

**KENAI PENINSULA BOROUGH  
ALASKA**



**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR FISCAL YEAR  
ENDED JUNE 30, 2012**

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

**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2012**

**Mike Navarre**  
**BOROUGH MAYOR**

PREPARED BY  
DEPARTMENT OF FINANCE

**CRAIG C. CHAPMAN**  
DIRECTOR OF FINANCE

**BRANDI R. HARBAUGH**  
CONTROLLER

**Kenai Peninsula Borough, Alaska**  
**Comprehensive Annual Financial Report**  
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## **KENAI PENINSULA BOROUGH**

### Finance Department

144 North Binkley Street • Soldotna, Alaska 99669-8250

PHONE: (907) 714-2170 • FAX: (907) 714-2376

MIKE NAVARRE  
MAYOR

November 15, 2012

Honorable Members of the Assembly  
Citizens of the Kenai Peninsula Borough

The Comprehensive Annual Financial Report (CAFR) of the Kenai Peninsula Borough (Borough) for the year ended June 30, 2012 is hereby submitted in accordance with Section 29.35.120 of Alaska Statutes and Borough code. These laws require an annual report on financial activities with an independent audit of all Borough accounts by a certified public accountant.

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

The **Introductory section**, which is unaudited, includes this letter of transmittal, a certificate of achievement for excellence in financial reporting for the Borough's 2011 CAFR, an organization chart, and a list of principal elected and administrative officials.

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

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

Management is responsible for the accuracy, completeness and fairness of the presentation including all disclosures. To provide a reasonable basis for making these representations, management of the Borough has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Borough's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Borough's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

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

The Borough's financial statements have been audited by Mikunda, Cottrell & Company, a firm of independent certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Borough for the fiscal year ended June 30, 2012, 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, 2012, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

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

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

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

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



The Borough is financially accountable for three legally separate discretely presented component units; the School District, Central Peninsula Hospital and South Peninsula Hospital, which are each 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 32-33 as part of the basic financial statements for the governmental funds. For governmental funds, other than the General Fund, these comparisons start on page 72.

### **Factors Affecting Financial Condition**

#### **Economy**

The Borough economy is highly diverse. The five industry categories that have the most employment are local government, retail trade, leisure and hospitality, natural resources and health care. Together they represent most of the Borough's employment. That diversity allows the Borough to be more resilient to declines in any one industry. The Borough's economy has experienced consistent, gradual growth since the late 1980's. Borough wide, the general government tax rate has decreased from 8.59 mills in FY1996 to 4.5 mills in FY2012. The Borough also has a 3% sales tax, which is applied only to the first \$500 of each separate sale. Taxable sales in FY2012 were \$969 million, an increase of 4.75% from the prior year and a 10.3% increase from FY2010. Much of this increase reflects an improving economy recovering from the recession of 2009. 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 FY2012, sales tax revenues represented almost 40% of general fund revenue. It should be noted that the sales tax rate went from 2% to 3% effective January 1, 2008.

The Kenai Peninsula Borough's employment remains relatively steady. The average unemployment in the Borough for 2011 (FY2012) stood at 9.3%, a decrease from the prior year rate of 10.0%; this compares to the statewide average of 7.6%. Traditionally the Borough's unemployment rate has been 2% to 3% higher than the statewide rate, much of this due to the seasonality of work of the fishing and tourism industry in the Borough. The unemployment rate for May 2011 through October 2011 was 8.2% while October 2011 to April 2012 was 9.6%

Oil and gas continues to provide stable but declining employment in the Borough, with gas on the increase and oil on a slow decline. A number of exploratory wells have been drilled in the Borough that have reported finding gas.

#### **Long-Term Financial Planning**

The Borough and its Service Areas issue most of their debt through the Alaska Municipal Bond Bank. The Bond Bank has a rating of Aa2 from Moody's and AA from Fitch.

The Borough's percentage of net general obligation debt to taxable assessed valuation and bonded debt per capita are useful indicators to citizens and investors of the Borough's debt position. The percentage of direct general obligation debt, exclusive of Service Areas, to taxable assessed valuation was .45% as of June 30, 2012, and the direct general obligation debt per capita was \$536. This compares to .53% and \$612 as of June 30, 2011.

### **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 Special Revenue funds that have ambulance activity have cash that is not aggregated in the central treasury.

The Borough Code of Ordinances authorizes investment in obligations of the U. S. Treasury, its agencies and instrumentalities, bankers' acceptances of the fifty largest banks, investment grade corporate bonds, high rated commercial paper, repurchase agreements, fully collateralized certificates of deposit, money market mutual funds, high rated bonds and notes issued by a state or political subdivision thereof, and the Alaska Municipal League Investment Pool, Inc. The Borough Code of Ordinances also places limitations on maturity of investments. In addition, investment guidelines are contained in an Investment Policy established by the finance director and approved by the mayor.

### **Risk Management**

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

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

The Borough provides pension benefits for all eligible employees through the State of Alaska Public Employees Retirement System (PERS). In April 2008 the Alaska Legislature passed Senate Bill (SB) 125 which converted the existing Public Employees Retirement System (PERS) from an agent-multiple employer plan to a cost-sharing plan with an effective date of July 1, 2008. Under the cost-sharing arrangement, the State of Alaska Division of Retirement and Benefits will no longer track individual employer assets and liabilities. Rather, all plan costs and past service liabilities will be shared among all participating employers. The cost-sharing plan will require a uniform employer contribution rate of 22% of active member wages, subject to a wage floor. In addition, the legislation provides for State contributions in the event that the annually calculated and board adopted rate, which includes a provision to pay down the past-service liability, exceeds 22%. Any such additional contributions will be recognized by each employer as an on-behalf payment. More information is included in the pension footnote, beginning on page 60, of these 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, 2011. This was the twenty-ninth 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.

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

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

Respectfully submitted,



Mike Navarre  
Borough Mayor



Craig C. Chapman, CPA  
Director of Finance



Brandi R. Harbaugh, CPA  
Controller

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Kenai Peninsula Borough  
Alaska

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2011

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.



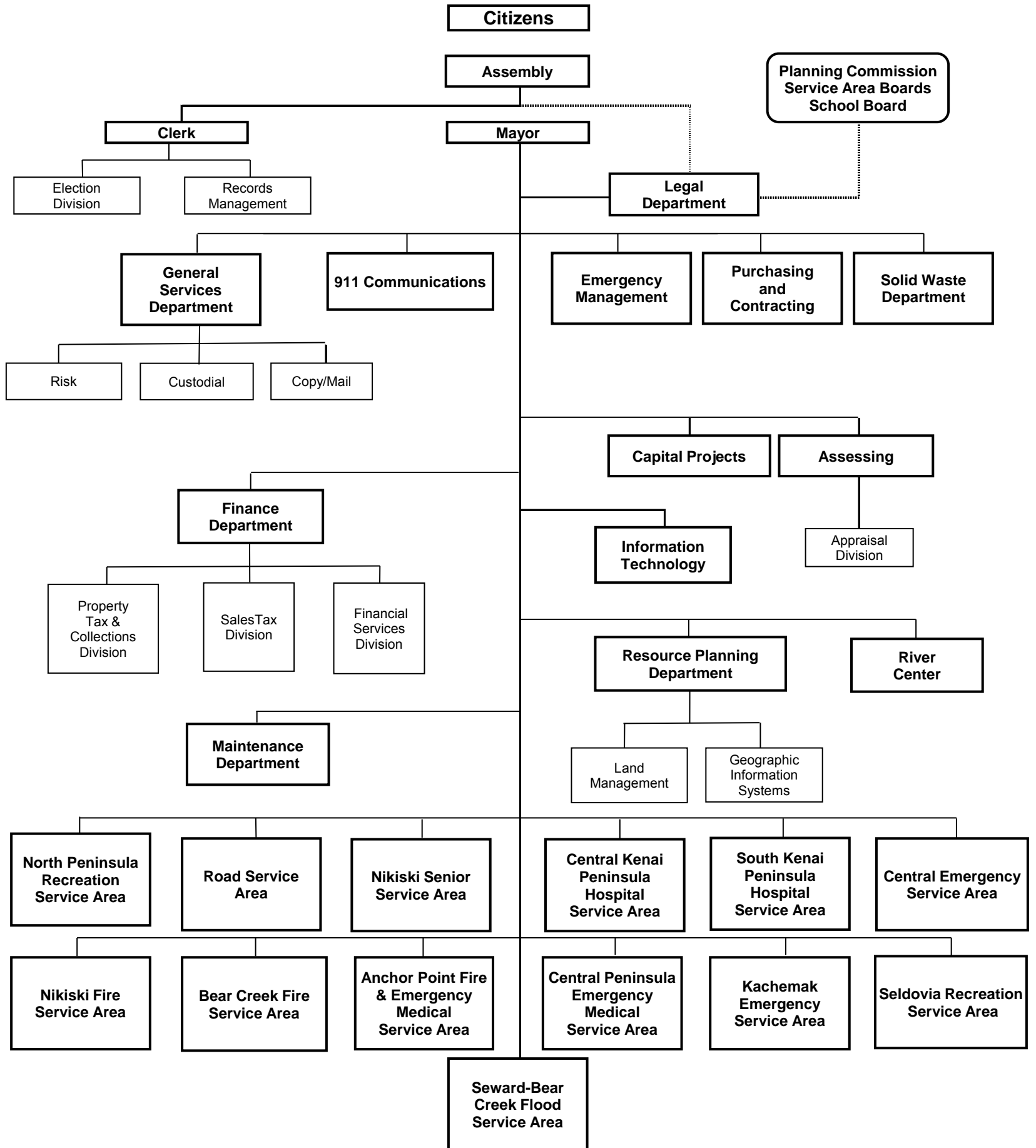
*Linda C. Sandison*

President

*Jeffrey R. Emer*

Executive Director

# Kenai Peninsula Borough Organizational Chart



# **KENAI PENINSULA BOROUGH**

## **List of Principal Officials**

### **Assembly Members**

Gary Knopp	President
Charlie Pierce	Vice President
Hal Smalley	
Mako Haggerty	
Linda Murphy	
Sue A. McClure	
Bill Smith	
Brent Johnson	
Ray Tauriainen	

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**

Mike Navarre	Borough Mayor
Craig C. Chapman	Finance Director
Colette Thompson	Borough Attorney
Mark Dixson	General Services Director
Johni Blankenship	Borough Clerk
Tom Anderson	Assessing Director
Max Best	Planning Director
John Mohorcich	River Center
Kevin Lyon	Capital Projects Director
Patrick Malone	Acting Maintenance Director
Jack Maryott	Solid Waste Director
Mark Fowler	Purchasing & Contracting Officer
Doug Schoessler	Roads Director

# KENAI PENINSULA BOROUGH

## Finance Department

### Finance Director

Craig C. Chapman

### Division Managers

Brandi Harbaugh  
Penny Carroll  
Rhonda Krohn  
Clyde Johnson

Controller  
Budget  
Property Tax  
Sales Tax

### Accounting Staff

Jerri Braun  
Betty Coats  
Tracy Davis - ½ time  
Harmony Curtis  
DeRay Jones  
Julie Lahndt  
Erin Lockwood  
Misty Merriman – ½ time  
Joanne Rodgers

Lezlea Brandon  
Cathy Wagner  
Amy Falk - ½ time  
Anna Donham  
Becky Karsten  
Lauri Lingafelt  
Jennifer Loop  
Samantha Ness - ½ time

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AUDITOR REPORT

Independent Auditor's Report

Honorable Mayor and  
Members of the Assembly  
Kenai Peninsula Borough

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Kenai Peninsula Borough, Alaska, as of and for the year ended June 30, 2012, which collectively comprise the Borough's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Borough's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Kenai Peninsula Borough, Alaska, as of June 30, 2012, and the respective changes in financial position, 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.

As described in Note 1A to the financial statements, the Borough adopted the provisions of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, in 2012.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2012 on our consideration of Kenai Peninsula Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Honorable Mayor and  
Members of the Assembly  
Kenai Peninsula Borough

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 13 through 24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit for the year ended June 30, 2012 was conducted for the purpose of forming opinions on the financial statements that collectively comprise Kenai Peninsula Borough's basic financial statements. The combining and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2012, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2012.

The accompanying introductory and statistical sections, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Mikunda, Cottrell & Co.*

Anchorage, Alaska  
November 15, 2012

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

This section of the Kenai Peninsula Borough (Borough) Comprehensive Annual Financial Report (CAFR), provides readers with a narrative overview and analysis of the Borough's financial activities for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-5 of this report and the notes to the financial statements which can be found on pages 39-60 to enhance their understanding of the activities and financial health of the Borough.

### **Financial Highlights**

- The assets of the Kenai Peninsula Borough exceeded its liabilities at the close of the most recent year by \$276.6 million. Of this amount, \$31.0 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 20 and page 43.
- The Kenai Peninsula Borough has established a formal fund balance policy affecting the General Fund, annually budgeted special revenue funds and general government capital project funds. The policy sets both minimum and maximum levels.
- At the end of the current fiscal year, total fund balance for the General Fund was \$21.5 million, a decrease of \$.2 million from FY2011. The assigned and unassigned fund balance for FY2012, not including the amount that was budgeted for FY2013 expenditures, is \$20.3 million. This compares to the FY2011 amount of \$18.2 million. This represents 28.4% of the total General Fund expenditures and transfers balance. This compares to 25.3% as of June 30, 2011.
- The Borough's total net assets decreased \$9.1 million.
- As of the close of the current fiscal year, the Borough's governmental funds reported combined ending fund balances of \$61.5 million, a decrease of \$12.0 million from the prior year. Much of this decrease is due to the timing of revenues recognition for bond proceeds and grant revenue that was recognized in prior years with expenditures being recognized in the current year.
- The Borough refinanced \$8.6 million in school debt during the fiscal year. After paying issuance cost, the present value of the savings is \$.7 million which will be recognized over the life of the remaining debt. Total outstanding debt at year-end was \$37.6 million, a decrease of \$3.1 million from FY2011.

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

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

Fund Type	Number of funds
General Fund	1
Debt Service Funds	3
Capital Project Funds	13
Special Revenue Funds	18
<b>Total Governmental Funds</b>	<b>36</b>
<b>Total Internal Service Funds</b>	<b>4</b>
<b>Total Agency Funds</b>	<b>27</b>

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

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

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

Both the Statement of Net Assets and the Statement of Activities distinguish functions of the Borough that are financed primarily by taxes, intergovernmental revenues, and charges for services (governmental activities.) The Borough's governmental activities include general government, solid waste, public safety, recreation, education, environmental protection and road and trail maintenance.

The government-wide financial statements present not only the Borough itself, but also the following discretely presented components units of the Borough; Kenai Peninsula Borough School District, Central Peninsula Hospital, and South Peninsula Hospital. Financial information for these discrete components units is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 25-27 of this report.

The remaining statements are fund financial statements that focus on individual parts of the local government, reporting the Borough's operations in more detail than the government-wide statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Borough, like other state and local governments, uses fund accounting to ensure and demonstrate fiscal accountability.

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

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on the short-term view of the Borough's operations.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Borough maintains 36 individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and Bond Funded Capital Project Fund. The other 34 governmental funds are combined and shown as Other Governmental Funds on the Governmental Fund Balance Sheet and Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances. Individual fund information for the nonmajor funds are presented in the Combining Balance Sheet Nonmajor Special Revenue Funds, Combining Balance Sheet Nonmajor Capital Project Funds, Combining Balance Sheet Nonmajor Debt Service Funds, and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Special Revenue Funds, Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Capital Project Funds, and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Debt Service Funds.

The basic governmental fund financial statements can be found on pages 28-33 of this report. Budgetary comparison statements for 14 special revenue funds and 3 debt service funds with annual budgets are provided on pages 72-85 and 97-99 respectively to demonstrate compliance with these budgets.

**Proprietary funds.**

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 benefit governmental functions, they have been included within governmental activities in the government-wide financial statements. All of the 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. The basic proprietary fund financial statements can be found on pages 34-36 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 37 of this report.

**Notes to the financial statements.**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 39-60 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 64-71 and internal service funds can be found on pages 101-103 of this report.

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

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Borough, assets exceeded liabilities by \$276.6 million, at June 30, 2012 compared to \$285.6 million at June 30, 2011. By far the largest portion of the Borough's net assets (81.0%) reflects its investment in capital assets (e.g. land, buildings, machinery, etc.) less any related debt used to acquire those assets that is 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 FY12, governmental activities capital assets, net of accumulated depreciation of the Borough decreased \$1.6 million. Current and other assets include \$79.8 million and \$88.9 million of cash and investments held for governmental activities at June 30, 2012 and 2011, and governmental activities bonded long-term debt decreased by \$3.8 million.



Net Assets  
June 30, 2012 and 2011  
Governmental  
Activities  
(in millions)

	<u>2012</u>	<u>2011</u>
Current and other assets	\$ 94.9	\$ 102.7
Capital assets	<u>242.8</u>	<u>244.4</u>
Total assets	<u>337.7</u>	<u>347.1</u>
Long-term debt outstanding	38.2	40.7
Other liabilities	<u>22.9</u>	<u>20.8</u>
Total liabilities	<u>61.1</u>	<u>61.5</u>
<b>Net assets</b>		
Invested in capital assets, net of related debt	224.0	225.6
Restricted	21.6	31.5
Unrestricted	<u>31.0</u>	<u>28.5</u>
Total net assets	<u>\$ 276.6</u>	<u>\$ 285.6</u>

**Governmental activities.**

Governmental activities decreased the Borough's net assets by \$9.0 million. This compares to a decrease of \$5.6 million for the year ended June 30, 2011. Key elements of this are as follows:

- Grant funds of \$4.6 million was received for road improvements, however, the roads capital project fund also recognized \$12.5 in road improvement expenses to maintain current road conditions on previously capitalized roads.

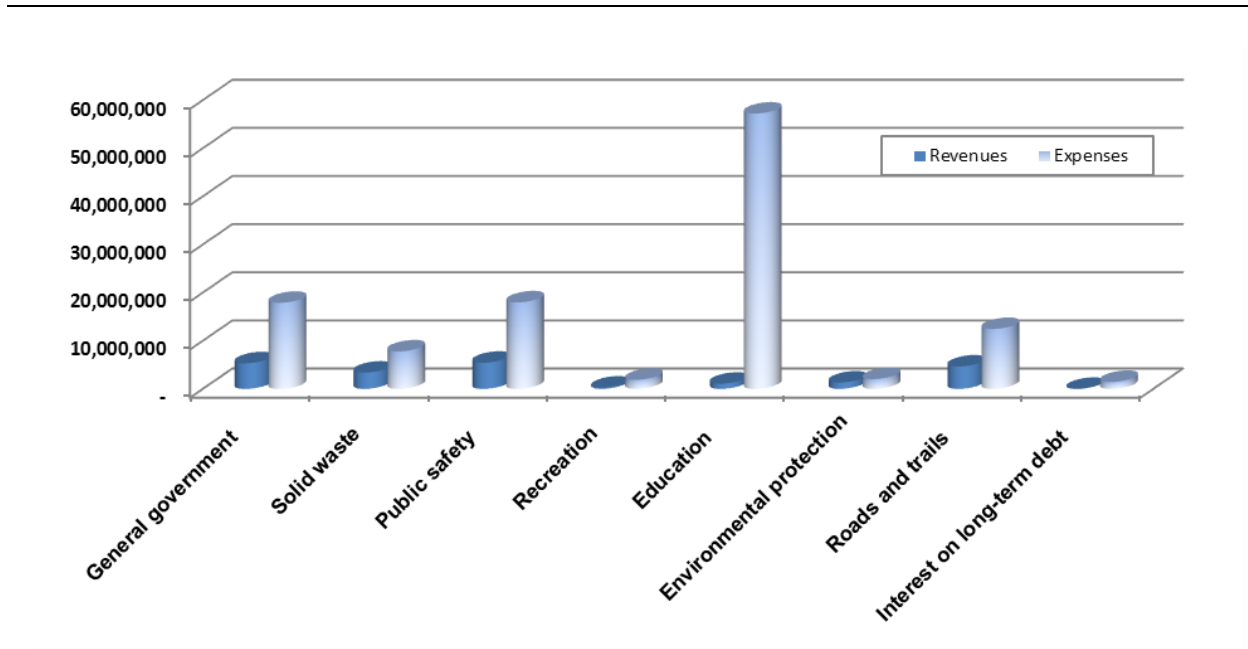
**Changes in net assets.**

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

	Changes in Net Assets For Years Ended June 30, 2012 and 2011 (in millions)	
	Governmental Activities	
	<u>2012</u>	<u>2011</u>
Revenues:		
Program revenues:		
Charges for services	\$ 4.4	\$ 3.4
Operating grants and contributions	7.3	6.3
Capital grants and contributions	9.7	6.0
General revenues:		
Property taxes	50.5	49.5
Sales taxes	28.4	27.8
Other	<u>9.4</u>	<u>9.5</u>
Total revenues	<u>109.7</u>	<u>102.5</u>
Expenses:		
General government	17.9	18.1
Solid waste	7.8	7.6
Public safety	18.0	15.0
Recreation	1.9	1.5
Environmental protection	2.0	2.1
Road and trails	12.5	10.9
Education - Payments to component unit- Kenai Peninsula Borough School District	43.5	42.6
Education - Other (debt service, capital projects, post-secondary)	13.7	9.0
Interest on long-term debt	<u>1.4</u>	<u>1.3</u>
Total expenses	<u>118.7</u>	<u>108.1</u>
Increase (decrease) in net assets	(9.0)	(5.6)
Net assets, beginning of year	285.6	290.1
Change in beginning net assets – change in the infrastructure	<u>-</u>	<u>1.1</u>
Net assets, end of year	<u>\$276.6</u>	<u>\$285.6</u>

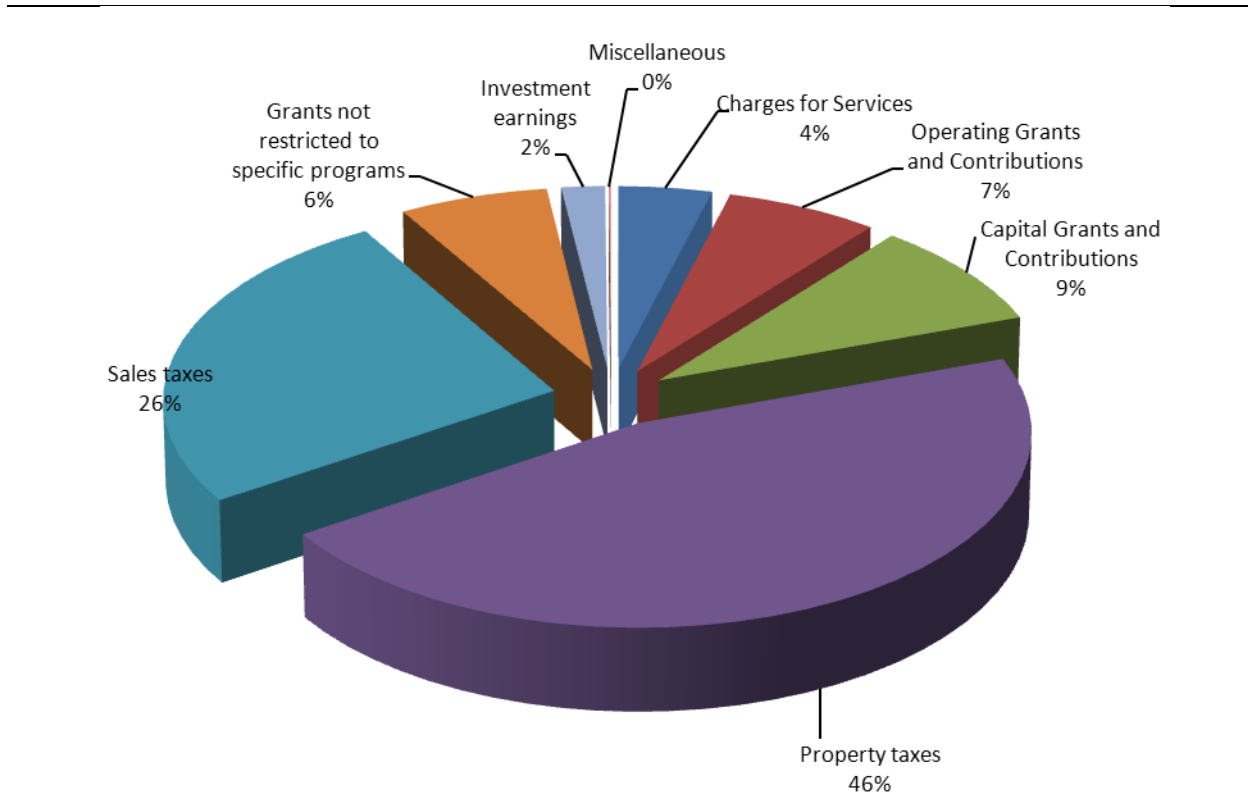
### Expenses and Program Revenues – Governmental Activities

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 inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Borough's financing requirements. In particular, unrestricted 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 \$61.5 million, a decrease of \$12.0 million from the prior year. A portion of this amount is restricted to indicate it is not available for new spending because it has already been committed: 1) to liquidate contracts and purchase orders of the prior period 2) to liquidate prepaid expenses, 3) or for other restricted purposes. In compliance with the new GASB 54 requirements, the assigned and unassigned amount at year was \$25.7 million; of which \$1.5 million was budgeted for subsequent year expenditures, and \$5.4 million was unassigned and is available for spending at the government's discretion.

Discussion of selected individual governmental funds is as follows:

#### **General Fund**

The General Fund is the chief operating fund of the Borough. At the end of the current fiscal year, fund balance was \$21.5 million, a decrease of \$.2 from the prior year, compared to a budgeted decrease of \$4.1 million. Key factors include:

- The State of Alaska provided a onetime payment of \$.7 million for revenue sharing.
- Fish tax revenue sharing came in \$.3 million higher than budgeted.
- Due to turnover/retirement of Borough staff, personnel cost came in \$.8 million less than projected.
- The Solid Waste department under spent their budget \$.6 million, while dumping fees came in \$.4 million higher than expected due to acceptance of construction debris.
- Administrative service fees charges came in higher than projected.

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

Fund balance in the Bond Funded Capital Projects Fund decreased \$7.6 million due to expenditures for school and solid waste capital projects. Revenues from bond sales were recognized in a prior year.

#### **Central Emergency Service Area Special Revenue Fund**

Fund balance in this service area decreased \$303,047 or approximately 16.7%, compared to the FY11 decrease of \$527,345. Expenditures and transfers out totaled \$7,997,327, an increase of \$384,383 compared to FY11. Expenditures are up approximately 37.5% since FY2008. Much of this increase was the impact of staffing and equipping new stations in Funny River and Kasilof.

#### **Road Service Area Special Revenue Fund**

Due to near record snowfall during the fiscal year, fund balance in this fund decreased \$930,156 or approximately 37.1% when compared to the FY11 ending fund balance. During the past four fiscal years, the service area has received funding totaling over \$22 million for capital projects, reducing the need to fund capital projects from the service area's operating fund. The service area redirected funds they previously appropriated for their capital project fund into their

operating fund for normal road maintenance to address items that had previously been backlogged.

#### Land Trust Special Revenue Fund

Fund balance in this fund decreased \$218,620 or approximately 4.0%, compared to the FY11 decrease of \$387,883. The Borough is currently in the process of developing two subdivisions and the net proceeds are projected to increase fund balance in this fund in future years.

#### Environmental Protection Program Special Revenue Fund

Fund balance in this fund decreased \$713,374 to \$590,033. Since 1998, the Borough has received approximately \$18.0 million from the federal government to address damage caused by the spruce bark beetle. This program is expected to expend its remaining grant funds in FY2013.

#### Miscellaneous Grant Special Revenue Fund

The Borough receives numerous grants through the course of the year, some of which are funded in advance. During FY2012, expenditures were made on the Cruise Ship Passenger Vessel program totaling \$797,218 for which revenues had been received in the prior year.

### **General Fund Budgetary Highlights**

During the year there were increases of \$2,090,132, not including carryover encumbrances, in appropriations between the original budget and the final amended budget. The primary reasons for amending the budget are:

- Supplemental appropriations to increase revenues and expenditures due to receipt of unanticipated grant revenue.
- In kind contributions to the Public Employees Retirement System made by the State of Alaska on the Borough's behalf.
- The Borough is self insured for health insurance. Supplemental appropriations were needed to provide additional funding to the Borough's Employee Health Insurance Fund due to higher than expected claims.

Budgetary changes can be briefly summarized as follows:

- Non-Departmental
  - \$100,000 to provide funding for anadromous streams crossing projects.
- Assessing
  - \$100,000 was appropriated to cover additional cost associated with the Tesoro Board of Equalization hearing.
- All departments
  - Public Employees Retirement System (PERS). The Alaska legislature enacted legislation that provided funding to political subdivisions to assist with the increase in rates for PERS. The amount provided to the Kenai Peninsula Borough was \$2,175,260 of which the General Fund including Solid Waste and 911, received \$1,017,285.

- Health care. \$100,000 to assist the Borough in determining the course of action to pursue regarding curtailing health care cost.
- Due to higher than budgeted health care cost incurred in FY2012, a supplemental appropriation of \$849,000 was needed to cover health care expenditures of which \$421,051 was General Fund including Solid Waste and 911.

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

- State Revenue Sharing came in \$.7 million higher than budgeted.
- Fish tax revenue sharing came in \$.3 million higher than budgeted due to a larger than expected sockeye salmon return.
- Personnel cost came in \$.8 million less than budgeted as positions were not filled or were delayed before being filled.
- Solid Waste under spent their budget by \$.6 million due to less than expected cost for transporting waste.

