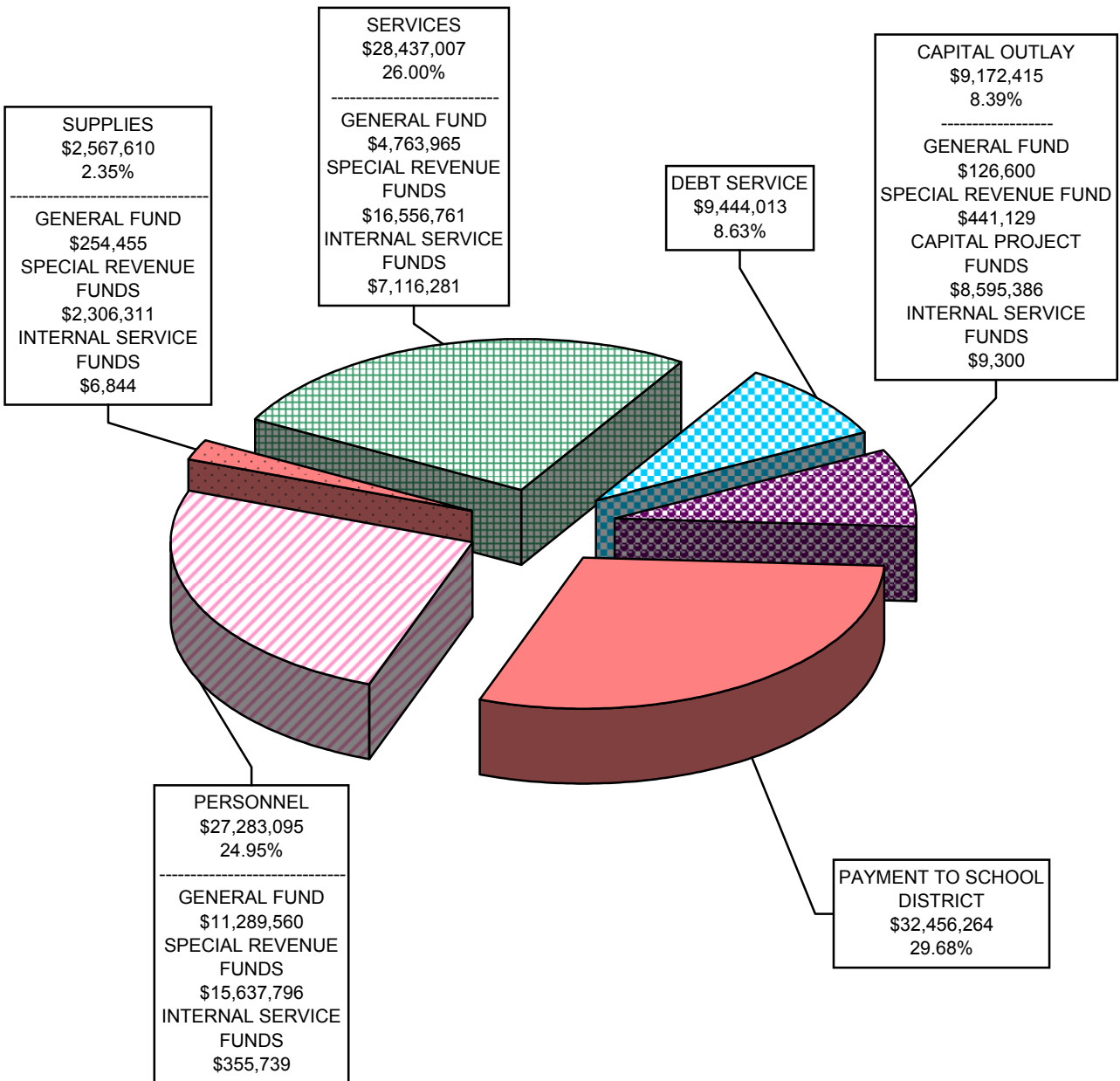
**COMBINED REVENUES AND APPROPRIATIONS
ALL FUND TYPES
FISCAL YEAR 2009**

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Internal Service Fund	Total (Memorandum Only)
Revenues:						
Property Taxes:						
Real	\$ 23,087,655	\$ 19,730,946	\$ -	\$ -	\$ -	\$ 42,818,601
Personal	825,393	636,620	-	-	-	1,462,013
Penalty & Interest	470,615	51,270	-	-	-	521,885
Oil & Gas (AS 43.56)	2,858,724	3,603,502	-	-	-	6,462,226
Flat Tax	464,846	185,941	-	-	-	650,787
Motor Vehicle Tax	850,000	484,229	-	-	-	1,334,229
Total Property Taxes	28,557,233	24,692,508	-	-	-	53,249,741
Sales Tax	29,214,000	-	-	-	-	29,214,000
Federal Revenue	1,975,000	-	-	-	-	1,975,000
State Revenue	4,586,817	38,500	-	750,000	-	5,375,317
Interest Revenue	354,319	837,813	-	297,922	171,452	1,661,506
Other Revenue	1,146,000	5,247,525	-	-	7,167,112	13,560,637
Total Revenues	65,833,369	30,816,346	-	1,047,922	7,338,564	105,036,201
Other Financing Sources/Transfers	136,234	48,914,420	9,444,013	8,706,000	-	67,200,667
Total Revenue and Other Financing Sources	65,969,603	79,730,766	9,444,013	9,753,922	7,338,564	172,236,868
Appropriations:						
Expenditures/Expenses						
Personnel	11,289,560	15,637,796	-	-	355,739	27,283,095
Supplies	254,455	2,306,311	-	-	6,844	2,567,610
