

BASIC FINANCIAL STATEMENTS

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KENAI PENINSULA BOROUGH

STATEMENT OF NET ASSETS
AS OF JUNE 30, 2005

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and Short-term Investments	\$ 55,523	\$ 12,448,394	\$ 12,503,917	\$ 40,201
Equity in Central Treasury	73,398,336	6,795,187	80,193,523	15,114,457
Cash With Fiscal Agent	1,573,200	-	1,573,200	-
Investment in Utility Special Assessment Districts	804,510	-	804,510	-
Receivables (Net of Allowances for Estimated Uncollectibles):				
Taxes Receivable	4,002,454	66,604	4,069,058	-
Accounts Receivable	103,272	16,074,333	16,177,605	284,733
Land Sale Contracts Receivable:				
Current	183,771	-	183,771	-
Delinquent	9,938	-	9,938	-
Due from Other Governments	2,600,264	-	2,600,264	2,577,085
Prepays	10,250	1,230,719	1,240,969	-
Inventory	-	2,118,970	2,118,970	1,005,311
Land Sale Contracts Receivable:				
Long-term	1,898,813	-	1,898,813	-
Assets whose use is limited:				
Cash and cash equivalent	-	1,358,202	1,358,202	-
Investments	-	64,335,339	64,335,339	-
Capital assets (net of accumulated depreciation):				
Land	62,756,017	997,436	63,753,453	-
Buildings	126,047,405	19,823,034	145,870,439	-
Improvements other than buildings	12,422,087	142,402	12,564,489	-
Equipment	7,091,254	11,369,477	18,460,731	1,119,182
Construction in progress	18,374,666	12,141,168	30,515,834	-
Infrastructure	3,906,902	-	3,906,902	-
Total assets	\$ 315,238,662	\$ 148,901,265	\$ 464,139,927	\$ 20,140,969
Liabilities				
Accounts, contracts and retainage payable	3,192,567	3,871,779	7,064,346	785,043
Accrued payroll and payroll taxes	3,536,993	3,835,946	7,372,939	9,715,459
Accrued interest	211,033	890,191	1,101,224	-
Unearned revenue	8,419,505	632,818	9,052,323	-
Noncurrent liabilities:				
Due within one year	5,668,673	2,282,391	7,951,064	132,981
Due in more than one year	26,281,761	56,606,653	82,888,414	1,829,786
Total liabilities	47,310,532	68,119,778	115,430,310	12,463,269
Net Assets				
Invested in Capital Assets, net of related debt	207,769,927	35,684,080	243,454,007	917,475
Restricted for:				
Public Safety	5,106,897	-	5,106,897	1,005,346
Education	8,145,837	-	8,145,837	-
Unrestricted	46,905,469	45,097,407	92,002,876	5,754,879
Total net assets	\$ 267,928,130	\$ 80,781,487	\$ 348,709,617	\$ 7,677,700

The accompanying notes are an integral part of the financial statements

KENAI PENINSULA BOROUGH
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005

Function/Program Activities	Program Revenue				Net (Expense) Revenue and Changes in Net Assets			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary Government								
Government Activities:								
General Government	\$ 15,039,269	\$ 335,682	\$ 146,611	\$ 199,739	\$ (14,357,237)	\$ -	\$ (14,357,237)	\$ -
Solid Waste	4,305,904	173,091	-	110,200	(4,022,613)	-	(4,022,613)	-
Public Safety	10,878,435	1,047,816	2,719,587	1,070,069	(6,040,963)	-	(6,040,963)	-
Recreation	1,812,465	164,560	397,640	47,632	(1,202,633)	-	(1,202,633)	-
Education	8,057,442	-	21,140	-	(8,036,302)	-	(8,036,302)	-
Roads and Trails	2,400,466	-	37,559	245,459	(2,117,448)	-	(2,117,448)	-
Payments to component units (School District)	33,744,607	-	-	-	(33,744,607)	-	(33,744,607)	-
Interest on long-term debt	1,175,467	-	-	-	(1,175,467)	-	(1,175,467)	-
Total government activities	<u>77,414,055</u>	<u>1,721,149</u>	<u>3,322,537</u>	<u>1,673,099</u>	<u>(70,697,270)</u>	<u>-</u>	<u>(70,697,270)</u>	<u>-</u>
Business Type activities:								
Hospitals	<u>74,086,558</u>	<u>74,450,071</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>363,513</u>	<u>363,513</u>	<u>-</u>
Total primary government	<u>\$ 151,500,613</u>	<u>\$ 76,171,220</u>	<u>\$ 3,322,537</u>	<u>\$ 1,673,099</u>	<u>(70,697,270)</u>	<u>363,513</u>	<u>(70,333,757)</u>	<u>-</u>
Component unit:								
Kenai Peninsula Borough School District	<u>\$ 95,029,605</u>	<u>\$ 1,231,122</u>	<u>\$ 13,150,270</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(80,648,213)</u>
General revenues:								
Taxes:								
Property taxes					42,121,021	4,629,241	46,750,262	-
Sales Taxes					15,670,832	-	15,670,832	-
Grants not restricted to specific programs					2,700,870	25,575	2,726,445	46,467,673
Investment earnings					3,144,975	313,432	3,458,407	197,556
Payments from Kenai Peninsula Borough					-	-	-	33,744,326
Contributions-Land entitlements					162,413	-	162,413	-
Gain (loss) on sale of assets					44,192	-	44,192	-
Miscellaneous					4,522,288	293,591	4,815,879	966,318
Total general revenues					<u>68,366,591</u>	<u>5,261,839</u>	<u>73,628,430</u>	<u>81,375,873</u>
Change in net assets					(2,330,679)	5,625,352	3,294,673	727,660
Net assets-beginning					<u>270,258,809</u>	<u>75,156,135</u>	<u>345,414,944</u>	<u>6,950,040</u>
Net assets-ending					<u>\$ 267,928,130</u>	<u>\$ 80,781,487</u>	<u>\$ 348,709,617</u>	<u>\$ 7,677,700</u>

The accompanying notes are an integral part of the financial statements

Kenai Peninsula Borough

Balance Sheet Governmental Funds June 30, 2005

<u>ASSETS</u>	<u>General</u>	<u>Bond Funded Capital Project Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and short-term Investments	\$ 1,010	\$ -	\$ 29,513	\$ 30,523
Equity in central treasury	16,212,122	8,724,609	38,967,177	63,903,908
Cash with fiscal agent	-	-	1,573,200	1,573,200
Investment in utility special assesement districts	804,510	-	-	804,510
Receivables (net of allowances for estimated uncollectibles):				
Taxes receivable	3,815,992	-	186,462	4,002,454
Accounts receivable	7,444	-	95,828	103,272
Land sale contracts receivable:				
Current	-	-	183,771	183,771
Delinquent	-	-	9,938	9,938
Due from other governments	1,077,833	-	1,091,743	2,169,576
Due from other funds	2,187,232	-	-	2,187,232
Prepays	-	-	4,334	4,334
Land sale contracts receivable:				
Long-term	-	-	1,898,813	1,898,813
Total Assets	<u>\$24,106,143</u>	<u>\$ 8,724,609</u>	<u>\$44,040,779</u>	<u>\$ 76,871,531</u>
 <u>LIABILITIES AND FUND BALANCES</u> 				
Liabilities:				
Accounts and retainage payable	344,939	577,846	1,400,808	2,323,593
Accrued payroll and payroll taxes	530,890	926	471,103	1,002,919
Due to other funds	-	-	2,187,232	2,187,232
Unearned revenue	6,041,191	-	4,794,396	10,835,587
Total Liabilities	6,917,020	578,772	8,853,539	16,349,331
Fund Balances:				
Reserves:				
Encumbrances	98,704	3,949,145	2,215,433	6,263,282
Prepays	-	-	4,334	4,334
Unreserved:				
Designations:				
General fund	5,284,776	-	-	5,284,776
Special Revenue funds	-	-	10,086,723	10,086,723
Capital Project funds	-	3,585,768	5,882,744	9,468,512
Undesignated:				
General fund	11,805,643	-	-	11,805,643
Special Revenue funds	-	-	13,943,399	13,943,399
Capital Project funds	-	610,924	3,054,607	3,665,531
Total Fund Balances	<u>17,189,123</u>	<u>8,145,837</u>	<u>35,187,240</u>	<u>60,522,200</u>
Total Liabilities and Fund Balances	<u>\$24,106,143</u>	<u>\$ 8,724,609</u>	<u>\$44,040,779</u>	<u>\$ 76,871,531</u>

The accompanying notes are an integral part of the financial statements

KENAI PENINSULA BOROUGH
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2005

Fund Balances-total governmental funds		\$ 60,522,200
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds</p>		229,034,285
<p>Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds:</p>		
Governmental bonds payable	(25,359,000)	
Landfill closure	(4,874,069)	
Net Pension Obligation (PERS)	(1,683,692)	
Other	(33,673)	(31,950,434)
Pension Obligation due from other government		297,811
Accrued interest		(211,033)
<p>Some of the Borough's property taxes will be collected after year-end and are not available soon enough to pay for current period's expenditures and therefore are deferred in the governmental funds</p>		323,561
<p>Proceeds from land sales which will be collected after year-end and are not available soon enough to pay for current period's expenditures and therefore are deferred in the governmental funds</p>		2,092,522
<p>Internal Service funds are used by management to charge the cost of certain activities to individual funds.</p> <p>The assets and liabilities of the internal service funds that are reported with governmental activities</p>		7,819,218
Net assets of governmental activities		<u>\$ 267,928,130</u>

The accompanying notes are an integral part of the financial statements

Kenai Peninsula Borough

**Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2005**

	General	Bond Funded Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property Taxes	\$ 29,463,708	\$ -	\$ 13,238,332	\$ 42,702,040
Sales Tax	15,670,832	-	-	15,670,832
Intergovernmental:				
Federal	2,011,208	-	4,296,979	6,308,187
State	3,471,849	-	561,046	4,032,895
Interest Earned	2,539,236	89,367	354,662	2,983,265
Other Revenues	782,684		2,735,079	3,517,763
Total Revenues	53,939,517	89,367	21,186,098	75,214,982
Expenditures:				
General Government	11,745,962	-	2,364,258	14,110,220
Solid Waste	-	4,216,569	4,729,001	8,945,570
Public Safety	1,118,795	-	10,983,714	12,102,509
Recreation	-	-	1,431,025	1,431,025
Education	-	6,977,638	1,924,437	8,902,075
Roads and Trails	-	-	4,685,429	4,685,429
Debt Service:				
Principal	-	-	3,375,000	3,375,000
Interest and Other	-	-	1,231,528	1,231,528
Total Expenditures	12,864,757	11,194,207	30,724,392	54,783,356
Excess (Deficiency) of Revenues Over Expenditures	41,074,760	(11,104,840)	(9,538,294)	20,431,626
Other Financing Sources and (Uses):				
Transfers In	105,783	-	15,382,505	15,488,288
Transfers (Out)	(44,344,011)	-	(4,888,603)	(49,232,614)
Total Other Financing Sources (Uses)	(44,238,228)	0	10,493,902	(33,744,326)
Net Changes in Fund Balances	(3,163,468)	(11,104,840)	955,608	(13,312,700)
Fund Balances at Beginning of Year	20,352,591	19,250,677	34,231,632	73,834,900
Fund Balances at End of Year	\$ 17,189,123	\$ 8,145,837	\$ 35,187,240	\$ 60,522,200

The accompanying notes are an integral part of the financial statements

KENAI PENINSULA BOROUGH

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005**

Net change in fund balances-total governmental funds (page 35) **\$ (13,312,700)**

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets are depreciated over their useful lives.

Expenditures for capital assets	\$ 17,978,839	
Less current year depreciation	<u>(8,574,349)</u>	9,404,490

The net effect of various transactions involving capital assets (i.e. sales, trade-ins and donations) is to increase net assets		162,412
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Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets

Principal payments		3,375,000
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Additional PERS liability due to paying a rate of 12.81% of covered payroll, which is less than the actuarial rate of 25.34%.

PERS liability		(1,683,692)
PERS liability, due from other governments		297,811

Revenues reported in the Statement of Activities which are not reported in governmental funds because they do not provide current financial resources. This adjustment is to recognize the net change in unavailable revenues

Property taxes	(581,018)	
Land sales	<u>80,702</u>	(500,316)

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	56,061	
Decrease in landfill postclosure cost	<u>298,688</u>	354,749

Internal service funds are used by management to charge the cost of certain activities to individual funds. The net revenue of internal service funds is reported with governmental activities		<u>(428,433)</u>
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Change in net assets of governmental activities		<u>\$ (2,330,679)</u>
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The accompanying notes are an integral part of the financial statements

Kenai Peninsula Borough

General Fund

**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2005**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 29,752,647	\$ 29,752,647	\$ 29,463,708	\$ (288,939)
Sales Tax	14,808,155	14,808,155	15,670,832	862,677
Intergovernmental	5,046,576	5,106,176	5,483,056	376,880
Investment Earnings	1,400,000	1,400,000	2,539,236	1,139,236
Other	795,000	795,000	782,685	(12,315)
Total Revenues	51,802,378	51,861,978	53,939,517	2,077,539
Expenditures:				
General government:				
Assembly:				
Personnel	589,012	622,547	596,524	26,023
Supplies	47,200	38,134	16,986	21,148
Services	471,029	443,360	376,517	66,843
Capital Outlay	5,500	14,822	13,510	1,312
Total Assembly	1,112,741	1,118,863	1,003,537	115,326
Mayor:				
Personnel	713,092	749,108	741,165	7,943
Supplies	14,425	14,211	10,782	3,429
Services	279,894	274,314	242,444	31,870
Capital Outlay	12,950	15,179	11,900	3,279
Total Mayor	1,020,361	1,052,812	1,006,291	46,521
General Services:				
Personnel	1,757,667	1,822,171	1,769,312	52,859
Supplies	192,600	206,350	184,039	22,311
Services	704,822	680,344	616,627	63,717
Capital Outlay	148,600	168,270	140,199	28,071
Total General Services	2,803,689	2,877,135	2,710,177	166,958
Legal:				
Personnel	569,694	457,516	446,202	11,314
Supplies	3,000	1,603	1,559	44
Services	133,039	275,642	243,519	32,123
Capital Outlay	5,000	6,700	6,495	205
Total Legal	710,733	741,461	697,775	43,686
Finance:				
Personnel	1,614,184	1,671,284	1,635,628	35,656
Supplies	12,100	12,384	9,620	2,764
Services	338,686	373,745	253,251	120,494
Capital Outlay	16,300	17,585	15,628	1,957
Total Finance	1,981,270	2,074,998	1,914,127	160,871
Assessing:				
Personnel	1,552,467	1,629,067	1,588,539	40,528
Supplies	18,900	19,376	13,532	5,844
Services	292,531	433,890	395,640	38,250
Capital Outlay	34,300	16,966	16,909	57
Total Assessing	1,898,198	2,099,299	2,014,620	84,679