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

#### **Capital assets.**

The Borough's investment in capital assets as of June 30, 2012 and June 30, 2011 amounts to \$242.8 million and \$244.4 million, respectively, (net of accumulated depreciation.) This investment in capital assets includes land, buildings, machinery and equipment, roads, and infrastructure.

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

Various major repairs and additions to school facilities	\$ 0.4 million
A variety of major repairs for existing roads and bridges	\$ 1.6 million
Various major repairs and additions to public safety facilities	\$ 3.2 million
Improvements at various solid waste facilities	\$ 3.9 million

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

	Governmental activities	
	<u>2012</u>	<u>2011</u>
Land and improvements	\$ 70.3	\$ 70.0
Buildings	119.6	125.8
Improvements other than buildings	17.9	19.3
Machinery and equipment	13.6	12.7
Infrastructure	12.2	11.0
Construction in progress	<u>9.2</u>	<u>5.6</u>
Total governmental funds capital assets	<u>\$ 242.8</u>	<u>\$ 244.4</u>

Additional information on the Borough's capital assets can be found in Note E on page 51 of this report.

**Long-term debt.**

At the end of the current fiscal year, the Borough had total debt outstanding of \$37.6 million, (not including bond premium) a decrease of \$3.1 million from June 30, 2011. Of this amount, \$32.2 million was bonded and backed by the full faith and credit of the Borough or Service Areas of the Borough. The remaining debt consists of landfill closure cost. Of the \$32.2 million in debt, \$26.5 million was issued for school improvements and is eligible for 70% reimbursement from the State of Alaska. The schedule shown below does not include compensated absences.

	Governmental Activities	
	<u>2012</u>	<u>2011</u>
General obligation bonds	\$ 32.2	\$ 36.0
Other debt	<u>5.4</u>	<u>4.7</u>
Total outstanding debt	<u>\$ 37.6</u>	<u>\$ 40.7</u>

The Borough's discretely presented component units also have debt outstanding at the end of the year totaling \$56.7 million, not including premiums and other cost. Of that amount, \$52.0 million was bonded and backed by the full faith and credit of various Service Areas of the Borough. Additional information on the Borough's long-term debt can be found in note H on pages 54-56 of this report and table XII on page 127.

The Borough normally uses the Alaska Municipal Bond Bank (Bond Bank) to sell its bonds. The Bond Bank has a rating of Aa2 from Moody's and AA from Fitch. The last bonds the Borough sold that did not go through the Bond Bank were the Central Peninsula Hospital Service Area general obligation bonds that were sold in December 2003, which had a rating of Aaa.

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

The average unemployment in the Borough for 2011 stood at 9.3%, a decrease from the prior year rate of 10.0%; this compares to the statewide average of 7.6%. Traditionally the Borough's unemployment rate has been 2% to 3% higher than the statewide rate, much of this due to the seasonality of work of the fishing and tourism industry in the Borough. The unemployment rate for May 2011 through October 2011 was 8.2% while October 2011 to April 2012 was 9.6%

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

As part of the FY12 State of Alaska budget, the Alaska legislature passed legislation that provided funding for Public Employees Retirement System (PERS) cost in excess of 22%, which was paid directly to PERS. The savings impact Borough-wide is approximately \$2.2 million. This is only a temporary fix to the problem. If similar funding is not provided in FY13 and out years, the PERS rate is expected to be over 35%.

In setting the budgets for FY13, the Borough considered a number of issues with Borough wide impact, among them:

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

### **Request for Information**

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



**BASIC FINANCIAL STATEMENTS**

**Kenai Peninsula Borough**

Statement of Net Assets

June 30, 2012

	<u>Primary Government</u>		<u>Component Units</u>	
	<u>Governmental Activities</u>	<u>Central Peninsula Hospital</u>	<u>South Peninsula Hospital</u>	<u>School District</u>
<b><u>Assets</u></b>				
Cash and short-term investments	\$ 29,977	\$ 23,254,953	\$ 5,414,895	\$ 25,239
Equity in central treasury	79,771,111	4,548,534	2,115,644	36,506,171
Receivables (net of allowances for estimated uncollectibles):				
Taxes receivable	6,804,002	4,761	130,852	-
Accounts receivable	576,477	903,833	62,061	222,907
Patient receivables	-	18,913,586	7,591,244	-
Note receivable	59,400	-	-	-
Land sale contracts receivable:				
Current	180,418	-	-	-
Delinquent	12,232	-	-	-
Due from other governments	4,892,658	-	-	3,414,504
Due from special assessment districts	1,222,411	-	-	-
Prepays	3,661	1,341,753	307,012	1,257,300
Inventory	-	3,539,385	1,213,604	1,087,869
Note receivable - long-term	198,063	-	-	-
Land sale contracts receivable - Long-term	1,041,877	-	-	-
Unamortized bond issuance costs	76,236	133,493	71,661	-
Net pension asset	-	-	687,308	-
Restricted assets	-	3,034,960	-	3,603,193
Assets whose use is limited -				
Investments	-	11,921,461	145,336	-
Equity in central treasury	-	-	250,158	-
Capital assets (net of accumulated depreciation):				
Land and land improvements	70,342,970	2,862,682	2,663,678	-
Buildings	119,641,066	38,775,913	35,843,240	-
Improvements other than buildings	17,912,949	418,841	63,465	-
Equipment	13,535,270	21,902,694	5,005,603	3,088,378
Construction in progress	9,238,127	893,763	157,368	-
Infrastructure	12,192,852	-	-	-
Total assets	<u>337,731,757</u>	<u>132,450,612</u>	<u>61,723,129</u>	<u>49,205,561</u>
<b><u>Liabilities</u></b>				
Accounts, contracts and retainage payable	5,558,510	5,217,426	950,151	792,280
Accrued payroll and payroll benefits	2,732,505	4,734,882	1,670,864	7,203,863
Accrued interest	515,108	535,263	265,024	-
Unearned revenue	11,492,645	14,194	405,518	-
Noncurrent liabilities:				
Compensated absences:				
Due within one year	651,915	713,701	296,015	67,912
Due in more than one year	1,955,748	2,141,102	888,045	3,280,522
Long-term debt:				
Due within one year	3,573,971	2,181,132	1,084,400	6,205,534
Due in more than one year, net of premium and deferred loss	34,657,336	33,113,775	19,129,571	-
Total liabilities	<u>61,137,738</u>	<u>48,651,475</u>	<u>24,689,588</u>	<u>17,550,111</u>
<b><u>Net Assets</u></b>				
Invested in capital assets, net of related debt	224,040,405	29,558,986	23,519,563	3,088,378
Restricted:				
Roads construction and upgrades	1,578,268	-	-	-
Spruce Bark Beetle program	558,983	-	-	-
General government	691,154	-	-	-
Public safety facilities and equipment	7,273,037	-	-	-
Recreation	1,606,046	-	-	-
Solid waste facilities	888,604	-	-	-
School roof projects	8,999,005	-	-	-
Charter schools	-	-	-	645,261
Malpractice trust	-	500,000	-	-
Hospital expansion project	-	-	25,286	-
Unrestricted	30,958,517	53,740,151	13,488,692	27,921,811
Total net assets	<u>\$ 276,594,019</u>	<u>\$ 83,799,137</u>	<u>\$ 37,033,541</u>	<u>\$ 31,655,450</u>

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

**Kenai Peninsula Borough**  
**Statement of Activities**  
For the Year Ended June 30, 2012

Function/Program Activities	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government</b>				
Governmental activities:				
General government	\$ 17,886,287	\$ 1,162,154	\$ 3,720,699	\$ 437,591
Solid waste	7,784,525	817,272	144,585	2,420,060
Public safety	17,974,573	2,245,443	1,986,973	1,206,660
Recreation	1,884,148	220,883	48,946	-
Education	57,206,138	-	-	1,070,708
Environmental protection	2,047,058	-	1,320,002	-
Roads and trails	12,447,099	-	64,006	4,592,086
Interest on long-term debt	1,445,013	-	-	-
Total primary government	<u>\$ 118,674,841</u>	<u>\$ 4,445,752</u>	<u>\$ 7,285,211</u>	<u>\$ 9,727,105</u>
<b>Component units -</b>				
Central Peninsula Hospital	\$ 108,426,548	\$ 116,849,605	\$ -	\$ -
South Peninsula Hospital	40,818,481	39,307,344	61,774	-
Kenai Peninsula Borough School District	<u>157,914,204</u>	<u>825,329</u>	<u>18,381,570</u>	<u>-</u>
Total component units	<u>\$ 266,340,752</u>	<u>\$ 117,674,934</u>	<u>\$ 18,381,570</u>	<u>\$ -</u>

**General revenues:**

- Taxes:
  - Property taxes
  - Sales taxes
- Grants not restricted to specific programs
- Investment earnings
- Payments from Kenai Peninsula Borough
- Miscellaneous
- Total general revenues

Change in net assets

Net assets at beginning of year

Net assets at end of year

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

**Net (expense) revenue and changes in net assets**

Primary Government Governmental Activities	Component Units		
	Central Peninsula Hospital	South Peninsula Hospital	School District
\$ (12,565,843)	\$ -	\$ -	\$ -
(4,402,608)	-	-	-
(12,535,497)	-	-	-
(1,614,319)	-	-	-
(56,135,430)	-	-	-
(727,056)	-	-	-
(7,791,007)	-	-	-
(1,445,013)	-	-	-
<u>(97,216,773)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	8,423,057	-	-
-	-	(1,449,363)	-
-	-	-	(138,707,305)
-	<u>8,423,057</u>	<u>-</u>	<u>(138,707,305)</u>
50,485,761	91,686	3,631,204	-
28,385,150	-	-	-
7,102,607	-	-	91,837,010
2,072,921	266,277	57,729	898,439
-	-	-	43,251,135
116,156	52,843	-	215,525
<u>88,162,595</u>	<u>410,806</u>	<u>3,688,933</u>	<u>136,202,109</u>
(9,054,178)	8,833,863	2,239,570	(2,505,196)
<u>285,648,197</u>	<u>74,965,274</u>	<u>34,793,971</u>	<u>34,160,646</u>
\$ <u>276,594,019</u>	\$ <u>83,799,137</u>	\$ <u>37,033,541</u>	\$ <u>31,655,450</u>

**Kenai Peninsula Borough**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2012**

<u>Assets</u>	<u>General Fund</u>	<u>Bond Funded Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and short-term investments	\$ 1,010	\$ -	\$ 22,521	\$ 23,531
Equity in central treasury	20,560,300	11,603,300	34,562,221	66,725,821
Receivables (net of allowances for estimated uncollectibles):				
Taxes receivable	6,422,014	-	381,988	6,804,002
Accounts receivable	208,403	-	359,785	568,188
Notes receivable-short term	59,400	-	-	59,400
Land sale contracts receivable:				
Current	-	-	180,418	180,418
Delinquent	-	-	12,232	12,232
Due from other governments	1,363,445	-	3,382,054	4,745,499
Due from special assessment districts	1,222,411	-	-	1,222,411
Due from other funds	74,404	-	-	74,404
Prepays	-	-	3,661	3,661
Notes receivable-long term	198,063	-	-	198,063
Land sale contracts receivable - Long-term	-	-	1,041,877	1,041,877
<b>Total assets</b>	<b><u>\$ 30,109,450</u></b>	<b><u>\$ 11,603,300</u></b>	<b><u>\$ 39,946,757</u></b>	<b><u>\$ 81,659,507</u></b>
 <b><u>Liabilities and Fund Balances</u></b>				
Liabilities:				
Accounts and retainage payable	1,093,344	1,714,753	2,661,851	5,469,948
Accrued payroll and payroll benefits	450,242	-	442,003	892,245
Due to other funds	-	-	74,404	74,404
Deferred revenue	653,550	-	1,581,681	2,235,231
Unearned revenue	6,445,731	-	5,046,914	11,492,645
<b>Total liabilities</b>	<b><u>8,642,867</u></b>	<b><u>1,714,753</u></b>	<b><u>9,806,853</u></b>	<b><u>20,164,473</u></b>
Fund balances:				
Nonspendable:				
Long-term land contracts receivable	-	-	1,041,877	1,041,877
Long-term notes receivable	198,063	-	-	198,063
Prepays	-	-	3,661	3,661
Restricted:				
Landfill closure/postclosure costs	-	-	5,450,071	5,450,071
Roads construction and upgrades	-	-	1,578,268	1,578,268
Spruce Bark Beetle Program	-	-	558,983	558,983
General government	-	-	691,154	691,154
Public safety	-	938	7,272,099	7,273,037
Recreation	-	-	1,606,046	1,606,046
Education	-	8,999,005	-	8,999,005
Solid waste	-	888,604	-	888,604
Committed:				
Outstanding committed contracts	78,805	-	2,728,400	2,807,205
Building maintenance and upgrades	-	-	111,048	111,048
Land development projects	-	-	270,452	270,452
Public safety facilities and equipment	-	-	1,543,671	1,543,671
Recreational facility maintenance	-	-	183,895	183,895
School maintenance and upgrades	-	-	1,787,502	1,787,502
Solid waste facilities	-	-	515,628	515,628
Healthcare consultant	200,000	-	-	200,000
Professional Services - tax appeals	90,808	-	-	90,808
Emergency Management Performance	4,254	-	-	4,254
Assigned:				
Subsequent year's expenditures	632,130	-	868,156	1,500,286
Minimum fund balance policy	14,775,756	-	-	14,775,756
General government	-	-	3,980,371	3,980,371
Unassigned:				
General government	5,486,767	-	-	5,486,767
(Deficit)	-	-	(51,378)	(51,378)
<b>Total fund balances</b>	<b><u>21,466,583</u></b>	<b><u>9,888,547</u></b>	<b><u>30,139,904</u></b>	<b><u>61,495,034</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 30,109,450</u></b>	<b><u>\$ 11,603,300</u></b>	<b><u>\$ 39,946,757</u></b>	<b><u>\$ 81,659,507</u></b>

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

**Kenai Peninsula Borough**  
 Reconciliation of the Balance Sheet  
 to the Statement of Net Assets  
 June 30, 2012

Fund balances - total governmental funds		\$ 61,495,034
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.		240,347,521
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds:		
Bonds payable	\$ (32,205,000)	
Unamortized bond premium	(1,286,568)	
Accrued interest	(515,108)	
Unamortized deferred loss on School bond refunding	710,332	
Landfill closure	<u>(5,450,071)</u>	(38,746,415)
Some of the Borough's receivables 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.		
Property taxes receivable	1,000,704	
Land sales contract receivable	1,234,527	
Accrued interest subsidy	<u>147,159</u>	2,382,390
Governmental funds report the effect of bond issuance costs when debt is first issued, whereas these amounts are deferred and amortized in the statement of net assets.		76,236
Internal service funds are used by management to charge the cost of certain activities to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the statement of net assets.		<u>11,039,253</u>
Net assets of governmental activities		<u><u>\$ 276,594,019</u></u>

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

**Kenai Peninsula Borough**  
**Governmental Funds**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**For the Year Ended June 30, 2012**

	<b>General Fund</b>	<b>Bond Funded Capital Projects Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>				
Property taxes	\$ 30,625,274	\$ -	\$ 19,605,060	\$ 50,230,334
Sales tax	28,385,150	-	-	28,385,150
Intergovernmental:				
Federal	3,165,899	-	3,002,829	6,168,728
State	6,583,565	-	9,964,525	16,548,090
Investment earnings (loss)	1,190,354	(1,059)	706,021	1,895,316
Interest subsidy	-	-	404,197	404,197
Other revenues	1,158,395	-	3,590,580	4,748,975
Total revenues	<u>71,108,637</u>	<u>(1,059)</u>	<u>37,273,212</u>	<u>108,380,790</u>
<b>Expenditures:</b>				
General government	14,878,397	-	2,928,386	17,806,783
Solid waste	5,574,331	1,200,587	2,835,992	9,610,910
Public safety	597,555	-	19,110,306	19,707,861
Recreation	-	-	1,577,602	1,577,602
Education	43,897,832	6,373,206	1,667,234	51,938,272
Environmental protection	-	-	2,048,151	2,048,151
Roads and trails	-	-	12,814,974	12,814,974
Debt service:				
Principal	-	-	3,340,000	3,340,000
Interest and other	-	81,813	1,531,747	1,613,560
Total expenditures	<u>64,948,115</u>	<u>7,655,606</u>	<u>47,854,392</u>	<u>120,458,113</u>
Excess (deficiency) of revenues over expenditures	<u>6,160,522</u>	<u>(7,656,665)</u>	<u>(10,581,180)</u>	<u>(12,077,323)</u>
<b>Other financing sources (uses):</b>				
Refunding bonds issued	-	8,150,000	-	8,150,000
Premium on bonds issued	-	1,284,121	-	1,284,121
Payment to refund bonds escrow agent	-	(9,352,308)	-	(9,352,308)
Transfers in	-	-	8,166,490	8,166,490
Transfers out	(6,399,753)	-	(1,766,737)	(8,166,490)
Net other financing sources (uses)	<u>(6,399,753)</u>	<u>81,813</u>	<u>6,399,753</u>	<u>81,813</u>
Net changes in fund balances	(239,231)	(7,574,852)	(4,181,427)	(11,995,510)
Fund balances at beginning of year	<u>21,705,814</u>	<u>17,463,399</u>	<u>34,321,331</u>	<u>73,490,544</u>
Fund balances at end of year	<u>\$ 21,466,583</u>	<u>\$ 9,888,547</u>	<u>\$ 30,139,904</u>	<u>\$ 61,495,034</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 Balances of the Governmental Funds  
 to the Statement of Activities  
 For the Year Ended June 30, 2012

Net change in fund balances - total governmental funds \$(11,995,510)

The change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are depreciated over their useful lives.

Expenditures for capital assets	\$ 9,144,780	
Retirement of nondepreciable capital assets	(1,225,318)	
Less current year depreciation	<u>(10,215,725)</u>	(2,296,263)

The net effect of various transactions involving capital assets (i.e. sales, trade-ins and donations) is to increase net assets. 354,669

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Refunding bonds issued	(8,150,000)	
Principal payments	11,930,000	
Net increase in bond premium	(1,160,568)	
Net increase in bond issuance costs	76,236	
Net increase in bond deferred loss	<u>710,332</u>	3,406,000

Certain revenues reported in the statement of activities are not reported in governmental funds because they do not provide current financial resources. This adjustment is to recognize the net change in unavailable revenues.

Property taxes	255,427	
Land sales	250,145	
Accrued interest subsidy	<u>147,159</u>	652,731

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

Decrease in accrued interest	20,734	
Increase in landfill closure cost	<u>(751,092)</u>	(730,358)

Internal service funds are used by management to charge the cost of certain activities to individual funds. The change in net assets of internal service funds is reported with governmental activities. 1,554,553

Change in net assets of governmental activities \$ (9,054,178)

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, 2012

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ 30,957,993	\$ 30,957,993	\$ 30,625,274	\$ (332,719)
Sales tax	28,671,825	28,671,825	28,385,150	(286,675)
Intergovernmental	7,871,189	8,780,351	9,749,464	969,113
Investment earnings	1,040,619	1,040,619	1,190,354	149,735
Other	716,501	716,501	1,158,395	441,894
Total revenues	<u>69,258,127</u>	<u>70,167,289</u>	<u>71,108,637</u>	<u>941,348</u>
<b>Expenditures:</b>				
General government:				
Assembly:				
Personnel	823,775	880,490	848,906	31,584
Supplies	18,900	18,274	12,178	6,096
Services	528,239	545,981	420,831	125,150
Capital outlay	10,000	8,839	6,708	2,131
Total assembly	<u>1,380,914</u>	<u>1,453,584</u>	<u>1,288,623</u>	<u>164,961</u>
Mayor:				
Personnel	688,230	782,296	757,761	24,535
Supplies	9,025	11,742	6,744	4,998
Services	116,602	113,885	70,215	43,670
Capital outlay	6,490	6,490	5,078	1,412
Total mayor	<u>820,347</u>	<u>914,413</u>	<u>839,798</u>	<u>74,615</u>
General services:				
Personnel	709,370	772,013	721,324	50,689
Supplies	30,448	30,265	21,577	8,688
Services	171,823	144,754	134,530	10,224
Capital outlay	-	28,752	25,596	3,156
Total general services	<u>911,641</u>	<u>975,784</u>	<u>903,027</u>	<u>72,757</u>
Information technology:				
Personnel	1,315,708	1,428,790	1,348,751	80,039
Supplies	59,600	59,600	42,374	17,226
Services	344,211	346,289	303,489	42,800
Capital outlay	32,200	32,200	31,636	564
Total information technology	<u>1,751,719</u>	<u>1,866,879</u>	<u>1,726,250</u>	<u>140,629</u>
Legal:				
Personnel	686,141	750,360	727,175	23,185
Supplies	3,850	3,850	2,145	1,705
Services	121,061	302,979	184,604	118,375
Capital outlay	2,600	2,600	1,961	639
Total legal	<u>813,652</u>	<u>1,059,789</u>	<u>915,885</u>	<u>143,904</u>
Finance:				
Personnel	2,261,943	2,483,281	2,350,492	132,789
Supplies	14,800	17,378	17,378	-
Services	452,235	488,587	434,476	54,111
Capital outlay	5,100	8,445	6,856	1,589
Total finance	<u>2,734,078</u>	<u>2,997,691</u>	<u>2,809,202</u>	<u>188,489</u>
Assessing:				
Personnel	2,354,068	2,539,335	2,404,666	134,669
Supplies	12,200	11,675	8,528	3,147
Services	390,336	497,356	361,347	136,009
Capital outlay	5,421	18,926	18,919	7
Total assessing	<u>2,762,025</u>	<u>3,067,292</u>	<u>2,793,460</u>	<u>273,832</u>

(Continued)

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

**Kenai Peninsula Borough**

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - continued

For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures, continued:</b>				
General government, continued:				
Planning:				
Personnel	\$ 2,130,476	\$ 2,318,947	\$ 2,046,252	\$ 272,695
Supplies	37,450	53,560	52,000	1,560
Services	194,106	183,615	124,401	59,214
Capital outlay	16,250	31,082	25,712	5,370
Total planning	<u>2,378,282</u>	<u>2,587,204</u>	<u>2,248,365</u>	<u>338,839</u>
Capital projects administration:				
Personnel	170,623	238,535	219,561	18,974
Supplies	9,300	19,707	17,419	2,288
Services	96,349	80,192	41,405	38,787
Capital outlay	5,500	11,250	11,211	39
Total capital projects administration	<u>281,772</u>	<u>349,684</u>	<u>289,596</u>	<u>60,088</u>
Non-departmental:				
Personnel	45,000	45,000	12,928	32,072
Services	1,276,218	1,703,597	1,051,263	652,334
Total non-departmental	<u>1,321,218</u>	<u>1,748,597</u>	<u>1,064,191</u>	<u>684,406</u>
Total general government	<u>15,155,648</u>	<u>17,020,917</u>	<u>14,878,397</u>	<u>2,142,520</u>
Public safety:				
Personnel	371,039	377,272	358,032	19,240
Supplies	11,700	35,362	33,605	1,757
Services	264,842	241,307	201,650	39,657
Capital outlay	8,800	7,300	4,268	3,032
Total public safety	<u>656,381</u>	<u>661,241</u>	<u>597,555</u>	<u>63,686</u>
Solid waste:				
Personnel	2,058,906	2,348,909	2,271,537	77,372
Supplies	524,958	524,958	395,946	129,012
Services	3,370,424	3,298,323	2,884,020	414,303
Capital outlay	30,140	32,241	22,828	9,413
Total solid waste	<u>5,984,428</u>	<u>6,204,431</u>	<u>5,574,331</u>	<u>630,100</u>
Education:				
School District contributions	43,251,135	43,251,135	43,251,135	-
Post secondary education	646,697	646,697	646,697	-
Total education	<u>43,897,832</u>	<u>43,897,832</u>	<u>43,897,832</u>	<u>-</u>
Total expenditures	<u>65,694,289</u>	<u>67,784,421</u>	<u>64,948,115</u>	<u>2,836,306</u>
Excess of revenues over expenditures	3,563,838	2,382,868	6,160,522	3,777,654
<b>Other financing (uses) -</b>				
Transfers out	<u>(6,437,240)</u>	<u>(6,470,925)</u>	<u>(6,399,753)</u>	<u>71,172</u>
Net changes in fund balance	(2,873,402)	(4,088,057)	(239,231)	3,848,826
Fund balance at beginning of year	<u>21,705,814</u>	<u>21,705,814</u>	<u>21,705,814</u>	<u>-</u>
Fund balance at end of year	<u>\$ 18,832,412</u>	<u>\$ 17,617,757</u>	<u>\$ 21,466,583</u>	<u>\$ 3,848,826</u>

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

**Kenai Peninsula Borough**  
Proprietary Funds  
Statement of Net Assets  
June 30, 2012

	<b>Governmental Activities Internal Service Funds</b>
<b>Assets</b>	
Current assets:	
Cash and short-term investments	\$ 6,446
Equity in central treasury	<u>13,045,290</u>
	13,051,736
Other receivables	<u>8,289</u>
Total current assets	<u>13,060,025</u>
Capital assets:	
Equipment	5,783,238
Less accumulated depreciation	<u>(3,267,525)</u>
Total capital assets (net of accumulated depreciation)	<u>2,515,713</u>
Total assets	<u>\$ 15,575,738</u>
<b>Liabilities</b>	
Current liabilities:	
Accounts and contracts payable	\$ 88,562
Accrued payroll and payroll benefits	14,375
Compensated absences	651,915
Claims payable	<u>1,825,885</u>
Total current liabilities	2,580,737
Noncurrent liabilities - Compensated absences	<u>1,955,748</u>
Total liabilities	<u>4,536,485</u>
<b>Net Assets</b>	
Invested in capital assets	2,515,713
Unrestricted	<u>8,523,540</u>
Total net assets	<u>\$ 11,039,253</u>

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

**Kenai Peninsula Borough**  
Proprietary Funds  
Statement of Revenues, Expenses, and Changes in Fund Net Assets  
For the Year Ended June 30, 2012

	<b>Governmental Activities Internal Service Funds</b>
<b>Operating revenues:</b>	
Charges for sales and services	\$ 12,401,021
Other operating revenues	<u>31,250</u>
Total operating revenues	<u>12,432,271</u>
 <b>Operating expenses:</b>	
Administrative services	2,626,411
Insurance premiums	1,632,543
Self insurance losses	6,460,250
Depreciation	<u>390,986</u>
Total operating expenses	<u>11,110,190</u>
 Operating income	 <u>1,322,081</u>
 <b>Non-operating revenues:</b>	
Investment earnings	177,605
Other	<u>54,867</u>
Total non-operating revenues	<u>232,472</u>
 Change in net assets	 1,554,553
 Net assets at beginning of year	 <u>9,484,700</u>
 Net assets at end of year	 <u><u>\$ 11,039,253</u></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, 2012

	<b>Governmental Activities Internal Service Funds</b>
<b>Cash flows from operating activities:</b>	
Receipts from interfund services provided	\$ 12,401,021
Payments to suppliers	(8,407,439)
Payments to employees	(2,656,107)
Other program revenue	31,250
Net cash provided by operating activities	<u>1,368,725</u>
<b>Cash flows from capital and related financing activities:</b>	
Purchase of capital assets	(749,455)
Proceeds from sale of capital assets	54,867
Net cash used by capital and related financing activities	<u>(694,588)</u>
<b>Cash flows from investing activities:</b>	
Investment earnings	177,605
Net cash provided by investing activities	<u>177,605</u>
Net increase in cash and cash equivalents	851,742
Cash and cash equivalents, beginning of year	<u>12,199,994</u>
Cash and cash equivalents, end of year	<u><u>\$ 13,051,736</u></u>
Reconciliation of cash and cash equivalents to Statement of Net Assets:	
Cash and short-term investments	6,446
Equity in central treasury	13,045,290
Cash and cash equivalents, end of year	<u><u>\$ 13,051,736</u></u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>	
Operating income	<u>\$ 1,322,081</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	390,986
Change in assets and liabilities:	
(Increase) decrease in other receivables	15,455
Increase (decrease) in claims payable	(74,680)
Increase (decrease) in compensated absences	(272,158)
Increase (decrease) in accounts and contracts payable	(13,831)
Increase (decrease) in accrued payroll and payroll benefits	872
Total adjustments	<u>46,644</u>
Net cash provided (used) by operating activities	<u><u>\$ 1,368,725</u></u>

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

**Kenai Peninsula Borough**  
 Fiduciary Funds  
 Statement of Fiduciary Fund Assets & Liabilities  
 June 30, 2012

	<b>Agency Funds</b>
<b><u>Assets</u></b>	
Equity in central treasury	\$ 1,422,687
Taxes receivable	116,450
Due from landowners	1,222,411
 Total assets	 \$2,761,548
 <b><u>Liabilities</u></b>	
Accounts payable	698,725
Deferred administration fee	79,449
Due to landowners	350,882
Loans payable	1,222,412
Due to other entities:	
City of Homer	112,943
City of Kachemak City	1,102
City of Kenai	166,192
City of Seldovia	6,903
City of Seward	45,063
City of Soldotna	77,877
 Total liabilities	 \$2,761,548

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

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## INDEX TO NOTES

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

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**Kenai Peninsula Borough**  
Notes to Financial Statements  
June 30, 2012

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

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

**A. Reporting Entity**

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

**Discretely Presented Component Units**

The Borough early adopted GASB Statement 61, The Financial Reporting Entity: Omnibus. This statement amends accounting and financial reporting standards for including, presenting, and disclosing information about governmental component units.

Under the provisions of GASB Statement 61, the Borough is reporting three discrete component units, The Kenai Peninsula Borough School District (the School District), South Peninsula Hospital (SPH), and Central Peninsula Hospital (CPH). The School District, SPH and CPH are each discretely presented in a separate column in the basic financial statements to emphasize that they are legally separate from the Borough.