Services	4,763,965	16,556,761	-	-	7,116,281	28,437,007
Debt Service	-	-	9,444,013	-	-	9,444,013
Capital Outlay	126,600	441,129	-	8,595,386	9,300	9,172,415
Payment to School District	-	32,456,264	-	-	-	32,456,264
Interdepartmental Charges	(1,620,477)	74,577	-	1,545,900	-	-
Total Expenditures/Expenses	14,814,103	67,472,838	9,444,013	10,141,286	7,488,164	109,360,404
Other Financing Uses/Transfers	53,463,113	13,737,554	-	-	-	67,200,667
Total Appropriations and Other Financing Uses	68,277,216	81,210,392	9,444,013	10,141,286	7,488,164	176,561,071
Net Results From Operations	(2,307,613)	(1,479,626)	-	(387,364)	(149,600)	(4,324,203)
Projected Lapse	370,353	700,223	-	-	-	1,070,576
Change in Fund Balance/ Retained Earnings	(1,937,260)	(779,403)	-	(387,364)	(149,600)	(3,253,627)
Beginning Fund Balance/ Retained Earnings	19,715,186	23,654,958	-	7,043,153	8,681,886	59,095,183
Ending Fund Balance/ Retained Earnings	17,777,926	22,875,555	-	6,655,789	8,532,286	55,841,556
Reserved Fund Balance/Equity Retained Earnings	-	460,891	-	-	-	460,891
Unreserved Fund Balance/ Retained Earnings	17,777,926	22,414,664	-	6,655,789	8,532,286	55,380,665
Total Fund Balance/ Retained Earnings	\$ 17,777,926	\$ 22,875,555	\$ -	\$ 6,655,789	\$ 8,532,286	\$ 55,841,556