The accompanying notes are an integral part of the financial statements

General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Planning:				
Personnel	750,690	\$ 766,690	\$ 715,239	\$ 51,451
Supplies	18,500	20,336	16,821	3,515
Services	242,701	410,854	315,189	95,665
Capital Outlay	23,000	24,138	9,151	14,987
Total Planning	<u>1,034,891</u>	<u>1,222,018</u>	<u>1,056,400</u>	<u>165,618</u>
Capital Projects Administration:				
Personnel	14,780	16,280	6,667	9,613
Supplies	10,475	9,979	9,959	20
Services	77,346	76,046	53,699	22,347
Capital Outlay	9,000	12,240	12,164	76
Total Capital Projects Administration	<u>111,601</u>	<u>114,545</u>	<u>82,489</u>	<u>32,056</u>
Non Departmental:				
Personnel	350,000	350,000	117,676	232,324
Services	1,302,792	1,302,792	1,142,870	159,922
Total Non Departmental	<u>1,652,792</u>	<u>1,652,792</u>	<u>1,260,546</u>	<u>392,246</u>
Total general government	<u>12,326,276</u>	<u>12,953,923</u>	<u>11,745,962</u>	<u>1,207,961</u>
Public Safety:				
Office of Emergency Management:				
Personnel	589,036	620,107	590,748	29,359
Supplies	16,950	13,649	7,154	6,495
Services	554,113	542,306	512,662	29,644
Capital Outlay	6,480	7,243	8,231	(988)
Total Public Safety	<u>1,166,579</u>	<u>1,183,305</u>	<u>1,118,795</u>	<u>64,510</u>
Total expenditures	13,492,855	14,137,228	12,864,757	1,272,471
Excess of Revenues Over Expenditures	38,309,523	37,724,750	41,074,760	3,350,010
Other Financing Sources and (Uses):				
Transfers In	105,783	105,783	105,783	-
Transfers (Out)	(43,756,125)	(44,369,011)	(44,344,011)	25,000
Total Other Financing Sources (Uses)	<u>(43,650,342)</u>	<u>(44,263,228)</u>	<u>(44,238,228)</u>	<u>25,000</u>
Net Changes in Fund Balance	(5,340,819)	(6,538,478)	(3,163,468)	3,375,010
Fund Balances at Beginning of Year	<u>20,352,591</u>	<u>20,352,591</u>	<u>20,352,591</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 15,011,772</u>	<u>\$ 13,814,113</u>	<u>\$ 17,189,123</u>	<u>\$ 3,375,010</u>

The accompanying notes are an integral part of the financial statements

KENAI PENINSULA BOROUGH

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2005**

	Business-type Activities			Governmental Activities Internal Service Funds
	Central Peninsula Hospital	South Peninsula Hospital	Total	
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 9,088,277	\$ 2,545,148	\$ 11,633,425	\$ 25,000
Equity in central treasury	4,420,849	2,374,338	6,795,187	9,486,631
	13,509,126	4,919,486	18,428,612	9,511,631
Property taxes receivable, net	35,056	31,548	66,604	-
Patient receivables, net	9,473,285	5,907,808	15,381,093	-
Short-term investments	814,969	-	814,969	-
Other receivables	535,368	157,872	693,240	132,877
Prepaid items	1,065,566	165,153	1,230,719	5,916
Inventory	1,101,052	1,017,918	2,118,970	-
Total current assets	26,534,422	12,199,785	38,734,207	9,650,424
Noncurrent assets:				
Assets whose use is limited:				
Long-term investments	616,605	-	616,605	-
Employee health reserve	-	957,928	957,928	-
Bond proceeds	-	-	-	-
Malpractice trust/reserve	2,595,895	200,000	2,795,895	-
Plant replacement funds	1,539,216	4,833,334	6,372,550	-
Bond funds	45,203,112	9,586,758	54,789,870	-
Other reserve funds	-	160,693	160,693	-
Total assets whose use is limited	49,954,828	15,738,713	65,693,541	-
Capital Assets:				
Land	769,117	540,467	1,309,584	-
Buildings	30,179,064	20,382,513	50,561,577	-
Equipment	15,073,469	7,372,520	22,445,989	4,350,438
Improvements other than buildings	115,107	37,825	152,932	-
Construction in progress	10,282,126	1,859,042	12,141,168	-
Less Accumulated Depreciation	(25,673,940)	(16,463,793)	(42,137,733)	(2,786,392)
Total capital assets (net of accumulated depreciation)	30,744,943	13,728,574	44,473,517	1,564,046
Total Assets	\$ 107,234,193	\$ 41,667,072	\$ 148,901,265	\$ 11,214,470

(Continued)

The accompanying notes are an integral part of the financial statements

KENAI PENINSULA BOROUGH

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 JUNE 30, 2005

	<u>Business-type Activities</u>			<u>Governmental Activities Internal Service Funds</u>
	<u>Central Peninsula Hospital</u>	<u>South Peninsula Hospital</u>	<u>Total</u>	
LIABILITIES				
Current Liabilities:				
Accounts and contracts payable	\$ 2,841,504	\$ 612,075	\$ 3,453,579	\$ 29,710
Accrued payroll and payroll taxes	1,949,665	1,886,281	3,835,946	2,526,277
Current portion of long-term debt	1,896,351	386,040	2,282,391	-
Interest payable	856,165	34,026	890,191	-
Other payables	418,200	-	418,200	839,265
Deferred revenue	517,136	115,682	632,818	-
Total current liabilities	<u>8,479,021</u>	<u>3,034,104</u>	<u>11,513,125</u>	<u>3,395,252</u>
Noncurrent liabilities:				
Premiums on bonds payable	1,771,211	-	1,771,211	-
Long-term debt, net of current portion	<u>45,020,000</u>	<u>9,815,442</u>	<u>54,835,442</u>	<u>-</u>
Total Liabilities	<u>55,270,232</u>	<u>12,849,546</u>	<u>68,119,778</u>	<u>3,395,252</u>
NET ASSETS				
Invested in capital assets, net of related debt	22,735,330	12,948,750	35,684,080	1,564,046
Unrestricted	<u>29,228,631</u>	<u>15,868,776</u>	<u>45,097,407</u>	<u>6,255,172</u>
Total net assets	<u>\$ 51,963,961</u>	<u>\$ 28,817,526</u>	<u>\$ 80,781,487</u>	<u>\$ 7,819,218</u>

The accompanying notes are an integral part of the financial statements

KENAI PENINSULA BOROUGH

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2005**

	Business-type Activities Enterprise Funds			Governmental Activities Internal Service Funds
	Central Peninsula Hospital	South Peninsula Hospital	Total	
Operating Revenues:				
Net Patient Service Revenues	\$ 47,823,699	\$ 25,555,571	\$ 73,379,270	\$ -
Other Operating Revenues	<u>827,426</u>	<u>243,375</u>	<u>1,070,801</u>	<u>2,713,767</u>
Total Net Operating Revenues	<u>48,651,125</u>	<u>25,798,946</u>	<u>74,450,071</u>	<u>2,713,767</u>
Operating Expenses:				
Nursing Services	10,741,118	6,183,534	16,924,652	-
Other Professional Services	9,656,237	6,882,174	16,538,411	2,328,660
General Services	3,185,177	2,445,599	5,630,776	-
Fiscal and Administrative Services	16,161,633	7,530,296	23,691,929	556,950
Provision for Doubtful Accounts	4,656,578	1,308,912	5,965,490	-
Depreciation	<u>3,539,828</u>	<u>1,707,070</u>	<u>5,246,898</u>	<u>462,888</u>
Total Operating Expenses	<u>47,940,571</u>	<u>26,057,585</u>	<u>73,998,156</u>	<u>3,348,498</u>
Operating income (loss)	<u>710,554</u>	<u>(258,639)</u>	<u>451,915</u>	<u>(634,731)</u>
Non-Operating Revenues (Expenses):				
General Property Taxes	3,052,269	1,576,972	4,629,241	-
Investment earnings	260,127	53,305	313,432	-
Intergovernmental - State grants	25,575	-	25,575	-
Gain (Loss) on Disposal of Assets	-	(94,402)	(94,402)	44,192
Interest Expense	(21,554)	-	(21,554)	161,710
Other	<u>216,239</u>	<u>104,906</u>	<u>321,145</u>	<u>396</u>
Total non-operating revenues (expenses)	<u>3,532,656</u>	<u>1,640,781</u>	<u>5,173,437</u>	<u>206,298</u>
Change in net assets	<u>4,243,210</u>	<u>1,382,142</u>	<u>5,625,352</u>	<u>(428,433)</u>
Total net assets, beginning of year	<u>47,720,751</u>	<u>27,435,384</u>	<u>75,156,135</u>	<u>8,247,651</u>
Total net assets, end of year	<u>\$ 51,963,961</u>	<u>\$ 28,817,526</u>	<u>\$ 80,781,487</u>	<u>\$ 7,819,218</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, 2005

	Business-type Activities Enterprise Funds			Governmental Activities Internal Service Funds
	Central Peninsula Hospital	South Peninsula Hospital	Total	
Cash Flows from Operating Activities:				
Receipts from patients and users	\$ 43,923,833	\$24,457,866	\$ 68,381,699	\$ 2,713,767
Payments to suppliers	(10,506,923)	(9,294,354)	(19,801,277)	(2,416,068)
Payments to employees	(27,347,316)	(14,830,578)	(42,177,894)	(391,472)
Other receipts (payments)	(58,801)	222,621	163,820	-
Net cash provided by operating activities	<u>6,010,793</u>	<u>555,555</u>	<u>6,566,348</u>	<u>(93,773)</u>
Cash flows from noncapital financing activities:				
Receipts from property taxes	3,140,649	1,632,092	4,772,741	-
State grants	57,391	-	57,391	-
Net cash provided by (used in) noncapital financing activities	<u>3,198,040</u>	<u>1,632,092</u>	<u>4,830,132</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Purchase of capital assets	(8,588,109)	(1,168,393)	(9,756,502)	(457,556)
Principal paid on capital debt	(1,580,211)	(301,040)	(1,881,251)	-
Interest paid on capital debt	(2,457,518)	(434,912)	(2,892,430)	-
Proceeds from sale of capital assets	-	753	753	44,192
Net cash from capital and related financing activities	<u>(12,625,838)</u>	<u>(1,903,592)</u>	<u>(14,529,430)</u>	<u>(413,364)</u>
Cash flows from investing activities:				
Increase in assets whose use is limited	5,176,626	(331,681)	4,844,945	-
Investments purchased	(1,400,000)	-	(1,400,000)	-
Interest on investments	260,127	53,305	313,432	161,710
Net cash provided by investing activities	<u>4,036,753</u>	<u>(278,376)</u>	<u>3,758,377</u>	<u>161,710</u>
Net increase (decrease) in cash and cash equivalents	619,748	5,679	625,427	(345,427)
Cash and equity in central treasury, beginning of year	<u>12,889,378</u>	<u>4,913,807</u>	<u>17,803,185</u>	<u>9,857,058</u>
Cash and equity in central treasury, end of year	<u>\$ 13,509,126</u>	<u>\$ 4,919,486</u>	<u>\$ 18,428,612</u>	<u>\$ 9,511,631</u>

(Continued)

The accompanying notes are an integral part of the financial statements

Kenai Peninsula Borough
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2005

	Business-type Activities Enterprise Funds			Governmental Activities Internal Service Funds
	Central Peninsula Hospital	South Peninsula Hospital	Total	
Reconciliation of operating income to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 710,554	\$ (258,639)	\$ 451,915	\$ (634,731)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	3,539,828	1,707,070	5,246,898	462,888
Other non-operating income (expense)	192,914	97,115	290,029	-
Change in assets and liabilities:				
(Increase) decrease in patient receivables	(70,714)	(1,097,705)	(1,168,419)	-
(Increase) decrease in other receivables	123,676	(117,869)	5,807	-
(Increase) decrease in inventory	(69,135)	(89,701)	(158,836)	-
(Increase) decrease in prepaid items	(325,043)	119,382	(205,661)	5,687
Increase (decrease) in accounts and contracts payable	1,634,471	105,606	1,740,077	(1,632)
Increase (decrease) in accrued liabilities	(143,958)	90,296	(53,662)	-
Increase in accrued payroll and payroll taxes	-	-	-	58,882
Increase in claims payable	418,200	-	418,200	15,133
Total adjustments	<u>5,300,239</u>	<u>814,194</u>	<u>6,114,433</u>	<u>540,958</u>
Net cash provided (used) by operating activities	<u>\$ 6,010,793</u>	<u>\$ 555,555</u>	<u>\$ 6,566,348</u>	<u>\$ (93,773)</u>
Noncash investing, capital and financing activities:				
Increase in Fair Value of Investments	<u>\$ 54,438</u>	<u>\$ -</u>	<u>\$ 54,438</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements

KENAI PENINSULA BOROUGH
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2005

	<u>Agency Funds</u>
Assets	
Equity in central treasury	\$1,031,489
Taxes receivable	87,140
Other receivable	<u>697,531</u>
 Total assets	 <u>1,816,160</u>
 Liabilities	
Accounts payable	381
Deposits from Landowners	108,226
Deferred Admin. Fee	77,924
Due to Landowners	219,188
Due to Other Funds	804,509
Due to Other Entities:	
Homer	213,722
Kachemak City	1,146
Kenai	178,916
Seldovia	17,683
Seward	106,601
Soldotna	<u>87,864</u>
 Total Liabilities	 <u>1,816,160</u>
 Net assets	 <u>\$ -</u>

The accompanying notes are an integral part of the financial statements

INDEX TO NOTES

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

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**KENAI PENINSULA BOROUGH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

A. Reporting Entity

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

Blended Component Units.

The Borough has two blended component units, South Peninsula Hospital (SPH) and Central Peninsula General Hospital (CPGH). Both SPH and CPGH were created to operate and maintain the hospitals. The hospital operated by CPGH is owned by the primary government, the hospital operated by SPH is leased by the primary government under a lease that expired in 2060. The hospitals are reported as enterprise funds. SPH and CPGH are reported as blended component units because they were created to operate and maintain facilities exclusively for the primary government.