The School District is governed by an independently elected board; however the School District is fiscally dependent on the primary government because the Borough Assembly approves the total budget of the School District, approves the tax levy to support the budget, approves any debt issuance and the Borough retains all ownership of real property. Complete financial statements of the School District can be obtained from the School District's Business Office at 148 N. Binkley, Soldotna, Alaska 99669; phone number (907) 714-8888.

South Peninsula Hospital and Central Peninsula Hospital are each governed by independently elected boards; however, they are also fiscally dependent on the primary government because the Assembly approves the service area budget, approves the tax levy to support the budget and must approve any debt issuance. Separate financial statements can be obtained at South Peninsula Hospital, 4300 Bartlett, Homer, Alaska, 99603 and at Central Peninsula Hospital, 250 Hospital Place, Soldotna, Alaska, 99669.

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

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental 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 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. The Borough's only fiduciary funds are its agency funds. Agency funds have no measurement focus but follow the accrual basis of accounting.

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

The Borough reports the following major governmental funds:

The General Fund is the Borough's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Bond Funded Capital Projects Fund accounts for all projects funded from bond proceeds. This fund is project length and does not have an annual budget.

The Borough does not report solid waste activity as an enterprise fund due to the fact that the activity is substantially funded by the General Fund and only a small portion by user fees. Effective July 1, 2010, to comply with GASB 54 requirements, solid waste activity is being reported in the General Fund.

Additionally, the Borough reports the following fund types:

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

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

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

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

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

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

The Borough utilizes a central treasury to aggregate cash from all funds and the School District for cash management and investment purposes. Each fund has an account titled "equity in central treasury" which is the cash balance of that particular fund. Each fund whose monies are deposited in the central treasury has equity therein. Interest income on investments is allocated monthly to participating funds based on their average equity balance during the month. Special Revenue Funds of Central Emergency Services and Nikiski Fire, and the discretely presented Component Units; School District, SPH and CPH; have cash which is not aggregated in the central treasury. At June 30, 2012, investments for the government, as well as for its component units, are reported at fair value.

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

The Alaska Municipal League Investment Pool, Inc. (AMLIP) was created during 1993 under A.S. 37.23 and the Kenai Peninsula Borough Assembly passed an ordinance authorizing participation in the AMLIP. The AMLIP is a nonprofit corporation organized to manage, administer and invest funds of participating public entities.

"Cash and Short Term Investments" is used to account for cash held in bank accounts for certain School District Funds and for cash and investments of the Hospitals.

The central treasury, which holds cash and investments, is used essentially as a cash management pool by each fund.

## 2. Receivables and Payables

All outstanding balances between funds are reported as “due to/from other funds.”

Advances between funds, as reported in the fund financial statements, are reported as nonspendable fund balance to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance is equal to 3.00% of the current year personal property tax levy.

## 3. Inventories

The Borough maintains custody of the maintenance inventory reported on the School District financial statements. These inventories consist of expendable supplies, to repair and maintain 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.

## 4. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2012 are recorded as prepaid items.

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

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

## **6. Compensated Absences**

The Borough and Service Areas recognize a liability for the net amount of accrued vacation. Accumulated vacation may be received in cash by the employee at any time, subject to certain restrictions. The obligation of accumulated unpaid personal leave amounts to \$2,607,663 at June 30, 2012. Of the total accumulated unpaid vacation at June 30, 2012, \$651,915 is expected to be paid out within one year. This is a decrease of \$68,040 from June 30, 2011. An internal service fund, Employee Compensated Leave Fund, was established to account for resources accumulated to provide for compensated absences for the Borough's governmental activities. The Borough does not accrue a liability for non-vested sick leave, payable only in the event of employee absence due to illness. That amount is \$905,205 at June 30, 2012, a decrease of \$252,505 from June 30, 2011.

## **7. Long-term Obligations**

In the government-wide financial statements, long-term obligations are reported as liabilities in the governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued and any bond premium are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance cost, whether or not withheld from the actual debt proceeds received, is reported as debt service expenditures.

## **8. Fund Balances**

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form; prepaid items or long-term receivables; or (b) legally contractually required to be maintained intact.

The spendable portion of fund balances comprises the four remaining classifications: restricted, committed, assigned and unassigned.

Restricted fund balance – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Borough Assembly, the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Assembly removes the specific use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance – This classification reflects the amounts constrained by the Borough's "intent" to be used for specific purposes, but are neither restricted nor committed. The Borough Assembly has delegated the assignment ability to the Finance Director through Resolution 2011-067. Assigned fund balances include all remaining amounts (except negative balances) that are reported in the governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the Borough's policy to use restricted resources first, followed by committed, assigned and unassigned.

**9. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriations, is employed as an extension of formal budgetary integration in the Borough’s governmental funds. Encumbrances, if any, outstanding at year-end are reported as appropriate constraints of fund balance if they meet the criteria and definitions outlined in the fund balance section of these notes.

Significant encumbrances exceeding \$100,000 as of June 30, 2012 were:

Description/Program	Major Funds		
	General Fund	Bond Funded Capital Project Fund	Nonmajor Gov’t Funds
Watershed forum projects	\$ 206,584	\$ -	\$ -
Seawater/Ocean observation station	-	-	122,008
Coastal imagery	-	-	265,912
Beluga whale research	-	-	302,459
Solid waste facilities	-	5,884,948	
School roof projects	-	3,411,698	
Roads construction and upgrades	-	-	1,990,947
Firefighting equipment/apparatus	-	-	330,181
Recreational equipment and upgrades	-	-	159,989
<b>Total</b>	<b>\$ 206,584</b>	<b>\$ 9,296,646</b>	<b>\$ 3,171,496</b>

**II – Stewardship, Compliance and Accountability**

**A. Budgetary Information**

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

Before May 15<sup>th</sup> of each year, the Borough Mayor submits to the Borough Assembly a proposed budget for the next fiscal year of the Borough. The Assembly then conducts public hearings to obtain taxpayer comment. These budgets are legally enacted by passage of an ordinance and the mill levies are established. Alaska law mandates that tax levies be adopted no later than midnight of June 14 each year. The Borough prepares its budget on a GAAP basis.

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

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

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except certain special revenue funds which are grant and project funded and capital project funds, which adopt project-length budgets. Special revenue funds that are not budgeted for are the Environmental Protection Program fund, Local Emergency Planning Committee fund, Disaster Relief fund, and Miscellaneous Grants fund. All annual appropriations lapse at fiscal yearend.

### III – Detailed Notes on all Funds

#### A. Deposit and Investment Risk Disclosure

As of June 30, 2012, the Borough's investments were as follows:

<u>INVESTMENT</u>	<u>MATURITIES</u>	<u>FAIR VALUE</u>
<b><u>Internally Pooled Investments held in Central Treasury:</u></b>		
Repurchase agreements		\$ 14,192,659
Wells Fargo Secured Institutional Money Market		5,440,955
AMLIP External investment pool	31 day average	1,325,312
U. S. Agencies	August 2012 – February 2017	44,176,365
U. S. Treasury Notes	April 2015 – December 2016	7,066,574
State of Washington	July 2012	766,084
Wells Fargo Company	October 2012	1,352,058
Renewable Water Resource Build America Bonds	January 2013	535,408
JP Morgan Chase & Company	May 2013	2,077,853
Wachovia Corporation	May 2013	2,096,493
State of Massachusetts	July 2013 – July 2015	1,499,936
University of California	July 2013	1,008,395
Bank of New York Mellon	August 2013 – November 2014	1,675,013
City of New York, New York Bonds	August 2013	1,066,635
Berkshire Hathaway Inc.	January 2014 – February 2015	2,786,897
Grant County WA Public Utilities	January 2014	636,582
Novartis Capital Corp.	February 2014	412,657
North St. Paul Maplewood Minnesota	February 2014	735,732
United Parcel Service	April 2014	1,064,757
Wal-mart Stores Inc	April 2014 – October 2015	3,101,629
Kentucky Asset Liability Commission	April 2014	825,318
Colgate-Palmolive Company Medium Term Note	May 2014 – November 2014	2,614,404
Stanford University	May 2014	1,061,422
Google Inc.	May 2014	2,542,496
State of Oregon	May 2014	999,628
Microsoft Corp.	June 2014 – February 2016	1,959,834
State of Maine	June 2014	840,583
State of Ohio Build America Bonds	August 2014 – August 2015	1,096,884
Proctor & Gamble Company	August 2014 – February 2015	4,180,273
Wyandotte County Kansas	September 2014 – September 2015	1,455,358
Milwaukee County Minnesota	October 2014	515,580
General Electric Capital Medium Term Note	February 2015	1,540,683
University of North Carolina	April 2015 – April 2016	569,372
State of Michigan	May 2015	997,086
District of Columbia Build America Bonds	June 2015	885,006
Los Angeles California	July 2015	1,152,030
State of Texas	August 2015	1,341,430
State of Vermont	August 2015	1,013,908
Broward County Florida	October 2015	654,378

<u>INVESTMENT</u>	<u>MATURITIES</u>	<u>FAIR VALUE</u>
IBM Corporation	January 2016	1,563,462
Newton County Georgia	February 2016	504,488
State of Connecticut	April 2016	753,691
Johnson & Johnson	May 2016	<u>3,147,772</u>
	<b>Total</b>	<b><u>125,233,080</u></b>

**Major Bond Funded Capital Project Fund Investments:**

AMLIP External investment pool	31 day average	5,516,796
U. S. Treasury Notes	July 2012	3,022,179
U. S. Agencies	September 2012	<u>3,064,326</u>
	<b>Total \$</b>	<b><u>136,836,381</u></b>

**Discretely Presented Component Unit Investments - SPH Restricted Assets:**

U. S. Agencies	February 2017	<u>145,336</u>
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**Discretely Presented Component Unit Investments - CPH Assets Whose Use is Limited:**

U. S. Agencies	August 2012 – February 2017	<u>11,606,506</u>
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**Grand Total Investments held in Central Treasury \$ 148,588,223**

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

The AMLIP is an external investment pool, which is rated AAAM by Standard and Poor's Corporation for credit risk purposes. Alaska Statute 37.23 establishes regulatory oversight of the pool. The law sets forth numerous requirements regarding authorized investments and reporting. On a monthly basis the investments in the pool are reviewed for fair value by an independent pricing service. The values of investments in the AML pool are approximately equal to fair value.

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

<u>Maturity</u>	<u>Target Maturity Level</u>	<u>Actual Investment</u>
One Year or Less	40%	37%
One to three Years	30%	34%
Three to Five Years	30%	29%

**Option Risk:** Option risk is the risk that an investment's issuer may exercise a right embedded in the investment—an embedded option. The Borough may invest in securities issued by U.S. Government Agencies that contain call options. The exercise of the call option by the issuer occurs during times of declining interest rates; therefore the Borough could be exposed to the risk of having to reinvest at a lower interest rate. As of June 30, 2012, the Borough does not have any investment in callable securities.



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

<u>Investment Type</u>	<u>Maximum Allowable % per Investment Policy</u>	<u>Maximum Maturity per Investment Policy</u>	<u>Actual % as of June 30, 2012</u>
U.S. Treasury Securities	100%	5 years	6.8%
U.S. Agencies	100%	5 years	39.7%
Corporate bonds	50%	5 years	22.3%
Municipal bonds	25%	5 years	13.4%
Repurchase agreements	20%	n/a	9.5%
Money market funds	20%	n/a	3.7%
AMLIP	20%	n/a	4.6%
Bankers Acceptances	10%	3 years	0%
Commercial Paper	25%	270 days	0%
<u>Term Repurchase Agreements and Certificates of Deposit:</u>			
7-day term or shorter:	25%	n/a	0%
Greater than 7-day term	25%	3 years	0%

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

As of June 30, 2012 the Borough's investments in corporate bonds, municipal bonds, and U.S. Government agencies or instruments implicitly guaranteed by the U.S. Government were rated as follows:

<u>INVESTMENT</u>	<u>Standards &amp; Poor's</u>	<u>Moody's Investors Service</u>
Bank of New York Mellon Corp.	A+	Aa3
Berkshire Hathaway Inc.	AA+	Aa2
Broward County Florida	AA	Aa2
Colgate-Palmolive Company Medium Term Note	AA-	Aa3
District of Columbia Build America Bonds	A+	Aa2
Federal Farm Credit Bank	AA+	Aaa
Federal Home Loan Bank	AA+	Aaa
Federal Home Loan Mortgage Corporation	AA+	Aaa
Federal National Mortgage Association	AA+	Aaa
Federal National Mortgage Association Pool	AA+	Aaa
General Electric Capital Corp. Medium Term Note	AA+	A1
Google Inc.	AA-	Aa2
Grant County Washington Public Utility District	AA-	Aa3
IBM International Group Capital	AA-	Aa3
Johnson & Johnson Company	AAA	Aaa
JP Morgan Chase & Company	A	A2
Kentucky Asset Liability Commission	A+	Aa3
Los Angeles California	AA-	Aa2
Microsoft Corp.	AAA	Aaa
Milwaukee County Wisconsin	AA	Aa2
New York New York	AA	Aa2
Newton County Georgia	AA+	Aa1
North St. Paul-Maplewood Minnesota	AA+	Aa2

<u>INVESTMENT</u>	<u>Standards &amp; Poor's</u>	<u>Moody's Investors Service</u>
Novartis Capital Corp.	AA-	Aa2
Procter & Gamble Company	AA-	Aa3
Renewable Water Resources Build America Bonds	AA	Aa3
Stanford University	AAA	Aaa
State of Connecticut	AA	Aa3
State of Maine	AA	Aa2
State of Massachusetts	AA+	Aa1
State of Michigan	AA-	Aa2
State of Ohio	AA+	Aa1
State of Oregon	AA+	Aa1
State of Texas	AA+	Aaa
State of Vermont	AA+	Aaa
State of Washington	AA+	Aa1
United Parcel Service Inc.	AA-	Aa3
University of California	A-1+	Aa1
University of North Carolina	AA-	Aa3
Wachovia Corp.	A+	A2
Wal-mart Stores Inc.	AA	Aa2
Wells Fargo Company	A+	A2
Wyandotte County Kansas	AA-	Aa2

**Custodial Credit Risk:** Custodial credit risk is the risk that in the event of the failure of a depository institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Of the Borough's \$14.2 million in repurchase agreements at June 30, 2012, \$14.2 million of underlying securities are pledged to the Borough by the Bank. This collateral is owned by the Bank and held by the third party custodian. The Federal Deposit Insurance Corporation (FDIC) insures \$250,000.

Cash and short term investment balances at June 30, 2012, consisted of the following:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Cash and short term investments held in central treasury:		
Checking accounts:		
Primary Government	\$ (3,260,302)	\$ 232,659
Discretely Presented Component unit (School District)	<u>(2,873,214)</u>	<u>-</u>
Total cash and short term investments held in central treasury	(6,133,516)	232,659
Other cash and investments:		
Checking and savings accounts:		
Primary Government	28,167	50,625
Cash on hand:		
Primary Government	<u>1,810</u>	<u>-</u>
Total other cash and short term investments	<u>(6,103,539)</u>	<u>283,284</u>
Total cash and short term investments	\$ <u>(6,103,539)</u>	\$ <u>283,284</u>

The following is a summary of equity in central treasury and investments at June 30, 2012:

General Fund	\$ 20,560,300
Special revenue funds	19,443,494
Capital projects funds	26,722,027
Debt service funds	-
Internal service funds	<u>13,045,290</u>
 Total Primary Government equity in central treasury	 \$ <u>79,771,111</u>
 Fiduciary funds	 1,422,687
 <u>Discretely Presented Component Units</u>	
School District agency funds	2,735,526
School District	40,109,363
Central Peninsula Hospital	4,548,534
Central Peninsula Hospital – Assets whose use is limited	11,606,506
South Peninsula Hospital	2,115,644
South Peninsula Hospital – Restricted Assets	<u>145,336</u>
 Total equity in central treasury	 \$ <u>142,454,707</u>

The equity in central treasury consists of the following:

Cash and short term investments	\$ (6,133,516)
Investments	<u>148,588,223</u>
	\$ <u>142,454,707</u>

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

Fair value at June 30, 2012	\$ 148,588,223
Add: cost of investments sold/called/matured in FY12	119,198,201
Less: cost of investments purchased in FY12	(125,168,758)
Less: fair value at June 30, 2011	<u>(142,408,444)</u>
Change in fair value of investments	\$ <u>209,222</u>

## **B. Property Taxes**

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

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

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

**Property Tax Calendar**

Assessment date	January 1, 2011	Total taxes are due	October 15, 2011
Levy date	Not later than June 15, 2011	Penalties & interest added	October 17, 2011
Tax bills mailed	Not later than July 1, 2011	Lien date	April 15, 2012

Property taxes levied for the current year are recognized as revenues, even though a portion is collected in the period subsequent to the yearend. The Borough's property tax collection records show that approximately 96.06% of the property taxes due were collected within 60 days after the due date. Assessed values are established by the Kenai Peninsula Borough assessor's office. Borough code requires a revaluation of all property be completed no less than every 5 years. The current average is approximately every 7 years.

**C. Receivables**

Receivables at June 30, 2012 for the government's individual major funds and proprietary funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<b><u>General</u></b>	<b><u>Nonmajor Other Funds</u></b>	<b><u>Internal Service Funds</u></b>	<b><u>Fiduciary Funds</u></b>	<b><u>Total</u></b>
Taxes	\$ 6,481,842	\$ 408,539	\$ -	\$ 116,450	\$ 7,006,831
Accounts and other receivables	208,403	359,785	8,289	1,222,411	1,798,888
Notes receivable	257,463	-	-	-	257,463
Land sale contracts	-	1,234,527	-	-	1,234,527
Special assessment districts	1,222,411	-	-	-	1,222,411
Intergovernmental	<u>1,363,445</u>	<u>3,382,054</u>	-	-	<u>4,745,499</u>
Total receivables	9,533,564	5,384,905	8,289	1,338,861	16,265,619
Less allowance for uncollectibles	<u>(59,828)</u>	<u>(26,551)</u>	-	-	<u>(86,379)</u>
	<b><u>\$ 9,473,736</u></b>	<b><u>\$ 5,358,354</u></b>	<b><u>\$ 8,289</u></b>	<b><u>\$ 1,338,861</u></b>	<b><u>\$ 16,179,240</u></b>

**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, 2012, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<b><u>Unavailable</u></b>	<b><u>Unearned</u></b>
Property taxes receivable and prepaid revenues (General Fund)	\$ 653,550	\$ 3,529,309
Property taxes receivable and prepaid revenues (nonmajor gov't funds)	347,154	3,802,619
Miscellaneous prepaid (General Fund)	-	240,302
Miscellaneous deferred revenue (nonmajor governmental funds)	-	1,204,689
PILT (General Fund)	-	2,676,120
Land sale receivables (nonmajor governmental funds)	1,234,527	-
Grant funds received prior to meeting all eligibility requirements (nonmajor governmental funds)	-	<u>39,606</u>
Total deferred/unearned revenue for governmental funds	<b><u>\$ 2,235,231</u></b>	<b><u>\$ 11,492,645</u></b>

## **E. Capital Assets**

Capital asset activity for the year ended June 30, 2012 was as follows:

### **Primary Government**

<b>Governmental Activities:</b>	<b><u>Balance</u></b> <b><u>July 1, 2011</u></b>	<b><u>Additions/</u></b> <b><u>Transfers</u></b>	<b><u>Deductions/</u></b> <b><u>Transfers</u></b>	<b><u>Balance</u></b> <b><u>June 30, 2012</u></b>
Capital assets, not being depreciated:				
Land	\$ 69,988,301	\$ 437,591	\$ (82,922)	\$ 70,342,970
Construction in progress	<u>5,620,291</u>	<u>4,843,154</u>	<u>(1,225,318)</u>	<u>9,238,127</u>
Total capital assets, not being depreciated	<u>75,608,592</u>	<u>5,280,745</u>	<u>(1,308,240)</u>	<u>79,581,097</u>
Capital assets, being depreciated:				
Buildings	297,589,220	102,372	-	297,691,592
Improvements other than buildings	70,823,704	440,341	-	71,264,045
Machinery and equipment	34,300,622	3,048,759	(767,129)	36,582,252
Infrastructure	<u>12,468,986</u>	<u>1,528,548</u>	<u>-</u>	<u>13,997,534</u>
Total capital assets being depreciated	<u>415,182,532</u>	<u>5,120,020</u>	<u>(767,129)</u>	<u>419,535,423</u>
Less accumulated depreciation for:				
Buildings	(171,798,305)	(6,252,221)	-	(178,050,526)
Improvements other than buildings	(51,530,799)	(1,820,297)	-	(53,351,096)
Machinery and equipment	(21,604,257)	(2,209,854)	767,129	(23,046,982)
Infrastructure	<u>(1,480,343)</u>	<u>(324,339)</u>	<u>-</u>	<u>(1,804,682)</u>
Total accumulated depreciation	<u>(246,413,704)</u>	<u>(10,606,711)</u>	<u>767,129</u>	<u>(256,253,286)</u>
Total capital assets, being depreciated, net	<u>168,768,828</u>	<u>(5,486,691)</u>	<u>-</u>	<u>163,282,137</u>
Governmental activities capital assets, net	<u>\$ 244,377,420</u>	<u>\$ (205,946)</u>	<u>\$ (1,308,240)</u>	<u>\$ 242,863,234</u>

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

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

### **Governmental activities:**

General government	\$ 418,056
Solid waste facilities	1,377,891
Public safety	1,661,181
Recreation	367,568
Schools	6,003,604
Road maintenance, including infrastructure assets	387,425
Capital assets held by the government's internal service fund are charged to the various functions based on their usage of the assets	<u>390,986</u>

Total depreciation expense - governmental activities \$ 10,606,711

**Construction commitments:**

The Borough has numerous active construction projects as of June 30, 2012. The projects include major repair of existing roads, improvement to school facilities, public safety facilities and recreation facility upgrades. At year-end the Borough's commitments with contractors are as follows:

<u>Projects</u>	<u>Remaining Commitments</u>	<u>Financing Sources</u>
Major repair of existing roads	\$ 1,990,947	Federal and State grants and local funding
Improvement to school facilities	3,411,698	General obligation bonds and local funding
Landfill closure and site upgrades	5,884,948	General obligation bonds and local funding
Land management projects	<u>4,106</u>	Local funding
Total	<u>\$ 11,291,699</u>	

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

The composition of interfund balances as of June 30, 2012 is as follows:

The General Fund has made a short-term loan of \$5,286 to the Local Emergency Planning Committee, \$9,379 to the 911 Communications Fund due to a short fall in projected revenues for the fiscal year, and \$59,739 to the Disaster Relief Fund to cover cash needs while awaiting reimbursement from State and Federal granting agencies. The General Fund has made loans in the amount of \$1,222,411 to the Special Assessment Districts for utility/road improvements. Taxpayers of the utility/road improvement districts then repay the amount that is borrowed over a 10 year period.

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major fund - General Fund	\$ 74,404	\$ -
Nonmajor governmental funds	<u>-</u>	<u>74,404</u>
Total	<u>\$ 74,404</u>	<u>\$ 74,404</u>

**Interfund transfers**

Interfund transfers have been made in accordance with appropriating ordinances. The Borough collects a 3% sales tax and records the revenue in the General Fund. Sales tax, specifically dedicated to School District operations, and additional funds appropriated by the Assembly are transferred in monthly installments from the General Fund to the School District. Transfers to the School District totaled \$43,251,135.

Transfers between funds for the year ended June 30, 2012, were as follows:

	<u>Major Fund</u>		<u>Transfers In</u>	
	<u>General Fund</u>	<u>Nonmajor Gov't Funds</u>	<u>Nonmajor Gov't Funds</u>	<u>Total</u>
Transfers Out:				
General Fund	\$ -	\$ 6,399,753	\$ 6,399,753	\$ 6,399,753
Nonmajor governmental funds	-	1,766,737	1,766,737	1,766,737
Total	<u>\$ -</u>	<u>\$ 8,166,490</u>	<u>\$ 8,166,490</u>	<u>\$ 8,166,490</u>

Significant transfers were as follows:

- The General Fund transferred \$1,882,575 to the Solid Waste Debt Service Fund to fund FY12 debt service on bonds sold to finance construction, capital improvements and equipment at Borough landfill sites.
- The General Fund transferred \$2,342,599 to General Government Debt Service Fund to fund FY12 debt service payments on bonds sold to finance construction of school facilities and capital maintenance, of which \$1,639,820 was reimbursed by the State of Alaska.

- The General Fund transferred \$950,000 to School Revenue Capital Projects Fund to fund capital maintenance on school facilities and \$150,000 to the Solid Waste Capital Projects Fund to fund capital maintenance projects on solid waste facilities.
- The General Fund transferred \$213,198 to the 911 Communication Special Revenue Fund to support expenditures of the program.
- The General Fund transferred \$861,381 to nonmajor gov't funds for operating and capital subsidy.

**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.

The Borough is self-insured for workers compensation cost, with a retention level of \$250,000.

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

	<u>2012</u>	<u>2011</u>
Beginning of fiscal year liability	\$ 1,216,665	\$ 649,313
Current year claims incurred and changes in estimates for claims incurred in prior years	813,272	1,509,841
Claims and expenses paid	<u>(762,052)</u>	<u>(942,489)</u>
End of fiscal year liability	\$ <u>1,267,885</u>	\$ <u>1,216,665</u>

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 to the risk management issues listed above, the Borough maintains a health and medical benefit program, which covers all permanent employees working more than half time. The Borough retains a major portion of the risk of

this plan, and, accordingly, is liable for any employee health claims that are approved for payment. Stop-loss limits are \$200,000 for individual claims. Health and medical expenditures totaled \$6,069,905 and \$5,006,993 for the years ended June 30, 2012 and 2011 respectively, and consisted of paid claims, stop-loss premiums and administrative fees. Accruals were made based on estimates of health claims at year-end, including claims incurred but not reported. Such accruals are accounted for in the Employee Health Insurance Internal Service Fund. A schedule of the changes in the health care claims liability for the two years ended June 30, 2012 and 2011 follows:

	<u>2012</u>	<u>2011</u>
Health insurance claims liabilities, beginning of year	\$ 683,900	\$ 615,150
Current year claims incurred and changes in estimates for claims incurred in prior years	5,646,978	4,663,010
Claims and expenses paid	<u>(5,772,878)</u>	<u>(4,594,260)</u>
Health insurance claims liabilities, end of year	<u>\$ 558,000</u>	<u>\$ 683,900</u>

#### H. Long-term debt

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

	<u>Beginning Balance July 1, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance June 30, 2012</u>	<u>Due within one year</u>
<b>Governmental activities:</b>					
Areawide school bonds	\$28,465,000	\$ 8,150,000	\$ 10,130,000	26,485,000	\$ 1,665,000
Solid waste bonds	5,445,000	-	1,700,000	3,745,000	1,745,000
Central emergency services bonds	2,075,000	-	100,000	1,975,000	105,000
Compensated absences	2,879,821	1,933,268	2,205,426	2,607,663	651,915
Landfill closure / postclosure	<u>4,698,979</u>	<u>764,193</u>	<u>13,101</u>	<u>5,450,071</u>	<u>58,971</u>
Total governmental activities long-term liabilities	<u>\$ 43,563,800</u>	<u>\$10,847,461</u>	<u>\$14,148,527</u>	<u>40,262,734</u>	<u>\$ 4,225,886</u>
Unamortized deferred loss – School bonds 2011 refinancing				(710,332)	
Unamortized cost of issuance - School bonds 2011 refinancing				(76,236)	
Unamortized premium on bonds - School bonds 2011 refinancing				1,196,568	
Unamortized premium on bonds - Solid Waste 2009 expansion project				<u>90,000</u>	
				<u>\$ 40,762,734</u>	

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

School Bonds. School bonds are issued for the construction and major maintenance of public schools in the Borough. Bonds are paid from the General Fund through the levy of property taxes plus funding from the State of Alaska, which partially reimburses the Borough for expenditures for school debt issues. The State of Alaska will reimburse the Borough up to 70% of the principal and interest payments on the School bonds. The Borough receives a federal subsidy of 45% of the interest payment on the 2010 school bonds



In September 2011, the Borough issued School refunding bonds of \$8,150,000. These bonds were used to retire \$8,590,000 in outstanding debt. The refunding bonds were issued at a premium of \$1,284,122 and after paying issuance costs of \$81,814, the present value of the savings on the debt service was \$688,063 and the deferred loss on the refunding was \$762,308 and will be amortized over the remaining life of the bonds using the straight-line method. The net proceeds from the issuance were deposited into an irrevocable trust with an escrow agent to provide debt service payments on the old bonds. The advance refunding met the requirements of an in-substance defeasance of portions of the old bonds and \$8,590,000 was removed from the Borough's government-wide financial statements.

**Authorized but Unissued Bonds**

Voters of the Bear Creek Fire Service Area authorized the issuance of \$1,400,000 in bonds, contingent upon receiving grant funds in the amount of \$2,100,000. These bonds are expected to be sold in January 2013.