**TOTAL PROJECTED GOVERNMENT REVENUE
SOURCES - FY2009
\$105,036,201**



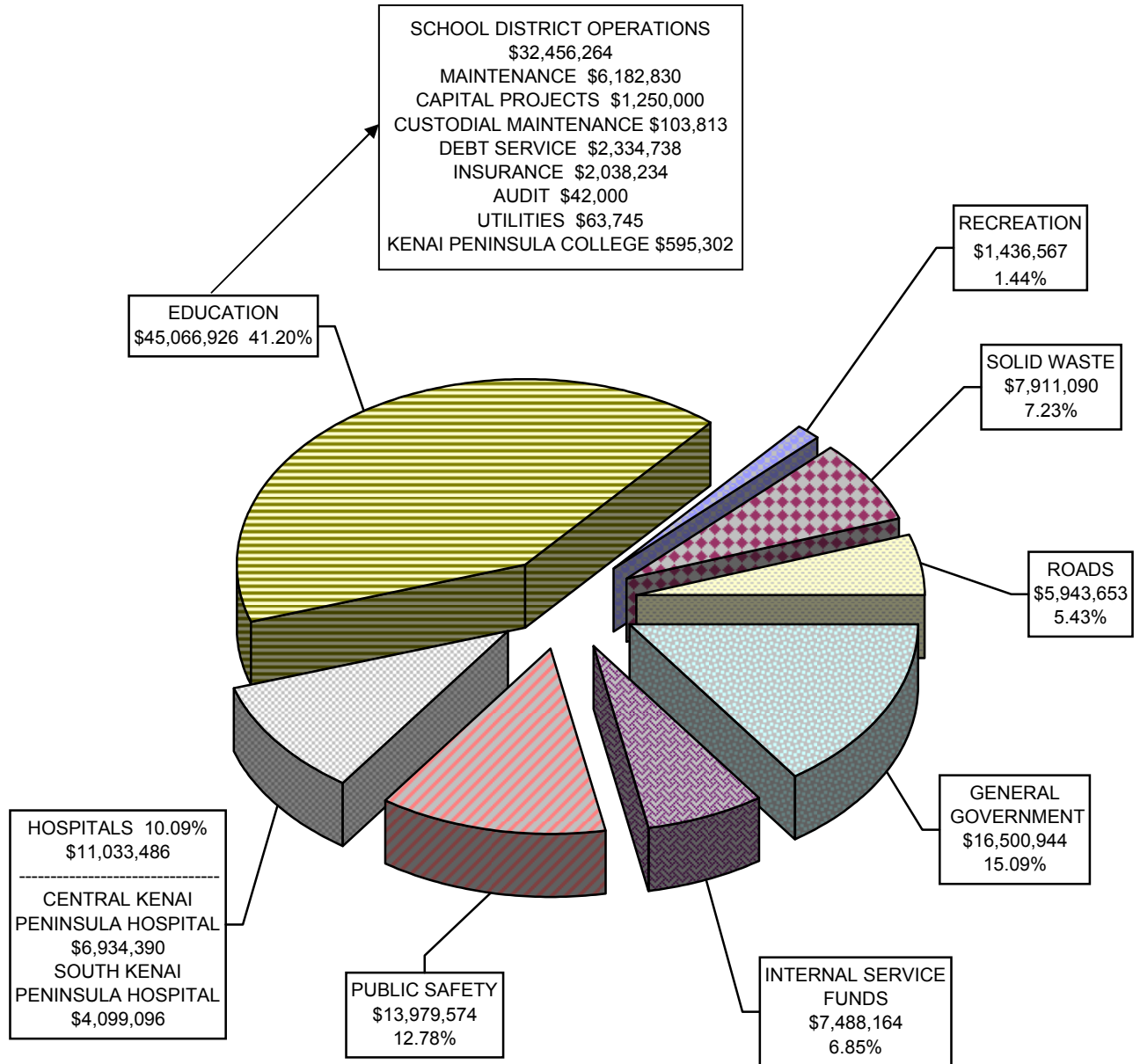
**TOTAL GOVERNMENT ESTIMATED EXPENDITURES
FY2009 - BY OBJECT
\$109,360,404**



Note: The above graph reflects the following Interdepartmental Appropriations:

General Fund:	(\$1,620,477)
Special Revenue Funds:	74,577
Capital Project Funds:	\$1,545,900

**TOTAL GOVERNMENT ESTIMATED EXPENDITURES
FY2009 - BY FUNCTION
\$109,360,404**



MAJOR REVENUE SOURCES

PROPERTY TAXES

Real, Personal and Oil Property Taxes: The Borough's authorization to levy a property is provided under Alaska State Statutes 29.45. Under this section, the State requires the assessor to assess property at full and true value as of January 1 each year. The full and true value is the estimated price that the property would bring in an open market between a willing seller and a willing buyer. The total taxable assessed value for the Borough for FY2009 is \$5,953,026,000.