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

Discretely Presented Component Unit.

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

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary

government is reported separately from certain legally separate component units for which the primary government is financially accountable. 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 and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

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

The Borough reports the following major governmental funds:

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

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

The Borough reports the following major proprietary funds:

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

Central Peninsula Hospital (CPGH) fund accounts for the activities associated with operating the Central Peninsula General Hospital and Central Peninsula Hospital Service Area.

Additionally, the Borough reports the following fund types:

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

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

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. The Borough does not use an indirect cost allocation system.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the SPH and CPGH enterprise funds are charges to customers for services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

The Borough utilizes a central treasury to aggregate cash from all funds and the School District for cash management and investment purposes. Each fund has an account titled "equity in central treasury" which is the cash balance of that particular fund. Each fund whose monies are deposited in the central treasury has equity therein. Interest income on investments is allocated monthly to participating funds based on their average equity balance during the month. Some funds, in particular the Enterprise funds, the Special Revenue Central Emergency Services Fund, and School District, have cash which is not aggregated in the central treasury. For purposes of the Statement of Cash Flows in Proprietary Funds, all highly liquid investments with a maturity of three months or less when purchased and deposits in Central Treasury are considered to be cash equivalents.

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

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

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

other cash not classified elsewhere.

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

2. Receivables and Payables

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

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance is equal to 2.8% of outstanding property taxes at June 30, 2005.

3. Inventories

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

4. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2005 are recorded as prepaid items. The primary prepaid expenses of the hospital enterprise funds are insurance premiums.

5. Assets Whose Use Is Limited

Certain assets are classified as assets whose use is limited on the balance sheet because their use is limited by the operating boards of the hospitals. Except for bond funds which must be used for hospital expansion, the boards retain control over these assets and may, at their discretion, use them for other purposes.

Assets whose use is limited at June 30, 2005 is as follows:

Central Peninsula Hospital:

Malpractice reserve, held by trustee	\$ 2,595,895
Plant Replacement	1,539,216
Bond Funds	45,203,112
Long-term investment	616,605

South Peninsula Hospital:

Employee health reserve	957,928
Other	160,693
Bond Funds	9,586,758
Plant Replacement	4,833,334
Malpractice reserve	<u>200,000</u>
Total Assets whose use is limited	<u>\$ 65,693,541</u>

6. Capital Assets

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

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

7. Compensated Absences

The Borough and Service Areas recognize a liability for the net amount of accrued vacation and vested sick leave. Accumulated vacation may be received in cash by the employee at any time, subject to certain restrictions. Unused sick leave is vested at 25% after five years of employment, and an additional 25% is vested after ten years. Vested sick leave may only be received in cash by the employee upon termination of employment. The obligation of accumulated unpaid vacation and vested sick leave amounts to \$2,454,416 at June 30, 2005 for the Primary Government excluding the hospitals. 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 nonvested sick leave, payable only in the event of employee absence due to illness. That amount is \$1,642,780 at June 30, 2005.

8. Long-term Obligations

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

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

9. Fund Equity

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

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

Reserved for Encumbrances

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

commitment regardless of the lapse in the appropriations.

Designated for Subsequent Year's Expenditures

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

Other Designations

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

The Borough is applying all applicable Government Standards Board (GASB) pronouncements as well as following all Financial Accounting Board Statements and Interpretations, Accounting Principles Board Opinion and Accounting Research Bulletins of the Committee on Accounting procedure issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements.

II – Stewardship, Compliance and Accountability

A. Budgetary Information

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

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

The legal level of control is at the fund level. The Mayor may transfer unencumbered balances within a fund, which is then reported to the Assembly at their next meeting. Emergency appropriations to meet public emergencies affecting life, health, welfare, or property may be made by the Assembly by ordinance without notice of public hearing.

An emergency appropriation is effective for 60 days. Other supplemental appropriations may be made only after a 30-day notice of public hearing.

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

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

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

III – Detailed Notes on all Funds

Deposit and Investment Risk Disclosure

As of June 30, 2005, the Borough's investments were as follows:

<u>INVESTMENT</u>	<u>MATURITIES</u>	<u>FAIR VALUE</u>
<u>Internally Pooled Investments held in Central Treasury:</u>		
Repurchase Agreements		\$ 10,394,480
Fidelity Governmental Money Market		3,716,636
External investment pool	49 day average	1,493,825
U. S. Agencies	November 2005-December 2009	41,535,333
U. S. Treasury Notes	August 2005-June 2010	29,660,992
Associates Corporate Bonds	November 2008	1,074,367
Bank of America NT Corporate Bonds	February 2009	1,079,084
General Electric Corporate Bonds	April 2009	1,380,940
World Savings Bank NT Corporate Bonds	June 2008	1,000,693
	Total	91,336,350
 <u>Major Bond Funded Capital Project Fund Investments:</u>		
Repurchase Agreements		163,737
Fidelity Governmental Money Market		2,041,500
External investment pool	49 day average	4,303,869
General Electric Corporate Bonds	August 2005	2,214,857
	Total	8,723,963
Total Investments held in Central Treasury		<u>100,060,313</u>
 <u>Business Type Activities Investments-Assets Whose Use is Limited:</u>		
Repurchase Agreements		19,887
Fidelity Governmental Money Market		1,980,975
External investment pool	49 day average	21,711,299
U. S. Agencies	August 2005-November 2007	39,493,971
Bank One Arizona Corporate Bonds	September 2005	1,129,207
	Total	64,335,339
Grand Total \$		<u>164,395,652</u>

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

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

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

<u>Maturity</u>	<u>Minimum Investment</u>	<u>Actual Investment</u>
One Year or Less	40%	51%
One to three Years	30%	29%
Three to Five Years	30%	20%

Multi-Step note. The Borough invested \$1 Million in a structured note issued by Federal Home Loan Bank. It was purchased on June 7, 2005, and matures June 20, 2008. The semiannual coupon is 3.5% and increases 10 basis points each month until June 2006, from then on the rate will remain at 5%.

Variable Rate note. The Borough invested \$1 million in a variable rate note issued by World Savings Bank. It was purchased June 13, 2005 and matures June 20, 2008. The semiannual coupon rate is equal to the LIBOR plus 5 basis points. The rate resets quarterly. At June 30, 2005 the note had a coupon rate of 3.48%.

Option Risk: Option risk is the risk that an investment's issuer may exercise a right embedded in the investment—an embedded option. The borough invests in securities issued by U.S. Government Agencies that contain call options. About \$15.85 million or 19.6% of the agency securities contain call options. The exercise of the call option by the issuer occurs during times of declining interest rates; therefore the borough is exposed to the risk of having to reinvest at a lower interest rate. If call options were exercised at the first or next possible call date, all of the callable securities would mature in less than one year. The agency securities are listed below at their earliest call dates:

<u>Investment</u>	<u>Next call date</u>
Federal Home Loan Bank	October 20, 2005
Federal Home Loan Bank	September 30, 2005
Federal Home Loan Bank	September 30, 2005
Federal Home Loan Bank	July 12, 2005
Federal Home Loan Bank	Discretely with 5 days notice
Federal National Mortgage Association	Discretely with 5 days notice

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 percentage 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, 2005</u>
U.S. Treasury Securities	100%	5 years	18%
U.S. Agencies	100%	5 years	49%
Corporate Bonds	50%	5 years	5%
Repurchase Agreements	20%	n/a	6%
Money Market Funds	20%	n/a	5%
AMLIP	20%	n/a	17%

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. The Borough has throughout the course of the year invested in commercial paper. Commercial paper must be rated A1 or higher by Moody's Investor's Service, Inc. and P1 or higher by Standard and Poor's Corporation at the time of purchase.

As of June 30, 2005 the Borough did not hold any investments in commercial paper. The Borough's investments in corporate bonds and U.S. Government instrumentalities implicitly guaranteed by the U.S. Government were rated as follows:

<u>INVESTMENT</u>	<u>Standards & Poor's</u>	<u>Moody's Investors Service</u>	<u>Fitch Ratings</u>
Associates Corp.	AA-	AA1	AA+
Bank of America NT	AA-	AA2	AA-
General Electric Capital Corporation	AAA	AAA	AAA
World Savings Bank NT	AA-	AA3	n/a *
Bank One Arizona	A+	AA3	n/a *
Federal National Mortgage Association	AAA	AAA	AAA
Federal Home Loan Bank	AAA	AAA	n/a *
Federal Home Loan Mortgage Corporation	AAA	AAA	AAA

* *Fitch Ratings* did not rate the Securities indicated.

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 \$10.5 million in repurchase agreements at June 30, 2005, \$10.4 million of the underlying securities are pledged to the Borough by the Bank, this collateral is owned by the Bank and held by the third party custodian as a agent for the Borough. The Federal Deposit Insurance Corporation (FDIC) insures the remaining \$100,000.

Cash and short term investment balances at June 30, 2005, consisted of the following:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Cash and Short Term Investments Held in Central Treasury:		
Checking Accounts:		
Borough	\$ (653,534)	\$ 227,571
Component Unit (School District)	(1,003,210)	-
Total Cash and Short Term Investments Held in Central Treasury	(1,656,744)	227,571
Other Cash and Investments:		
Checking and Savings Accounts:		
Borough	29,113	29,692
Proprietary Funds	11,630,400	11,630,400
Proprietary Funds – Assets Whose Use is Limited	741,596	740,031
Short-term Time Deposits	814,969	814,969
Long-term Time Deposits	616,605	616,605
Cash on Hand:		
Borough	1,410	-
Proprietary Funds	3,025	-
Component Unit (School District)	41,425	41,425
Total Other Cash and Short Term Investments	13,878,543	13,873,122
Total Cash and Short Term Investments	\$ 12,221,799	\$ 14,100,693

The following is a summary of Equity in Central Treasury and investments at June 30, 2005:

General Fund	\$ 16,212,122
Special Revenue Fund	27,715,091
Capital Projects Funds	19,976,695
Enterprise Funds	6,795,187
Internal Service Funds	9,494,428
Fiduciary Funds	1,031,489
Component Unit – Agency Funds	2,064,100
Component Unit	15,114,457
Total Equities in Central Treasury	\$ 98,403,569

The Equity in Central Treasury consists of the following:

Cash and Short Term Investments	\$ (1,656,744)
Investments	<u>100,060,313</u>
	<u>\$ 98,403,569</u>

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

Fair value at June 30, 2005	\$ 100,060,313
Add: Cost of investments sold/called/matured in FY2005	120,843,467
Less: Cost of investments purchases in FY2005	(112,009,086)
Less: Fair value at June 30, 2004	<u>(109,865,606)</u>
Change in fair value of investments	<u>\$ (970,912)</u>

B. Property Taxes

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

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

The Borough also collects its own sales tax as well as that of the cities within the Borough. The Borough-wide sales tax rate is 2%, while the city rates vary from 3% - 4.5%. The sales tax collections for Borough cities are recorded in the Fiduciary Tax Agency Fund.

Property Tax Calendar

Assessment Date	January 1, 2004	Total Taxes are due	October 15, 2004
Levy Date	Not later than June 15, 2004	Penalties & Interest added	October 17, 2004
Tax Bills mailed	Not later than July 1, 2004	Lien Date	April 15, 2005

Property taxes levied for the current year are recognized as revenues, even though a portion is collectible in the period subsequent to the year. The Borough's property tax collection records show that approximately 98.1% 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, current average is approximately every 7 years.

C. Receivables

Receivables at June 30, 2005 for the government's individual major fund and business type fund and nonmajor, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Proprietary</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Taxes	\$ 3,918,863	\$ 72,678	\$ 192,124	\$ 4,183,665
Patient	-	19,828,844	-	19,828,844
Accounts and Other	7,444	693,240	4,334	705,018
Land sale contracts	-	-	2,092,522	2,092,522
Intergovernmental	1,077,833	-	1,091,743	2,169,576
Interfund	<u>2,187,232</u>	<u>-</u>	<u>-</u>	<u>2,187,232</u>
Gross Receivables	7,191,372	20,594,762	3,380,723	31,166,857
Less Allowance for Uncollectibles	<u>(45,934)</u>	<u>(4,453,825)</u>	<u>(5,662)</u>	<u>(4,505,421)</u>
	<u>\$ 7,145,438</u>	<u>\$ 16,140,937</u>	<u>\$ 3,375,061</u>	<u>\$ 26,661,436</u>

D. Deferred revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At June 30, 2005, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable (general fund)	\$ 170,144	\$ 3,980,116
Property taxes receivable (nonmajor governmental funds)	153,417	2,526,900
Land sale receivables	2,092,522	-
Grant funds received prior to meeting all eligibility requirements	<u>-</u>	<u>1,912,489</u>
Total deferred/unearned revenue for governmental funds	<u>\$2,416,083</u>	<u>\$8,419,505</u>

E. Capital assets

Capital asset activity for the year ended June 30, 2005 was as follows:

Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 63,163,568	\$ 237,913	\$ (645,464)	\$ 62,756,017
Construction in progress	<u>6,569,973</u>	<u>13,833,816</u>	<u>(2,029,123)</u>	<u>18,374,666</u>
Total capital assets, not being depreciated	<u>69,733,541</u>	<u>14,071,729</u>	<u>(2,674,587)</u>	<u>81,130,683</u>
Capital assets, being depreciated:				
Buildings	259,404,899	2,201,274	-	261,606,173
Improvements other than buildings	53,448,820	416,800	-	53,865,620
Machinery and equipment	18,542,100	2,186,908	(338,085)	20,390,923
Infrastructure	<u>2,438,953</u>	<u>1,670,910</u>	<u>-</u>	<u>4,109,863</u>
Total capital assets being depreciated	<u>333,834,772</u>	<u>6,475,892</u>	<u>(338,085)</u>	<u>339,972,579</u>

Less accumulated depreciation for:

Buildings	(129,781,464)	(5,777,304)	-	(135,558,768)
Improvements other than buildings	(39,675,244)	(1,768,289)	-	(41,443,533)
Machinery and equipment	(12,177,348)	(1,408,233)	285,912	(13,299,669)
Infrastructure	(119,549)	(83,412)	-	(202,961)
Total accumulated depreciation	(181,753,605)	(9,037,238)	285,912	(190,504,931)
Total capital assets, being depreciated, net	152,081,167	(2,561,346)	(52,173)	149,467,648
Governmental activities capital assets, net	<u>\$ 221,814,708</u>	<u>\$ 11,510,383</u>	<u>\$ (2,726,760)</u>	<u>\$ 230,598,331</u>