A summary of bonds payable (in thousands) at June 30, 2012, is as follows:

	<u>Date of Issue</u>	<u>Issued</u>	<u>Interest Rate</u>	<u>Maturity Dates</u>	<u>Annual Installments</u>	<u>Outstanding June 30, 2012</u>
<b>General Government:</b>						
School bonds:	01-31-07	\$ 2,515	4.00 – 5.50	2008 – 2017	\$215 to 305	\$ 1,390
	08-07-03 *	6,110	4.00 – 6.00	2004 – 2013	610 to 700	700
	12-09-10	16,865	1.42 – 6.26	2011 - 2030	715 to 1,110	16,410
	9-15-11	<u>8,150</u>	4.25 – 5.00	2014 - 2023	165 to 930	<u>7,985</u>
Total school bonds		<u>33,640</u>				<u>26,485</u>
**Debt originally issued for \$14,700,000 in 2003. In September 2011, the borough issued bonds in the amount of \$8,150,000 to refund \$8,590,000 of this debt.						
Solid waste bonds	05-22-03	7,040	2.50 – 4.25	2003 – 2013	705 to 800	800
	12-12-09	<u>4,780</u>	2.00 – 4.00	2011 – 2015	910 to 1,015	<u>2,945</u>
Total solid waste bonds		<u>11,820</u>				<u>3,745</u>
Total General Government		<u>45,900</u>				<u>30,230</u>
Central Emergency Services bonds	06-21-06	<u>2,500</u>	4.00 - 6.00	2006 - 2026	85 to 185	<u>1,975</u>
Total Governmental Activities		\$ <u>48,400</u>				\$ <u>32,205</u>

Debt service requirements, (not including landfill closure/postclosure and compensated absences), at June 30, 2012 were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Interest Subsidy</u>	<u>Interest (Net of interest subsidy)</u>
2013	\$ 3,515,000	\$ 1,469,469	\$ (350,894)	\$ 1,118,575
2014	2,735,000	1,331,343	(345,500)	985,843
2015	2,840,000	1,238,319	(338,508)	899,811
2016	1,875,000	1,128,175	(329,860)	798,315
2017	1,935,000	1,051,165	(319,449)	731,716
2018-2022	8,905,000	4,070,245	(1,382,524)	2,687,721
2023-2027	6,185,000	2,104,227	( 900,770)	1,203,457
2028-2030	<u>4,215,000</u>	<u>538,798</u>	<u>( 242,459)</u>	<u>296,339</u>
Total	\$ <u>32,205,000</u>	\$ <u>12,931,741</u>	\$ <u>(4,209,964)</u>	\$ <u>8,721,777</u>

### Hospital Note Payable

In fiscal year 2011, South Peninsula Hospital took out a note payable to the Kenai Peninsula Borough in the amount of \$313,831 to help finance a magnetic resonance imaging machine. Of the balance outstanding at June 30, 2012, \$59,400 is due within one year.

## **I. Conduit Debt Obligations**

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

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

<b><u>Fiscal Year:</u></b>	<b><u>Principal</u></b>
2013	\$ 499,680
2014	526,370
2015	554,520
2016	584,160
2017	615,380
2018-2019	<u>1,038,125</u>
	<u>\$ 3,818,235</u>

## **J. Commitments and Contingencies**

### **1. Loss Contingencies**

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

### **2. Grants**

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

## **K. Pension Plans**

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

The Borough participates in the Public Employees' Retirement System (PERS). PERS was originally established as an agent multiple employer plan, but was converted by legislation to a cost-sharing plan, effective July 1, 2008. The Plan was established and is administered by the State of Alaska Department of Administration to provide pension, postemployment healthcare, death, and disability benefits. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature.

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

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

Conversion to Cost Sharing

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

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

Funding Policy

Regular employees are required to contribute 6.75% of their annual covered salary (3.21% for pension and 3.54% for healthcare). Police and firefighters are required to contribute 7.5% of their annual covered salary (3.57% for pension and 3.93% for healthcare). The funding policy provides for periodic employer contributions based on actuarially determined rates that, expressed as a percentage of annual covered payroll, are sufficient to accumulate sufficient assets to pay both pension and postemployment healthcare benefits when due.

Under current legislation, the employer contribution rate is statutorily capped at 22%, however, the State of Alaska contributes any amount over 22% such that the total contribution equals the Alaska Retirement Management Board adopted rate, generally consistent with the actuarially determined rate. The Borough's contribution rate was determined as part of the June 30, 2009 actuarial valuation.

**The Borough's contribution rates for 2012 for PERS follow:**

	<u>Contractual Rate</u>	<u>ARM Board Adopted Rate</u>	<u>GASB 45* Rate</u>
Defined Benefit Pension	9.92%	14.65%	13.72%
Defined Contribution Pension	0.00%	2.73%	0.00%
Postemployment healthcare	<u>12.08%</u>	<u>16.11%</u>	<u>49.98%</u>
Total contribution rate	<u>22.00%</u>	<u>33.49%</u>	<u>63.70%</u>

\*This rate uses a 4.7% OPEB discount rate for PERS. This rate also disregards future Medicare Part D payments.

The GASB 45 rate noted above is the rate calculated in accordance with the rules as laid out by the GASB for plan accounting purposes, and is the rate used in the determination and calculation of plan assets and plan liabilities. In Alaska, the actual pay-in contribution rate is statutorily capped at 22%. Under current accounting rules, the Borough only recognizes pension/OPEB assets or liabilities if the actual pay-in amount varies from the 22% rate, despite the fact that this rate is significantly lower than the GASB 45 rate. In addition, GASB rules do not dictate how the funding methodology is calculated. As a general rule, the ARM Board Rate has adopted a different rate to be used for funding the plan. Under current rules, the Borough contributes 22%, and the State contributes an amount up to the amount of the ARM Board Rate. The GASB 45 rate is only used for accounting purposes at the plan level. In the future, pursuant to pending new accounting rules, the GASB 45 rate will be used to calculate the Borough's proportionate share of the unfunded liability.

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

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

Liabilities and contributions are computed using the Entry Age Actuarial Cost method of funding. Any funding surpluses or unfunded accrued liability is amortized over 25 years as a level percent of pay. Payroll is assumed to increase by the payroll growth assumption per year for this purpose. State statutes allow the contribution rate to be determined on payroll for all members, defined benefit and defined contribution member payroll combined. However, for GASB disclosure requirements, the net amortization period will not exceed 30 years and the level dollar amortization method is used since the defined benefit plan membership was closed effective July 1, 2006.

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

**Annual Pension and Postemployment Healthcare Cost - PERS**

The Borough is required to contribute 22% of covered payroll for PERS, subject to a wage floor. In addition, the State of Alaska contributed approximately 11.49% of covered payroll to the Plan. In accordance with the provisions of GASB Statement Number 24, the Borough has recorded the State PERS on behalf payments of \$2,175,260 in these financial statements as revenues and expenditures. However, because the Borough is not statutorily obligated for these payments, these amounts are excluded from pension and OPEB costs as described here.

The Borough's covered payroll for PERS defined benefit for the years ended June 30, 2012 and 2011 was \$12,926,435 and \$13,180,742, respectively.

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

Kenai Peninsula Borough

Year Ended June 30	Annual Pension Cost	Annual OPEB Cost	Total Benefit Cost (TBC)	Borough Contributions	% of TBC Contributed
2012	\$1,475,830	\$ 1,367,987	\$2,843,817	\$2,843,817	100%
2011	1,034,688	1,865,076	2,899,764	2,899,764	100%
2010	1,114,745	1,890,696	3,005,441	3,005,441	100%

**Defined Contribution Pension Plan**

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

	<b>PERS Tier IV</b>	
	<u>Others</u>	<u>Police/Fire</u>
Employee contribution	8.00%	8.00%
Individual account	5.00%	5.00%
Health reimbursement arrangement (HRA) *	3.00%	3.00%
Retiree medical plan	.51%	.51%
Occupational death and disability benefits	<u>.20%</u>	<u>.97%</u>
	<u>8.71%</u>	<u>9.48%</u>

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

The Borough and employee contributions to PERS including the HRA contribution for the year ended June 30, 2012 were \$495,721 and \$439,811, respectively.

The Borough’s covered payroll for PERS defined contribution for the years ended June 30, 2012 and 2011 was \$5,497,629 and \$4,580,307, respectively.

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

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

State and Federal laws and regulations require the Borough to comply with the State of Alaska Solid Waste Management Regulations (18AAC 60). These regulations include placement of a final cover system on its landfills when they stop accepting waste. Additionally, the Borough must perform post closure care and monitoring functions at the sites for up to thirty years after closure. The Borough has eight active landfills with landfill cells having remaining useful lives from 1 year to 20 years. The largest site has an active lined cell with a remaining expected life of five to seven years. This site has land enough for a minimum of three additional cells, which will be developed as needed and will extend the landfill life by approximately 25 years. The second largest facility has used 95% of landfill capacity and will be in operation until August 2013, at which time it will become a transfer station. There are also three sites which are closed, that are being monitored as required by regulation. As of June 30, 2012 the Borough has a recorded liability of \$5,450,071 in the government-wide financial statements for closure and postclosure cost associated with its landfills. This amount has been reported as restricted fund balance in the Solid Waste Capital Projects Fund and are based on what it would cost to perform all closure and postclosure care in 2012; actual cost may vary from this estimate due to inflation, changes in technology, or changes in regulations. It is estimated the Borough will recognize another \$11,903,549 in expense and liability between June 30, 2012 and the year 2034, the date the landfills are expected to reach capacity.

The Borough is required by state and federal laws and regulations to make certain financial assurances, public notice and record keeping, and reporting regarding this liability. The Borough has complied with these provisions. The Borough is committed to funding the annual increase in the estimate of closure and postclosure care costs. Accounting for landfill operations is included in the General Fund and the closure and postclosure costs are accounted for in the Solid Waste Capital Projects Fund.

**M. New Accounting Pronouncements**

The Governmental Accounting Standards Board has passed several new accounting standards with upcoming implementation dates as follows. The statements are being reviewed by management for potential financial reporting impacts.

*GASB 60 – Service Concession Arrangements* – Effective for year end June 30, 2013 – This statement provides guidance on proper accounting for service concession arrangements, a type of public private partnership associated with the operation of a public facility.

*GASB 63– Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*– Effective for year end June 30, 2013 – This statement will result in a change to the government’s presentation of proprietary fund statements and government-wide statements from a traditional “Balance Sheet” format to a new “Statement of Net Position” format which will segregate deferred inflows and deferred outflows from assets and liabilities respectively.

*GASB 65 – Items Previously Reported as Assets and Liabilities* – Effective for year end June 30, 2014 – This statement is a companion to GASB Statement 63 and establishes accounts to be reclassified as deferred inflows and outflows. In addition, certain items previously reported as assets or liabilities will be moved to the income statement. For example, debt issuance costs will no longer be capitalized and amortized but will be expensed as incurred, and certain regulatory assets and liabilities will be reclassified to deferred inflows and outflows.

*GASB 66 – Technical Corrections – 2012* – Effective for year end June 30, 2014 – This statement contains certain technical corrections to prior GASB statements on the topics of Risk Financing, Operating Leases, Loan Purchases, and Servicing Fees.

*GASB 68– Accounting and Financial Reporting for Pensions* – Effective for year end June 30, 2015 – This statement will require all governments that participate in defined benefit pension plans to report any “net pension liability” (as newly defined). An additional GASB statement provides guidance for the Plan reporting with a one year earlier implementation.

**NON-MAJOR GOVERNMENTAL FUNDS**

**Kenai Peninsula Borough**  
Nonmajor Governmental Funds  
Combining Balance Sheet  
June 30, 2012

	<b>Special Revenue Funds</b>	<b>Capital Projects Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b><u>Assets</u></b>			
Cash and short-term investments	\$ 22,521	\$ -	\$ 22,521
Equity in central treasury	19,443,494	15,118,727	34,562,221
Receivables (net of allowances for estimated uncollectibles):			
Taxes receivable	381,988	-	381,988
Accounts receivable	359,785	-	359,785
Land sale contracts receivable:			
Current	180,418	-	180,418
Delinquent	12,232	-	12,232
Due from other governments	1,515,093	1,866,961	3,382,054
Prepays	3,661	-	3,661
Land sale contracts receivable - long-term	1,041,877	-	1,041,877
Total assets	\$ 22,961,069	\$ 16,985,688	\$ 39,946,757
 <b><u>Liabilities and Fund Balances</u></b>			
Liabilities:			
Accounts and retainage payable	1,082,449	1,579,402	2,661,851
Accrued payroll and payroll benefits	417,890	24,113	442,003
Due to General Fund	74,404	-	74,404
Deferred revenue	1,581,681	-	1,581,681
Unearned revenue	3,842,225	1,204,689	5,046,914
Total liabilities	6,998,649	2,808,204	9,806,853
Fund balances:			
Nonspendable:			
Long-term land contracts receivable	1,041,877	-	1,041,877
Prepays	3,661	-	3,661
Restricted:			
Landfill closure/postclosure costs	-	5,450,071	5,450,071
Spruce Bark Beetle program	558,983	-	558,983
General government	148,709	542,445	691,154
Public safety	6,493,962	778,137	7,272,099
Recreation	1,606,046	-	1,606,046
Roads	1,578,268	-	1,578,268
Committed:			
Outstanding committed contracts	304,925	2,423,475	2,728,400
Building maintenance and upgrades	-	111,048	111,048
Land development projects	270,452	-	270,452
Public safety facilities and equipment	-	1,543,671	1,543,671
Recreational facility maintenance	-	183,895	183,895
School maintenance and upgrades	-	1,787,502	1,787,502
Solid waste facilities	-	515,628	515,628
Assigned:			
Subsequent year's expenditures	26,544	841,612	868,156
General government	3,980,371	-	3,980,371
Unassigned - (deficit)	(51,378)	-	(51,378)
Total fund balances	15,962,420	14,177,484	30,139,904
Total liabilities and fund balances	\$ 22,961,069	\$ 16,985,688	\$ 39,946,757



**Kenai Peninsula Borough**  
 Nonmajor Governmental Funds  
 Combining Statement of Revenues, Expenditures  
 and Changes in Fund Balances  
 For the Year Ended June 30, 2012

	<b>Special Revenue Funds</b>	<b>Capital Projects Funds</b>	<b>Debt Service Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues:</b>				
General property taxes	\$ 19,199,704	\$ -	\$ -	\$ 19,199,704
Motor vehicle tax	405,356	-	-	405,356
Intergovernmental:				
Federal	2,303,716	699,113	-	3,002,829
State	2,299,701	7,664,824	-	9,964,525
Investment earnings	522,107	183,914	-	706,021
Interest subsidy	-	-	404,197	404,197
Other revenues	3,216,359	323,223	50,998	3,590,580
<b>Total revenues</b>	<b>27,946,943</b>	<b>8,871,074</b>	<b>455,195</b>	<b>37,273,212</b>
 <b>Expenditures:</b>				
General government	2,796,833	131,553	-	2,928,386
Solid waste	-	2,835,992	-	2,835,992
Public safety	15,930,688	3,179,618	-	19,110,306
Recreation	1,490,809	86,793	-	1,577,602
Education	-	1,667,234	-	1,667,234
Environmental protection	2,048,151	-	-	2,048,151
Roads and trails	7,443,050	5,371,924	-	12,814,974
Debt service:				
Principal	-	-	3,340,000	3,340,000
Interest and other	-	-	1,531,747	1,531,747
<b>Total expenditures</b>	<b>29,709,531</b>	<b>13,273,114</b>	<b>4,871,747</b>	<b>47,854,392</b>
 Excess (deficiency) of revenues over expenditures	<b>(1,762,588)</b>	<b>(4,402,040)</b>	<b>(4,416,552)</b>	<b>(10,581,180)</b>
 Other financing sources (uses):				
Transfers in	505,745	3,244,193	4,416,552	8,166,490
Transfers out	(1,766,737)	-	-	(1,766,737)
<b>Net other financing sources (uses)</b>	<b>(1,260,992)</b>	<b>3,244,193</b>	<b>4,416,552</b>	<b>6,399,753</b>
 Net change in fund balances	<b>(3,023,580)</b>	<b>(1,157,847)</b>	<b>-</b>	<b>(4,181,427)</b>
 Fund balances at beginning of year	<b>18,986,000</b>	<b>15,335,331</b>	<b>-</b>	<b>34,321,331</b>
 Fund balances (deficit) at end of year	<b>\$ 15,962,420</b>	<b>\$ 14,177,484</b>	<b>\$ -</b>	<b>\$ 30,139,904</b>

**Nonmajor Special Revenue Funds**  
**Pages 64-85**

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

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

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

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

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

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

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

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

**North Peninsula Recreation Service Area** – This fund is used to account for operating expenditures of the North Peninsula Recreation Service Area.

**Seldovia Recreational Service Area** – This fund is used to account for operating expenditures of the Seldovia Recreational Service Area.

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

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

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

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

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

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

**911 Communications** – This fund is used to account for expenditures of the Borough's 911 Communications service.

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

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

**Kenai Peninsula Borough**  
 Nonmajor Special Revenue Funds  
 Combining Balance Sheet  
 June 30, 2012

	<b>Nikiski Fire Service Area</b>	<b>Bear Creek Fire Service Area</b>	<b>Anchor Point Fire and Emergency Medical Service Area</b>	<b>Central Emergency Service Area</b>
<b><u>Assets</u></b>				
Cash and short-term investments	\$ 19,922	\$ -	\$ 200	\$ 512
Equity in central treasury	5,767,919	222,640	287,297	1,543,911
Receivables (net of allowances for estimated uncollectibles):				
Taxes receivable	34,081	9,224	17,012	141,438
Accounts receivable	116,140	-	-	226,405
Land sale contracts receivable:				
Current	-	-	-	-
Delinquent	-	-	-	-
Due from other governments	19,068	6,406	1,744	190,033
Prepays	-	2,161	-	-
Land sale contracts receivable - long-term	-	-	-	-
<b>Total assets</b>	<b>\$ 5,957,130</b>	<b>\$ 240,431</b>	<b>\$ 306,253</b>	<b>\$ 2,102,299</b>
<b><u>Liabilities and Fund Balances</u></b>				
Liabilities:				
Accounts and retainage payable	39,521	3,987	27,102	42,143
Accrued payroll and payroll benefits	123,191	5,869	5,328	150,735
Due to General Fund	-	-	-	-
Deferred revenue	30,751	8,770	14,518	128,130
Unearned revenue	1,730,365	20,099	43,895	267,491
<b>Total liabilities</b>	<b>1,923,828</b>	<b>38,725</b>	<b>90,843</b>	<b>588,499</b>
Fund balances:				
Nonspendable:				
Long-term land contracts receivable	-	-	-	-
Prepays	-	2,161	-	-
Restricted:				
Spruce Bark Beetle program	-	-	-	-
Public safety	4,033,302	192,671	212,565	1,513,800
Recreation	-	-	-	-
General government	-	-	-	-
Roads	-	-	-	-
Committed:				
Outstanding committed contracts	-	-	2,845	-
Land development projects	-	-	-	-
Assigned:				
Subsequent year's expenditures	-	6,874	-	-
General government	-	-	-	-
Unassigned - (deficit)	-	-	-	-
<b>Total fund balances</b>	<b>4,033,302</b>	<b>201,706</b>	<b>215,410</b>	<b>1,513,800</b>
<b>Total liabilities and fund balances</b>	<b>\$ 5,957,130</b>	<b>\$ 240,431</b>	<b>\$ 306,253</b>	<b>\$ 2,102,299</b>

<u>Kachemak Emergency Service Area</u>	<u>Lowell Point Emergency Service Area</u>	<u>Central Peninsula Emergency Medical Service Area</u>	<u>North Peninsula Recreation Service Area</u>	<u>Seldovia Recreational Service Area</u>
\$ 1,687	\$ -	\$ -	\$ 200	\$ -
307,959	29,025	8	2,255,429	327
19,894	216	163	11,414	-
17,240	-	-	-	-
-	-	-	-	-
-	-	-	-	-
5,535	-	-	4,081	-
1,500	-	-	-	-
-	-	-	-	-
<u>\$ 353,815</u>	<u>\$ 29,241</u>	<u>\$ 171</u>	<u>\$ 2,271,124</u>	<u>\$ 327</u>
26,089	27,500	-	24,292	73
10,938	-	-	32,072	-
-	-	-	-	-
18,574	216	163	10,305	-
23,083	-	8	595,569	-
<u>78,684</u>	<u>27,716</u>	<u>171</u>	<u>662,238</u>	<u>73</u>
-	-	-	-	-
1,500	-	-	-	-
-	-	-	-	-
273,631	1,525	-	-	-
-	-	-	1,605,792	254
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	3,094	-
-	-	-	-	-
-	-	-	-	-
<u>275,131</u>	<u>1,525</u>	<u>-</u>	<u>1,608,886</u>	<u>254</u>
<u>\$ 353,815</u>	<u>\$ 29,241</u>	<u>\$ 171</u>	<u>\$ 2,271,124</u>	<u>\$ 327</u>

(Continued)

**Kenai Peninsula Borough**  
 Nonmajor Special Revenue Funds  
 Combining Balance Sheet, continued  
 June 30, 2012

	<u>Road Service Area</u>	<u>Land Trust</u>	<u>Seward Bear Creek Flood Service Area</u>	<u>Environmental Protection Programs</u>
<b><u>Assets</u></b>				
Cash and short-term investments	\$ -	\$ -	\$ -	\$ -
Equity in central treasury	2,820,512	5,427,037	282,055	208,060
Receivables (net of allowances for estimated uncollectibles):				
Taxes receivable	142,367	-	4,176	-
Accounts receivable	-	-	-	-
Land sale contracts receivable:				
Current	-	180,418	-	-
Delinquent	-	12,232	-	-
Due from other governments	32,376	-	1,578	405,682
Prepays	-	-	-	-
Land sale contracts receivable - long-term	-	1,041,877	-	-
<b>Total assets</b>	<b>\$ 2,995,255</b>	<b>\$ 6,661,564</b>	<b>\$ 287,809</b>	<b>\$ 613,742</b>
<b><u>Liabilities and Fund Balances</u></b>				
Liabilities:				
Accounts and retainage payable	215,316	114,693	11	14,148
Accrued payroll and payroll benefits	23,464	15,538	1,669	9,561
Due to General Fund	-	-	-	-
Deferred revenue	130,280	1,234,527	3,642	-
Unearned revenue	1,046,927	-	443	-
<b>Total liabilities</b>	<b>1,415,987</b>	<b>1,364,758</b>	<b>5,765</b>	<b>23,709</b>
Fund balances:				
Nonspendable:				
Long-term land contracts receivable	-	1,041,877	-	-
Prepays	-	-	-	-
Restricted:				
Spruce Bark Beetle program	-	-	-	558,983
Public safety	-	-	266,468	-
Recreation	-	-	-	-
General government	-	-	-	-
Roads	1,578,268	-	-	-
Committed:				
Outstanding committed contracts	-	4,106	-	31,050
Land development projects	-	270,452	-	-
Assigned:				
Subsequent year's expenditures	1,000	-	15,576	-
General government	-	3,980,371	-	-
Unassigned - (deficit)	-	-	-	-
<b>Total fund balances</b>	<b>1,579,268</b>	<b>5,296,806</b>	<b>282,044</b>	<b>590,033</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,995,255</b>	<b>\$ 6,661,564</b>	<b>\$ 287,809</b>	<b>\$ 613,742</b>

<u>Local Emergency Planning Committee</u>	<u>Disaster Relief</u>	<u>911 Communications</u>	<u>Miscellaneous Grants</u>	<u>Nikiski Senior Service Area</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,521
-	-	-	29,118	262,197	19,443,494
-	-	-	-	2,003	381,988
-	-	-	-	-	359,785
-	-	-	-	-	180,418
-	-	-	-	-	12,232
9,289	61,810	-	776,832	659	1,515,093
-	-	-	-	-	3,661
-	-	-	-	-	1,041,877
<u>\$ 9,289</u>	<u>\$ 61,810</u>	<u>\$ -</u>	<u>\$ 805,950</u>	<u>\$ 264,859</u>	<u>\$ 22,961,069</u>
3,514	2,071	6,546	535,443	-	1,082,449
489	-	35,453	3,583	-	417,890
5,286	59,739	9,379	-	-	74,404
-	-	-	-	1,805	1,581,681
-	-	-	-	114,345	3,842,225
<u>9,289</u>	<u>61,810</u>	<u>51,378</u>	<u>539,026</u>	<u>116,150</u>	<u>6,998,649</u>
-	-	-	-	-	1,041,877
-	-	-	-	-	3,661
-	-	-	-	-	558,983
-	-	-	-	-	6,493,962
-	-	-	-	-	1,606,046
-	-	-	-	148,709	148,709
-	-	-	-	-	1,578,268
-	-	-	266,924	-	304,925
-	-	-	-	-	270,452
-	-	-	-	-	26,544
-	-	-	-	-	3,980,371
-	-	(51,378)	-	-	(51,378)
<u>-</u>	<u>-</u>	<u>(51,378)</u>	<u>266,924</u>	<u>148,709</u>	<u>15,962,420</u>
<u>\$ 9,289</u>	<u>\$ 61,810</u>	<u>\$ -</u>	<u>\$ 805,950</u>	<u>\$ 264,859</u>	<u>\$ 22,961,069</u>

**Kenai Peninsula Borough**  
 Nonmajor Special Revenue Funds  
 Combining Statement of Revenues, Expenditures  
 and Changes in Fund Balances  
 For the Year Ended June 30, 2012

	<b>Nikiski Fire Service Area</b>	<b>Bear Creek Fire Service Area</b>	<b>Anchor Point Fire and Emergency Medical Service Area</b>	<b>Central Emergency Service Area</b>
<b>Revenues:</b>				
General property taxes	\$ 3,506,734	\$ 333,970	\$ 533,061	\$ 6,202,826
Motor vehicle tax	54,739	12,590	7,797	132,483
Intergovernmental:				
Federal	1,418	28,885	-	225,059
State	198,300	9,125	12,572	371,171
Investment earnings	106,698	5,221	6,857	63,124
Other revenues	319,581	1,672	547	682,348
Total revenues	<u>4,187,470</u>	<u>391,463</u>	<u>560,834</u>	<u>7,677,011</u>
<b>Expenditures:</b>				
General government	-	-	-	-
Public safety	3,771,585	324,379	485,848	6,786,807
Recreation	-	-	-	-
Environmental protection	-	-	-	-
Roads and trails	-	-	-	-
Total expenditures	<u>3,771,585</u>	<u>324,379</u>	<u>485,848</u>	<u>6,786,807</u>
Excess (deficiency) of revenues over expenditures	<u>415,885</u>	<u>67,084</u>	<u>74,986</u>	<u>890,204</u>
Other financing sources (uses):				
Transfers in	-	-	-	17,269
Transfers out	(192,181)	(100,000)	(100,000)	(1,210,520)
Net other financing sources (uses)	<u>(192,181)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>(1,193,251)</u>
Net change in fund balances	223,704	(32,916)	(25,014)	(303,047)
Fund balances at beginning of year	<u>3,809,598</u>	<u>234,622</u>	<u>240,424</u>	<u>1,816,847</u>
Fund balances (deficit) at end of year	<u>\$ 4,033,302</u>	<u>\$ 201,706</u>	<u>\$ 215,410</u>	<u>\$ 1,513,800</u>

<b>Kachemak Emergency Service Area</b>	<b>Lowell Point Emergency Service Area</b>	<b>Central Peninsula Emergency Medical Service Area</b>	<b>North Peninsula Recreation Service Area</b>	<b>Seldovia Recreational Service Area</b>
\$ 776,400	\$ 755	\$ 8,442	\$ 1,186,257	\$ 28
24,747	-	-	18,246	-
9,100	-	-	-	-
25,564	-	-	48,946	-
8,515	770	-	43,308	-
40,695	-	-	224,467	1,500
<u>885,021</u>	<u>1,525</u>	<u>8,442</u>	<u>1,521,224</u>	<u>1,528</u>
-	-	-	-	-
743,175	44,297	-	-	-
-	-	-	1,489,535	1,274
-	-	-	-	-
-	-	-	-	-
<u>743,175</u>	<u>44,297</u>	<u>-</u>	<u>1,489,535</u>	<u>1,274</u>
141,846	(42,772)	8,442	31,689	254
-	-	-	-	-
(106,767)	-	(17,269)	(40,000)	-
<u>(106,767)</u>	<u>-</u>	<u>(17,269)</u>	<u>(40,000)</u>	<u>-</u>
35,079	(42,772)	(8,827)	(8,311)	254
240,052	44,297	8,827	1,617,197	-
<u>\$ 275,131</u>	<u>\$ 1,525</u>	<u>\$ -</u>	<u>\$ 1,608,886</u>	<u>\$ 254</u>

(Continued)



**Kenai Peninsula Borough**  
 Nonmajor Special Revenue Funds  
 Combining Statement of Revenues, Expenditures  
 and Changes in Fund Balances, continued  
 For the Year Ended June 30, 2012

	<u>Road Service Area</u>	<u>Land Trust</u>	<u>Seward Bear Creek Flood Service Area</u>	<u>Environmental Protection Programs</u>
<b>Revenues:</b>				
General property taxes	\$ 6,218,974	\$ -	\$ 212,194	\$ -
Motor vehicle tax	144,753	-	7,056	-
Intergovernmental:				
Federal	-	-	-	774,821
State	64,006	33,855	3,748	31,726
Investment earnings	85,161	175,573	7,702	14,775
Other revenues	-	702,386	-	-
Total revenues	<u>6,512,894</u>	<u>911,814</u>	<u>230,700</u>	<u>821,322</u>
<b>Expenditures:</b>				
General government	-	1,190,349	-	-
Public safety	-	-	290,804	-
Recreation	-	-	-	-
Environmental protection	-	-	-	1,534,696
Roads and trails	7,443,050	-	-	-
Total expenditures	<u>7,443,050</u>	<u>1,190,349</u>	<u>290,804</u>	<u>1,534,696</u>
Excess (deficiency) of revenues over expenditures	<u>(930,156)</u>	<u>(278,535)</u>	<u>(60,104)</u>	<u>(713,374)</u>
Other financing sources (uses):				
Transfers in	-	59,915	-	-
Transfers out	-	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>59,915</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(930,156)	(218,620)	(60,104)	(713,374)
Fund balances at beginning of year	<u>2,509,424</u>	<u>5,515,426</u>	<u>342,148</u>	<u>1,303,407</u>
Fund balances (deficit) at end of year	<u>\$ 1,579,268</u>	<u>\$ 5,296,806</u>	<u>\$ 282,044</u>	<u>\$ 590,033</u>