The rate of levy is to be fixed by resolution, determined annually before June 15, per AS 29.45.240.

The State of Alaska also requires a number of property exemptions that municipalities must exempt when taxing property (AS 29.45.030). Two of the most significant exemptions in terms of dollars are the Senior Citizen and ANSCA native exemptions. In FY2009, these exemptions represent approximately \$9.2 million in property tax not collected. In addition, the Borough has granted optional exemptions. In FY2009, these exemptions represent approximately \$4.2 million in property tax not collected. See page 37 for the estimated exemption amount for the Borough's General Fund.

Penalty and Interest on Taxes Receivable: A.S. Title 29.45.250 and Kenai Peninsula Borough Code of Ordinances 05.12.080 outline the deadlines for payment and the rates of penalty and interest for late or nonpayment of taxes. Each service area of the Borough earns the interest on delinquent payments due its service area; however, the General Fund retains all penalties to offset costs involved with collections.

Motor Vehicle Tax: A.S. Title 28.10.431 and Kenai Peninsula Borough Code of Ordinances 05.12.245 authorizes the State of Alaska to collect personal property tax on registered motor vehicles based on a schedule outlined within A.S. 28.10.431, or an amount imposed by the municipality through passage of an ordinance. The tax is collected at the time of vehicle registration by the Department of Public Safety Motor Vehicle Division and remitted to the Borough monthly, less an administrative fee of 8%.

SALES TAX

A.S. Title 29.45.650 - 29.45.710 and Kenai Peninsula Borough Code of Ordinances 05.18.100 - 05.18.900 authorize the Borough and each of the five cities within the Borough to levy and collect sales tax on all retail sales, rents, and services made or rendered within the Borough

based on the gross sales of the seller. The current Borough rate is 3% and is collected on sales, rentals and services made or rendered within the Borough, subject to the exemptions that have been provided by code. The sales tax shall be applied only to the first \$500 of each separate sale. The Borough also collects sales tax on behalf of the cities within the Borough, which have various rates from 3% - 4.5%, and remits it to them monthly. Interest and penalty are assessed on delinquent sales taxes. The interest rate is set at 15% per annum, and penalty is assessed at 5% of the taxes due per month, up to a maximum of 25%.

FEDERAL REVENUES

Payment in Lieu of Taxes: A pro rata payment for federally-owned entitlement land is authorized by Chapter 69, 31 USC, Section 6902, based on the number of acres of federal lands within the Borough and the Borough population. However, the payment may not exceed a statutory limit. Funds received may be used for any governmental purpose. The estimated amount for FY2009 is \$1,900,000.

Civil Defense: A.S. Title 26.20.030 authorizes reciprocal aid agreements between the State of Alaska and other governments. In cooperation with the Federal government, the State and the Borough have established procedures to provide protection should a disaster occur. Reimbursement up to \$45,000 for operations is received from the Federal government through the Alaska Department of Military and Veterans Affairs.

National Forest Receipts: In accordance with 43 CFR 1881.1-2, funds flow from the Federal government through the State of Alaska to municipalities for in-lieu-of-taxes on national forest lands. Payments are allocated on the basis of a formula. The estimated amount for FY2009 is \$30,000.

STATE REVENUES

School Debt Reimbursement: A.S. Title 14.11.100, State Aid for Retirement of School Construction Debt, outlines the procedure by which the Alaska Department of Education will reimburse the Borough for expenditures on school debt. For Borough bonds issued after April 30, 1993, the reimbursement rate is 70%. For FY2009 the Borough's entitlement for debt reimbursement is projected to be \$1,616,817.

Energy Assistance

The State provided funding for this program for FY2007 and FY2008, in the amounts of \$3,647,140 and

\$1,749,553, respectively.

State Revenue Sharing: Funding for this program ended in FY2003. The average revenue provided by the State under this program for the last 10 years ending FY2003 was approximately \$1.5 million. The State has passed legislation to fund this program in FY2009 and \$2,150,000 has been included in the general fund budget.