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

Business-type activities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 929,736	\$ -	\$ -	\$ 929,736
Construction in progress	3,337,644	8,895,812	(92,288)	12,141,168
Total capital assets, not being depreciated	<u>4,267,380</u>	<u>8,895,812</u>	<u>(92,288)</u>	<u>13,070,904</u>
Capital assets, being depreciated:				
Land improvements	371,348	8,500	-	379,848
Buildings	50,331,605	417,362	(187,390)	50,561,577
Leasehold improvements	60,260	92,672	-	152,932
Machinery and equipment	22,076,605	3,372,365	(3,002,981)	22,445,989
Total capital assets being depreciated	<u>72,839,818</u>	<u>3,890,899</u>	<u>(3,190,371)</u>	<u>73,540,346</u>
Less accumulated depreciation for:				
Land improvements	(290,722)	(21,425)	-	(312,147)
Buildings	(29,030,403)	(1,637,764)	71,351	(30,596,816)
Leasehold improvements	(5,881)	(6,538)	-	(12,419)
Machinery and equipment	(10,568,150)	(3,582,656)	2,934,455	(12,216,351)
Total accumulated depreciation	<u>(39,895,156)</u>	<u>(5,248,383)</u>	<u>3,005,806</u>	<u>(42,137,733)</u>
Total capital assets, being depreciated, net	<u>32,944,662</u>	<u>(1,357,484)</u>	<u>(184,565)</u>	<u>31,402,613</u>
Business-type activities capital assets, net	<u>\$ 37,212,042</u>	<u>\$ 7,538,328</u>	<u>\$ (276,853)</u>	<u>\$ 44,473,517</u>

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

Governmental activities:

General government	\$ 497,881
Senior citizens	4,876
Public safety	767,511

Solid waste facilities	605,609
Road maintenance, including infrastructure assets	87,848
Recreation	372,453
Schools	6,238,171
Capital assets held by the government's internal service fund are Charged to the various functions based on their usage of the assets	<u>462,888</u>
Total depreciation expense - governmental activities	<u>\$ 9,037,237</u>
Business-type activities:	
Hospitals:	
Central Peninsula Hospital	\$ 3,341,313
South Peninsula Hospital	<u>1,707,070</u>
Total depreciation expense - business-type activities	<u>\$ 5,248,383</u>

Construction commitments:

The Borough has active construction projects as of June 30, 2005. The projects include major repair of existing roads, improvement to school facilities, and various public works projects. At year-end the Borough's commitments with contractors are as follows:

<u>Projects</u>	<u>Remaining Commitments</u>	<u>Financing Sources</u>
Major repair of existing roads	\$ 622,000	State grants and local funding
Improvement to school facilities	33,238,000	General Obligation Bonds and local funding
Various public works projects	<u>1,014,000</u>	Federal and State Grants and local funding
Total	<u>\$ 34,874,000</u>	

Discretely presented component unit

Capital asset activity for Kenai Peninsula Borough School District for the year ended June 30, 2005 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets being depreciated:				
Machinery and Equipment	\$ 6,694,815	\$ 143,573	\$(2,257,659)	\$ 4,580,729
Less accumulated depreciation for:				
Machinery and Equipment	<u>(5,365,980)</u>	<u>(332,106)</u>	<u>2,236,539</u>	<u>(3,461,547)</u>
Governmental Activities capital assets, net	<u>\$ 1,328,835</u>	<u>\$ (188,533)</u>	<u>\$ (21,120)</u>	<u>\$ 1,119,182</u>

F. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2005 is as follows:

The General Fund has made short-term loans of \$6,247 to the Local Emergency Planning Committee fund, \$38,242 to the Coastal Zone Management Fund, \$436,694 to the Miscellaneous State Pass Thru Grants fund, \$376 to the Central Peninsula Emergency Medical Service Area fund, \$37,171 to the Disaster Relief Special Revenue Fund, \$54,439 to the Miscellaneous Grants Capital Project Fund and \$40,863 to the Community Development Special Revenue Fund to cover cash needs while awaiting reimbursement from State and Federal granting agencies. In

addition, the General Fund has made a short-term loan of \$1,573,200 to the Bond Fund to cover cash held with fiscal agent for a bond payment due in July 2005.

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds-		
General Fund	\$ 2,187,232	\$ -
Nonmajor Governmental Funds	-	2,187,232
Total	<u>\$ 2,187,232</u>	<u>\$ 2,187,232</u>

Interfund transfers

Interfund operating transfers have been made in accordance with appropriating ordinances. The Borough collects a 2% sales tax and records the revenue in the General Fund. Sales tax, specifically dedicated to School District operations, and additional funds appropriated by the Assembly are transferred in monthly installments from the General Fund to the School District. Transfers to the School District totaled \$33,744,326.

Transfers between funds for the year ended June 30, 2005, were as follows:

Transfer Out:	Transfer In:			
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Component Unit</u>	<u>Total</u>
Major Funds-				
General Fund	\$ -	\$ 10,599,685	\$ 33,744,326	\$ 44,344,011
Nonmajor Governmental Funds	105,783	4,782,820	-	4,888,603
Total	<u>\$ 105,783</u>	<u>\$ 15,382,505</u>	<u>\$ 33,744,326</u>	<u>\$ 49,232,614</u>

G. Risk Management

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

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

Insurers provide annual aggregate limits up to \$11,750,000 in excess of our retention level for the exposures of general liability, auto liability, public officials liability, educational errors and omissions, ambulance attendants professional liability and landfill liability. Insurance coverage for these various types of liability exposure are being

provided by insurers in a single package policy format. Building and contents are insured in excess of a \$100,000 deductible per occurrence, and data processing equipment and vehicles are insured in excess of a \$500 deductible per occurrence. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The Borough continues to fully insure the non-owned aircraft liability risks.

In an attempt to reduce workers compensation cost, which had increased substantially in prior years, effective October 01, 2002 the Borough became self-insured for workers' compensation. This increase in cost represents the majority of the increase in the claims estimates as shown in the table below.

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

	Beginning of Fiscal Year <u>Liability</u>	Current Year Claim <u>Estimates</u>	Claim <u>Payments</u>	End of Fiscal Year <u>Liability</u>
2003 – 2004	\$646,484	\$1,205,119	\$(1,027,471)	\$824,132
2004 – 2005	\$824,132	\$553,487	\$(538,354)	\$839,265

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

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

The Central Peninsula Hospital was self-insured for medical malpractice claims up to \$200,000 per claim during the years 1987-1995. In connection with this, the hospital established a revocable trust from which its portion of any claim will be paid. At June 30, 2005, the Central Peninsula Hospital had on deposit \$2,595,895 in the trust account for payment of future claims. Starting January 1, 1996, the hospital's insurance coverage was changed to provide first dollar coverage for medical malpractice claims. South Peninsula Hospital is insured for medical malpractice claims by a modified claims-made policy for any occurrence reported during the current policy year or renewal thereof. Management has no reason to believe that the hospital will not be able to obtain such coverage in future periods.

H. Long-term debt

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

	Beginning Balance July 1, 2004	Additions	Reductions	Ending Balance June 30, 2005	Due within one year
Governmental Activities:					
Areawide School Bonds	\$22,319,000	\$ -	\$ 2,730,000	\$ 19,589,000	\$2,825,000
Solid Waste Bonds	6,415,000	-	645,000	5,770,000	660,000
Landfill Closure	5,172,757	63,091	361,779	4,874,069	2,150,000
Net Pension Obligation	-	1,683,692	-	1,683,692	-
Disaster Relief	33,673	-	-	33,673	33,673
Total Governmental activity long-term liabilities	<u>\$33,940,430</u>	<u>\$ 1,746,783</u>	<u>\$ 3,736,779</u>	<u>\$ 31,950,434</u>	<u>\$5,668,673</u>

Business-Type Activities:					
South Peninsula Hospital-					
Expansion Project	10,290,000	-	290,000	10,000,000	375,000
Central Peninsula Hospital:					
Expansion Project	47,985,000	-	1,330,000	46,655,000	1,635,000
CT Scanner	511,562	-	250,211	261,351	261,351
<hr/>					
Business-type activity long-term liabilities	<u>\$ 58,786,562</u>	<u>\$ -</u>	<u>\$ 1,870,211</u>	<u>\$ 56,916,351</u>	<u>\$ 2,271,351</u>

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

School Bonds. School bonds are issued for the construction and major maintenance of public schools in the Borough. Bonds are paid from the General Fund through the levy of property taxes plus funding from the State of Alaska, which partially reimburses the Borough for expenditures for school debt on some issues. The State of Alaska will reimburse the Borough up to 70% for the School Bonds issued May 1, 1995, issued December 12, 2000, and issued August 7, 2003

Disaster Relief Fund – Flooding 2002. The Borough incurred substantial cost associated with a number of falls storms between the dates of October 23, 2002 and November 12, 2002, resulting in a federal disaster declaration signed by the President on December 4, 2002. The total cost associated with the disaster is estimated to be \$1,146,647, of which \$1,101,734 was incurred in FY2003. Final cleanup is expected to be completed in August 2005. The cost associated with the disaster was shared by the State of Alaska (25%) and the Federal government (75%).

Solid Waste Bonds. Voters of the Borough authorized the issuance of \$12,000,000 in general obligation bonds for expansion of the Central Peninsula Landfill. Bonds in the amount of \$7,040,000 were issued May 22, 2003. The remaining authorized but unissued amount of \$4,960,000 is expected to be issued in 2008.

Business Type Activity.

The Central Kenai Peninsula Hospital (Enterprise Fund) has financed the purchase of a CT Scanner in the amount of \$1,200,000 at 4.38% in quarterly installments of \$67,136. The outstanding balance at June 30, 2005 is \$261,351. In December 2003, bonds in the amount of \$47,985,000 were sold to finance the planning, designing, constructing, renovation, and equipping the hospital facility. These bonds require annual payments of approximately \$3,700,000 starting August 2004; unammortized bond premium is \$1,771,211. The South Peninsula Hospital (Enterprise Fund) sold bonds in September 2003 in the amount of \$10,290,000 to finance the planning, designing, renovation, and equipping the hospital facility. These bonds require annual payments of approximately \$800,000 starting June 2004; unammortized bond premium is \$201,483.

Net Pension Obligation

The Borough's contribution for FY04 was 7.81%, for FY05 was 12.81%, the actuarial determined rate for FY05 was 25.34%. State law precludes the rate increasing by more than 5% in any given year. The amount shown represents an amount due from the Kenai Peninsula Borough School District, a discretely presented component unit, of \$297,811, for wages paid by the Borough but charged to the District. For additional information see Note III J.

A summary of bonds payable (in thousands) at June 30, 2005, 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, 2005</u>
School Bonds:	05-01-95	\$ 11,735	4.50 - 7.00	1996 - 2005	\$ 565 to 1,520	\$ 1,520
	12-12-00	7,429	4.75 - 5.00	2001 - 2011	740 to 769	4,469
	08-07-04	<u>14,700</u>	4.25 – 6.00	2004 - 2023	1,070 to 1,202	<u>13,600</u>
Total School Bonds		<u>33,864</u>				<u>19,589</u>

Solid Waste Bonds	05-22-03	<u>7,040</u>	2.50 - 4.25	2003-2013	855 to 860	<u>5,770</u>
Enterprise Fund Bonds:						
South Peninsula Hospital	09-30-03	10,290	2.00 - 5.25	2004-2023	724 to 805	10,000
Central Kenai Peninsula Hospital	12-17-03	<u>47,985</u>	2.50 – 5.00	2004-2024	3,760	<u>46,655</u>
Total Bonds		<u>\$ 99,179</u>				<u>\$ 82,014</u>

Debt service requirements, (not including landfill closure and disaster relief), at June 30, 2005 were as follows:

Fiscal Year	Government Activities		Business-type Activities	
	General Obligation		Hospitals	
	Principal	Interest	Principal	Interest
2006	\$ 3,485,000	\$ 1,064,501	\$ 2,271,351	\$ 2,563,280
2007	1,990,000	934,699	2,075,000	2,488,738
2008	2,020,000	855,388	2,140,000	2,426,712
2009	2,055,000	770,657	2,205,000	2,363,188
2010	2,095,000	688,107	2,270,000	2,293,900
2011-2015	6,599,000	2,347,812	12,960,000	9,848,581
2016-2020	4,180,000	1,329,450	16,485,000	6,303,256
2021-2025	<u>2,935,000</u>	<u>296,560</u>	<u>16,510,000</u>	<u>1,717,481</u>
Total	<u>\$ 25,359,000</u>	<u>\$ 8,287,174</u>	<u>\$ 56,916,351</u>	<u>\$ 30,005,136</u>

I. Commitments and Contingencies

1. Loss Contingencies

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

2. Grants

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

J. Pension Plans

1. State of Alaska Public Employees' Retirement System

The Borough and the School District participates in the Public Employees' Retirement System (PERS) an agent multiple employer plan, which covers eligible State and local government employees or the Teachers' Retirement System (TRS), a cost sharing multiple employer plan which covers teachers and other eligible participants. The plans were established and are administered by the State of Alaska to provide pension, postemployment healthcare, death, and disability benefits. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. Both plans are included in a comprehensive annual financial report that includes financial statements and other required supplemental information. The report is available at the following address:

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

Funding Policy. For PERS, employees are required to contribute 6.75% (7.5% for firefighters) of their annual covered salary. The employee contribution rate for TRS is 8.65% of covered base salary. Under both plans, the funding policy provides for periodic employer contribution at actuarially determined rates that, expressed as a percentage of annual covered payroll, are sufficient to accumulate sufficient assets to pay both pension and postemployment healthcare benefits when due. Due to losses on investments, changes in assumptions, and underestimating the cost of post employment health care, the actuarial required contribution rate increased substantially for FY05. State law however precludes the rate from increasing more than 5% in any one year. This limitation rule creates a significant difference between the actuarially required rate and the adjusted rate. The difference between the adjusted rate and the actuarial determined rate has been is shown as net pension obligation in long-term debt.