<b>Local Emergency Planning Committee</b>	<b>Disaster Relief</b>	<b>911 Communications</b>	<b>Miscellaneous Grants</b>	<b>Nikiski Senior Service Area</b>	<b>Total Nonmajor Special Revenue Funds</b>
\$ -	\$ -	\$ -	\$ -	\$ 220,063	\$ 19,199,704
-	-	-	-	2,945	405,356
-	34,393	-	1,230,040	-	2,303,716
23,693	27,417	76,623	1,372,955	-	2,299,701
-	-	27	-	4,376	522,107
-	-	1,223,613	19,550	-	3,216,359
<u>23,693</u>	<u>61,810</u>	<u>1,300,263</u>	<u>2,622,545</u>	<u>227,384</u>	<u>27,946,943</u>
-	-	-	1,345,185	261,299	2,796,833
23,693	61,810	1,742,929	1,655,361	-	15,930,688
-	-	-	-	-	1,490,809
-	-	-	513,455	-	2,048,151
-	-	-	-	-	7,443,050
<u>23,693</u>	<u>61,810</u>	<u>1,742,929</u>	<u>3,514,001</u>	<u>261,299</u>	<u>29,709,531</u>
-	-	(442,666)	(891,456)	(33,915)	(1,762,588)
-	-	391,288	-	37,273	505,745
-	-	-	-	-	(1,766,737)
-	-	<u>391,288</u>	-	<u>37,273</u>	<u>(1,260,992)</u>
-	-	(51,378)	(891,456)	3,358	(3,023,580)
-	-	-	1,158,380	145,351	18,986,000
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (51,378)</u>	<u>\$ 266,924</u>	<u>\$ 148,709</u>	<u>\$ 15,962,420</u>

**Kenai Peninsula Borough**  
Nikiski Fire Service Area Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
General property taxes	\$ 3,718,611	\$ 3,718,611	\$ 3,506,734	\$ (211,877)
Motor vehicle tax	34,914	34,914	54,739	19,825
Intergovernmental:				
Federal	-	-	1,418	1,418
State	-	195,600	198,300	2,700
Investment earnings	107,060	107,060	106,698	(362)
Other revenues	245,000	260,000	319,581	59,581
Total revenues	<u>4,105,585</u>	<u>4,316,185</u>	<u>4,187,470</u>	<u>(128,715)</u>
<b>Expenditures:</b>				
Personnel	2,825,997	3,078,599	2,971,684	106,915
Supplies	194,353	194,353	163,040	31,313
Services	586,971	584,971	515,954	69,017
Capital outlay	119,500	136,500	120,907	15,593
Total expenditures	<u>3,726,821</u>	<u>3,994,423</u>	<u>3,771,585</u>	<u>222,838</u>
Excess (deficiency) of revenues over expenditures	<u>378,764</u>	<u>321,762</u>	<u>415,885</u>	<u>94,123</u>
Other financing sources (uses):				
Transfers (out)	<u>(192,181)</u>	<u>(192,181)</u>	<u>(192,181)</u>	<u>-</u>
Net change in fund balance	186,583	129,581	223,704	94,123
Fund balance at beginning of year	<u>3,809,598</u>	<u>3,809,598</u>	<u>3,809,598</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 3,996,181</u></u>	<u><u>\$ 3,939,179</u></u>	<u><u>\$ 4,033,302</u></u>	<u><u>\$ 94,123</u></u>

**Kenai Peninsula Borough**

Bear Creek Fire Service Area Special Revenue Fund

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
General property taxes	\$ 336,727	\$ 336,727	\$ 333,970	\$ (2,757)
Motor vehicle tax	13,175	13,175	12,590	(585)
Intergovernmental:				
Federal	-	93,404	28,885	(64,519)
State	-	9,125	9,125	-
Investment earnings	4,619	4,619	5,221	602
Other revenues	-	-	1,672	1,672
Total revenues	<u>354,521</u>	<u>457,050</u>	<u>391,463</u>	<u>(65,587)</u>
<b>Expenditures:</b>				
Personnel	152,736	169,251	162,993	6,258
Supplies	21,474	24,960	21,417	3,543
Services	164,871	179,150	103,632	75,518
Capital outlay	16,000	38,339	36,337	2,002
Total expenditures	<u>355,081</u>	<u>411,700</u>	<u>324,379</u>	<u>87,321</u>
Excess (deficiency) of revenues over expenditures	<u>(560)</u>	<u>45,350</u>	<u>67,084</u>	<u>21,734</u>
Other financing sources (uses):				
Transfers (out)	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Net change in fund balance	(100,560)	(54,650)	(32,916)	21,734
Fund balance at beginning of year	<u>234,622</u>	<u>234,622</u>	<u>234,622</u>	<u>-</u>
Fund balance at end of year	<u>\$ 134,062</u>	<u>\$ 179,972</u>	<u>\$ 201,706</u>	<u>\$ 21,734</u>

**Kenai Peninsula Borough**

Anchor Point Fire and Emergency Medical Service Area Special Revenue Fund

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
General property taxes	\$ 540,441	\$ 540,441	\$ 533,061	\$ (7,380)
Motor vehicle tax	8,000	8,000	7,797	(203)
Intergovernmental:				
State	-	12,572	12,572	-
Investment earnings	5,394	5,394	6,857	1,463
Other revenues	-	-	547	547
Total revenues	<u>553,835</u>	<u>566,407</u>	<u>560,834</u>	<u>(5,573)</u>
<b>Expenditures:</b>				
Personnel	284,479	299,556	270,982	28,574
Supplies	40,556	53,600	35,140	18,460
Services	145,174	171,874	142,138	29,736
Capital outlay	21,500	44,700	37,588	7,112
Total expenditures	<u>491,709</u>	<u>569,730</u>	<u>485,848</u>	<u>83,882</u>
Excess (deficiency) of revenues over expenditures	<u>62,126</u>	<u>(3,323)</u>	<u>74,986</u>	<u>78,309</u>
Other financing sources (uses):				
Transfers (out)	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Net change in fund balance	(37,874)	(103,323)	(25,014)	78,309
Fund balance at beginning of year	<u>240,424</u>	<u>240,424</u>	<u>240,424</u>	<u>-</u>
Fund balance at end of year	<u>\$ 202,550</u>	<u>\$ 137,101</u>	<u>\$ 215,410</u>	<u>\$ 78,309</u>

**Kenai Peninsula Borough**  
Central Emergency Service Area Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
General property taxes	\$ 6,208,432	\$ 6,208,432	\$ 6,202,826	\$ (5,606)
Motor vehicle tax	108,000	108,000	132,483	24,483
Intergovernmental:				
Federal	-	232,411	225,059	(7,352)
State	-	368,387	371,171	2,784
Investment earnings	75,000	75,000	63,124	(11,876)
Other revenues	<u>619,634</u>	<u>619,634</u>	<u>682,348</u>	<u>62,714</u>
Total revenues	<u>7,011,066</u>	<u>7,611,864</u>	<u>7,677,011</u>	<u>65,147</u>
<b>Expenditures:</b>				
Personnel	5,022,180	5,715,988	5,541,143	174,845
Supplies	389,512	438,992	416,389	22,603
Services	749,114	727,682	689,543	38,139
Capital outlay	<u>127,362</u>	<u>142,480</u>	<u>139,732</u>	<u>2,748</u>
Total expenditures	<u>6,288,168</u>	<u>7,025,142</u>	<u>6,786,807</u>	<u>238,335</u>
Excess (deficiency) of revenues over expenditures	<u>722,898</u>	<u>586,722</u>	<u>890,204</u>	<u>303,482</u>
Other financing sources (uses):				
Transfers in	17,967	17,967	17,269	(698)
Transfers (out)	<u>(1,210,520)</u>	<u>(1,210,520)</u>	<u>(1,210,520)</u>	<u>-</u>
Net other financing sources (uses)	<u>(1,192,553)</u>	<u>(1,192,553)</u>	<u>(1,193,251)</u>	<u>(698)</u>
Net change in fund balance	(469,655)	(605,831)	(303,047)	302,784
Fund balance at beginning of year	<u>1,816,847</u>	<u>1,816,847</u>	<u>1,816,847</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,347,192</u>	<u>\$ 1,211,016</u>	<u>\$ 1,513,800</u>	<u>\$ 302,784</u>

**Kenai Peninsula Borough**

Kachemak Emergency Service Area Special Revenue Fund

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
General property taxes	\$ 778,952	\$ 778,952	\$ 776,400	\$ (2,552)
Motor vehicle tax	19,738	19,738	24,747	5,009
Intergovernmental:				
Federal	-	9,100	9,100	-
State	-	25,564	25,564	-
Investment earnings	4,500	4,500	8,515	4,015
Other revenues	27,000	27,000	40,695	13,695
Total revenues	<u>830,190</u>	<u>864,854</u>	<u>885,021</u>	<u>20,167</u>
<b>Expenditures:</b>				
Personnel	370,956	423,739	419,762	3,977
Supplies	75,000	76,897	71,286	5,611
Services	163,405	160,640	158,048	2,592
Capital outlay	101,000	94,913	94,079	834
Total expenditures	<u>710,361</u>	<u>756,189</u>	<u>743,175</u>	<u>13,014</u>
Excess (deficiency) of revenues over expenditures	<u>119,829</u>	<u>108,665</u>	<u>141,846</u>	<u>33,181</u>
Other financing sources (uses):				
Transfers (out)	<u>(106,767)</u>	<u>(106,767)</u>	<u>(106,767)</u>	<u>-</u>
Net change in fund balance	13,062	1,898	35,079	33,181
Fund balance at beginning of year	<u>240,052</u>	<u>240,052</u>	<u>240,052</u>	<u>-</u>
Fund balance at end of year	<u>\$ 253,114</u>	<u>\$ 241,950</u>	<u>\$ 275,131</u>	<u>\$ 33,181</u>

**Kenai Peninsula Borough**

Lowell Point Emergency Service Area Special Revenue Fund

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
General property taxes	\$ -	\$ -	\$ 755	\$ 755
Motor vehicle tax	350	350	-	(350)
Investment earnings	-	552	770	218
Total revenues	<u>350</u>	<u>902</u>	<u>1,525</u>	<u>623</u>
<b>Expenditures:</b>				
Supplies	-	3,000	3,000	-
Services	537	13,867	13,867	-
Capital outlay	-	27,430	27,430	-
Total expenditures	<u>17,615</u>	<u>44,297</u>	<u>44,297</u>	<u>-</u>
Net change in fund balance	(17,265)	(43,395)	(42,772)	623
Fund balance at beginning of year	<u>44,297</u>	<u>44,297</u>	<u>44,297</u>	<u>-</u>
Fund balance at end of year	<u>\$ 27,032</u>	<u>\$ 902</u>	<u>\$ 1,525</u>	<u>\$ 623</u>



**Kenai Peninsula Borough**

Central Peninsula Emergency Medical Service Area Special Revenue Fund

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
General property taxes	\$ 9,250	\$ 9,250	\$ 8,442	\$ (808)
Total revenues	<u>9,250</u>	<u>9,250</u>	<u>8,442</u>	<u>(808)</u>
<b>Expenditures:</b>				
Services	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>9,250</u>	<u>9,250</u>	<u>8,442</u>	<u>(808)</u>
Other financing sources (uses):				
Transfers (out)	<u>(17,967)</u>	<u>(17,967)</u>	<u>(17,269)</u>	<u>698</u>
Net change in fund balance	(8,717)	(8,717)	(8,827)	(110)
Fund balance at beginning of year	<u>8,827</u>	<u>8,827</u>	<u>8,827</u>	<u>-</u>
Fund balance at end of year	<u>\$ 110</u>	<u>\$ 110</u>	<u>\$ -</u>	<u>\$ (110)</u>

**Kenai Peninsula Borough**

North Peninsula Recreation Service Area Special Revenue Fund

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
General property taxes	\$ 1,259,746	\$ 1,259,746	\$ 1,186,257	\$ (73,489)
Motor vehicle tax	15,467	15,467	18,246	2,779
Intergovernmental:				
State	-	48,946	48,946	-
Investment earnings	46,634	46,634	43,308	(3,326)
Other revenues	190,000	190,000	224,467	34,467
Total revenues	<u>1,511,847</u>	<u>1,560,793</u>	<u>1,521,224</u>	<u>(39,569)</u>
<b>Expenditures:</b>				
Personnel	884,350	956,061	940,700	15,361
Supplies	113,500	117,000	102,029	14,971
Services	474,484	464,422	440,290	24,132
Capital outlay	-	6,562	6,516	46
Total expenditures	<u>1,472,334</u>	<u>1,544,045</u>	<u>1,489,535</u>	<u>54,510</u>
Excess (deficiency) of revenues over expenditures	<u>39,513</u>	<u>16,748</u>	<u>31,689</u>	<u>14,941</u>
Other financing sources (uses):				
Transfers (out)	<u>(40,000)</u>	<u>(40,000)</u>	<u>(40,000)</u>	<u>-</u>
Net change in fund balance	(487)	(23,252)	(8,311)	14,941
Fund balance at beginning of year	<u>1,617,197</u>	<u>1,617,197</u>	<u>1,617,197</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,616,710</u>	<u>\$ 1,593,945</u>	<u>\$ 1,608,886</u>	<u>\$ 14,941</u>

**Kenai Peninsula Borough**

Seldovia Recreational Service Area Special Revenue Fund

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
General property taxes	\$ -	\$ -	\$ 28	\$ 28
Other revenues	-	-	1,500	1,500
Total revenues	<u>-</u>	<u>-</u>	<u>1,528</u>	<u>1,528</u>
<b>Expenditures:</b>				
Supplies	-	65	65	-
Services	-	26,435	1,209	25,226
Total expenditures	<u>-</u>	<u>26,500</u>	<u>1,274</u>	<u>25,226</u>
Net change in fund balance	-	(26,500)	254	26,754
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ (26,500)</u>	<u>\$ 254</u>	<u>\$ 26,754</u>

**Kenai Peninsula Borough**  
Road Service Area Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2012

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
General property taxes	\$ 6,318,360	\$ 6,318,360	\$ 6,218,974	\$ (99,386)
Motor vehicle tax	138,876	138,876	144,753	5,877
Intergovernmental:				
State	-	64,006	64,006	-
Investment earnings	113,000	113,000	85,161	(27,839)
Total revenues	<u>6,570,236</u>	<u>6,634,242</u>	<u>6,512,894</u>	<u>(121,348)</u>
<b>Expenditures:</b>				
Personnel	873,252	960,063	959,311	752
Supplies	74,370	74,370	66,240	8,130
Services	5,859,279	7,255,279	6,378,878	876,401
Capital outlay	44,550	44,550	38,621	5,929
Total expenditures	<u>6,851,451</u>	<u>8,334,262</u>	<u>7,443,050</u>	<u>891,212</u>
Net change in fund balance	(281,215)	(1,700,020)	(930,156)	769,864
Fund balance at beginning of year	<u>2,509,424</u>	<u>2,509,424</u>	<u>2,509,424</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 2,228,209</u></u>	<u><u>\$ 809,404</u></u>	<u><u>\$ 1,579,268</u></u>	<u><u>\$ 769,864</u></u>

**Kenai Peninsula Borough**  
Land Trust Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental:				
State	\$ -	\$ 33,855	\$ 33,855	\$ -
Investment earnings	300,000	300,000	175,573	(124,427)
Payments on land contracts	650,000	650,000	392,640	(257,360)
Land leases	156,500	156,500	144,711	(11,789)
Timber and gravel sales	50,000	50,000	59,565	9,565
Miscellaneous	107,555	107,555	105,470	(2,085)
Total revenues	<u>1,264,055</u>	<u>1,297,910</u>	<u>911,814</u>	<u>(386,096)</u>
<b>Expenditures:</b>				
Personnel	504,752	553,160	531,280	21,880
Supplies	9,098	24,073	27,761	(3,688)
Services	627,691	1,278,983	624,566	654,417
Capital outlay	12,500	14,090	6,742	7,348
Total expenditures	<u>1,154,041</u>	<u>1,870,306</u>	<u>1,190,349</u>	<u>679,957</u>
Excess (deficiency) of revenues over expenditures	<u>110,014</u>	<u>(572,396)</u>	<u>(278,535)</u>	<u>293,861</u>
Other financing sources (uses):				
Transfers in	<u>59,915</u>	<u>59,915</u>	<u>59,915</u>	<u>-</u>
Net change in fund balance	169,929	(512,481)	(218,620)	293,861
Fund balance at beginning of year	<u>5,515,426</u>	<u>5,515,426</u>	<u>5,515,426</u>	<u>-</u>
Fund balance at end of year	<u>\$ 5,685,355</u>	<u>\$ 5,002,945</u>	<u>\$ 5,296,806</u>	<u>\$ 293,861</u>

**Kenai Peninsula Borough**

Seward Bear Creek Flood Service Area Special Revenue Fund

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
General property taxes	\$ 212,928	\$ 212,928	\$ 212,194	\$ (734)
Motor vehicle tax	7,218	7,218	7,056	(162)
Intergovernmental:				
State	-	3,748	3,748	-
Investment earnings	5,415	5,415	7,702	2,287
Total revenues	<u>225,561</u>	<u>229,309</u>	<u>230,700</u>	<u>1,391</u>
<b>Expenditures:</b>				
Personnel	64,009	67,757	64,191	3,566
Supplies	5,100	4,025	1,947	2,078
Services	259,953	259,953	222,208	37,745
Capital outlay	2,000	3,075	2,458	617
Total expenditures	<u>331,062</u>	<u>334,810</u>	<u>290,804</u>	<u>44,006</u>
Net change in fund balance	(105,501)	(105,501)	(60,104)	45,397
Fund balance at beginning of year	<u>342,148</u>	<u>342,148</u>	<u>342,148</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 236,647</u></u>	<u><u>\$ 236,647</u></u>	<u><u>\$ 282,044</u></u>	<u><u>\$ 45,397</u></u>

**Kenai Peninsula Borough**

911 Communications Special Revenue Fund

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
911 service fee	\$ 1,270,167	\$ 1,270,167	\$ 1,223,613	\$ (46,554)
Intergovernmental:				
State	-	76,623	76,623	-
Investment earnings	-	-	27	27
Total revenues	<u>1,270,167</u>	<u>1,346,790</u>	<u>1,300,263</u>	<u>(46,527)</u>
<b>Expenditures:</b>				
Personnel	1,189,540	1,274,572	1,266,114	8,458
Supplies	1,800	5,885	4,624	1,261
Services	486,773	506,764	472,191	34,573
Capital outlay	-	1,200	-	1,200
Total expenditures	<u>1,678,113</u>	<u>1,788,421</u>	<u>1,742,929</u>	<u>45,492</u>
Excess (deficiency) of revenues over expenditures	<u>(407,946)</u>	<u>(441,631)</u>	<u>(442,666)</u>	<u>(1,035)</u>
Other financing sources (uses):				
Transfers in	<u>357,603</u>	<u>391,288</u>	<u>391,288</u>	<u>-</u>
Net change in fund balance	(50,343)	(50,343)	(51,378)	(1,035)
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (50,343)</u>	<u>\$ (50,343)</u>	<u>\$ (51,378)</u>	<u>\$ (1,035)</u>

**Kenai Peninsula Borough**

Nikiski Senior Service Area Special Revenue Fund

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
General property taxes	\$ 233,578	\$ 233,578	\$ 220,063	\$ (13,515)
Motor vehicle tax	1,820	1,820	2,945	1,125
Investment earnings	5,399	5,399	4,376	(1,023)
Total revenues	240,797	240,797	227,384	(13,413)
<b>Expenditures:</b>				
Services	261,300	261,300	261,299	1
Total expenditures	261,300	261,300	261,299	1
Excess (deficiency) of revenues over expenditures	(20,503)	(20,503)	(33,915)	(13,412)
Other financing sources (uses):				
Transfers in	37,273	37,273	37,273	-
Net change in fund balance	16,770	16,770	3,358	(13,412)
Fund balance at beginning of year	145,351	145,351	145,351	-
Fund balance at end of year	\$ 162,121	\$ 162,121	\$ 148,709	\$ (13,412)



**Nonmajor Capital Project Funds**  
**Pages 87-93**

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

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

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

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

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

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

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

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

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

**Kenai Peninsula Borough**  
 Nonmajor Capital Projects Funds  
 Combining Balance Sheet  
 June 30, 2012

	<u>School Revenue</u>	<u>General Government</u>	<u>Resource Management</u>	<u>Solid Waste</u>
<b><u>Assets</u></b>				
Equity in central treasury	\$ 3,627,785	\$ 1,104,370	\$ 38,132	\$ 5,938,992
Due from other governments	118,125	-	-	874,831
Total assets	<u>\$ 3,745,910</u>	<u>\$ 1,104,370</u>	<u>\$ 38,132</u>	<u>\$ 6,813,823</u>
<b><u>Liabilities and Fund Balances</u></b>				
Liabilities:				
Accounts and retainage payable	420,832	5,427	-	627,454
Accrued payroll and payroll benefits	22,055	21	-	-
Unearned revenue	1,204,689	-	-	-
Total liabilities	<u>1,647,576</u>	<u>5,448</u>	<u>-</u>	<u>627,454</u>
Fund balances:				
Restricted:				
Landfill closure/postclosure costs	-	-	-	5,450,071
General government	-	504,313	38,132	-
Public safety	-	-	-	-
Committed:				
Outstanding committed contracts	310,832	107,502	-	220,670
Building maintenance and upgrades	-	111,048	-	-
Public safety facilities and equipment	-	-	-	-
Recreational facility maintenance	-	-	-	-
School maintenance and upgrades	1,787,502	-	-	-
Solid waste facilities	-	-	-	515,628
Assigned:				
Subsequent year's expenditures	-	376,059	-	-
Total fund balances	<u>2,098,334</u>	<u>1,098,922</u>	<u>38,132</u>	<u>6,186,369</u>
Total liabilities and fund balances	<u>\$ 3,745,910</u>	<u>\$ 1,104,370</u>	<u>\$ 38,132</u>	<u>\$ 6,813,823</u>

(Continued)

**Kenai Peninsula Borough**  
 Nonmajor Capital Projects Funds  
 Combining Balance Sheet, continued  
 June 30, 2012

	<u>Road Service Area</u>	<u>Nikiski Fire Service Area</u>	<u>Bear Creek Fire Service Area</u>	<u>Central Emergency Service Area</u>
<b><u>Assets</u></b>				
Equity in central treasury	\$ 561,913	\$ 928,024	\$ 258,023	\$ 1,177,853
Due from other governments	853,000	15,326	-	531
Total assets	<u>\$ 1,414,913</u>	<u>\$ 943,350</u>	<u>\$ 258,023</u>	<u>\$ 1,178,384</u>
<b><u>Liabilities and Fund Balances</u></b>				
Liabilities:				
Accounts and retainage payable	268,566	7,770	-	22,205
Accrued payroll and payroll benefits	1,899	138	-	-
Unearned revenue	-	-	-	-
Total liabilities	<u>270,465</u>	<u>7,908</u>	<u>-</u>	<u>22,205</u>
Fund balances:				
Restricted:				
Landfill closure/postclosure costs	-	-	-	-
General government	-	-	-	-
Public safety	-	728,997	23,235	-
Committed:				
Outstanding committed contracts	1,144,448	11,998	11,464	11,718
Building maintenance and upgrades	-	-	-	-
Public safety facilities and equipment	-	194,447	223,324	935,960
Recreational facility maintenance	-	-	-	-
School maintenance and upgrades	-	-	-	-
Solid waste facilities	-	-	-	-
Assigned:				
Subsequent year's expenditures	-	-	-	208,501
Total fund balances	<u>1,144,448</u>	<u>935,442</u>	<u>258,023</u>	<u>1,156,179</u>
Total liabilities and fund balances	<u>\$ 1,414,913</u>	<u>\$ 943,350</u>	<u>\$ 258,023</u>	<u>\$ 1,178,384</u>

<b>Anchor Point Fire and Emergency Medical Service Area</b>	<b>Kachemak Emergency Service Area</b>	<b>911 Communications</b>	<b>North Peninsula Recreation Service Area</b>	<b>Total Nonmajor Capital Projects Funds</b>
\$ 313,176	\$ 472,325	\$ 3,255	\$ 694,879	\$ 15,118,727
-	2,028	-	3,120	1,866,961
<u>\$ 313,176</u>	<u>\$ 474,353</u>	<u>\$ 3,255</u>	<u>\$ 697,999</u>	<u>\$ 16,985,688</u>
224,333	2,815	-	-	1,579,402
-	-	-	-	24,113
-	-	-	-	1,204,689
<u>224,333</u>	<u>2,815</u>	<u>-</u>	<u>-</u>	<u>2,808,204</u>
-	-	-	-	5,450,071
-	-	-	-	542,445
22,650	-	3,255	-	778,137
-	347,791	-	257,052	2,423,475
-	-	-	-	111,048
66,193	123,747	-	-	1,543,671
-	-	-	183,895	183,895
-	-	-	-	1,787,502
-	-	-	-	515,628
-	-	-	257,052	841,612
<u>88,843</u>	<u>471,538</u>	<u>3,255</u>	<u>697,999</u>	<u>14,177,484</u>
<u>\$ 313,176</u>	<u>\$ 474,353</u>	<u>\$ 3,255</u>	<u>\$ 697,999</u>	<u>\$ 16,985,688</u>

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**Kenai Peninsula Borough**  
 Nonmajor Capital Projects Funds  
 Combining Statement of Revenues, Expenditures  
 and Changes in Fund Balances  
 For the Year Ended June 30, 2012

	<u>School Revenue</u>	<u>General Government</u>	<u>Resource Management</u>	<u>Solid Waste</u>
<b>Revenues:</b>				
Intergovernmental:				
Federal	\$ -	\$ -	\$ -	\$ -
State	234,590	-	-	2,420,060
Investment earnings	-	-	-	101,287
Other revenues	233,764	-	-	-
Total revenues	<u>468,354</u>	<u>-</u>	<u>-</u>	<u>2,521,347</u>
<b>Expenditures:</b>				
General government	-	131,553	-	-
Solid waste	-	-	-	2,835,992
Public safety	-	-	-	-
Recreation	-	-	-	-
Education	1,667,234	-	-	-
Roads and trails	-	-	-	-
Total expenditures	<u>1,667,234</u>	<u>131,553</u>	<u>-</u>	<u>2,835,992</u>
Excess (deficiency) of revenues over expenditures	<u>(1,198,880)</u>	<u>(131,553)</u>	<u>-</u>	<u>(314,645)</u>
Other financing sources (uses):				
Transfers in	<u>950,000</u>	<u>-</u>	<u>-</u>	<u>914,193</u>
Net change in fund balances	(248,880)	(131,553)	-	599,548
Fund balances at beginning of year	<u>2,347,214</u>	<u>1,230,475</u>	<u>38,132</u>	<u>5,586,821</u>
Fund balances at end of year	<u>\$ 2,098,334</u>	<u>\$ 1,098,922</u>	<u>\$ 38,132</u>	<u>\$ 6,186,369</u>

(Continued)

**Kenai Peninsula Borough**  
 Nonmajor Capital Projects Funds  
 Combining Statement of Revenues, Expenditures  
 and Changes in Fund Balances, continued  
 For the Year Ended June 30, 2012

	<u>Road Service Area</u>	<u>Nikiski Fire Service Area</u>	<u>Bear Creek Fire Service Area</u>	<u>Central Emergency Service Area</u>
<b>Revenues:</b>				
Intergovernmental:				
Federal	\$ 9,008	\$ 78,803	\$ -	\$ -
State	4,583,078	167,398	707	201,009
Investment earnings	5,548	24,227	4,196	21,538
Other revenues	-	-	-	-
Total revenues	<u>4,597,634</u>	<u>270,428</u>	<u>4,903</u>	<u>222,547</u>
<b>Expenditures:</b>				
General government	-	-	-	-
Solid waste	-	-	-	-
Public safety	-	1,155,297	4,803	1,060,704
Recreation	-	-	-	-
Education	-	-	-	-
Roads and trails	5,371,924	-	-	-
Total expenditures	<u>5,371,924</u>	<u>1,155,297</u>	<u>4,803</u>	<u>1,060,704</u>
Excess (deficiency) of revenues over expenditures	<u>(774,290)</u>	<u>(884,869)</u>	<u>100</u>	<u>(838,157)</u>
Other financing sources (uses):				
Transfers in	-	140,000	100,000	900,000
Net change in fund balances	(774,290)	(744,869)	100,100	61,843
Fund balances at beginning of year	<u>1,918,738</u>	<u>1,680,311</u>	<u>157,923</u>	<u>1,094,336</u>
Fund balances at end of year	<u>\$ 1,144,448</u>	<u>\$ 935,442</u>	<u>\$ 258,023</u>	<u>\$ 1,156,179</u>

<b>Anchor Point Fire and Emergency Medical Service Area</b>	<b>Kachemak Emergency Service Area</b>	<b>911 Communications</b>	<b>North Peninsula Recreation Service Area</b>	<b>Total Nonmajor Capital Projects Funds</b>
\$ -	\$ -	\$ 611,302	\$ -	\$ 699,113
-	47,293	-	10,689	7,664,824
5,243	9,136	-	12,739	183,914
-	-	-	89,459	323,223
<u>5,243</u>	<u>56,429</u>	<u>611,302</u>	<u>112,887</u>	<u>8,871,074</u>
-	-	-	-	131,553
-	-	-	-	2,835,992
224,807	122,705	611,302	-	3,179,618
-	-	-	86,793	86,793
-	-	-	-	1,667,234
-	-	-	-	5,371,924
<u>224,807</u>	<u>122,705</u>	<u>611,302</u>	<u>86,793</u>	<u>13,273,114</u>
(219,564)	(66,276)	-	26,094	(4,402,040)
100,000	100,000	-	40,000	3,244,193
(119,564)	33,724	-	66,094	(1,157,847)
208,407	437,814	3,255	631,905	15,335,331
<u>\$ 88,843</u>	<u>\$ 471,538</u>	<u>\$ 3,255</u>	<u>\$ 697,999</u>	<u>\$ 14,177,484</u>