Fisheries Taxes: A.S. Title 43.75.015 refunds to local governments a portion of the taxes levied on the fishing industry. Fishery businesses are those which take, purchase or otherwise acquire a fishery resource. This revenue sharing is based on 50% of the amount of taxes collected in the Kenai Peninsula Borough outside cities and 25% of the taxes collected within the cities of the Borough; the Borough's projected share for FY2009 is \$650,000.

Electric and Telephone Cooperative: A.S. Title 10.25.570 refunds to the Borough the gross revenue taxes collected from the electric and telephone cooperatives of the Borough for activities outside cities of the Borough, less an administrative fee for collection.

OTHER REVENUES

Other revenues include service charges and fees for foreclosure, recording fees, election judge services, data processing charges, plat filing fees, fire service training seminars, ambulance service fees, recreation program admissions, and land sales and leases. In the internal service funds, other revenue includes amounts received from other funds for insurance premiums and repayment

for equipment purchases.

E911 service charges are authorized by the Alaska legislature as a surcharge on local telephone exchange lines for operation of the enhanced 911 system.

Solid waste disposal fees are those fees collected at each of the Borough landfill sites for certain commercial/business waste.

Miscellaneous revenues are those that may be nonrecurring receipts for cash received, and are generally insignificant amounts.

Interest is primarily interest on investments and land sales. Kenai Peninsula Borough Code of Ordinances 5.10.010 - 5.10.120 established the investment policies of the Borough; and through the use of pooled funds, the interest earned from those investments is allocated on an equity basis to special revenue funds, special revenue capital projects funds, enterprise funds, and internal service funds.

OTHER FINANCING SOURCES

Sale of Fixed Assets: This revenue is derived from the sale of fixed assets by sealed bid or at public auction.

Transfers from Other Funds: This source of funding includes interfund transfers for services provided by one fund to another fund and transfers from special revenue operating funds to capital projects and debt service funds. Major transfers from the General Fund include those made for school operations, debt service, solid waste operations, and capital improvements.

TOTAL TAXABLE VALUATION AND TAX RATES
TAXABLE ASSESSED VALUATION IN \$1,000s

	REAL	PERSONAL	OIL	TOTAL TAXABLE VALUATION	TAX RATE (MILLS)	TAX REVENUES PENALTIES, INTEREST
Borough	\$ 5,130,590	\$ 187,164	\$ 635,272	\$5,953,026	4.50	\$ 27,707,233
Nikiski Fire	651,739	29,473	435,982	1,117,194	3.00	3,365,279
Bear Creek Fire	123,592	1,776	-	125,368	2.25	284,186
Anchor Point Fire & Emergency Medical	191,262	1,867	13,304	206,433	1.75	364,578
Central Emergency Services	2,027,507	73,389	82,639	2,183,535	2.45	5,390,771
Central Peninsula Emergency Medical	4,617	2,547	-	7,164	1.00	9,492
Kachemak Emergency	347,692	1,156	-	348,848	1.75	613,878
Seward Bear Creek Flood	333,819	19,959	8,802	362,580	0.50	191,319
Lowell Point Emergency	8,405	-	-	8,405	1.75	15,407
Road Service Area	3,287,681	94,864	606,447	3,988,992	1.40	5,622,878
North Peninsula Recreation	651,739	30,066	443,431	1,125,236	1.00	1,132,318
Nikiski Senior	602,311	26,756	430,857	1,059,924	0.20	212,674
Central Peninsula Hospital	3,196,512	126,246	538,645	3,861,403	0.90	3,508,072
South Peninsula Hospital	1,369,273	33,795	87,825	1,490,893	2.30	3,497,427