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

	<u>PERS</u>	
	<u>Adjusted Actual Rate</u>	<u>Actuarial Required Rate</u>
Pension	7.97%	15.76%
Postemployment healthcare	<u>4.84%</u>	<u>9.58%</u>
Total contribution rate	12.81%	25.34%

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

	<u>PERS</u>	
	<u>Adjusted Actual Rate</u>	<u>Actuarial Required Rate</u>
Pension	7.35%	15.23%
Postemployment healthcare	<u>4.46%</u>	<u>9.25%</u>
Total contribution rate	11.81%	24.48%

	<u>TRS</u>
	<u>Contractually Agreed-upon Rate</u>
Pension	13.07%
Postemployment healthcare	<u>2.93%</u>
Total contribution rate	16.00%

Under both plans, employer contribution rates are level percentages of payroll and is determined using the projected unit credit actuarial funding method. The plans use the level dollar method to amortize the unfunded liability over an open, rolling twenty-five year period. Unfunded (surpluses) liabilities are amortized over twenty-five years. Investment gain/losses are amortized over 5 years.

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

1. Investment return of 8.25% per annum, compounded annually, net of expenses;
2. Projected salary increases of 5.5% for the first ten years of employment (first five for fire) and 4.0% thereafter;
3. Health cost inflation of 12.0% for 2003 through 2005 trending downward by .5% per year through 2015; 6% in FY16 and 5.0% thereafter.
4. Total inflation, as measured by the Consumer Price Index for urban and clerical worker for Anchorage, is assumed to increase 3.5% annually; and
5. Asset valuation – the asset valuation method recognizes 20% of the investment gain or loss in each of the current and preceding four years. This method is being phased in over the next five years. All assets are valued at market value. Valuation assets cannot be outside the range of 80% to 120% of market value of assets.

For the year ended June 30, 2005, the Borough's annual pension and other post-employment benefit (OPEB) was \$3,400,935, consisting solely of the actuarially required contribution (no beginning net pension obligation and no interest component).

Three-year trend information for PERS is as follows:

Pension

Fiscal Year Ending	Annual Pension Cost (APC)	Actual Contributions	Percentage of APC Contributed	Net Pension Obligation *
June 30, 2003	\$476,000	\$476,000	100%	-
2004	612,700	612,700	100%	-
2005	2,115,400	1,068,000	50%	1,047,400

Post-employment healthcare

Fiscal Year Ending	Annual Pension Cost (APC)	Actual Contributions	Percentage of APC Contributed	Net OPEB Obligation *
June 30, 2003	\$289,300	\$289,300	100%	-
2004	372,300	612,700	100%	-
2005	1,285,535	649,235	50%	636,300

*Generally accepted accounting principles (GAAP) currently dictate the recognition of a net pension obligation when actual contributions do not equal the actuarially required contribution for pensions. Current GAAP does not mandate the recognition of a liability for relate postemployment benefits. However, the Borough has elected early implementation of GASB 45 and, as such, has recorded a net pension obligation in the amount of \$1,047,400 and a net OPEB obligation in the amount of \$636,300.

A schedule of funding progress for PERS is as follows; the State of Alaska has not released information beyond FY03 data as of the date of this publication.

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded (Assets in Excess of) Liability	Funded Ratio	Covered Payroll	Unfunded (Assets In Excess of) Liability as Percentage of Covered Payroll
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June 30, 2001	\$39,048,000	\$39,549,000	\$501,000	99%	\$9,784,000	5%
Pension						
Postemployment healthcare	<u>16,533,000</u>	<u>16,746,000</u>	<u>213,000</u>	99%	9,784,000	2%
Totals	<u>\$55,581,000</u>	<u>\$56,295,000</u>	<u>\$ 714,000</u>			
June 30, 2002						
Pension	32,847,000	46,303,000	13,456,000	71%	11,067,000	122%
Postemployment Healthcare	<u>19,957,000</u>	<u>28,133,000</u>	<u>8,176,000</u>	71%	11,067,000	74%
Totals	<u>\$52,804,000</u>	<u>\$74,436,000</u>	<u>\$21,632,000</u>			
June 30, 2003						
Pension	33,752,000	48,201,000	14,449,000	70%	11,907,000	121%
Postemployment Healthcare	<u>22,559,000</u>	<u>32,216,000</u>	<u>9,657,000</u>	70%	11,907,000	81%
Totals	<u>\$56,311,000</u>	<u>\$80,417,000</u>	<u>\$24,106,000</u>			

The Kenai Peninsula Borough School District information is as follows:

Three-year trend information for PERS is as follows:

Pension

Fiscal Year Ending	Annual Pension Cost (APC)	Actual Contributions	Percentage of APC Contributed	Net Pension Obligation *
June 30, 2003	\$344,419	\$344,419	100%	-
2004	473,140	473,140	100%	-
2005	1,758,787	848,500	48%	910,287

Post-employment healthcare

Fiscal Year Ending	Annual Pension Cost (APC)	Actual Contributions	Percentage of APC Contributed	Net OPEB Obligation *
June 30, 2003	\$209,221	\$209,221	100%	-
2004	287,412	287,412	100%	-
2005	1,068,390	515,428	48%	552,962

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded (Assets in Excess of) Liability	Funded Ratio	Covered Payroll	Unfunded (Assets In Excess of) Liability as Percentage of Covered Payroll
June 30, 2001	\$45,056,000	\$44,990,000	\$(66,000)	100%	\$13,666,000	(0.5%)
Pension						
Postemployment healthcare	<u>19,077,000</u>	<u>19,049,000</u>	<u>(28,000)</u>	100%	13,666,000	(0.2%)
Totals	<u>\$64,133,000</u>	<u>\$64,039,000</u>	<u>\$ (94,000)</u>			

June 30, 2002						
Pension	36,824,000	49,693,000	12,869,000	74%	11,395,000	113%
Postemployment Healthcare	<u>22,374,000</u>	<u>30,193,000</u>	<u>7,819,000</u>	74%	11,395,000	69%
Totals	<u>\$59,198,000</u>	<u>\$79,886,000</u>	<u>\$20,688,000</u>			
June 30, 2003						
Pension	37,374,000	52,357,000	14,983,000	71%	10,487,000	143%
Postemployment Healthcare	<u>24,980,000</u>	<u>34,993,000</u>	<u>10,013,000</u>	71%	10,487,000	95%
Totals	<u>\$62,354,000</u>	<u>\$87,350,000</u>	<u>\$24,996,000</u>			

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

Fiscal year ending	Contribution
June 30, 2003	\$4,208,842
2004	4,450,219
2005	5,966,478

2. Hospital Pension Plans

Central Peninsula Hospital Plan Description

On July 1, 1995, the Hospital established a pension plan under Internal Revenue Code 403 (b). Under the plan the hospital matches employee contributions up to 4% of gross pay. The fund's covered payroll for the years ended June 30, 2005 and 2004 was \$17,662,000 and \$15,720,000 respectively. Total payroll for the years ended June 30, 2005 and 2004 was \$20,073,000 and \$19,097,600, respectively.

Employee contribution to the plan for the years ended June 30, 2005 and 2004 were \$1,145,900 and \$1,018,100, respectively. Employer contribution was \$530,400 and \$466,600 for the same periods. Total contributions to the plan were 9.90 % of covered payroll for June 30, 2005 and 2004.

South Peninsula Hospital Plan Description

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

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

Annual Pension Cost and Net Pension Obligation. The annual required contribution for the current year was determined as part of the January 1, 2005 actuarial valuation. The actuarial assumptions included: (a) 7.0%

investment rate of return (net of administrative expenses); (b) projected salary increases of 2.0% per year; and (c) no inflation rate.

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>
Annual required contribution	\$ 394,788	\$ 377,671	\$ 619,401
Interest on net pension obligation	<u>30,262</u>	<u>31,532</u>	<u>30,599</u>
Annual pension cost	425,050	409,203	650,000
Contributions made	<u>(475,194)</u>	<u>(404,148)</u>	<u>(409,208)</u>
Increase (decrease) in net pension obligation	(50,144)	5,055	240,792
Net pension obligation, beginning of year	<u>247,181</u>	<u>197,037</u>	<u>202,092</u>
Net pension obligation, end of year	<u>\$ 197,037</u>	<u>\$ 202,092</u>	<u>\$ 442,884</u>

A schedule of funding progress is as follows ('000's omitted):

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Assets in Excess of Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Assets In Excess of Liability as Percentage of Covered Payroll</u>
January 1, 2002	\$3,907	3,069	838	127%	6,983	12.0%
January 1, 2003	4,018	3,515	503	114%	7,547	6.7%
January 1, 2004	4,778	4,073	705	117%	8,490	8.3%

K. Landfill Closure and Postclosure Care Cost

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

State and Federal laws and regulations require the Borough to place a final cover on its landfills when they stop accepting waste and to perform certain maintenance and monitoring functions at the sites for up to thirty years after closure. The Borough has seven active landfills with remaining useful lives of from 1 year to 6 years. The largest site has just developed a new cell with an expected life of 5-7 years. This site has land enough for four additional cells, which will be developed as needed. The second largest facility has used 95% of capacity and will be in operation for 1-2 more years. These two facilities comprise 90% of total landfill capacity. These two facilities also have available land which when developed, will extend the landfills lives by approximately 25 years. There are also three sites, which are closed, and are being monitored as required by law. The Borough has accrued \$4,874,069 in the government-wide financial statements for closure and postclosure cost associated with its landfills; in addition, this amount has been reported as a designation of fund balance in the Solid Waste Special Revenue Fund. These amounts are based on what it would cost to perform all closure and postclosure care in 2005; actual cost may vary from this estimate due to inflation, changes in technology, or changes in regulations.

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

NON-MAJOR GOVERNMENTAL FUNDS

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Kenai Peninsula Borough
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2005

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Total Nonmajor Governmental Funds
<u>ASSETS</u>				
Cash and Short-term Investments	\$ 29,513	\$ -	\$ -	\$ 29,513
Equity in Central Treasury	27,715,091	11,252,086	-	38,967,177
Cash With Fiscal Agent	-	-	1,573,200	1,573,200
Receivables (Net of Allowances for Estimated Uncollectibles):				
Taxes Receivable	186,462	-	-	186,462
Accounts Receivable	95,828	-	-	95,828
Land Sale Contracts Receivable:	-			
Current	183,771	-	-	183,771
Delinquent	9,938	-	-	9,938
Due from Other Governments	819,477	272,266	-	1,091,743
Prepays	4,334	-	-	4,334
Land Sale Contracts Receivable:	-			
Long-term	<u>1,898,813</u>	<u>-</u>	<u>-</u>	<u>1,898,813</u>
 Total Assets	 <u>\$ 30,943,227</u>	 <u>\$ 11,524,352</u>	 <u>\$ 1,573,200</u>	 <u>\$ 44,040,779</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts and Retainage Payable	938,636	462,172	-	1,400,808
Accrued Payroll and Payroll Taxes	446,299	24,804	-	471,103
Due to Other Funds:				
General Fund	559,593	54,439	1,573,200	2,187,232
Deferred Revenue	<u>4,786,021</u>	<u>8,375</u>	<u>-</u>	<u>4,794,396</u>
 Total Liabilities	 <u>6,730,549</u>	 <u>549,790</u>	 <u>1,573,200</u>	 <u>8,853,539</u>
Fund Balances:				
Reserves:				
Encumbrances	118,222	2,097,211	-	2,215,433
Prepays	4,334	-	-	4,334
Unreserved:				
Designations	10,086,723	5,882,744	-	15,969,467
Undesignated	<u>14,003,399</u>	<u>2,994,607</u>	<u>-</u>	<u>16,998,006</u>
 Total Fund Balances	 <u>24,212,678</u>	 <u>10,974,562</u>	 <u>-</u>	 <u>35,187,240</u>
 Total Liabilities and Fund Balances	 <u>\$ 30,943,227</u>	 <u>\$ 11,524,352</u>	 <u>\$ 1,573,200</u>	 <u>\$ 44,040,779</u>

Kenai Peninsula Borough
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2005

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:				
General Property Taxes	\$12,911,384	\$ -	\$ -	\$ 12,911,384
Motor Vehicle Tax	326,948	-	-	326,948
Intergovernmental:				
Federal	3,022,185	1,274,794	-	4,296,979
State	162,741	398,305	-	561,046
Interest Earned	250,487	104,175	-	354,662
Other Revenues	<u>2,735,079</u>	<u>-</u>	<u>-</u>	<u>2,735,079</u>
Total Revenues	<u>19,408,824</u>	<u>1,777,274</u>	<u>-</u>	<u>21,186,098</u>
Expenditures:				
General government	2,066,505	297,753	-	2,364,258
Solid waste	4,348,928	380,073	-	4,729,001
Public safety	8,663,649	2,320,065	-	10,983,714
Recreation	1,383,393	47,632	-	1,431,025
Education	523,740	1,400,697	-	1,924,437
Roads and trails	3,198,758	1,486,671	-	4,685,429
Debt service				
Principal	-	-	3,375,000	3,375,000
Interest and other	-	-	1,231,528	1,231,528
Total Expenditures	<u>20,184,973</u>	<u>5,932,891</u>	<u>4,606,528</u>	<u>30,724,392</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(776,149)</u>	<u>(4,155,617)</u>	<u>(4,606,528)</u>	<u>(9,538,294)</u>
Other Financing Sources and (Uses):				
Transfers In	5,391,085	5,444,892	4,606,528	15,442,505
Transfers (Out)	<u>(3,888,603)</u>	<u>(1,060,000)</u>	<u>-</u>	<u>(4,948,603)</u>
Total Other Financing Sources (Uses)	<u>1,502,482</u>	<u>4,384,892</u>	<u>4,606,528</u>	<u>10,493,902</u>
Net Changes in Fund Balances	726,333	229,275	-	955,608
Fund Balances at Beginning of Year	<u>23,486,345</u>	<u>10,745,287</u>	<u>-</u>	<u>34,231,632</u>
Fund Balances at End of Year	<u>\$24,212,678</u>	<u>\$10,974,562</u>	<u>\$ -</u>	<u>\$ 35,187,240</u>

Nonmajor Special Revenue Funds
Pages 73 - 99

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

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

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

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

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

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

Lowell Point Emergency Services Special Revenue Fund – This fund is used to account for operating expenditures of the Lowell Point Emergency Service Area. FY2004 was the first year of existence for this service area. Although the service area generated tax revenues, there were no associated expenditures.

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

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

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

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

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

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

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

Seward Bear Creek Flood Service Area Special Revenue Fund – This fund is used to account for operating expenditures of the Seward Bear Creek Flood Service Area. FY2004 was the first year of existence for this service area. No revenues were generated. The Borough made an intergovernmental loan to the service area to assist them with start up cost.