**Nonmajor Debt Service Funds**  
**Pages 95-99**

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

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

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

**Kenai Peninsula Borough**  
 Nonmajor Debt Service Funds  
 Combining Balance Sheet  
 June 30, 2012

	<u>General Government</u>	<u>Solid Waste</u>	<u>Central Emergency Services</u>	<u>Total Nonmajor Debt Service Funds</u>
<b><u>Assets</u></b>	\$ -	\$ -	\$ -	\$ -
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b><u>Liabilities and Fund Balances</u></b>				
Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Kenai Peninsula Borough**  
 Nonmajor Debt Service Funds  
 Combining Statement of Revenues, Expenditures  
 and Changes in Fund Balances  
 For the Year Ended June 30, 2012

	<u>General Government</u>	<u>Solid Waste</u>	<u>Central Emergency Services</u>	<u>Total Nonmajor Debt Service Funds</u>
<b>Revenues:</b>				
Interest subsidy	\$ 404,197	\$ -	\$ -	\$ 404,197
Other revenues	50,998	-	-	50,998
Total revenues	<u>455,195</u>	<u>-</u>	<u>-</u>	<u>455,195</u>
<b>Expenditures:</b>				
Debt service:				
Principal	1,540,000	1,700,000	100,000	3,340,000
Interest and other	1,257,794	182,575	91,378	1,531,747
Total expenditures	<u>2,797,794</u>	<u>1,882,575</u>	<u>191,378</u>	<u>4,871,747</u>
Excess (deficiency) of revenues over expenditures	<u>(2,342,599)</u>	<u>(1,882,575)</u>	<u>(191,378)</u>	<u>(4,416,552)</u>
Other financing sources (uses):				
Transfers in	<u>2,342,599</u>	<u>1,882,575</u>	<u>191,378</u>	<u>4,416,552</u>
Net change in fund balances	-	-	-	-
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Kenai Peninsula Borough**  
 General Government Debt Service Fund  
 Schedule of Revenues, Expenditures and Changes  
 in Fund Balance - Budget and Actual  
 For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Interest subsidy	\$ -	\$ 404,197	\$ 404,197	\$ -
Other revenues	-	50,998	50,998	-
Total revenues	<u>-</u>	<u>455,195</u>	<u>455,195</u>	<u>-</u>
<b>Expenditures:</b>				
Debt service:				
Principal	1,375,000	1,830,195	1,540,000	290,195
Interest and other	<u>1,028,770</u>	<u>1,028,770</u>	<u>1,257,794</u>	<u>(229,024)</u>
Total expenditures	<u>2,403,770</u>	<u>2,858,965</u>	<u>2,797,794</u>	<u>61,171</u>
Excess (deficiency) of revenues over expenditures	<u>(2,403,770)</u>	<u>(2,403,770)</u>	<u>(2,342,599)</u>	<u>(61,171)</u>
Other financing sources (uses):				
Transfers in	<u>2,403,770</u>	<u>2,403,770</u>	<u>2,342,599</u>	<u>(61,171)</u>
Net change in fund balance	-	-	-	-
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>\$ -</u>	<u>\$ -</u>

**Kenai Peninsula Borough**  
Solid Waste Debt Service Fund  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>				
Debt service:				
Principal	1,700,000	1,700,000	1,700,000	-
Interest and other	182,575	182,575	182,575	-
Total expenditures	<u>1,882,575</u>	<u>1,882,575</u>	<u>1,882,575</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(1,882,575)</u>	<u>(1,882,575)</u>	<u>(1,882,575)</u>	<u>-</u>
Other financing sources (uses):				
Transfers in	<u>1,882,575</u>	<u>1,882,575</u>	<u>1,882,575</u>	<u>-</u>
Net change in fund balance	-	-	-	-
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><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**Kenai Peninsula Borough**

Central Emergency Services Debt Service Fund

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>				
Debt service:				
Principal	100,000	100,000	100,000	-
Interest and other	91,378	91,378	91,378	-
Total expenditures	<u>191,378</u>	<u>191,378</u>	<u>191,378</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(191,378)</u>	<u>(191,378)</u>	<u>(191,378)</u>	<u>-</u>
Other financing sources (uses):				
Transfers in	<u>191,378</u>	<u>191,378</u>	<u>191,378</u>	<u>-</u>
Net change in fund balance	-	-	-	-
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><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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INTERNAL SERVICE FUNDS



**Kenai Peninsula Borough**  
Internal Service Funds  
Combining Statement of Net Assets  
June 30, 2012

	<u>Insurance and Litigation</u>	<u>Employee Health Insurance</u>	<u>Equipment Replacement</u>	<u>Employee Compensated Leave</u>	<u>Total Internal Service Funds</u>
<b><u>Assets</u></b>					
Current assets:					
Cash and short term investments	\$ 6,446	\$ -	\$ -	\$ -	\$ 6,446
Equity in central treasury	7,712,010	341,029	2,396,933	2,595,318	13,045,290
Miscellaneous receivables	-	8,289	-	-	8,289
Total current assets	<u>7,718,456</u>	<u>349,318</u>	<u>2,396,933</u>	<u>2,595,318</u>	<u>13,060,025</u>
Capital assets:					
Equipment	-	-	5,783,238	-	5,783,238
Less accumulated depreciation	-	-	(3,267,525)	-	(3,267,525)
Total capital assets (net of accumulated depreciation)	<u>-</u>	<u>-</u>	<u>2,515,713</u>	<u>-</u>	<u>2,515,713</u>
Total assets	<u>\$ 7,718,456</u>	<u>\$ 349,318</u>	<u>\$ 4,912,646</u>	<u>\$ 2,595,318</u>	<u>\$ 15,575,738</u>
<b><u>Liabilities</u></b>					
Current liabilities:					
Accounts and contracts payable	6,153	1,400	81,009	-	88,562
Accrued payroll and payroll taxes	14,375	-	-	-	14,375
Claims payable	1,267,885	558,000	-	-	1,825,885
Compensated absences	3,086	-	-	648,829	651,915
Total current liabilities	<u>1,291,499</u>	<u>559,400</u>	<u>81,009</u>	<u>648,829</u>	<u>2,580,737</u>
Long-term liabilities-					
compensated absences	<u>9,259</u>	<u>-</u>	<u>-</u>	<u>1,946,489</u>	<u>1,955,748</u>
Total liabilities	<u>1,300,758</u>	<u>559,400</u>	<u>81,009</u>	<u>2,595,318</u>	<u>4,536,485</u>
<b><u>Net Assets</u></b>					
Invested in capital assets	-	-	2,515,713	-	2,515,713
Unrestricted (deficit)	<u>6,417,698</u>	<u>(210,082)</u>	<u>2,315,924</u>	<u>-</u>	<u>8,523,540</u>
Total net assets	<u>\$ 6,417,698</u>	<u>\$ (210,082)</u>	<u>\$ 4,831,637</u>	<u>\$ -</u>	<u>\$ 11,039,253</u>

**Kenai Peninsula Borough**  
Internal Service Funds  
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets  
For the Year Ended June 30, 2012

	<u>Insurance and Litigation</u>	<u>Employee Health Insurance</u>	<u>Equipment Replacement</u>	<u>Employee Compensated Leave</u>	<u>Total Internal Service Funds</u>
<b>Operating revenues:</b>					
Charges for sales and services	\$ 3,660,603	\$ 6,144,256	\$ 686,362	\$ 1,909,800	\$12,401,021
Other	31,250	-	-	-	31,250
Total operating revenues	<u>3,691,853</u>	<u>6,144,256</u>	<u>686,362</u>	<u>1,909,800</u>	<u>12,432,271</u>
<b>Operating expenses:</b>					
Administrative services	577,833	138,778	-	1,909,800	2,626,411
Insurance premiums	1,348,394	284,149	-	-	1,632,543
Self-insured losses	813,272	5,646,978	-	-	6,460,250
Depreciation	-	-	390,986	-	390,986
Total operating expenses	<u>2,739,499</u>	<u>6,069,905</u>	<u>390,986</u>	<u>1,909,800</u>	<u>11,110,190</u>
Operating income	<u>952,354</u>	<u>74,351</u>	<u>295,376</u>	<u>-</u>	<u>1,322,081</u>
<b>Non-operating revenues:</b>					
Investment earnings	133,239	1,431	42,935	-	177,605
Other	-	-	54,867	-	54,867
Total non-operating revenues	<u>133,239</u>	<u>1,431</u>	<u>97,802</u>	<u>-</u>	<u>232,472</u>
Change in net assets	1,085,593	75,782	393,178	-	1,554,553
Net assets (deficit) at beginning of year	<u>5,332,105</u>	<u>(285,864)</u>	<u>4,438,459</u>	<u>-</u>	<u>9,484,700</u>
Net assets (deficit) at end of year	<u>\$ 6,417,698</u>	<u>\$ (210,082)</u>	<u>\$ 4,831,637</u>	<u>\$ -</u>	<u>\$11,039,253</u>

**Kenai Peninsula Borough**  
Internal Service Funds  
Combining Statement of Cash Flows  
For the Year Ended June 30, 2012

	<b>Insurance and Litigation</b>	<b>Employee Health Insurance</b>	<b>Equipment Replacement</b>	<b>Employee Compensated Leave</b>	<b>Total Internal Service Funds</b>
<b>Cash flows from operating activities:</b>					
Receipts from interfund services provided	\$ 3,660,603	\$ 6,144,256	\$ 686,362	\$ 1,909,800	\$ 12,401,021
Payments to suppliers	(2,228,489)	(6,178,950)	-	-	(8,407,439)
Payments to employees	(479,900)	-	-	(2,176,207)	(2,656,107)
Other program revenue	31,250	-	-	-	31,250
Net cash provided (used) by operating activities	<u>983,464</u>	<u>(34,694)</u>	<u>686,362</u>	<u>(266,407)</u>	<u>1,368,725</u>
<b>Cash flows from capital and related financing activities:</b>					
Purchase of capital assets	-	-	(749,455)	-	(749,455)
Proceeds from sale of capital assets	-	-	54,867	-	54,867
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>(694,588)</u>	<u>-</u>	<u>(694,588)</u>
<b>Cash flows from investing activities:</b>					
Investment earnings	133,239	1,431	42,935	-	177,605
Net increase (decrease) in cash and cash equivalents	1,116,703	(33,263)	34,709	(266,407)	851,742
Cash and equity in central treasury at beginning of year	6,601,753	374,292	2,362,224	2,861,725	12,199,994
Cash and equity in central treasury at end of year	<u>\$ 7,718,456</u>	<u>\$ 341,029</u>	<u>\$ 2,396,933</u>	<u>\$ 2,595,318</u>	<u>\$ 13,051,736</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>					
Operating income	\$ 952,354	\$ 74,351	\$ 295,376	\$ -	\$ 1,322,081
Adjustment to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	-	-	390,986	-	390,986
Change in assets and liabilities:					
Increase (decrease) in accounts and contracts payable	(15,231)	1,400	-	-	(13,831)
Increase (decrease) in accrued payroll and payroll taxes	872	-	-	-	872
Increase (decrease) in claims payable	51,220	(125,900)	-	-	(74,680)
Increase (decrease) in compensated absences	(5,751)	-	-	(266,407)	(272,158)
(Increase) decrease in accounts receivable	-	15,455	-	-	15,455
Total adjustments	<u>31,110</u>	<u>(109,045)</u>	<u>390,986</u>	<u>(266,407)</u>	<u>46,644</u>
Net cash provided (used) by operating activities	<u>\$ 983,464</u>	<u>\$ (34,694)</u>	<u>\$ 686,362</u>	<u>\$ (266,407)</u>	<u>\$ 1,368,725</u>

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**FIDUCIARY FUNDS**

**Kenai Peninsula Borough**  
 Fiduciary Fund Type - Agency Funds  
 Combining Statement of Assets and Liabilities  
 June 30, 2012

	<u>Tax Fund</u>	<u>Special Assessment Fund</u>	<u>Total June 30, 2012</u>
<b><u>Assets</u></b>			
Equity in central treasury	\$ 293,630	\$ 1,129,057	\$ 1,422,687
Taxes receivable	116,450	-	116,450
Due from landowners	-	1,222,411	1,222,411
Due from other entities - Soldotna	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 410,080</u>	<u>\$ 2,351,468</u>	<u>\$ 2,761,548</u>
<b><u>Liabilities</u></b>			
Accounts and contracts payable	-	698,725	698,725
Deferred administration fee	-	79,449	79,449
Due to landowners	-	350,882	350,882
Loans payable	-	1,222,412	1,222,412
Due to other entities:			
City of Homer	112,943	-	112,943
City of Kachemak City	1,102	-	1,102
City of Kenai	166,192	-	166,192
City of Seldovia	6,903	-	6,903
City of Seward	45,063	-	45,063
City of Soldotna	77,877	-	77,877
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	<u>\$ 410,080</u>	<u>\$ 2,351,468</u>	<u>\$ 2,761,548</u>

**Kenai Peninsula Borough**  
 Fiduciary Fund Type - Agency Funds  
 Combining Statement of Changes in Assets and Liabilities  
 For the Year Ended June 30, 2012

	<u>Total</u> <u>June 30, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Total</u> <u>June 30, 2012</u>
<b>Tax Agency Fund</b>				
<b><u>Assets</u></b>				
Equity in central treasury	\$ 496,228	\$ 32,476,802	\$ 32,679,400	\$ 293,630
Taxes receivable	61,387	7,240,551	7,185,488	116,450
Due from other entities - Soldotna	<u>29,709</u>	<u>-</u>	<u>29,709</u>	<u>-</u>
Total assets	<u>\$ 587,324</u>	<u>\$ 39,717,353</u>	<u>\$ 39,894,597</u>	<u>\$ 410,080</u>
<b><u>Liabilities</u></b>				
Due to other entities:				
City of Homer	104,653	9,974,916	9,966,626	112,943
City of Kachemak City	769	67,376	67,043	1,102
City of Kenai	401,042	9,153,467	9,388,317	166,192
City of Seldovia	8,678	334,147	335,922	6,903
City of Seward	64,410	5,106,744	5,126,091	45,063
City of Soldotna	<u>7,772</u>	<u>7,986,766</u>	<u>7,916,661</u>	<u>77,877</u>
Total liabilities	<u>\$ 587,324</u>	<u>\$ 32,623,416</u>	<u>\$ 32,800,660</u>	<u>\$ 410,080</u>
<b>Special Assessment Agency Fund</b>				
<b><u>Assets</u></b>				
Equity in central treasury	\$ 835,638	\$ 630,206	\$ 336,787	\$ 1,129,057
Due from landowners	<u>515,597</u>	<u>861,798</u>	<u>154,984</u>	<u>1,222,411</u>
Total assets	<u>\$ 1,351,235</u>	<u>\$ 1,492,004</u>	<u>\$ 491,771</u>	<u>\$ 2,351,468</u>
<b><u>Liabilities</u></b>				
Accounts payable	-	698,725	-	698,725
Deferred administration fee	59,426	33,669	13,646	79,449
Due to landowners	427,955	84,399	161,472	350,882
Loans payable	<u>863,854</u>	<u>861,799</u>	<u>503,241</u>	<u>1,222,412</u>
Total liabilities	<u>\$ 1,351,235</u>	<u>\$ 1,678,592</u>	<u>\$ 678,359</u>	<u>\$ 2,351,468</u>

(continued)

**Kenai Peninsula Borough**  
 Fiduciary Fund Type - Agency Funds  
 Combining Statement of Changes in Assets and Liabilities - continued  
 For the Year Ended June 30, 2012

	<u>Total</u> <u>June 30, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Total</u> <u>June 30, 2012</u>
<b>Total - All Agency Funds</b>				
<b><u>Assets</u></b>				
Equity in central treasury	\$ 1,331,866	\$ 33,107,008	\$ 33,016,187	\$ 1,422,687
Taxes receivable	61,387	7,240,551	7,185,488	116,450
Due from landowners	515,597	861,798	154,984	1,222,411
Due from other entities - Soldotna	<u>29,709</u>	<u>-</u>	<u>29,709</u>	<u>-</u>
Total assets	<u>\$ 1,938,559</u>	<u>\$ 41,209,357</u>	<u>\$ 40,386,368</u>	<u>\$ 2,761,548</u>
<b><u>Liabilities</u></b>				
Accounts and contracts payable	-	698,725	-	698,725
Deferred administration fee	59,426	33,669	13,646	79,449
Due to landowners	427,955	84,399	161,472	350,882
Loans payable	863,854	861,799	503,241	1,222,412
Due to other entities:				
City of Homer	104,653	9,974,916	9,966,626	112,943
City of Kachemak City	769	67,376	67,043	1,102
City of Kenai	401,042	9,153,467	9,388,317	166,192
City of Seldovia	8,678	334,147	335,922	6,903
City of Seward	64,410	5,106,744	5,126,091	45,063
City of Soldotna	<u>7,772</u>	<u>7,986,766</u>	<u>7,916,661</u>	<u>77,877</u>
Total liabilities	<u>\$ 1,938,559</u>	<u>\$ 34,302,008</u>	<u>\$ 33,479,019</u>	<u>\$ 2,761,548</u>



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**CAPITAL ASSETS**

**Kenai Peninsula Borough**

Capital Assets Used in the Operation of Governmental Funds

Schedules by Source<sup>(1)</sup>

June 30, 2012

	<b><u>2012</u></b>
Governmental funds capital assets:	
Land	\$ 70,342,970
Buildings	297,691,592
Improvements other than buildings	71,264,045
Machinery and equipment	30,799,014
Infrastructure	13,997,534
Construction in progress	<u>9,238,127</u>
Total governmental funds capital assets	<u>\$ 493,333,282</u>
Investments in governmental funds capital assets by source:	
General obligation bonds	274,185,975
State and federal grants	45,711,966
Federal revenue sharing	3,357,614
General Fund revenue	48,261,588
Special revenue funds	58,413,915
Contributed Capital	270,503
Dedicated lands	126,058
Donations	<u>63,005,663</u>
Total governmental funds capital assets	<u>\$ 493,333,282</u>

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

**Kenai Peninsula Borough**  
 Capital Assets Used in the Operation of Governmental Funds  
 Schedule of Changes by Function and Activity<sup>(1)</sup>  
 For the Fiscal Year Ended June 30, 2012

<b><u>Function and Activity</u></b>	<b><u>Governmental Funds Capital Assets June 30, 2011</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Governmental Funds Capital Assets June 30, 2012</u></b>
General government	\$ 74,604,254	\$ 504,161	\$ 218,675	\$ 74,889,740
Senior citizens	243,800	-	-	243,800
Public safety:				
Fire protection and emergency				
medical	35,786,317	2,394,207	260,951	37,919,573
Emergency communications	8,800,477	796,130	-	9,596,607
Total public safety	44,586,794	3,190,337	260,951	47,516,180
Solid waste facilities	33,857,894	3,870,951	45,700	37,683,145
Road maintenance:				
Maintenance	194,933	33,763	-	228,696
Roads	13,291,971	705,563	-	13,997,534
Total road maintenance	13,486,904	739,326	-	14,226,230
Recreation:				
North Peninsula Recreation				
service area	10,875,614	40,913	16,894	10,899,633
Schools	307,863,189	413,698	402,333	307,874,554
Total governmental funds capital assets	\$ 485,518,449	\$ 8,759,386	\$ 944,553	\$ 493,333,282

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

**Kenai Peninsula Borough**

Capital Assets Used in the Operation of Governmental Funds

Schedule by Function and Activity<sup>(1)</sup>

June 30, 2012

	<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	\$ -	\$ 2,702,657	\$ 1,885,051	\$ 2,370,564	\$ -	\$ -	\$ 6,958,272
Maintenance	203,609	1,392,155	33,538	1,010,970	-	-	2,640,272
Areawide	63,468,929	1,784,612	6,116	31,539	-	-	65,291,196
Total general government	63,672,538	5,879,424	1,924,705	3,413,073	-	-	74,889,740
Senior citizens	-	243,800	-	-	-	-	243,800
Public safety:							
Fire protection and emergency medical:							
Nikiski Fire service area	49,172	7,596,344	266,489	6,612,235	-	-	14,524,240
Bear Creek Fire service area	17,211	860,390	130,271	1,840,340	-	-	2,848,212
Central Emergency service area	493,936	4,347,827	370,399	8,095,887	-	1,332,853	14,640,902
Anchor Point Fire and Emergency							
Medical service area	31,048	1,536,435	118,540	950,824	-	224,333	2,861,180
Kachemak Fire and Emergency	127,270	1,473,290	-	1,163,413	-	260,366	3,024,339
Lowell Point Fire and Emergency	-	-	12,653	8,047	-	-	20,700
Total fire protection and emergency medical	718,637	15,814,286	898,352	18,670,746	-	1,817,552	37,919,573
Emergency communications:							
Central Peninsula Emergency							
Services communication center	-	4,838,523	89,578	1,977,523	-	1,482,781	8,388,405
Emergency warning systems	-	-	-	1,208,202	-	-	1,208,202
Total communications	-	4,838,523	89,578	3,185,725	-	1,482,781	9,596,607
Total public safety	718,637	20,652,809	987,930	21,856,471	-	3,300,333	47,516,180
Solid waste facilities	2,908,687	1,354,816	24,130,550	4,383,629	-	4,905,463	37,683,145
Road maintenance	-	-	-	228,696	13,997,534	-	14,226,230
Recreation:							
North Peninsula Recreation service area	145,640	8,513,465	1,975,953	256,985	-	7,590	10,899,633

(Continued)

**Kenai Peninsula Borough**

Capital Assets Used in the Operation of Governmental Funds

Schedule by Function and Activity<sup>(1)</sup>

June 30, 2012

	<u>Land</u>	<u>Buildings</u>	<u>Improvements</u>			<u>Equipment</u>	<u>Infrastructure</u>	<u>Construction</u>	<u>Total</u>
			<u>Buildings</u>	<u>Other Than Buildings</u>	<u>In Progress</u>				
School district:									
Central office and warehouse	-	1,791,905	604,290	-	-	-	-	-	2,396,195
Schools:									
Outside cities:									
Anchor Point/Middle/Junior high	205,102	-	-	-	-	-	-	-	205,102
Central Peninsula Elementary	8,500	2,597,653	36,690	-	-	-	-	-	36,690
Chapman Elementary	-	1,034,989	492,160	-	-	-	-	-	3,098,313
Cooper Landing	-	1,564,013	150,986	-	-	-	-	-	1,185,975
Tebughna	-	2,447,908	230,577	-	-	-	967,200	-	2,683,764
English Bay	3,000	2,523,867	562,816	-	-	-	-	-	2,678,485
Hope Elementary	258,803	4,884,108	296,654	-	-	-	-	-	3,089,683
Kalifornsky Beach	-	4,953,680	681,143	-	11,903	-	-	-	5,439,565
McNeil Canyon	28,154	901,766	68,404	-	-	-	-	-	5,646,726
Moose Pass	-	1,104,529	-	-	126,919	-	-	-	998,324
Nanwalek	22,378	3,696,639	621,676	-	-	-	-	-	1,231,448
Nikiski Elementary	-	22,872,128	4,791,478	-	-	-	3,637	-	4,344,330
Nikiski High	51,282	4,923,106	364,129	-	5,000	-	-	-	27,668,606
Nikolaevsk	16,399	5,952,766	470,223	-	72,801	-	-	-	5,411,318
Niniichik	-	6,076,014	1,379,034	-	54,020	-	-	-	6,493,408
North Star Elementary	400	2,101,880	132,307	-	-	-	-	-	7,455,048
Port Graham	-	22,039,127	3,729,227	-	-	-	-	-	2,234,587
Skyview High	7,450	3,744,355	709,477	-	34,127	-	-	-	25,768,354
Sterling	8,001	7,883,965	276,660	-	-	-	-	-	4,495,409
Tustumena	19,555	150,000	16,400	-	-	-	-	-	8,168,626
Voznesenka	629,024	101,452,493	15,162,592	-	338,926	-	-	-	220,111
Total outside cities							970,837		118,553,872
Homer:									
West Homer Elementary	322,028	11,332,823	46,614	-	-	-	-	-	11,701,465
Paul Banks Elementary	23,971	2,589,113	679,965	-	6,142	-	-	-	3,299,191
High School	400,913	27,402,340	6,990,257	-	-	-	-	-	34,793,510
Junior High	17,024	3,197,028	748,102	-	-	-	-	-	3,962,154
Intermediate	18,000	1,444,505	682,250	-	-	-	-	-	2,144,755
High School Addition	29,177	2,598,949	103,555	-	-	-	-	-	2,731,681
Flex School	63,248	461,150	-	-	-	-	-	-	524,398
Total Homer	874,361	49,025,908	9,250,743	-	6,142	-	-	-	59,157,154

(Continued)

**Kenai Peninsula Borough**

Capital Assets Used in the Operation of Governmental Funds

Schedule by Function and Activity<sup>(1)</sup>

June 30, 2012

	<u>Land</u>	<u>Improvements</u>			<u>Equipment</u>	<u>Infrastructure</u>	<u>Construction In Progress</u>	<u>Total</u>
		<u>Buildings</u>	<u>Other Than Buildings</u>	<u>Buildings</u>				
<b>Kenai:</b>								
Elementary II	52,800	2,614,381	104,667	-	-	-	2,771,848	
Mountain View Elementary	-	5,892,103	1,374,172	67,213	-	-	7,333,488	
Sears Elementary	41,575	1,709,394	464,620	-	-	-	2,215,589	
Junior High	60,499	4,057,399	824,749	-	-	-	4,942,647	
High School	129,517	17,976,192	2,977,354	51,056	-	-	21,134,119	
Vocational High	40,000	509,655	254,483	-	-	-	804,138	
Arts and Crafts Building	-	118,341	-	-	-	-	118,341	
<b>Total Kenai</b>	<b>324,391</b>	<b>32,877,465</b>	<b>6,000,045</b>	<b>118,269</b>	<b>-</b>	<b>-</b>	<b>39,320,170</b>	
<b>Seldovia:</b>								
Susan B. English Shop Building	27,953	3,705,452	1,005,119	-	-	-	4,738,524	
<b>Total Seldovia</b>	<b>1,000</b>	<b>430,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>431,000</b>	
	<b>28,953</b>	<b>4,135,452</b>	<b>1,005,119</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,169,524</b>	
<b>Seward:</b>								
Elementary II	235,000	6,601,586	917,462	40,000	-	-	7,794,048	
Middle	346,295	14,656,471	471,722	-	-	-	15,474,488	
Jr. High/High School	182,596	12,722,087	2,118,247	-	-	-	15,022,930	
<b>Total Seward</b>	<b>763,891</b>	<b>33,980,144</b>	<b>3,507,431</b>	<b>40,000</b>	<b>-</b>	<b>-</b>	<b>38,291,466</b>	
<b>Soldotna:</b>								
Elementary	270,048	5,820,271	1,272,689	-	-	-	7,363,008	
Redoubt Elementary	-	4,151,522	624,208	40,000	-	-	4,815,730	
Multipurpose Room	-	316,186	-	-	-	-	316,186	
Junior High	5,900	7,584,837	1,963,918	-	-	53,904	9,608,559	
High School	900	16,273,933	1,767,927	71,484	-	-	18,114,244	
<b>Total Soldotna</b>	<b>276,848</b>	<b>34,146,749</b>	<b>5,628,742</b>	<b>111,484</b>	<b>-</b>	<b>53,904</b>	<b>40,217,727</b>	
<b>Other areawide:</b>								
Areawide pool/water projects	-	611,839	1,070,907	45,339	-	-	1,728,085	
Portable classrooms	-	3,025,323	15,038	-	-	-	3,040,361	
<b>Total other areawide</b>	<b>-</b>	<b>3,637,162</b>	<b>1,085,945</b>	<b>45,339</b>	<b>-</b>	<b>-</b>	<b>4,768,446</b>	
<b>Total school district</b>	<b>2,897,468</b>	<b>261,047,278</b>	<b>42,244,907</b>	<b>660,160</b>	<b>-</b>	<b>1,024,741</b>	<b>307,874,554</b>	
<b>Total governmental funds capital assets</b>	<b>\$ 70,342,970</b>	<b>\$ 297,691,592</b>	<b>\$ 71,264,045</b>	<b>\$ 30,799,014</b>	<b>\$ 13,997,534</b>	<b>\$ 9,238,127</b>	<b>\$ 493,333,282</b>	

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

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# Kenai Peninsula Borough

## STATISTICAL TABLES

This part of the Kenai Peninsula Borough's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Borough's overall financial health.

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These schedules contain trend information to help the reader understand how the Borough's Financial performance and well-being have changed over time.