**Property Tax Exemptions - Fiscal Year 2009 (Applicable to 2008 Tax Year)
Areawide Only - 4.50 Mills**

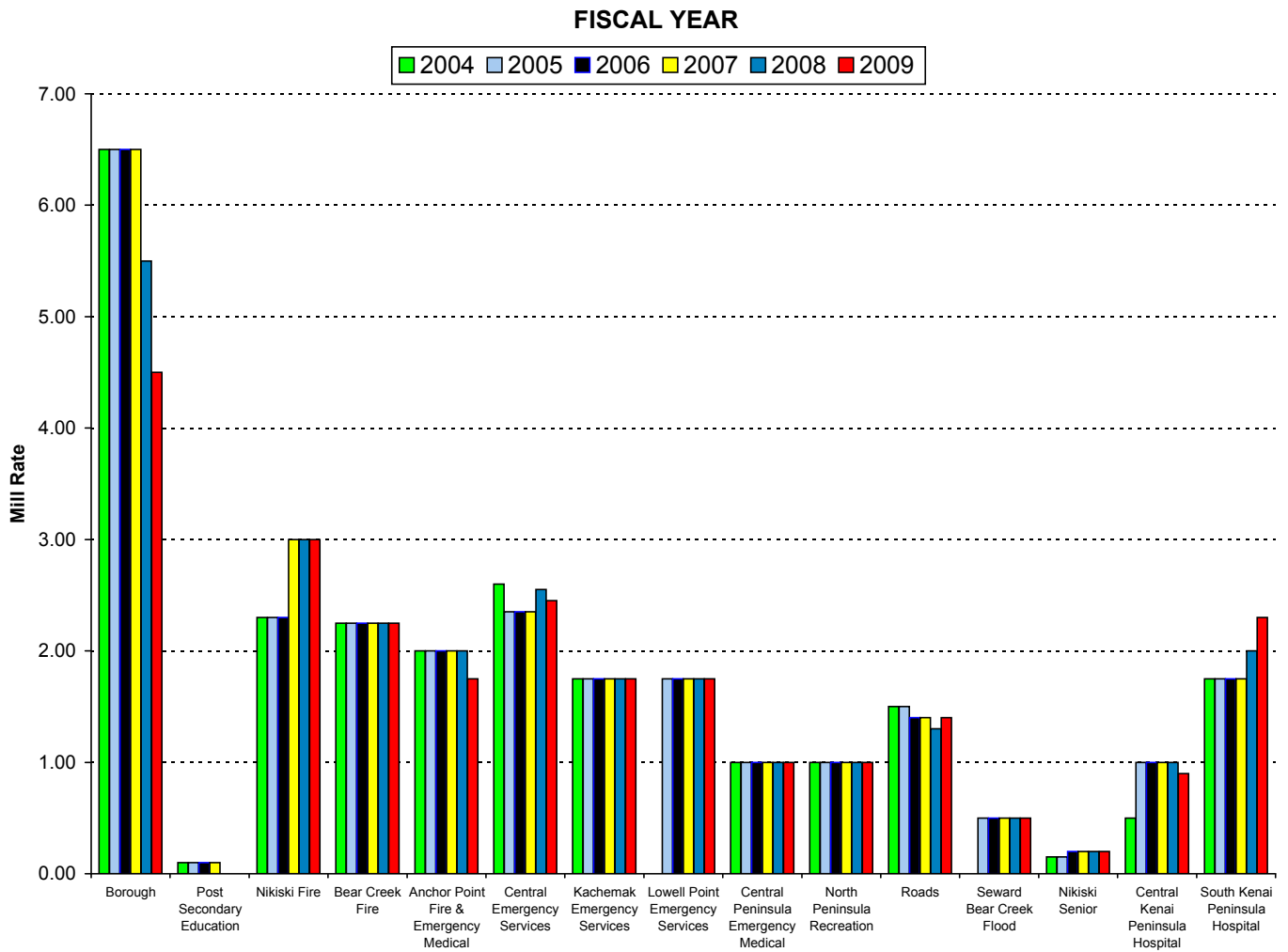
	Exempt Assessed Value (\$1,000)	Exempted Tax Revenue
MANDATORY EXEMPTIONS		
\$150,000 Senior Citizen	\$ 301,359	\$ 1,356,116
ANCSA Native	613,789	2,762,051
Cemetery	1,220	5,490
Charitable	27,061	121,775
Disabled Veteran	27,059	121,766
Electric Cooperative	17,099	76,946
Fire Suppression	8,752	39,384
Government	5,826,976	26,221,392
Hospital	2,868	12,906
Housing Authority	15,845	71,303
Mental Health Trust	53,054	238,743
Multi-Purpose Senior Center	3,583	16,124
Native Allotment (BIA)	29,777	133,997
Religious	83,761	376,925
State Educational	73,695	331,628
University	26,454	119,043
Veterans	1,955	8,798
Total Mandatory Exemptions	7,114,307	32,014,387
DEFERMENTS & ABATEMENTS		
Agriculture Deferment	3,438	15,471
Conservation Easement Deferment	1,217	5,477
Total Deferments & Abatements	4,655	20,948
OPTIONAL EXEMPTIONS		
\$10,000 Volunteer Firefighter/EMS	770	3,465
\$20,000 Homeowner - Borough	186,290	838,305
\$100,000 Personal Property	24,911	112,100
\$150,000 Senior Citizen - Borough Only	137,840	620,280
Community Purpose	34,839	156,776
Disabled Resident \$500 tax credit - Borough	33,700	168,500
Disabled Veteran - Borough Only	18,219	81,986
Habitat Protection	11,462	51,579
River Restoration & Rehabilitation	107	482
Total Optional Exemptions	448,138	2,033,473
GRAND TOTAL ALL KPB EXEMPTIONS	\$ 7,567,100	\$ 34,068,808