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

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

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

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

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

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

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

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

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Kenai Peninsula Borough
Combining Balance Sheet
Nonmajor Special Revenue Fund
June 30, 2005

Special Revenue Funds

	<u>Nikiski Fire Service Area</u>	<u>Bear Creek Fire Service Area</u>	<u>Anchor Point Fire and Emergency Medical Service Area</u>	<u>Central Emergency Service Area</u>	<u>Kachemak Emergency Service Area</u>
<u>ASSETS</u>					
Cash and Short-term Investments	\$ 100	\$ 13,031	\$ -	\$ 16,182	\$ -
Equity in Central Treasury	4,199,671	119,075	211,493	2,002,681	166,688
Cash With Fiscal Agent	-	-	-	-	-
Receivables (Net of Allowances for Estimated Uncollectibles):					
Taxes Receivable	25,780	7,585	9,948	40,986	6,880
Accounts Receivable	-	1,789	-	74,228	-
Land Sale Contracts Receivable:					
Current	-	-	-	-	-
Delinquent	-	-	-	-	-
Due from Other Governments	6,907	37,225	2,466	19,320	3,548
Prepays	4,229	-	-	-	-
Land Sale Contracts Receivable:					
Long-term	-	-	-	-	-
Total Assets	<u>\$ 4,236,687</u>	<u>\$ 178,705</u>	<u>\$ 223,907</u>	<u>\$ 2,153,397</u>	<u>\$ 177,116</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts and Retainage Payable	6,029	1,656	9,674	52,020	1,184
Accrued Payroll and Payroll Taxes	100,762	2,403	5,611	117,976	-
Due to Other Funds:					
General Fund	-	-	-	-	-
Deferred Revenue	<u>1,048,176</u>	<u>10,627</u>	<u>14,617</u>	<u>154,890</u>	<u>9,805</u>
Total Liabilities	<u>1,154,967</u>	<u>14,686</u>	<u>29,902</u>	<u>324,886</u>	<u>10,989</u>
Fund Balances:					
Reserves:					
Encumbrances	300	79,945	1,500	13,490	1,400
Prepays	4,229	-	-	-	-
Unreserved:					
Designations	-	-	-	-	-
Undesignated	<u>3,077,191</u>	<u>84,074</u>	<u>192,505</u>	<u>1,815,021</u>	<u>164,727</u>
Total Fund Balances	<u>3,081,720</u>	<u>164,019</u>	<u>194,005</u>	<u>1,828,511</u>	<u>166,127</u>
Total Liabilities and Fund Balances	<u>\$ 4,236,687</u>	<u>\$ 178,705</u>	<u>\$ 223,907</u>	<u>\$ 2,153,397</u>	<u>\$ 177,116</u>

Special Revenue Funds - continued

<u>Lowell Point Emergency Service Area</u>	<u>Central Peninsula Emergency Medical Service Area</u>	<u>North Peninsula Recreation Service Area</u>	<u>Road Service Area</u>	<u>Post- Secondary Education</u>	<u>Land Trust</u>
\$ -	\$ -	\$ 200	\$ -	\$ -	\$ -
20,226	-	1,338,292	2,835,651	518,060	5,001,024
-	-	-	-	-	-
93	4,202	11,198	69,114	6,589	-
-	-	-	-	-	-
-	-	-	-	-	183,771
-	-	-	-	-	9,938
84	1,323	3,003	22,862	2,598	-
-	-	-	-	-	-
-	-	-	-	-	1,898,813
<u>\$ 20,403</u>	<u>\$ 5,525</u>	<u>\$ 1,352,693</u>	<u>\$ 2,927,627</u>	<u>\$ 527,247</u>	<u>\$ 7,093,546</u>
3,429	-	21,752	61,869	284,983	89,841
-	-	37,592	31,506	-	20,442
-	376	-	-	-	-
93	2,667	457,774	828,164	63,823	2,092,522
<u>3,522</u>	<u>3,043</u>	<u>517,118</u>	<u>921,539</u>	<u>348,806</u>	<u>2,202,805</u>
277	-	667	1,400	-	-
-	-	-	-	-	-
-	-	-	-	-	-
16,604	2,482	834,908	2,004,688	178,441	4,890,741
<u>16,881</u>	<u>2,482</u>	<u>835,575</u>	<u>2,006,088</u>	<u>178,441</u>	<u>4,890,741</u>
<u>\$ 20,403</u>	<u>\$ 5,525</u>	<u>\$ 1,352,693</u>	<u>\$ 2,927,627</u>	<u>\$ 527,247</u>	<u>\$ 7,093,546</u>

(continued)

Kenai Peninsula Borough
Combining Balance Sheet
Nonmajor Special Revenue Fund-continued
June 30, 2005

Special Revenue Funds - continued

	<u>Kenai River Center</u>	<u>Coastal Zone Management</u>	<u>Seward Bear Creek Flood</u>	<u>Disaster Relief</u>	<u>Environmental Protection Programs</u>
<u>ASSETS</u>					
Cash and Short-term Investments	\$ -	\$ -	\$ -	\$ -	\$ -
Equity in Central Treasury	157,758	642	103,155	-	5,137,452
Cash With Fiscal Agent	-	-	-	-	-
Receivables (Net of Allowances for Estimated Uncollectibles):					
Taxes Receivable	-	-	2,617	-	-
Accounts Receivable	-	-	-	-	-
Land Sale Contracts Receivable:					
Current	-	-	-	-	-
Delinquent	-	-	-	-	-
Due from Other Governments	9,000	55,443	1,198	141,755	17,614
Prepays	-	-	-	-	105
Land Sale Contracts Receivable:					
Long-term	-	-	-	-	-
Total Assets	<u>\$ 166,758</u>	<u>\$ 56,085</u>	<u>\$ 106,970</u>	<u>\$ 141,755</u>	<u>\$ 5,155,171</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts and Retainage Payable	11,969	4,695	80	33,674	21,668
Accrued Payroll and Payroll Taxes	13,153	3,148	806	1,549	26,606
Due to Other Funds:					
General Fund	-	38,242	-	37,170	-
Deferred Revenue	<u>8,185</u>	<u>-</u>	<u>5,370</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>33,307</u>	<u>46,085</u>	<u>6,256</u>	<u>72,393</u>	<u>48,274</u>
Fund Balances:					
Reserves:					
Encumbrances	-	10,000	-	-	1,980
Prepays	-	-	-	-	105
Unreserved:					
Designations	8,185	-	-	25,035	5,104,812
Undesignated	<u>125,266</u>	<u>-</u>	<u>100,714</u>	<u>44,327</u>	<u>-</u>
Total Fund Balances	<u>133,451</u>	<u>10,000</u>	<u>100,714</u>	<u>69,362</u>	<u>5,106,897</u>
Total Liabilities and Fund Balances	<u>\$ 166,758</u>	<u>\$ 56,085</u>	<u>\$ 106,970</u>	<u>\$ 141,755</u>	<u>\$ 5,155,171</u>

Special Revenue Funds - continued

<u>Local Emergency Planning Committee</u>	<u>Underground Storage Tank Removal and Upgrade</u>	<u>Miscellaneous Grants</u>	<u>Community & Economic Development</u>	<u>Nikiski Senior Service Area</u>	<u>Solid Waste</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,513
252	74,622	1,948	-	181,455	5,644,946	27,715,091
-	-	-	-	-	-	-
-	-	-	-	1,470	-	186,462
-	-	-	-	-	19,811	95,828
-	-	-	-	-	-	183,771
-	-	-	-	-	-	9,938
8,620	-	439,444	46,703	364	-	819,477
-	-	-	-	-	-	4,334
-	-	-	-	-	-	1,898,813
<u>\$ 8,872</u>	<u>\$ 74,622</u>	<u>\$ 441,392</u>	<u>\$ 46,703</u>	<u>\$ 183,289</u>	<u>\$ 5,664,757</u>	<u>\$ 30,943,227</u>
935	-	1,668	-	1,959	329,551	938,636
1,690	-	3,029	-	3,826	76,200	446,299
6,247	-	436,695	40,863	-	-	559,593
-	-	-	-	89,308	-	4,786,021
<u>8,872</u>	<u>-</u>	<u>441,392</u>	<u>40,863</u>	<u>95,093</u>	<u>405,751</u>	<u>6,730,549</u>
-	-	-	5,840	-	1,423	118,222
-	-	-	-	-	-	4,334
-	74,622	-	-	-	4,874,069	10,086,723
-	-	-	-	88,196	383,514	14,003,399
-	74,622	-	5,840	88,196	5,259,006	24,212,678
<u>\$ 8,872</u>	<u>\$ 74,622</u>	<u>\$ 441,392</u>	<u>\$ 46,703</u>	<u>\$ 183,289</u>	<u>\$ 5,664,757</u>	<u>\$ 30,943,227</u>

Kenai Peninsula Borough
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2005

Special Revenue Funds

	<u>Nikiski Fire Service Area</u>	<u>Bear Creek Fire Service Area</u>	<u>Anchor Point Fire and Emergency Medical Service Area</u>	<u>Central Emergency Service Area</u>	<u>Kachemak Emergency Service Area</u>
Revenues:					
General Property Taxes	\$2,814,181	\$ 203,159	\$ 273,599	\$ 2,896,009	\$ 340,908
Motor Vehicle Tax	34,493	9,002	12,311	96,472	17,719
Intergovernmental:					
Federal	-	35,422	1,981	-	4,925
State	2,622	-	-	-	-
Interest Earned	-	-	-	472	-
Other Revenues	5,068	834	-	434,791	10,307
Total Revenues	<u>2,856,364</u>	<u>248,417</u>	<u>287,891</u>	<u>3,427,744</u>	<u>373,859</u>
Expenditures:					
General government	-	-	-	-	-
Solid waste	-	-	-	-	-
Public safety	2,715,448	145,593	199,588	3,356,167	229,835
Recreation	-	-	-	-	-
Education	-	-	-	-	-
Roads and trails	-	-	-	-	-
Total Expenditures	<u>2,715,448</u>	<u>145,593</u>	<u>199,588</u>	<u>3,356,167</u>	<u>229,835</u>
Excess (Deficiency) of Revenues					
Over Expenditures	<u>140,916</u>	<u>102,824</u>	<u>88,303</u>	<u>71,577</u>	<u>144,024</u>
Other Financing Sources and (Uses):					
Transfers In	-	-	-	186,700	-
Transfers (Out)	(137,966)	(160,000)	(62,500)	(367,817)	(113,257)
Total Other Financing Sources (Uses)	<u>(137,966)</u>	<u>(160,000)</u>	<u>(62,500)</u>	<u>(181,117)</u>	<u>(113,257)</u>
Net Changes in Fund Balances	2,950	(57,176)	25,803	(109,540)	30,767
Fund Balances at Beginning of Year	<u>3,078,770</u>	<u>221,195</u>	<u>168,202</u>	<u>1,938,051</u>	<u>135,360</u>
Fund Balances at End of Year	<u>\$3,081,720</u>	<u>\$ 164,019</u>	<u>\$ 194,005</u>	<u>\$ 1,828,511</u>	<u>\$ 166,127</u>

Special Revenue Funds - continued

<u>Lowell Point Emergency Service Area</u>	<u>Central Peninsula Emergency Medical Service Area</u>	<u>North Peninsula Recreation Service Area</u>	<u>Road Service Area</u>	<u>Post- Secondary Education</u>	<u>Land Trust</u>	<u>Kenai River Center</u>
\$ 12,292	\$ 180,094	\$ 1,228,875	\$ 4,211,585	\$ 433,468	\$ -	\$ -
419	6,606	14,997	114,157	12,970	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	9,000
-	-	-	4,374	-	-	-
-	-	164,560	-	-	1,913,005	12,283
<u>12,711</u>	<u>186,700</u>	<u>1,408,432</u>	<u>4,330,116</u>	<u>446,438</u>	<u>1,913,005</u>	<u>21,283</u>
-	-	-	-	-	1,200,053	398,686
-	-	-	-	-	-	-
8,385	-	-	-	-	-	-
-	-	985,753	-	-	-	-
-	-	-	-	502,600	-	-
-	-	-	3,161,199	-	-	-
<u>8,385</u>	<u>-</u>	<u>985,753</u>	<u>3,161,199</u>	<u>502,600</u>	<u>1,200,053</u>	<u>398,686</u>
<u>4,326</u>	<u>186,700</u>	<u>422,679</u>	<u>1,168,917</u>	<u>(56,162)</u>	<u>712,952</u>	<u>(377,403)</u>
-	-	-	-	-	60,000	410,496
-	(186,700)	(550,000)	(1,400,000)	-	-	-
<u>-</u>	<u>(186,700)</u>	<u>(550,000)</u>	<u>(1,400,000)</u>	<u>-</u>	<u>60,000</u>	<u>410,496</u>
4,326	-	(127,321)	(231,083)	(56,162)	772,952	33,093
<u>12,555</u>	<u>2,482</u>	<u>962,896</u>	<u>2,237,171</u>	<u>234,603</u>	<u>4,117,789</u>	<u>100,358</u>
<u>\$ 16,881</u>	<u>\$ 2,482</u>	<u>\$ 835,575</u>	<u>\$ 2,006,088</u>	<u>\$ 178,441</u>	<u>\$ 4,890,741</u>	<u>\$ 133,451</u>

(continued)

Kenai Peninsula Borough
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Special Revenue Funds-continued
For the Year Ended June 30, 2005

Special Revenue Funds - continued

	<u>Coastal Zone Management</u>	<u>Seward Bear Creek Flood</u>	<u>Disaster Relief Fund</u>	<u>Environmental Protection Programs</u>
Revenues:				
General Property Taxes	\$ -	\$ 141,679	\$ -	\$ -
Motor Vehicle Tax	-	5,983	-	-
Intergovernmental:				
Federal	84,857	-	-	2,147,805
State	-	-	-	-
Interest Earned	-	-	-	80,342
Other Revenues	-	-	-	-
Total Revenues	<u>84,857</u>	<u>147,662</u>	<u>-</u>	<u>2,228,147</u>
Expenditures:				
General Government	-	-	-	-
Solid Waste	-	-	-	-
Public Safety	84,857	39,781	5,673	1,661,961
Recreation	-	-	-	-
Education	-	-	-	-
Roads and Trails	-	-	-	-
Total Expenditures	<u>84,857</u>	<u>39,781</u>	<u>5,673</u>	<u>1,661,961</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>-</u>	<u>107,881</u>	<u>(5,673)</u>	<u>566,186</u>
Other Financing Sources and (Uses):				
Transfers In	10,000	-	14,800	-
Transfers (Out)	-	-	-	-
Total Other Financing Sources (Uses)	<u>10,000</u>	<u>-</u>	<u>14,800</u>	<u>-</u>
Net Changes in Fund Balances	10,000	107,881	9,127	566,186
Fund Balances at Beginning of Year	<u>-</u>	<u>(7,167)</u>	<u>60,235</u>	<u>4,540,711</u>
Fund Balances at End of Year	<u>\$ 10,000</u>	<u>\$ 100,714</u>	<u>\$ 69,362</u>	<u>\$ 5,106,897</u>