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

**Kenai Peninsula Borough**  
**Net Assets by Component**  
**Last Ten Fiscal Years**  
 (accrual basis of accounting)  
 (amounts expressed in thousands)

TABLE I

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012 *
<b>Governmental activities:</b>										
Invested in capital assets, net of related debt	\$205,596	\$206,044	\$207,770	\$206,436	\$212,721	\$212,403	\$221,769	\$224,474	\$225,627	\$224,040
Restricted	14,042	23,288	13,253	7,454	4,841	3,339	6,458	6,100	31,554	21,595
Unrestricted	55,896	40,927	46,905	51,140	54,577	66,242	59,174	59,561	28,467	30,959
Total governmental activities net assets	<u>\$275,534</u>	<u>\$270,259</u>	<u>\$267,928</u>	<u>\$265,030</u>	<u>\$272,139</u>	<u>\$281,984</u>	<u>\$287,401</u>	<u>\$290,135</u>	<u>\$285,648</u>	<u>\$276,594</u>
<b>Business-type activities:</b>										
Invested in capital assets, net of related debt	\$34,724	\$33,995	\$35,684	\$39,332	\$47,721	\$49,462	\$52,461	\$50,882	\$53,690	-
Restricted	-	-	-	3,677	1,481	1,236	774	745	828	-
Unrestricted	37,605	41,161	45,097	46,054	43,742	44,860	47,559	53,188	55,651	-
Total business-type activities net assets	<u>\$72,329</u>	<u>\$75,156</u>	<u>\$80,781</u>	<u>\$89,063</u>	<u>\$92,944</u>	<u>\$95,558</u>	<u>\$100,794</u>	<u>\$104,815</u>	<u>\$110,169</u>	<u>-</u>
<b>Primary government</b>										
Invested in capital assets, net of related debt	\$240,320	\$240,039	\$243,454	\$245,768	\$260,442	\$261,865	\$274,230	\$275,356	\$279,317	\$224,040
Restricted	14,042	23,288	13,253	11,131	6,322	4,575	7,232	6,845	32,382	21,595
Unrestricted	93,501	82,088	92,002	97,194	98,319	111,102	106,733	112,749	84,118	30,959
Total primary government net assets	<u>\$347,863</u>	<u>\$345,415</u>	<u>\$348,709</u>	<u>\$354,093</u>	<u>\$365,083</u>	<u>\$377,542</u>	<u>\$388,195</u>	<u>\$394,950</u>	<u>\$395,817</u>	<u>\$276,594</u>

\* Implementation of GASB Statement 61.

**Kenai Peninsula Borough**  
Changes in Net Assets  
Last Ten Fiscal Years  
(accrual basis of accounting)

	2003	2004	2005	2006
<b>Expenses</b>				
Governmental activities:				
General government	\$ 12,845,108	\$ 13,759,624	\$ 15,039,269	\$ 14,181,543
Solid waste	4,441,397	4,546,868	4,305,904	5,314,682
Public safety	8,935,720	9,413,883	9,216,474	10,301,729
Recreation	1,292,386	1,362,013	1,812,465	3,910,173
Education	38,582,036	40,756,908	41,802,049	46,208,601
Environmental protection	2,850,788	2,152,398	1,661,961	1,614,440
Roads and trails	2,993,413	4,402,233	2,400,466	4,840,374
Interest on long-term debt	658,217	1,279,647	1,175,467	994,069
Total governmental activities expenses	<u>72,599,065</u>	<u>77,673,574</u>	<u>77,414,055</u>	<u>87,365,611</u>
Business-type activities-				
Hospitals	<u>64,670,528</u>	<u>67,470,710</u>	<u>73,992,156</u>	<u>74,003,739</u>
Total primary government expenses	<u>\$ 137,269,593</u>	<u>\$ 145,144,284</u>	<u>\$ 151,406,211</u>	<u>\$ 161,369,350</u>
<b>Program revenues</b>				
Governmental activities:				
Charges for services:				
General government	283,781	389,853	335,682	345,976
Solid waste	188,663	213,640	173,091	282,653
Public safety	788,754	794,845	1,047,816	1,080,412
Recreation	185,538	156,876	164,560	168,123
Operating grants and contribution	1,596,403	2,174,309	3,322,537	6,293,122
Capital grants and contributions	1,395,495	2,180,682	1,673,099	3,184,671
Total governmental activities program revenues:	<u>4,438,634</u>	<u>5,910,205</u>	<u>6,716,785</u>	<u>11,354,957</u>
Business-type activities:				
Hospital charges for services	64,170,901	67,228,364	74,450,071	75,458,572
Operating grants and contribution	-	-	-	-
Capital grants and contributions	-	-	-	-
Total business-type activities	<u>64,170,901</u>	<u>67,228,364</u>	<u>74,450,071</u>	<u>75,458,572</u>
Total primary government program revenues	<u>\$ 68,609,535</u>	<u>\$ 73,138,569</u>	<u>\$ 81,166,856</u>	<u>\$ 86,813,529</u>
Net (expenses)/revenue				
Governmental activities	(68,160,431)	(71,763,369)	(70,697,270)	(76,010,654)
Business-type activities	(499,627)	(242,346)	457,915	1,454,833
Total primary government net expense	<u>\$ (68,660,058)</u>	<u>\$ (72,005,715)</u>	<u>\$ (70,239,355)</u>	<u>\$ (74,555,821)</u>
<b>General revenues and other changes in net assets</b>				
Governmental activities:				
Taxes				
Property taxes	41,718,283	42,641,738	42,121,021	44,430,849
Sales taxes	14,375,828	14,910,977	15,670,832	16,755,426
Unrestricted grants and contributions	3,932,395	3,842,682	2,700,870	2,843,908
Investment earnings	2,938,492	809,165	3,144,975	1,855,581
Special items	5,482,954	582,664	162,413	2,678,564
Miscellaneous	3,432,874	3,701,071	4,566,480	4,548,277
Total governmental activities	<u>71,880,826</u>	<u>66,488,297</u>	<u>68,366,591</u>	<u>73,112,605</u>
Business-type activities:				
Property taxes	2,616,889	3,025,894	4,629,241	4,864,764
Unrestricted grants and contributions	349,835	25,575	25,575	-
Investment earnings	673,577	135,738	313,432	600,935
Miscellaneous	5,231	(117,359)	205,189	1,361,719
Total business-type activities	<u>3,645,532</u>	<u>3,069,848</u>	<u>5,173,437</u>	<u>6,827,418</u>
Total primary government	<u>75,526,358</u>	<u>69,558,145</u>	<u>73,540,028</u>	<u>79,940,023</u>
<b>Changes in net assets</b>				
Governmental activities	3,720,395	(5,275,072)	(2,330,679)	(2,898,049)
Business-type activities	3,145,905	2,827,502	5,631,352	8,282,251
Total primary government	<u>\$ 6,866,300</u>	<u>\$ (2,447,570)</u>	<u>\$ 3,300,673</u>	<u>\$ 5,384,202</u>

\* Implementation of GASB Statement 61.

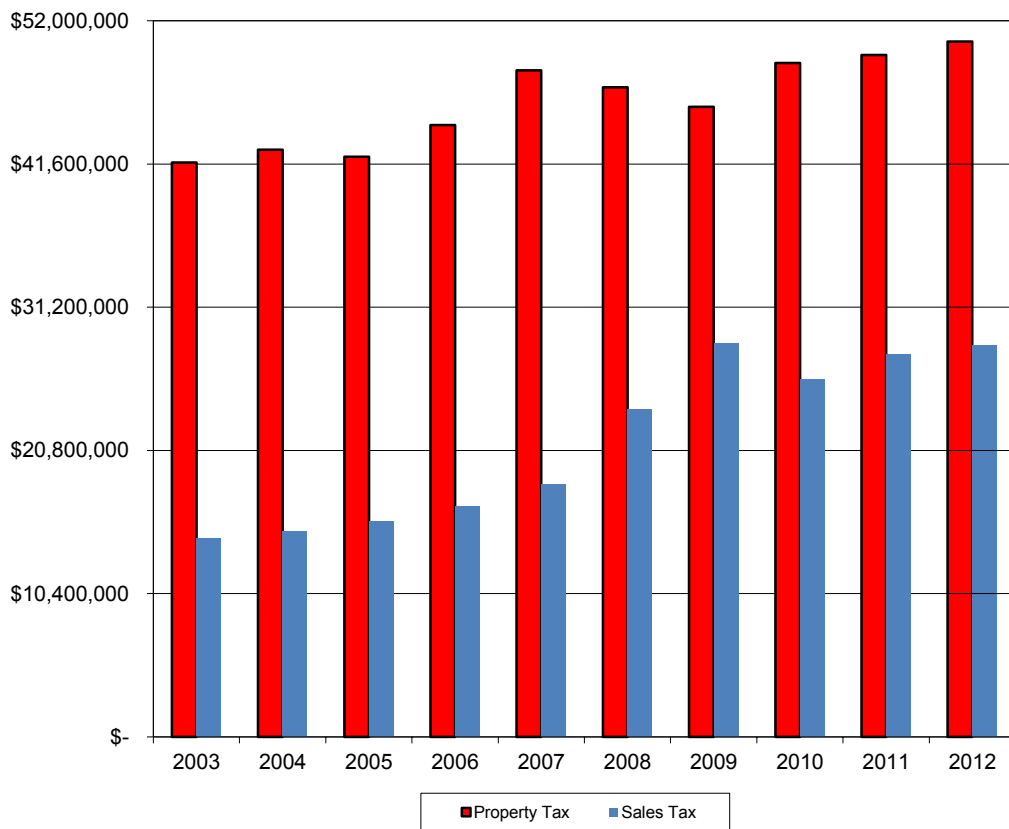
TABLE II

2007	2008	2009	2010	2011	2012 *
\$ 12,009,076	\$ 13,779,385	\$ 16,353,718	\$ 17,307,520	\$ 18,126,563	\$ 17,886,287
4,529,426	3,926,410	7,089,368	7,467,484	7,536,420	7,784,525
11,048,782	11,158,284	13,459,309	14,301,797	14,994,328	17,974,573
2,034,416	1,910,662	1,847,522	1,807,974	1,511,382	1,884,148
46,526,601	45,793,694	49,039,690	50,303,282	51,614,442	57,206,138
1,234,971	2,090,813	963,468	1,278,621	2,095,777	2,047,058
4,686,013	4,816,351	6,231,915	11,147,224	10,899,606	12,447,099
1,077,954	1,064,378	957,764	935,175	1,290,407	1,445,013
<u>83,147,239</u>	<u>84,539,977</u>	<u>95,942,754</u>	<u>104,549,077</u>	<u>108,068,925</u>	<u>118,674,841</u>
<u>90,057,676</u>	<u>100,952,586</u>	<u>112,328,342</u>	<u>121,676,751</u>	<u>134,868,579</u>	<u>-</u>
<u>\$ 173,204,915</u>	<u>\$ 185,492,563</u>	<u>\$ 208,271,096</u>	<u>\$ 226,225,828</u>	<u>\$ 242,937,504</u>	<u>\$ 118,674,841</u>
380,614	392,902	777,538	570,325	730,655	1,162,154
434,748	269,726	460,064	370,883	526,970	817,272
1,774,276	1,964,061	1,867,890	1,929,385	1,903,911	2,245,443
180,655	197,361	219,188	230,075	224,696	220,883
3,399,453	2,766,547	4,550,168	3,561,640	6,330,835	7,285,211
4,118,769	3,594,638	4,500,246	13,259,418	5,963,765	9,727,105
<u>10,288,515</u>	<u>9,185,235</u>	<u>12,375,094</u>	<u>19,921,726</u>	<u>15,680,832</u>	<u>21,458,068</u>
86,620,954	95,689,825	107,798,997	119,417,217	135,659,575	-
154,950	13,621	255,010	315,294	281,884	-
-	-	1,709,281	179,897	-	-
<u>86,775,904</u>	<u>95,703,446</u>	<u>109,763,288</u>	<u>119,912,408</u>	<u>135,941,459</u>	<u>-</u>
<u>\$ 97,064,419</u>	<u>\$ 104,888,681</u>	<u>\$ 122,138,382</u>	<u>\$ 139,834,134</u>	<u>\$ 151,622,291</u>	<u>\$ 21,458,068</u>
(72,858,724)	(75,354,742)	(83,567,660)	(84,627,351)	(92,388,093)	(97,216,773)
(3,281,772)	(5,249,140)	(2,565,054)	(1,764,343)	1,072,880	-
<u>\$ (76,140,496)</u>	<u>\$ (80,603,882)</u>	<u>\$ (86,132,714)</u>	<u>\$ (86,391,694)</u>	<u>\$ (91,315,213)</u>	<u>\$ (97,216,773)</u>
48,397,294	47,167,291	45,763,297	48,932,675	49,529,435	50,485,761
18,321,611	23,801,181	28,585,036	25,950,998	27,798,976	28,385,150
6,379,840	5,247,721	7,767,742	6,149,121	6,103,016	7,102,607
4,927,247	4,682,399	4,247,230	2,931,268	1,699,310	2,072,921
194,435	2,163,478	2,576,186	1,199,342	748,272	-
1,746,975	2,137,826	45,372	2,198,057	933,987	116,156
<u>79,967,402</u>	<u>85,199,896</u>	<u>88,984,863</u>	<u>87,361,461</u>	<u>86,812,996</u>	<u>88,162,595</u>
5,412,121	6,254,543	7,133,533	5,847,538	3,835,889	-
-	-	-	-	-	-
1,385,420	1,363,418	665,850	453,222	327,381	-
364,497	245,151	1,759	(515,750)	117,793	-
<u>7,162,038</u>	<u>7,863,112</u>	<u>7,801,142</u>	<u>5,785,010</u>	<u>4,281,063</u>	<u>-</u>
<u>87,129,440</u>	<u>93,063,008</u>	<u>96,786,005</u>	<u>93,146,471</u>	<u>91,094,059</u>	<u>88,162,595</u>
7,108,678	9,845,154	5,417,203	2,734,110	(5,575,097)	(9,054,178)
3,880,266	2,613,972	5,236,088	4,020,667	5,353,943	-
<u>\$ 10,988,944</u>	<u>\$ 12,459,126</u>	<u>\$ 10,653,291</u>	<u>\$ 6,754,777</u>	<u>\$ (221,154)</u>	<u>\$ (9,054,178)</u>

**Kenai Peninsula Borough**  
 Governmental Activities Tax Revenues by Source  
 Last Ten Fiscal Years  
 (accrual basis of accounting)

TABLE III

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Total</u>
2003	\$ 41,718,283	\$ 14,375,828	\$ 56,094,111
2004	42,641,738	14,910,977	57,552,715
2005	42,121,021	15,670,832	57,791,853
2006	44,430,849	16,755,426	61,186,275
2007	48,397,294	18,321,611	66,718,905
2008	47,167,291	23,801,181	70,968,472
2009	45,763,297	28,585,036	74,348,333
2010	48,932,675	25,950,998	74,883,673
2011	49,529,435	27,798,976	77,328,411
2012	50,485,761	28,385,150	78,870,911



**Kenai Peninsula Borough**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)

TABLE IV

	2003	2004	2005	2006	2007	2008	2009	2010	2011 *	2012
<b>General Fund</b>										
Reserved	\$ 255,206	\$ 318,064	\$ 98,704	\$ 252,852	\$ 279,145	\$ 480,474	\$ 533,923	\$ 160,584	\$ -	\$ -
Unreserved	24,557,132	20,034,527	17,090,419	15,032,451	20,013,018	23,979,600	24,604,294	22,864,839	-	-
Nonspendable	-	-	-	-	-	-	-	-	251,065	198,063
Committed	-	-	-	-	-	-	-	-	339,610	373,867
Assigned	-	-	-	-	-	-	-	-	17,523,149	15,407,886
Unassigned	-	-	-	-	-	-	-	-	3,591,990	5,486,767
<b>Total General Fund</b>	<b>\$24,812,338</b>	<b>\$20,352,591</b>	<b>\$17,189,123</b>	<b>\$15,285,303</b>	<b>\$20,292,163</b>	<b>\$24,460,074</b>	<b>\$25,138,217</b>	<b>\$23,025,423</b>	<b>\$21,705,814</b>	<b>\$21,466,583</b>
<b>All other governmental funds</b>										
Reserved	3,666,808	16,270,937	6,168,912	5,604,994	5,751,376	3,321,822	4,471,230	4,893,211	-	-
Unreserved, reported in:										
Special revenue funds	22,135,464	22,487,636	24,030,122	23,612,583	22,364,901	25,077,731	25,864,320	23,125,512	-	-
Capital projects funds	17,170,265	14,723,736	13,134,043	11,506,248	10,834,479	7,695,830	6,740,283	13,922,365	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	-
Special revenue funds	-	-	-	-	-	-	-	-	803,227	1,045,538
Restricted	-	-	-	-	-	-	-	-	-	-
Special revenue funds	-	-	-	-	-	-	-	-	11,661,025	10,385,968
Capital projects funds	-	-	-	-	-	-	-	-	24,592,081	6,770,653
Committed	-	-	-	-	-	-	-	-	-	-
Special revenue funds	-	-	-	-	-	-	-	-	1,739,754	575,377
Capital projects funds	-	-	-	-	-	-	-	-	6,516,387	6,565,219
Assigned	-	-	-	-	-	-	-	-	-	-
Special revenue funds	-	-	-	-	-	-	-	-	4,781,994	4,006,915
Capital projects funds	-	-	-	-	-	-	-	-	1,690,262	841,612
Unassigned	-	-	-	-	-	-	-	-	-	-
Special revenue funds	-	-	-	-	-	-	-	-	4,781,994	(51,378)
Capital projects funds	-	-	-	-	-	-	-	-	1,690,262	-
<b>Total all other governmental funds</b>	<b>\$42,972,537</b>	<b>\$53,482,309</b>	<b>\$43,333,077</b>	<b>\$40,723,825</b>	<b>\$38,950,756</b>	<b>\$36,095,383</b>	<b>\$37,075,833</b>	<b>\$41,941,088</b>	<b>\$51,784,730</b>	<b>\$30,139,904</b>

\* Implemented GASB 54 in FY2011, which resulted in a change in how fund balance was presented.

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

TABLE V

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues</b>										
Property taxes	\$40,961,761	\$42,493,681	\$ 42,702,040	\$44,202,071	\$48,235,053	\$47,216,050	\$45,796,378	\$ 48,613,059	\$ 49,736,514	\$ 50,230,334
Sales tax	14,375,828	14,910,977	15,670,832	16,755,426	18,321,611	23,801,181	28,585,036	25,950,998	27,798,976	28,385,150
Intergovernmental	8,778,348	10,794,534	10,341,082	14,924,888	15,416,267	13,317,714	16,759,845	24,874,838	17,785,198	22,716,818
Investment earnings	2,640,324	799,151	2,983,265	1,685,672	4,536,308	4,269,412	3,877,032	2,697,058	1,527,901	1,895,316
Other revenues	3,388,791	2,613,236	3,517,763	4,252,498	3,218,169	4,016,545	3,392,467	3,355,662	4,953,946	5,153,172
<b>Total revenues</b>	<b>70,145,052</b>	<b>71,611,579</b>	<b>75,214,982</b>	<b>81,820,555</b>	<b>89,727,408</b>	<b>92,620,902</b>	<b>98,410,758</b>	<b>105,491,615</b>	<b>101,802,535</b>	<b>108,380,790</b>
<b>Expenditures:</b>										
General government	11,442,124	13,264,721	13,812,467	12,795,754	12,302,055	13,379,469	15,881,770	17,060,295	17,401,291	17,740,213
Solid waste	3,837,131	3,791,184	4,438,926	4,147,463	4,578,280	4,791,911	5,311,704	5,353,292	5,704,476	5,739,959
Public safety	8,339,476	8,120,150	8,120,483	9,375,840	10,540,010	10,750,484	11,985,795	12,798,445	13,396,428	16,517,524
Recreation	885,154	929,578	1,383,393	3,448,362	1,295,789	1,302,674	1,441,969	1,424,141	1,136,151	1,536,689
Education	30,996,207	32,501,758	34,268,066	37,695,674	38,614,183	38,603,640	42,450,275	43,981,113	46,064,673	51,524,574
Environmental protection	2,850,788	2,152,398	1,661,961	1,614,440	1,234,971	2,090,813	963,468	1,287,515	2,095,423	2,048,151
Roads and trails	2,281,668	3,188,390	3,198,758	3,479,969	3,402,294	4,309,600	6,101,376	6,853,831	10,558,262	11,252,663
Capital outlay	10,500,410	11,172,647	17,037,100	11,425,755	13,661,765	12,699,282	9,282,690	15,649,412	10,429,218	9,144,780
Debt service										
Principal	2,575,000	3,840,000	3,375,000	3,485,000	2,065,000	2,305,000	2,355,000	2,410,000	3,414,000	3,340,000
Interest and other (1)	686,595	1,300,728	1,231,528	1,065,369	1,087,269	1,075,491	978,119	881,110	943,580	1,613,560
<b>Total expenditures</b>	<b>74,394,553</b>	<b>80,261,554</b>	<b>88,527,682</b>	<b>88,533,626</b>	<b>88,781,616</b>	<b>91,308,364</b>	<b>96,752,166</b>	<b>107,699,154</b>	<b>111,143,502</b>	<b>120,458,113</b>
Excess of revenues over (under) expenditures	(4,249,501)	(8,649,975)	(13,312,700)	(6,713,071)	945,792	1,312,538	1,658,592	(2,207,539)	(9,340,967)	(12,077,323)
<b>Other financing sources (uses)</b>										
Bonds issued	7,040,000	14,700,000	-	2,500,000	2,588,000	-	-	4,960,000	16,865,000	8,150,000
Premium on bonds issued	-	-	-	-	-	-	-	-	-	1,284,121
Payment to rfd bd escrow agent	-	-	-	-	-	-	-	-	-	(9,352,308)
Transfers in	13,796,173	15,019,352	15,488,288	16,406,111	19,851,269	17,069,227	17,444,450	17,396,622	10,120,206	8,166,490
Transfers out	(13,796,173)	(15,019,352)	(15,488,288)	(16,706,111)	(20,151,269)	(17,069,227)	(17,444,450)	(17,396,622)	(9,120,206)	(8,166,490)
<b>Net other financing sources (uses)</b>	<b>7,040,000</b>	<b>14,700,000</b>	<b>-</b>	<b>2,200,000</b>	<b>2,288,000</b>	<b>-</b>	<b>-</b>	<b>4,960,000</b>	<b>17,865,000</b>	<b>81,813</b>
<b>Net change in fund balances</b>	<b>\$ 2,790,499</b>	<b>\$ 6,050,025</b>	<b>\$ (13,312,700)</b>	<b>\$ (4,513,071)</b>	<b>\$ 3,233,792</b>	<b>\$ 1,312,538</b>	<b>\$ 1,658,592</b>	<b>\$ 2,752,461</b>	<b>\$ 8,524,033</b>	<b>\$ (11,995,510)</b>
GO Debt service as a percentage of noncapital expenditures	5.10%	6.25%	6.44%	5.90%	4.20%	4.30%	3.81%	3.58%	4.33%	4.38%
Total non-capital expenditures	63,894,143	69,088,907	71,490,582	77,107,871	75,119,851	78,609,082	87,469,476	92,049,742	100,714,284	111,313,333

(1) 2012 includes \$81,813 in bond issuance costs.

**Kenai Peninsula Borough**  
 General Government Significant Revenues by Source  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)

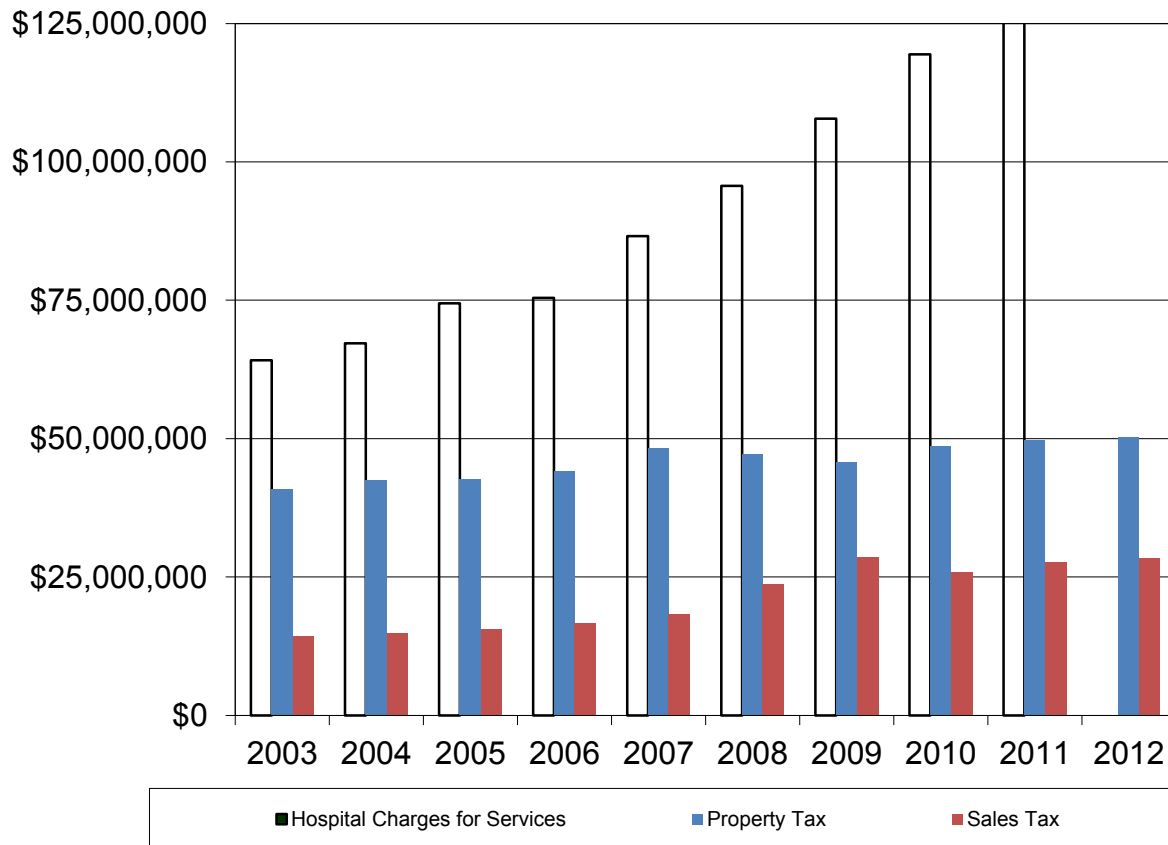
TABLE VI

<u>Fiscal Year</u>	<u>Hospital Charge for Services (3)</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Total</u>
2003	\$ 64,170,901	\$ 40,961,761	\$ 14,375,828	\$ 119,508,490
2004	67,228,364	42,493,681	14,910,977	124,633,022
2005	74,450,071	42,702,040	15,670,832	132,822,943
2006	75,458,572	44,202,701	16,755,426	136,416,699
2007	86,620,954	48,235,053	18,321,611	153,177,618
2008	95,689,825	47,216,050	(1) 23,801,181	166,707,056
2009	107,798,997	45,796,378	28,585,036	182,180,411
2010	119,417,217	48,613,059	(2) 25,950,998	193,981,274
2011	135,659,575	49,736,514	27,798,976	213,195,065
2012	-	50,230,334	28,385,150	78,615,484 (3)

(1) Sales tax rate was changed from 2% to 3% effective January 1, 2008

(2) Exemption on non-prepared food went into effect January 1, 2009 and covers the period September 1 through May 31, of each fiscal year.

(3) Implementation of GABS Statement 61.





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

TABLE VII

Fiscal Year	Total estimated actual value of property	Assessed Values (1)			Tax Exempt Values (1)			Total Taxable Assessed Value	Total Direct Tax Rate	Assessed Value as a Percentage of Actual Value
		Real	Oil & Gas	Personal Property	Real	Personal	Personal			
2003	\$9,654,776	\$ 3,290,671	\$ 680,522	\$ 290,369	\$ 176,523	\$ 40,998	\$ 4,044,041	6.50	94.90%	
2004	10,055,330	3,509,442	673,367	276,649	196,210	40,844	4,222,404	6.50	94.68%	
2005	10,330,215	3,656,476	611,303	253,595	215,076	42,051	4,264,247	6.50	94.31%	
2006	10,795,995	4,009,648	561,689	285,351	304,702	44,210	4,507,776	6.50	92.82%	
2007	11,616,777	4,402,946	558,190	295,431	340,356	28,161	4,888,050	6.50	92.99%	
2008	12,820,924	4,940,180	607,052	224,479	374,395	27,938	5,369,378	5.50	93.03%	
2009	13,539,200	5,533,794	635,272	220,272	394,457	28,124	5,966,757	4.50	93.39%	
2010	14,094,147	5,883,881	703,063	245,915	434,556	29,205	6,369,098	4.50	93.21%	
2011	14,151,091	5,901,904	713,954	259,714	451,127	30,914	6,393,531	4.50	92.99%	
2012	16,185,687	6,180,464	698,991	257,619	472,878	30,955	6,633,241	4.50	92.94%	

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

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

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

**Kenai Peninsula Borough**

Property Tax Rates

Direct and Overlapping Governments (1)

Last Ten Fiscal Years

TABLE VIII

Fiscal Year	Borough (1) (4)		Overlapping Rates (2)											
	Operating	Special District	City of Homer (5)		City of Kenai (5)		City of Seldovia (5)		City of Seward (5)		City of Soldotna (5)			
			Operating	Special District	Operating	Special District	Operating	Special District	Operating	Special District	Operating	Special District		
2003	6.50	0.10	5.00	1.75	1.00	1.75	3.50	0.40	7.25	0.00	3.12	0.00	1.65	3.00
2004	6.50	0.10	5.00	1.75	1.00	1.75	5.00	0.50	7.25	0.00	3.12	0.00	1.65	3.10
2005	6.50	0.10	4.50	1.75	1.00	1.75	4.50	1.00	7.25	0.00	3.12	0.50	1.65	3.35
2006	6.50	0.10	4.50	1.75	2.00	1.75	4.50	1.00	7.25	0.00	3.12	0.50	1.65	3.35
2007	6.50	0.10	4.50	1.75	2.00	1.75	4.50	1.00	4.60	0.00	3.12	0.50	1.65	3.35
2008	5.50	0.00 (3)	4.50	2.00	2.00	2.00	4.50	1.00	4.60	0.00	3.12	0.50	1.65	3.55
2009	4.50	0.00	4.50	2.30	1.00	2.30	4.50	0.90	4.60	0.00	3.12	0.50	1.65	3.35
2010	4.50	0.00	4.50	2.30	1.00	2.30	4.00	0.50	4.60	0.00	3.12	0.50	1.65	2.95
2011	4.50	0.00	4.50	2.30	1.00	2.30	3.85	0.02	4.60	0.00	3.12	0.50	1.65	2.47
2012	4.50	0.00	4.50	2.30	1.00	2.30	3.85	0.02	4.60	0.75	3.12	0.50	0.65	2.67

(1) Borough's General Fund maximum mill rate for FY2010 is 8.238 mills

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

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

**Sources:**

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

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

**Kenai Peninsula Borough**  
Principal Property Taxpayers  
Current and Nine Years Ago

TABLE IX

<u>Taxpayer</u>	2012			2003		
	Taxable Assessed Value (1)	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value (1)	Rank	Percentage of Total Taxable Assessed Value
Tesoro Alaska	\$ 321,276,064	1	4.84%	\$ 95,987,062	4	2.37%
Unocal	195,968,980	2	2.95%	358,357,890	1	8.86%
Conoco Phillips	179,561,870	3	2.71%	-		0.00%
Marathon Oil	138,887,280	4	2.09%	59,933,610	7	1.48%
ACS	83,432,332	5	1.26%	71,777,121	6	1.77%
XTO Energy Inc	51,626,800	6	0.78%	42,497,960	8	1.05%
Kenai Kachemak Pipeline	28,577,530	7	0.43%	-		0.00%
WAL-Mart Real Estate Business T	27,056,400	8	0.41%	-		0.00%
Alaska Pipeline	23,538,862	9	0.35%	-		0.00%
BP Exploration	23,297,413	10	0.35%	77,783,465	5	1.92%
Agrium, U.S.	-		-	190,340,291	2	4.71%
Phillips Petroleum Co.	-		-	101,661,882	3	2.51%
Forest Oil Company	-		-	29,451,590	9	0.73%
Phillips Alaska Inc.	-		-	26,283,140	10	0.65%
<b>Totals</b>	<b>\$1,073,223,531</b>		<b>16.18%</b>	<b>\$ 1,054,074,011</b>		<b>26.06%</b>

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

Total Assessed value based on total  
tax levy for FY2012 and FY2003 respectively.