OVERLAPPING MILL RATES

TCA	Tax Code Area	Service Area	Borough	NFSA	CES	CPEMS	NPR	SBCF	CPH	SPH	Road Service Area	Total FY2009	Total FY2008	Difference FY2008 MILL/ FY2009 MILL
53	Nikiski Fire (NFSA)	3.00	4.50				1.00		0.90		1.40	10.80	11.80	-1.00
57	Bear Creek Fire	2.25	4.50					0.50			1.40	8.65	9.55	-0.90
68	Anchor Point Fire and Emergency Medical	1.75	4.50							2.30	1.40	9.95	10.80	-0.85
58	Central Emergency Services (CES)	2.45	4.50						0.90		1.40	9.25	10.35	-1.10
81	Kachemak Emergency Services (KES)	1.75	4.50							2.30	1.40	9.95	10.55	-0.60
42	Lowell Point Emergency	1.75	4.50					0.50			1.40	8.15	9.05	-0.90
64	Central Peninsula Emergency Medical (CPEMS)	1.00	4.50							2.30	1.40	9.20	9.80	-0.60
54	North Peninsula Recreation (NPR)	1.00	4.50		2.45				0.90		1.40	10.25	11.35	-1.10
67	Road Service Area	1.40	4.50									5.90	6.80	-0.90
43	Seward Bear Creek Flood (SBCF)	0.50	4.50								1.40	6.40	7.30	-0.90
55	Nikiski Senior	0.20	4.50	3.00			1.00		0.90		1.40	11.00	12.00	-1.00
61	Central Peninsula Hospital (WEST) (CPH)	0.90	4.50								1.40	6.80	7.80	-1.00
63	Central Peninsula Hospital (EAST) (CPH)	0.90	4.50			1.00					1.40	7.80	8.80	-1.00
52	South Peninsula Hospital (SPH)	2.30	4.50									6.80	7.50	-0.70
65	South Peninsula Hospital (Roads) / (SPH)	2.30	4.50								1.40	8.20	8.80	-0.60
20	City of Homer	4.50	4.50							2.30		11.30	12.00	-0.70
80	City of Kachemak	1.00	4.50							2.30		7.80	9.50	-1.70
30	City of Kenai	4.50	4.50						0.90			9.90	11.00	-1.10
10	City of Seldovia	4.60	4.50									9.10	10.10	-1.00
40	City of Seward	3.12	4.50					0.50				8.12	9.12	-1.00
41	City of Seward Special	3.12	4.50					0.50				8.12	9.12	-1.00
70	City of Soldotna	1.65	4.50		2.45				0.90			9.50	10.70	-1.20