Special Revenue Funds - continued

<u>Local Emergency Planning Committee</u>	<u>Underground Storage Tank Removal and Upgrade</u>	<u>Miscellaneous Grants</u>	<u>Community & Economic Development</u>	<u>Nikiski Senior Service Area</u>	<u>Solid Waste</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 175,535	\$ -	\$ 12,911,384
-	-	-	-	1,819	-	326,948
16,406	-	612,097	118,692	-	-	3,022,185
22,500	-	390	128,229	-	-	162,741
-	-	-	-	-	165,299	250,487
-	-	21,140	-	-	173,091	2,735,079
<u>38,906</u>	<u>-</u>	<u>633,627</u>	<u>246,921</u>	<u>177,354</u>	<u>338,390</u>	<u>19,408,824</u>
-	-	-	246,921	220,845	-	2,066,505
-	-	-	-	-	4,348,928	4,348,928
38,906	167	177,288	-	-	-	8,663,649
-	-	397,640	-	-	-	1,383,393
-	-	21,140	-	-	-	523,740
-	-	37,559	-	-	-	3,198,758
<u>38,906</u>	<u>167</u>	<u>633,627</u>	<u>246,921</u>	<u>220,845</u>	<u>4,348,928</u>	<u>20,184,973</u>
-	(167)	-	-	(43,491)	(4,010,538)	(776,149)
-	-	-	-	30,200	4,678,889	5,391,085
-	-	-	-	-	(910,363)	(3,888,603)
-	-	-	-	30,200	3,768,526	1,502,482
-	(167)	-	-	(13,291)	(242,012)	726,333
-	74,789	-	5,840	101,487	5,501,018	23,486,345
<u>\$ -</u>	<u>\$ 74,622</u>	<u>\$ -</u>	<u>\$ 5,840</u>	<u>\$ 88,196</u>	<u>\$5,259,006</u>	<u>\$ 24,212,678</u>

Kenai Peninsula Borough
Nikiski Fire Service Area
Schedule of Revenues, Expenditures and Change
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2005

	<u>Budget</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
General Property Taxes	\$2,852,517	\$2,852,517	\$2,814,181	\$ (38,336)
Motor Vehicle Tax	32,900	32,900	34,493	1,593
Intergovernmental:				
State	-	2,622	2,622	-
Other Revenues	-	-	5,068	5,068
Total Revenues	<u>2,885,417</u>	<u>2,888,039</u>	<u>2,856,364</u>	<u>(31,675)</u>
Expenditures:				
Personnel	2,243,962	2,264,035	2,171,117	92,918
Supplies	155,263	143,568	114,538	29,030
Services	402,607	406,507	361,178	45,329
Capital Outlay	86,755	77,099	68,615	8,484
Total Expenditures	<u>2,888,587</u>	<u>2,891,209</u>	<u>2,715,448</u>	<u>175,761</u>
Excess of revenues over expenditures	<u>(3,170)</u>	<u>(3,170)</u>	<u>140,916</u>	<u>144,086</u>
Other Financing Sources (Uses):				
Transfers (out)	<u>(137,966)</u>	<u>(137,966)</u>	<u>(137,966)</u>	<u>-</u>
Net change in fund balance	(141,136)	(141,136)	2,950	144,086
Fund Balance at Beginning of Year	<u>3,078,770</u>	<u>3,078,770</u>	<u>3,078,770</u>	<u>-</u>
Fund Balance at End of Year	<u>\$2,937,634</u>	<u>\$2,937,634</u>	<u>\$3,081,720</u>	<u>\$ 144,086</u>

Kenai Peninsula Borough
Bear Creek Fire Service Area
Schedule of Revenues, Expenditures and Change
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2005

	<u>Budget</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
General Property Taxes	\$ 202,292	\$ 202,292	\$ 203,159	\$ 867
Motor Vehicle Tax	11,700	11,700	9,002	(2,698)
Intergovernmental:				
Federal	-	76,888	35,422	(41,466)
State	-	4,997	-	(4,997)
Other Revenues	<u>3,000</u>	<u>3,000</u>	<u>834</u>	<u>(2,166)</u>
Total Revenues	<u>216,992</u>	<u>298,877</u>	<u>248,417</u>	<u>(50,460)</u>
Expenditures:				
Personnel	15,584	20,584	19,594	990
Supplies	21,169	27,803	16,435	11,368
Services	63,247	54,120	45,880	8,240
Capital Outlay	<u>45,553</u>	<u>136,488</u>	<u>63,684</u>	<u>72,804</u>
Total Expenditures	<u>145,553</u>	<u>238,995</u>	<u>145,593</u>	<u>93,402</u>
Excess of revenues over expenditures	<u>71,439</u>	<u>59,882</u>	<u>102,824</u>	<u>42,942</u>
Other Financing Sources (Uses):				
Transfers (out)	<u>(160,000)</u>	<u>(160,000)</u>	<u>(160,000)</u>	<u>-</u>
Net change in fund balance	(88,561)	(100,118)	(57,176)	42,942
Fund Balance at Beginning of Year	<u>221,195</u>	<u>221,195</u>	<u>221,195</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 132,634</u>	<u>\$ 121,077</u>	<u>\$ 164,019</u>	<u>\$ 42,942</u>

Kenai Peninsula Borough

**Anchor Point Fire and Medical Service Area:
Schedule of Revenues, Expenditures and Change
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2005**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
General Property Taxes	\$ 269,921	\$ 269,921	\$ 273,599	\$ 3,678
Motor Vehicle Tax	12,300	12,300	12,311	11
Intergovernmental:				
Federal	-	1,981	1,981	-
Other Revenues	-	-	-	-
Total Revenues	282,221	284,202	287,891	3,689
Expenditures:				
Personnel	90,283	97,107	97,768	(661)
Supplies	29,400	29,896	28,114	1,782
Services	66,833	58,268	57,272	996
Capital Outlay	14,785	18,011	16,434	1,577
Total Expenditures	201,301	203,282	199,588	3,694
Excess of revenues over expenditures	80,920	80,920	88,303	7,383
Other Financing Sources (Uses):				
Transfers (out)	(62,500)	(62,500)	(62,500)	-
Net change in fund balance	18,420	18,420	25,803	7,383
Fund Balance at Beginning of Year	168,202	168,202	168,202	-
Fund Balance at End of Year	\$ 186,622	\$ 186,622	\$ 194,005	\$ 7,383

Kenai Peninsula Borough
Central Emergency Service Area
Schedule of Revenues, Expenditures and Change
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2005

	<u>Budget</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
General Property Taxes	\$2,924,345	\$2,924,345	\$2,896,009	\$ (28,336)
Motor Vehicle Tax	121,800	121,800	96,472	(25,328)
Intergovernmental:				
Federal	-	106,852	-	(106,852)
Interest Earned	-	-	472	472
Other Revenues	<u>320,000</u>	<u>320,000</u>	<u>434,791</u>	<u>114,791</u>
Total Revenues	<u>3,366,145</u>	<u>3,472,997</u>	<u>3,427,744</u>	<u>(45,253)</u>
Expenditures:				
Personnel	2,599,228	2,599,228	2,537,476	61,752
Supplies	175,547	216,592	201,439	15,153
Services	561,834	539,830	527,736	12,094
Capital Outlay	<u>162,155</u>	<u>261,837</u>	<u>89,516</u>	<u>172,321</u>
Total Expenditures	<u>3,498,764</u>	<u>3,617,487</u>	<u>3,356,167</u>	<u>261,320</u>
Excess of revenues over (under) expenditures	<u>(132,619)</u>	<u>(144,490)</u>	<u>71,577</u>	<u>216,067</u>
Other Financing Sources (Uses):				
Transfers in	192,536	192,536	186,700	(5,836)
Transfers (out)	<u>(367,817)</u>	<u>(367,817)</u>	<u>(367,817)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(175,281)</u>	<u>(175,281)</u>	<u>(181,117)</u>	<u>(5,836)</u>
Net change in fund balance	(307,900)	(319,771)	(109,540)	210,231
Fund Balance at Beginning of Year	<u>1,938,051</u>	<u>1,938,051</u>	<u>1,938,051</u>	<u>-</u>
Fund Balance at End of Year	<u>\$1,630,151</u>	<u>\$1,618,280</u>	<u>\$1,828,511</u>	<u>\$ 210,231</u>

Kenai Peninsula Borough

**Kachemak Emergency Service Area
Schedule of Revenues, Expenditures and Change
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2005**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
General Property Taxes	\$ 342,613	\$ 342,613	\$ 340,908	\$ (1,705)
Motor Vehicle Tax	18,600	18,600	17,719	(881)
Intergovernmental:				
State	-	4,925	4,925	-
Other Revenues	-	-	10,307	10,307
Total Revenues	361,213	366,138	373,859	7,721
Expenditures:				
Supplies	3,450	5,550	4,554	996
Services	227,704	224,404	211,035	13,369
Capital Outlay	10,888	17,013	14,246	2,767
Total Expenditures	242,042	246,967	229,835	17,132
Excess of revenues over expenditures	119,171	119,171	144,024	24,853
Other Financing Sources (Uses):				
Transfers (out)	(100,000)	(113,257)	(113,257)	-
Net change in fund balance	19,171	5,914	30,767	24,853
Fund Balance at Beginning of Year	135,360	135,360	135,360	-
Fund Balance at End of Year	\$ 154,531	\$ 141,274	\$ 166,127	\$ 24,853

Kenai Peninsula Borough

**Lowell Point Emergency Service Area
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2005**

	<u>Budget</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
General Property Taxes	\$ 12,037	\$ 12,037	\$ 12,292	\$ 255
Motor Vehicle Tax	<u>444</u>	<u>444</u>	<u>419</u>	<u>(25)</u>
Total Revenues	<u>12,481</u>	<u>12,481</u>	<u>12,711</u>	<u>230</u>
Expenditures:				
Personnel	5,000	-	-	-
Supplies	500	200	-	200
Services	8,096	5,592	4,656	936
Capital Outlay	<u>-</u>	<u>7,804</u>	<u>3,729</u>	<u>4,075</u>
Total Expenditures	<u>13,596</u>	<u>13,596</u>	<u>8,385</u>	<u>5,211</u>
Excess of revenues over expenditures	<u>(1,115)</u>	<u>(1,115)</u>	<u>4,326</u>	<u>5,441</u>
Net change in fund balance	(1,115)	(1,115)	4,326	5,441
Fund Balance at Beginning of Year	<u>12,555</u>	<u>12,555</u>	<u>12,555</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 11,440</u>	<u>\$ 11,440</u>	<u>\$ 16,881</u>	<u>\$ 5,441</u>

Kenai Peninsula Borough

**Central Peninsula Emergency Medical Service Area
 Schedule of Revenues, Expenditures and Change
 in Fund Balance - Budget and Actual
 For the Year Ended June 30, 2005**

	<u>Budget</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
General Property Taxes	\$ 178,823	\$ 178,823	\$ 180,094	\$ 1,271
Motor Vehicle Tax	7,300	7,300	6,606	(694)
Intergovernmental:				
State	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>(10,000)</u>
Total Revenues	<u>186,123</u>	<u>196,123</u>	<u>186,700</u>	<u>(9,423)</u>
Expenditures:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>186,123</u>	<u>196,123</u>	<u>186,700</u>	<u>(9,423)</u>
Other Financing Sources (Uses):				
Transfers (out)	<u>(192,536)</u>	<u>(192,536)</u>	<u>(186,700)</u>	<u>5,836</u>
Net change in fund balance	(6,413)	3,587	-	(3,587)
Fund Balance at Beginning of Year	<u>2,482</u>	<u>2,482</u>	<u>2,482</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ (3,931)</u>	<u>\$ 6,069</u>	<u>\$ 2,482</u>	<u>\$ (3,587)</u>

Kenai Peninsula Borough

**North Peninsula Recreation Service Area
 Schedule of Revenues, Expenditures and Change
 in Fund Balance - Budget and Actual
 For the Year Ended June 30, 2005**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
General Property Taxes	\$1,245,019	\$ 1,245,019	\$1,228,875	\$ (16,144)
Motor Vehicle Tax	14,300	14,300	14,997	697
Other Revenues	<u>200,000</u>	<u>200,000</u>	<u>164,560</u>	<u>(35,440)</u>
Total Revenues	<u>1,459,319</u>	<u>1,459,319</u>	<u>1,408,432</u>	<u>(50,887)</u>
Expenditures:				
Personnel	655,766	675,113	602,715	72,398
Supplies	120,445	109,445	85,002	24,443
Services	364,642	350,845	289,600	61,245
Capital Outlay	<u>4,000</u>	<u>9,450</u>	<u>8,436</u>	<u>1,014</u>
Total Expenditures	<u>1,144,853</u>	<u>1,144,853</u>	<u>985,753</u>	<u>159,100</u>
Excess of revenues over expenditures	<u>314,466</u>	<u>314,466</u>	<u>422,679</u>	<u>108,213</u>
Other Financing Sources (Uses):				
Transfers (out)	<u>(550,000)</u>	<u>(550,000)</u>	<u>(550,000)</u>	<u>-</u>
Net change in fund balance	(235,534)	(235,534)	(127,321)	108,213
Fund Balance at Beginning of Year	<u>962,896</u>	<u>962,896</u>	<u>962,896</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 727,362</u>	<u>\$ 727,362</u>	<u>\$ 835,575</u>	<u>\$ 108,213</u>

Kenai Peninsula Borough

**Road Service Area
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2005**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
General Property Taxes	\$ 4,243,378	\$4,243,378	\$4,211,584	\$ (31,794)
Motor Vehicle Tax	128,300	128,300	114,158	(14,142)
Interest Earned	3,836	3,836	4,374	538
Total Revenues	4,375,514	4,375,514	4,330,116	(45,398)
Expenditures:				
Personnel	560,104	577,291	574,474	2,817
Supplies	24,504	26,554	26,176	378
Services	2,533,520	2,632,636	2,514,369	118,267
Capital Outlay	43,500	47,125	46,180	945
Total Expenditures	3,161,628	3,283,606	3,161,199	122,407
Excess of revenues over expenditures	1,213,886	1,091,908	1,168,917	77,009
Other Financing Sources (Uses):				
Transfers (out)	(1,400,000)	(1,400,000)	(1,400,000)	-
Net change in fund balance	(186,114)	(308,092)	(231,083)	77,009
Fund Balance at Beginning of Year	2,237,171	2,237,171	2,237,171	-
Fund Balance at End of Year	\$ 2,051,057	\$1,929,079	\$2,006,088	\$ 77,009