\$ 6,633,241,000

\$ 4,044,041,000

**Kenai Peninsula Borough**  
 Taxable Sales by Line of Business  
 Current

TABLE X

<u>Line of Business</u>	<u>2012</u>
Retail Trade	480,340,712
Restaurant/Bar	78,188,953
Hotel/Motel/Bed & Breakfast	70,427,040
Utilities	65,385,620
Information	45,475,772
Guiding Water	44,265,660
Services	32,759,216
Wholesale Trade	29,569,140
Rental Residential Property	21,484,129
Public Administration	16,145,745
Professional, Scientific and Technical Services	14,524,700
Construction Contracting	13,643,718
Telecommunications	10,354,734
Manufacturing	9,156,600
Administrative and Waste Management	9,001,450
Rental Non-Residential Property	8,083,860
Transportation and Warehousing	5,353,204
Arts and Entertainment	4,638,442
Mining/Quarrying	4,572,378
Rental Personal Property	2,792,772
Other	12,858,004
	<u>\$ 979,021,849</u>

Borough direct sales tax rate 3.00%

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

**Kenai Peninsula Borough**  
Property Tax Levies and Collections  
General Fund  
Last Ten Fiscal Years

TABLE XI

Year Ended June 30	Total Tax Levy for Fiscal Year	Collected in the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	\$26,370,536	\$25,879,204	98.137%	\$ 488,615	\$26,367,819	99.990%
2004	27,558,497	27,062,845	98.201%	492,916	27,555,761	99.990%
2005	27,820,350	27,446,158	98.655%	371,846	27,818,004	99.992%
2006	29,357,626	28,978,909	98.710%	375,934	29,354,843	99.991%
2007	31,768,274	31,346,983	98.674%	414,829	31,761,812	99.980%
2008	30,042,125	29,651,635	98.700%	381,771	30,033,406	99.971%
2009	26,779,449	26,431,968	98.702%	334,306	26,766,274	99.951%
2010	28,875,124	28,375,677	98.270%	480,464	28,856,141	99.934%
2011	29,058,274	28,630,610	98.528%	358,591	28,989,201	99.762%
2012	30,419,493	29,946,804	98.446%	-	29,946,804	98.446%

**Kenai Peninsula Borough**  
Ratios of Outstanding Debt by Type and Per Capita  
Last Ten Fiscal Years

TABLE XII

Fiscal Year	Governmental Activities		Discretely Presented Component		General Bonded Debt Per Capita (2) (3)						
	General Obligation Bonds (Area Wide)	General Obligation Bonds (Service Area)	General Obligation Bonds	Capital Leases/Notes payable	Total	GO debt as a percentage of Personal Income (4)	GO Debt as a percentage of Estimated Actual Value of Property (Area Wide)	Area Wide	Central Emergency Services Area	South Peninsula Hospital Service Area	Central Peninsula Hospital Service Area
2003	\$ 17,874,000	\$ -	\$ -	\$ 989,722	\$ 18,863,722	1.25%	0.20%	\$ 335	\$ -	\$ -	\$ -
2004	28,734,000	-	58,275,000	511,562	87,520,562	5.76%	0.87%	555	-	824	1,492
2005	25,359,000	-	56,655,000	261,351	82,275,351	5.16%	0.80%	490	-	807	1,457
2006	21,874,000	2,500,000	54,645,000	-	79,019,000	4.79%	0.73%	426	127	777	1,406
2007	22,399,000	2,425,000	52,795,000	1,450,192	79,069,192	4.76%	0.68%	428	123	764	1,353
2008	20,174,000	2,345,000	65,200,000	1,109,570	88,828,570	4.96%	0.69%	381	115	1,893	1,290
2009	17,904,000	2,260,000	62,520,000	754,730	83,438,730	4.26%	0.62%	338	116	1,787	1,209
2010	20,364,000	2,170,000	59,755,000	385,079	82,674,079	3.85%	0.59%	380	111	1,716	1,153
2011	33,910,000	2,075,000	56,875,000	631,745	93,491,745	4.35%	0.66%	612	113	1,604	1,070
2012	30,230,000	1,975,000	52,010,000	-	84,215,000	3.71%	0.52%	536	88	905	1,498

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

(1) For fiscal years 2003-2011 Business-type activities debt is for the South Peninsula Hospital Service Area and Central Peninsula Hospital Service Area and is debt of the Service Areas, not the Primary Government.

(2) Other Governmental Fund type debt is for the Central Emergency Services Service Area and is debt of the Service Area not the Primary Government.

(3) Due to overlapping taxing jurisdictions, the Debt Per Capita of the Area Wide must be combined with each overlapping Service Area to determine the total Debt Per Capita within each Tax Code Area.

(4) Personal income data is provided by the Bureau of Economic Analysis, <http://www.bea.gov>.

(5) In fiscal year 2012 the Borough early adopted GASB Statement 61, which changed accounting and financial reporting for CPH and SPH. The debt is presented because it is general obligation debt for a discretely presented component unit of the Kenai Peninsula Borough.

Population data can be found in Table XIV

**Kenai Peninsula Borough**  
Legal Debt Margin Information  
Last Ten Fiscal Years

TABLE XIII

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**NO DEBT LIMIT IS MANDATED BY LAW**

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**Kenai Peninsula Borough**  
Demographic and Economic Statistics  
Last Ten Fiscal Years

TABLE XIV

Fiscal Year	Population (1)	Personal Income (amount expressed in thousands)	Per Capita Personal Income (4)	Median Age (3)	School Enrollment	Unemployment Rate (2)	Number of employed (2)
2003	53,316	\$ 1,505,864	\$ 28,244	36.6	9,661	9.40%	22,586
2004	51,733	1,519,711	29,376	37.4	9,467	10.00%	22,846
2005	51,765	1,594,109	30,795	38.0	9,527	9.50%	23,109
2006	51,350	1,650,417	32,141	39.7	9,389	8.70%	23,086
2007	52,370	1,660,353	31,704	39.1	9,368	8.10%	23,409
2008	52,990	1,791,892	33,816	39.2	9,250	7.60%	23,838
2009	52,990	1,959,462	36,978	39.2	9,256	7.90%	24,326
2010	53,578	2,145,309	40,041	39.4	9,145	9.80%	24,326
2011	55,400	2,148,001	38,773	40.6	9,148	10.00%	24,510
2012	56,369	2,271,490	40,297	40.6	9,083	9.30%	24,674

**Sources:**

- (1) Alaska Department of Labor estimates as of July 1 of each fiscal year
- (2) Data is provided by the State of Alaska Department of Labor and is the average rate for the previous calendar year
- (3) Data is provided by the State of Alaska Department of Labor
- (4) Data is provided by the US Department of Commerce, Bureau of Economic Analysis

As shown above the unemployment rate went up during FY2010; however, the actual number of employed stayed the same as FY2009. The rise in the unemployment rate was due to the number of individuals moving into the area looking for work.



**Kenai Peninsula Borough**  
Principal Employers  
Current and Nine Years Ago

TABLE XV

<u>Employer</u>	<u>2012 *</u> <u>Rank</u>	<u>2003 *</u> <u>Rank</u>
Kenai Peninsula Borough School		
State of AK (excludes U of A)		
Central Peninsula General Hospital		
ASRC Energy Services O&M Inc		
Safeway Inc		
Kenai Peninsula Borough		
Peak Oilfield Svc Co		
VECO Alaska Inc		
Fred Meyer Stores Inc		
South Peninsula Hospital Inc		
U.S. Government		
Agrium		
Frontier Community Services		

\* The State of Alaska passed legislation that prevents disclosure of employer ranking and or the number of employees for each employer.

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

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

TABLE XVI

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>General government:</b>										
Assembly	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Mayor	10.00 (1)	11.00	11.00	11.00	10.00	10.00	10.00	10.00	9.00	8.00 (22)
Office of Emergency Mgmt	2.67	2.67	2.67	2.67	2.80	3.30	3.30	4.30 (10)	4.30	3.75 (23)
General Services	22.55	22.60	23.60	22.60	21.60	21.80	22.10	22.60	22.60	7.60 (24)
MIS	-	-	-	-	-	-	-	-	-	11.00 (24)
Legal	6.00	6.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Finance	23.00 (1)	23.00	23.00	23.00	23.00	23.00	23.00	23.00	23.00	22.00 (25)
Assessing	20.75	21.00	21.00	21.00	21.00	22.00	22.00	22.00	22.00	22.00
Planning	9.10	9.50	8.50	8.50	9.00	9.00	9.00	9.00	9.00	13.00 (24)
River Center	4.20	4.50	4.50	4.00	4.50	4.50	5.00	6.00 (16)	6.00	6.00
Capital Projects	8.00	9.00	8.00	8.00	8.00	8.00	9.00 (5)	8.50 (12)	6.50 (19)	6.00 (26)
Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>111.77</b>	<b>114.77</b>	<b>112.77</b>	<b>111.27</b>	<b>110.40</b>	<b>112.10</b>	<b>113.90</b>	<b>115.90</b>	<b>112.90</b>	<b>109.85</b>
<b>Fire and Emergency Services:</b>										
Nikiski Fire	23.00	24.00	24.00	23.00	23.00	23.00	21.00 (6)	21.00	21.00	20.00 (27)
Bear Creek Fire	0.40	0.40	0.40	0.40	0.40	0.40	0.75	0.75	1.50 (20)	1.50
Anchor Point	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	2.50 (28)
CES	26.00	27.00	27.00	28.00	30.50 (3)	33.50 (4)	33.50	37.50 (13)	37.50	38.50 (29)
Kachemak	-	-	-	-	-	0.75	1.00	2.00 (14)	3.00 (21)	3.50 (30)
911 Communications	6.33	6.33	6.33	7.33	7.20	8.70	8.70	10.70 (11)	10.70	11.25 (31)
Seward Bear Creek Flood	-	-	0.50	0.50	0.50	0.75	0.75	0.75	0.75	0.75
Recreation	13.25	14.00	13.25	13.25	13.25	13.25	13.25	14.25 (15)	14.25	14.25
Roads	6.00	6.00	7.00	7.00	7.00	7.00	8.00 (7)	8.00	8.00	8.00
Land Trust Fund	4.50	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Nikiski seniors	1.00	1.00	1.00	1.00	1.00	1.00	0.00	0.00	0.00	0.00
Solid Waste	7.25	8.75	19.25 (2)	19.25	19.25	20.25	20.75 (8)	21.00 (17)	21.00	20.00 (32)
Risk Management	3.60	4.60	4.60	4.60	4.60	4.60	3.60 (9)	4.00 (18)	4.00	4.00
<b>Total</b>	<b>204.10</b>	<b>212.85</b>	<b>222.10</b>	<b>221.60</b>	<b>223.10</b>	<b>231.30</b>	<b>231.20</b>	<b>241.85</b>	<b>240.60</b>	<b>239.10</b>

- (1) Purchasing department transferred from the Finance department to the Mayoral department, reduction of 4 positions in Finance
- (2) The Borough took over operations of the Soldotna landfill, previously the operations were contracted out
- (3) Staffing at Funny River Fire Station
- (4) Staffing at Kasilof Fire Station
- (5) Transfer of project manager from Solid Waste
- (6) Elimination of Assistant Chief and a mechanic position, estimated savings \$190,000
- (7) Added Engineer to assist with managing road improvement projects
- (8) Added full-time contract administrator, increased .5 secretary to full-time, and transfer of project manager to Capital projects
- (9) Elimination of Worker's compensation manager position, remaining job duties being shared with other staff
- (10) Added Emergency Communications IT Tech
- (11) Added 911 shift supervisor and 911 public safety dispatcher
- (12) Transferred one project manager to the KRC and added 1/2 time capital projects clerk
- (13) Added 3 Engineer/Paramedics or EMT III's to increase staffing and safety at Kasilof station.
- (14) Added full time administrative assistant
- (15) Increase to maintenance hours equivalent to 1 FTE.
- (16) Transfer of project manager from Capital Projects.
- (17) Increased Environmental Coordinator's position by 1/4 time,
- (18) Increased 1/2 time administrative assistant to full time.
- (19) Reduction of 2 project managers
- (20) Addition of 3/4 time training and maintenance coordinator
- (21) Addition of assistant chief
- (22) Deletion of Special Assistant to Mayor
- (23) Increased Secretary from .8 to full time and transferred .75 of IT Specialist to E911 fund 264
- (24) Broke out IT positions of 11 to IT department, broke out GIS positions of 4 to GIS department
- (25) Deleted 1 Receptionist/Account Clerk.
- (26) Deleted .5 Capital Project Clerk
- (27) Deleted 1 Firefighter position
- (28) Addition of .5 Mechanic and 1 Assistant Chief
- (29) Addition of Health and Safety Officer
- (30) Addition of .5 Mechanic
- (31) Transferred in .75 of IT Specialist from OEM and reduced Secretary by .2
- (32) Deleted 1 Scale Attendant Clerk

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

**Kenai Peninsula Borough**  
Operating Indicators by Function  
Last Ten Fiscal Years

TABLE XVII

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government- 911 calls answered	14,458	16,919	17,200	17,926	15,084	16,590	18,834	21,494	21,260	21,834
Fire and emergency services: **										
Number of calls responded to:										
Nikiski	657	745	745	733	665	737	820	870	929	927
Bear Creek	97	79	99	76	120	164	134	132	111	132
Anchor Point	188	150	150	190	191	198	215	150	194	235
CES	1,437	1,551	1,771	1,942	1,825	1,919	1,962	1,977	2,095	1,815
Kachemak	80	63	83	99	95	114	147	120	140	139
Landfills-										
Refuse collected (tons)	63,100	62,600	60,500	64,000	67,200	65,000	65,828	60,720	64,759	78,250

Note: With the exception of 911 calls, indicators are not available for the general government functions

\*\* Fire and Emergency Services indices are as of December 31 of the prior calendar year

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

**Kenai Peninsula Borough**  
Capital Asset Statistics by Function  
Last Ten Fiscal Years

TABLE XVIII

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Fire and emergency services:										
Number of Stations:										
Nikiski	4	4	4	4	4	4	4	4	4	4
Bear Creek	1	1	1	1	1	1	1	1	1	1
Anchor Point	1	1	1	1	1	2	2	2	2	2
CES	4	4	4	4	5	6	6	6	6	6
Kachemak	1	1	1	1	1	1	1	1	1	1
Landfills:										
Number of landfills	8	8	8	8	8	8	8	8	8	8
Number of transfer sites	12	12	12	12	12	12	12	12	12	12
Recreation-										
Number of facilities	7	8	8	8	8	8	8	8	8	9
Roads-										
Miles of roads maintained	630	589	608	614	620	623	631	633	634	636

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

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

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SINGLE AUDIT

**Kenai Peninsula Borough**  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2012

<u>Federal Grantor</u>	<u>Grant Number</u>	<u>CFDA #</u>	<u>Expenditures 6/30/12</u>
<u>U. S. Department of Commerce:</u>			
Passed through National Oceanic and Atmospheric Administration			
Beluga Whale Recovery Study	NA09NMF4390216	11.439	\$ 202,141
Total U. S. Department of Commerce			<u>202,141</u>
<u>U.S. Department of the Interior:</u>			
Passed through U.S. Bureau of Land Management:			
Payment in Lieu of Taxes	2010 SEC 6901/02	15.226	<u>2,465,702</u>
Passed through US Fish and Wildlife Service:			
National Wildlife Refuge Revenue Sharing	FY2012	15.659	<u>19,273</u>
Coastal Impact Assistance Program			
Planning & Administration *	F12AF70094	15.668	29,426
Adopt-A-Stream Program *	F12AF70248	15.668	38,336
Kenai River Near Bank Turbidity Study *	F12AF70124	15.668	31,553
Habitat Protection Education and Code Revision project *	F12AF70277	15.668	2,074
River Debris Removal *	F12AF70126	15.668	14,879
Recreation Area Sanitation *	F12AF70131	15.668	4,261
Kachemak Drive Bluff Erosion *	F12AF70142	15.668	55,498
Seward Weather and Ocean Observing System *	F12AF70164	15.668	24,953
Aerial Photography/Satellite Imagery of KPB *	F12AF70177	15.668	101,438
Total CFDA 15.668			<u>302,418</u>
Passed through Bureau of Ocean Energy Management, Regulation and Enforcement			
Coastal Impact Assistance Program			
Planning & Administration *	MO9AF15160	15.426	1,756
Adopt-A-Stream Program *	M10AF20121	15.426	61
Habitat Protection Education and Code Revision project *	M11AF00002	15.426	2,584
River Debris Removal *	M11AF00044	15.426	1,354
Recreation Area Sanitation *	M11AF00051	15.426	2,624
Kachemak Drive Bluff Erosion *	M11AF00063	15.426	517
Total CFDA 15.426			<u>8,896</u>
Total U.S. Department of the Interior			<u>2,796,289</u>
<u>U.S. Department of Education</u>			
Passed through Alaska Department of Commerce Community and Economic Development			
Community Economic Stimulus Program for Public Safety			
American Recovery & Reinvestment Act *	S397A090002	84.397	611,302
Total CFDA 84.397			<u>611,302</u>
<u>U.S. Department of Homeland Security:</u>			
November 15-17, 2011 Windstorm Federal Declared Disaster	FEMA-4054-DR	97.036	<u>34,392</u>
Bear Creek Firefighter Assistance Grant *	EMW-2009-FO-05961	97.083	19,006
Bear Creek Staffing for Adequate Fire & Emergency Response *	EMW-2010-FF-00163	97.083	3,590
Central Emergency Staffing for Adequate Fire & Emergency Response *	EMW-2010-FH.01010	97.083	223,026
Nikiski Fire Station 1 Alarm System & Fire Safety Trailer *	EMW-2010-FO-01563	97.083	78,802
Total CFDA 97.083			<u>324,424</u>

(continued)

**Kenai Peninsula Borough**  
Schedule of Expenditures of Federal Awards - continued  
Year Ended June 30, 2012

<u>Federal Grantor</u>	<u>Grant Number</u>	<u>CFDA #</u>	<u>Expenditures 6/30/12</u>
<u>U.S. Department of Homeland Security (continued):</u>			
Passed through Alaska Department of Military & Veterans Affairs:			
Catch Basin & Culvert Drainage Project - Lowell Point	1843.0006	97.039	9,009
Citizens Corp 2009	2009-SS-T9-0007	97.053	5,681
Alaska Shield Exercise	2009-SS-T9-0007	97.067	38,591
Citizens Corp 2010	2010-SS-T0-0023	97.067	27,654
Mass Casualty/Medical Surge	2010-SS-T0-0023	97.067	202,232
SHSP-Planning, equipment, training for Emergency Response	EMW-2011-SS-00053	97.067	10,250
Total CFDA 97.067			278,727
Emergency Management Performance Grant	EMW-2011-EP-00002	97.042	66,373
Total Department of Homeland Security			718,606
 <u>U.S. Department of Agriculture:</u>			
National Forest Receipts *		10.665	614,551
Passed through Natural Resource Conservation Service			
Old Mill Subdivision Seward AK - Buyout program	OMILL	10.923	432,177
Passed through U.S. Forest Service:			
00 Spruce Bark Beetle Infestation	00BTL	10.664	3,749
01 Spruce Bark Beetle Infestation	01BTL	10.664	1,944
05 Spruce Bark Beetle Infestation	05BTL	10.664	129,546
06 Spruce Bark Beetle Infestation	07BTL	10.664	440,752
Spruce Bark Beetle Mitigation Program Work	08DG11100100203	10.664	79,410
Passed through Alaska Department of Natural Resources:			
Bear Creek Fire Service Area Volunteer Fire Assistance Grant	FY12	10.664	6,289
Kachemak Emergency Services Volunteer Fire Assistance Grant	FY12	10.664	9,100
Total CFDA 10.664			670,790
Hazardous Fuels Mitigation - American Recovery & Reinvestment Act *	09-DG-11100489-011	10.688	695,411
Total U.S. Department of Agriculture			2,412,929
TOTAL FEDERAL			\$ 6,741,267

\* Federal Major Program



**Kenai Peninsula Borough**  
Schedule of State Financial Assistance  
Year Ended June 30, 2012

<u>State Grantor</u>	<u>Grant Number</u>	<u>Expenditures 6/30/12</u>
<u>Alaska Department of Commerce, Community &amp; Economic Development:</u>		
Shared Fisheries Business Tax		\$ 11,963
Fish Resource Landing Tax		5,556
Community Revenue Sharing - Borough *	FY12	2,879,368
Community Revenue Sharing - Boys & Girls Club of Southcentral Alaska	FY10	20,200
Community Revenue Sharing - Anchor Point Public Library	FY11	2,359
Community Revenue Sharing - Bear Creek Volunteer Fire Department	FY11	229
Community Revenue Sharing - Boys & Girls Club of Southcentral Alaska	FY11	20,200
Community Revenue Sharing - Caribou Hills Cabin Hoppers	FY11	20,200
Community Revenue Sharing - Cook Inlet Aquaculture Association	FY11	8,366
Community Revenue Sharing - Kachemak Emergency Services	FY11	6,103
Community Revenue Sharing - Kachemak Nordic Ski Club	FY11	2,412
Community Revenue Sharing - Kachemak Ski Club	FY11	5,050
Community Revenue Sharing - Kasilof Public Library	FY11	5,765
Community Revenue Sharing - Kasilof-Cohoe Cemetary Association	FY11	7,185
Community Revenue Sharing - Lowell Point Community Council	FY11	20,200
Community Revenue Sharing - Ninilchik Community Library	FY11	5,990
Community Revenue Sharing - Rural Alaska Community Action	FY11	10,100
Community Revenue Sharing - Seldovia Village Tribe	FY11	20,200
Community Revenue Sharing - Snomads Snowmachine Club Inc.	FY11	13,604
Community Revenue Sharing - Village of Kachemak Selo Inc.	FY11	20,200
Community Revenue Sharing - Village of Razdolna	FY11	5,125
Community Revenue Sharing - AK Children's Institute for Performing Arts	FY12	26,933
Community Revenue Sharing - Anchor Point Public Library	FY12	10,675
Community Revenue Sharing - Anchor Point Senior Citizens	FY12	11,274
Community Revenue Sharing - Bear Creek Volunteer Fire Department	FY12	26,933
Community Revenue Sharing - Caribou Hills Cabin Hoppers	FY12	26,933
Community Revenue Sharing - Cook Inlet Aquaculture Association	FY12	315
Community Revenue Sharing - Cooper Landing Community Club	FY12	26,933
Community Revenue Sharing - Funny River Chamber of Commerce	FY12	26,933
Community Revenue Sharing - Hope, Inc.	FY12	24,478
Community Revenue Sharing - Kachemak Emergency Services	FY12	9,136
Community Revenue Sharing - Kachemak Nordic Ski Club	FY12	15,349
Community Revenue Sharing - Kachemak Ski Club	FY12	7,180
Community Revenue Sharing - Kasilof Public Library	FY12	13,765
Community Revenue Sharing - Kasilof Regional Historical Association	FY12	14,113
Community Revenue Sharing - Kenai Peninsula Food Bank	FY12	15,299
Community Revenue Sharing - Lowell Point Community Council	FY12	26,933
Community Revenue Sharing - Moose Pass Volunteer Fire Department	FY12	79,607
Community Revenue Sharing - Nikolaevsk Community Council	FY12	26,933
Community Revenue Sharing - Ninilchik Community Library	FY12	5,603
Community Revenue Sharing - Ninilchik Emergency Services	FY12	5,604
Community Revenue Sharing - Ninilchik Fair Association	FY12	10,123
Community Revenue Sharing - Ninilchik Senior Citizens	FY12	6,199
Community Revenue Sharing - North Peninsula Community Council	FY12	26,933
Community Revenue Sharing - Port Graham Village Council	FY12	26,933
Community Revenue Sharing - Seldovia Village Tribe	FY12	26,933
Community Revenue Sharing - Snomads Snowmachine Club Inc.	FY12	20,928
Community Revenue Sharing - Sterling Seniors	FY12	9,374
Community Revenue Sharing - Tsalteshi Trails Association	FY12	6,413

(continued)

**Kenai Peninsula Borough**  
Schedule of State Financial Assistance  
Year Ended June 30, 2012

<u>State Grantor</u>	<u>Grant Number</u>	<u>Expenditures 6/30/12</u>
<u>Alaska Department of Commerce, Community &amp; Economic Development (continued):</u>		
Community Revenue Sharing - Tustemena 200 Sled Dog Race Association	FY12	13,764
Community Revenue Sharing - Village of Razdolna	FY12	26,933
Bear Creek Multi-Use Facility	09-DC-482	707
Borough-wide Road Upgrades *	11-DC-252	517,705
Borough-wide Road Upgrades *	09-DC-218	4,062,369
Central Emergency Services Off-highway Rescue Equipment	11-RR-033	1,009
Central Emergency Services Wildland Fire Engine *	12-DC-378	200,000
Homer Solid Waste Transfer Facility Construction *	12-DC-380	2,420,060
Kachemak Emergency Service Area - Diamond Ridge Station	12-DC-379	47,293
Nikiski Fire Service Area Station 2	11-DC-250	17,398
Nikiski Fire Service Area Tanker/Pumper *	12-RR-027	150,000
North Peninsula Recreation Community Playground	12-DC-382	7,590
North Peninsula Recreation Shower Replacement	11-RR-031	3,099
Seward Elementary Smart Board	12-RR-029	5,236
Total Alaska Department of Commerce, Community & Economic Development		11,098,303
<u>Alaska Department of Revenue:</u>		
Commercial Passenger Vessel Tax *	CY09	391,137
Commercial Passenger Vessel Tax *	CY10	406,080
Commercial Passenger Vessel Tax *	CY11	357,553
Electric & Telephone Cooperative *	FY12	156,195
Fish Tax *	FY12	950,000
Total Alaska Department of Revenue		2,260,965
<u>Alaska Department of Education &amp; Early Development:</u>		
School Debt Reimbursement *		1,639,820
HVAC Controls for five Schools *	GR-07-009	229,354
Total Alaska Department of Education & Early Development		1,869,174
<u>Alaska Department of Transportation:</u>		
Borough-wide Road Upgrades *	DOTPF	587,432
Total Alaska Department of Transportation		587,432
<u>Alaska Department of Administration:</u>		
Division of Retirement & Benefits PERS Relief HB180 *		2,175,260
Total Alaska Department of Administration		2,175,260
<u>Alaska Department of Military &amp; Veteran Affairs:</u>		
Passed Through the Alaska Division of Homeland Security & Emergency Management		
November 1-14, 2011 Windstorm State Declared Disaster	AK 12-237	15,953
November 15-17, 2011 Windstorm Federal Declared Disaster	FEMA-4054-DR	11,464
Catch Basin & Culvert Drainage Project - Lowell Point	1843-0006	3,003
Old Mill Subdivision Seward AK - Flood Property Buyout program	AK-07-221 PW229	72,029
Local Emergency Planning Committee	12LEPC-GR35602	23,693
Total Alaska Department of Military & Veteran Affairs		126,142
<u>Alaska Department of Environmental Conservation:</u>		
Cook Inlet Marine Vessel Traffic Risk Assessment Study *	MOU 18863309	216,182
Total Alaska Department of Military & Veteran Affairs		216,182
TOTAL STATE		\$ 18,333,458

\* State Major Program