MILL RATE HISTORY

	Fiscal Year					
	2004	2005	2006	2007	2008	2009
Borough	6.50	6.50	6.50	6.50	5.50	4.50
Post Secondary Education	0.10	0.10	0.10	0.10	-	-
Service Areas:						
Nikiski Fire	2.30	2.30	2.30	3.00	3.00	3.00
Bear Creek Fire	2.25	2.25	2.25	2.25	2.25	2.25
Anchor Point Fire & Emergency Medical	2.00	2.00	2.00	2.00	2.00	1.75
Central Emergency Services	2.60	2.35	2.35	2.35	2.55	2.45
Kachemak Emergency Services	1.75	1.75	1.75	1.75	1.75	1.75
Lowell Point Emergency Services	-	1.75	1.75	1.75	1.75	1.75
Central Peninsula Emergency Medical	1.00	1.00	1.00	1.00	1.00	1.00
North Peninsula Recreation	1.00	1.00	1.00	1.00	1.00	1.00
Roads	1.50	1.50	1.40	1.40	1.30	1.40
Seward Bear Creek Flood	-	0.50	0.50	0.50	0.50	0.50
Nikiski Senior	0.15	0.15	0.20	0.20	0.20	0.20
Central Kenai Peninsula Hospital	0.50	1.00	1.00	1.00	1.00	0.90
South Kenai Peninsula Hospital	1.75	1.75	1.75	1.75	2.00	2.30



**INTERFUND TRANSFERS
FISCAL YEAR 2009 PROJECTION**

	TRANSFERS IN									
	TRANSFERS OUT	GENERAL FUND	Central Emergency	School Fund	Postsecondary Education	RIAD Match Fund	Kenai River Center	Nikiski Seniors	Solid Waste	DEBT SERVICE
General Fund	\$ 53,463,113		\$ 40,886,886	\$ 595,302	\$ 547,451	\$ 36,542	\$ 6,812,194	\$ 2,334,738	\$ 2,250,000	
Special Revenue Funds:										
Nikiski Fire	368,117	68,117								300,000
Bear Creek Fire	125,000									125,000
Anchor Point Fire										
& Emergency Medical	115,000								115,000	
Central Emergency Services	735,695	68,117							192,578	475,000
Kachemak Emergency Services	150,000									150,000
Central Peninsula										
Emergency Medical	13,872		13,872							
North Peninsula Recreation	200,000									200,000
Roads	1,272,173				22,173					1,250,000
Solid Waste	1,471,244								830,244	641,000
Central Kenai Peninsula Hospital	6,167,125								3,767,125	2,400,000
South Kenai Peninsula Hospital	3,119,328								2,319,328	800,000
	67,200,667	136,234	13,872	40,886,886	595,302	22,173	547,451	36,542	9,444,013	8,706,000

**INTERDEPARTMENTAL CHARGES
FISCAL YEAR 2009**

	TRANSFERS IN			
	TRANSFERS OUT	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS
General Fund:				
Purchasing	\$ 201,794	\$ -	\$ 201,794	\$ -
Major Projects	947,300	-	-	947,300
Non-departmental	696,383	-	-	-
Special Revenue Funds:				
Nikiski Fire	-	-	101,751	-
Bear Creek Fire	-	-	5,420	-
Anchor Point Fire & Emergency	-	-	-	-
Medical	-	-	8,107	-
Central Emergency Services	-	-	159,152	-
Kachemak Emergency	-	-	14,005	-
Lowell Point Emergency	-	-	364	-
North Peninsula Recreation	-	-	41,714	-
Roads	76,200	-	136,358	76,200
School Fund-Maintenance	600,000	225,000	-	375,000
Land Trust Fund	-	-	54,959	-
Facilities Management	-	-	3,659	-
Seward Bear Creek Flood	-	-	3,753	-
Nikiski Senior	-	-	3,846	-
Central Kenai Peninsula Hospital	-	-	10,935	-
South Kenai Peninsula Hospital	-	-	4,960	-
Misc. Capital Projects & Grants	-	-	-	147,400
	<u>\$ 2,521,677</u>	<u>\$ 225,000</u>	<u>\$ 750,777</u>	<u>\$ 1,545,900</u>

Interdepartmental charges represent the cost of services provided by a department or division to another department or division. The Borough's policy is to budget 100% of staff time within each oversight department and then charge/allocate the cost of work done to the respective department receiving the service.