Kenai Peninsula Borough
Post-Secondary
Schedule of Revenues, Expenditures and Change
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2005

	<u>Budget</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
General Property Taxes	\$ 436,550	\$ 436,550	\$ 433,468	\$ (3,082)
Motor Vehicle Tax	<u>13,900</u>	<u>13,900</u>	<u>12,970</u>	<u>(930)</u>
Total Revenues	<u>450,450</u>	<u>450,450</u>	<u>446,438</u>	<u>(4,012)</u>
Expenditures:				
Services	<u>502,600</u>	<u>502,600</u>	<u>502,600</u>	<u>-</u>
Total Expenditures	<u>502,600</u>	<u>502,600</u>	<u>502,600</u>	<u>-</u>
Excess of revenues over expenditures	<u>(52,150)</u>	<u>(52,150)</u>	<u>(56,162)</u>	<u>(4,012)</u>
Net change in fund balance	(52,150)	(52,150)	(56,162)	(4,012)
Fund Balance at Beginning of Year	<u>234,603</u>	<u>234,603</u>	<u>234,603</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 182,453</u>	<u>\$ 182,453</u>	<u>\$ 178,441</u>	<u>\$ (4,012)</u>

Kenai Peninsula Borough

**Land Trust
Schedule of Revenues, Expenditures and Change
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2005**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Other Revenues:				
Payments on Land Contracts	\$ 600,000	\$ 1,285,000	\$1,649,550	\$ 364,550
Land Leases	100,000	100,000	104,813	4,813
Excess Tax Foreclosure Proceeds	-	-	42,729	42,729
Timber and Gravel Sales	35,000	35,000	18,761	(16,239)
Interest on Contracts	69,000	77,338	90,231	12,893
Miscellaneous	5,000	5,000	6,921	1,921
 Total Revenues	<u>809,000</u>	<u>1,502,338</u>	<u>1,913,005</u>	<u>410,667</u>
 Expenditures:				
Personnel	371,412	385,732	357,485	28,247
Supplies	10,303	9,979	3,586	6,393
Services	453,489	1,351,992	774,085	577,907
Capital Outlay	90,750	166,945	64,897	102,048
 Total Expenditures	<u>925,954</u>	<u>1,914,648</u>	<u>1,200,053</u>	<u>714,595</u>
 Excess of revenues over (under) expenditures	<u>(116,954)</u>	<u>(412,310)</u>	<u>712,952</u>	<u>1,125,262</u>
 Other Financing Sources (Uses):				
Transfers in	<u>-</u>	<u>60,000</u>	<u>60,000</u>	<u>-</u>
 Net change in fund balance	<u>(116,954)</u>	<u>(352,310)</u>	<u>772,952</u>	<u>1,125,262</u>
 Fund Balance at Beginning of Year	<u>2,766,192</u>	<u>2,766,192</u>	<u>4,117,789</u>	<u>1,351,597</u>
 Fund Balance at End of Year	<u>\$2,649,238</u>	<u>\$ 2,413,882</u>	<u>\$4,890,741</u>	<u>\$2,476,859</u>

Kenai Peninsula Borough

**Kenai River Center
Schedule of Revenues, Expenditures and Change
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2005**

	<u>Budget</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State	\$ -	\$ 9,000	\$ 9,000	\$ -
Other Revenues	<u>-</u>	<u>-</u>	<u>12,283</u>	<u>12,283</u>
Total Revenues	<u>-</u>	<u>9,000</u>	<u>21,283</u>	<u>12,283</u>
Expenditures:				
Personnel	332,854	332,854	299,313	33,541
Supplies	11,360	14,442	4,614	9,828
Services	100,929	121,111	90,485	30,626
Capital Outlay	<u>15,000</u>	<u>16,900</u>	<u>4,274</u>	<u>12,626</u>
Total Expenditures	<u>460,143</u>	<u>485,307</u>	<u>398,686</u>	<u>86,621</u>
Excess of revenues over (under) expenditures	<u>(460,143)</u>	<u>(476,307)</u>	<u>(377,403)</u>	<u>98,904</u>
Other Financing Sources:				
Transfers in	<u>407,496</u>	<u>710,496</u>	<u>410,496</u>	<u>(300,000)</u>
Net change in fund balance	(52,647)	234,189	33,093	(201,096)
Fund Balance at Beginning of Year	<u>100,358</u>	<u>100,358</u>	<u>100,358</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 47,711</u>	<u>\$ 334,547</u>	<u>\$ 133,451</u>	<u>\$ (201,096)</u>

Kenai Peninsula Borough
Seward Bear Creek Flood Service Area
Schedule of Revenues, Expenditures and Change
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2005

	<u>Budget</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
General Property Taxes	\$ 134,172	\$ 134,172	\$ 141,679	\$ 7,507
Motor Vehicle Tax	-	-	5,983	5,983
Total Revenues	<u>134,172</u>	<u>134,172</u>	<u>147,662</u>	<u>13,490</u>
Expenditures:				
Personnel	18,473	18,473	12,376	6,097
Supplies	3,003	2,503	1,405	1,098
Services	56,582	57,082	23,314	33,768
Capital Outlay	<u>4,558</u>	<u>4,558</u>	<u>2,686</u>	<u>1,872</u>
Total Expenditures	<u>82,616</u>	<u>82,616</u>	<u>39,781</u>	<u>42,835</u>
Excess of revenues over expenditures	<u>51,556</u>	<u>51,556</u>	<u>107,881</u>	<u>56,325</u>
Net change in fund balance	51,556	51,556	107,881	56,325
Fund Balance at Beginning of Year	<u>(7,167)</u>	<u>(7,167)</u>	<u>(7,167)</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 44,389</u>	<u>\$ 44,389</u>	<u>\$ 100,714</u>	<u>\$ 56,325</u>

Kenai Peninsula Borough

**Disaster Relief
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2005**

	<u>Budget</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Personnel	-	4,800	4,777	23
Supplies	-	200	182	18
Services	<u>50,000</u>	<u>45,000</u>	<u>714</u>	<u>44,286</u>
Total Expenditures	<u>50,000</u>	<u>50,000</u>	<u>5,673</u>	<u>44,327</u>
Excess of revenues over expenditures	<u>(50,000)</u>	<u>(50,000)</u>	<u>(5,673)</u>	<u>44,327</u>
Other Financing Sources (Uses):				
Transfers in	<u>14,800</u>	<u>14,800</u>	<u>14,800</u>	<u>-</u>
Net change in fund balance	(35,200)	(35,200)	9,127	44,327
Fund Balance at Beginning of Year	<u>35,200</u>	<u>60,235</u>	<u>60,235</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ 25,035</u>	<u>\$ 69,362</u>	<u>\$ 44,327</u>

Kenai Peninsula Borough
Nikiski Senior Service Area
Schedule of Revenues, Expenditures and Change
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2005

	<u>Budget</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
General Property Taxes	\$ 178,071	\$ 178,071	\$ 175,535	\$ (2,536)
Motor Vehicle Tax	<u>1,800</u>	<u>1,800</u>	<u>1,819</u>	<u>19</u>
Total Revenues	<u>179,871</u>	<u>179,871</u>	<u>177,354</u>	<u>(2,517)</u>
Expenditures:				
Personnel	61,719	65,019	64,112	907
Services	<u>143,005</u>	<u>156,623</u>	<u>156,733</u>	<u>(110)</u>
Total Expenditures	<u>204,724</u>	<u>221,642</u>	<u>220,845</u>	<u>797</u>
Excess of revenues over (under) expenditures	<u>(24,853)</u>	<u>(41,771)</u>	<u>(43,491)</u>	<u>(1,720)</u>
Other Financing Sources:				
Transfers in	<u>30,200</u>	<u>30,200</u>	<u>30,200</u>	<u>-</u>
Net change in fund balance	5,347	(11,571)	(13,291)	(1,720)
Fund Balance at Beginning of Year	<u>101,487</u>	<u>101,487</u>	<u>101,487</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 106,834</u>	<u>\$ 89,916</u>	<u>\$ 88,196</u>	<u>\$ (1,720)</u>

Kenai Peninsula Borough

**Solid Waste
Schedule of Revenues, Expenditures and Change
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2005**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Interest Earned	\$ 203,000	\$ 203,000	\$ 165,299	\$ (37,701)
Other Revenues:				
Recycle fees	6,000	6,000	25,852	19,852
Solid waste dumping fees	136,000	136,000	126,509	(9,491)
Hazardous waste dumping fees	<u>15,000</u>	<u>15,000</u>	<u>20,730</u>	<u>5,730</u>
 Total Revenues	 <u>360,000</u>	 <u>360,000</u>	 <u>338,390</u>	 <u>(21,610)</u>
 Expenditures:				
Personnel	675,230	1,020,130	1,001,607	18,523
Supplies	149,220	276,507	237,299	39,208
Services	3,554,988	3,087,640	3,062,398	25,242
Capital Outlay	<u>39,700</u>	<u>58,021</u>	<u>47,624</u>	<u>10,397</u>
 Total Expenditures	 <u>4,419,138</u>	 <u>4,442,298</u>	 <u>4,348,928</u>	 <u>93,370</u>
 Excess of revenues over (under) expenditures	 <u>(4,059,138)</u>	 <u>(4,082,298)</u>	 <u>(4,010,538)</u>	 <u>71,760</u>
 Other Financing Sources:				
Transfers in	4,678,889	4,678,889	4,678,889	-
Transfers (out)	<u>(868,563)</u>	<u>(910,363)</u>	<u>(910,363)</u>	<u>-</u>
 Total Other Financing Sources	 <u>3,810,326</u>	 <u>3,768,526</u>	 <u>3,768,526</u>	 <u>-</u>
 Net change in fund balance	 (248,812)	 (313,772)	 (242,012)	 71,760
 Fund Balance at Beginning of Year	 <u>5,501,018</u>	 <u>5,501,018</u>	 <u>5,501,018</u>	 <u>-</u>
 Fund Balance at End of Year	 <u>\$ 5,252,206</u>	 <u>\$ 5,187,246</u>	 <u>\$ 5,259,006</u>	 <u>\$ 71,760</u>

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Nonmajor Capital Project Funds
Pages 100 - 108

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Kenai Peninsula Borough

Combining Balance Sheet
Nonmajor Capital Projects
June 30, 2005

	<u>School Revenue</u>	<u>General Government</u>	<u>Resource Management</u>	<u>Solid Waste</u>
<u>ASSETS</u>				
Cash and Short-term Investments	\$ -	\$ -	\$ -	\$ -
Equity in Central Treasury	3,080,080	1,058,012	40,853	123,870
Due from Other Governments	<u>44,535</u>	<u>-</u>	<u>-</u>	<u>110,200</u>
Total Assets	<u>\$3,124,615</u>	<u>\$1,058,012</u>	<u>\$ 40,853</u>	<u>\$ 234,070</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts and Retainage Payable	137,056	5,000	-	67,755
Accrued Payroll and Payroll Taxes	24,804	-	-	-
Due to Other Funds:				
General Fund	-	-	-	-
Deferred Revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>161,860</u>	<u>5,000</u>	<u>-</u>	<u>67,755</u>
Fund Balances:				
Reserves -				
Encumbrances	460,897	577,083	-	1,965
Unreserved:				
Designations	2,305,617	351,571	40,853	145,523
Undesignated	<u>196,241</u>	<u>124,358</u>	<u>-</u>	<u>18,827</u>
Total Fund Balances	<u>2,962,755</u>	<u>1,053,012</u>	<u>40,853</u>	<u>166,315</u>
Total Liabilities and Fund Balances	<u>\$3,124,615</u>	<u>\$1,058,012</u>	<u>\$ 40,853</u>	<u>\$ 234,070</u>

<u>Road Service Area</u>	<u>Nikiski Fire Service Area</u>	<u>Bear Creek Fire Service Area</u>	<u>Central Emergency Service Area</u>	<u>Anchor Point Fire and Emergency Medical Service Area</u>	<u>Kachemak Emergency Services Service Area</u>	<u>911 Communications</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2,002,780	1,217,103	404,741	737,909	339,333	49,371	1,308,671
<u>21,668</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 2,024,448</u>	<u>\$ 1,217,103</u>	<u>\$ 404,741</u>	<u>\$ 737,909</u>	<u>\$ 339,333</u>	<u>\$ 49,371</u>	<u>\$ 1,308,671</u>
214,933	-	-	2,389	183	10,986	4,649
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,375</u>	<u>-</u>	<u>-</u>
<u>214,933</u>	<u>-</u>	<u>-</u>	<u>2,389</u>	<u>8,558</u>	<u>10,986</u>	<u>4,649</u>
621,522	-	61,985	249,190	-	-	97,416
1,158,914	53,858	260,000	137,933	250,230	29,550	1,133,695
<u>29,079</u>	<u>1,163,245</u>	<u>82,756</u>	<u>348,397</u>	<u>80,545</u>	<u>8,835</u>	<u>72,911</u>
<u>1,809,515</u>	<u>1,217,103</u>	<u>404,741</u>	<u>735,520</u>	<u>330,775</u>	<u>38,385</u>	<u>1,304,022</u>
<u>\$ 2,024,448</u>	<u>\$ 1,217,103</u>	<u>\$ 404,741</u>	<u>\$ 737,909</u>	<u>\$ 339,333</u>	<u>\$ 49,371</u>	<u>\$ 1,308,671</u>

(continued)

Kenai Peninsula Borough
Combining Balance Sheet
Nonmajor Capital Projects-continued
June 30, 2005

	<u>North Peninsula Recreation Service Area</u>	<u>Miscellaneous Grants</u>	<u>Total Nonmajor Capital Project Funds</u>
<u>ASSETS</u>			
Cash and Short-term Investments	\$ -	\$ -	\$ -
Equity in Central Treasury	889,363	-	11,252,086
Due from Other Governments	<u>24,973</u>	<u>70,890</u>	<u>272,266</u>
Total Assets	<u>\$ 914,336</u>	<u>\$ 70,890</u>	<u>\$ 11,524,352</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts and Retainage Payable	2,770	16,451	462,172
Accrued Payroll and Payroll Taxes	-	-	24,804
Due to Other Funds:			
General Fund	-	54,439	54,439
Deferred Revenue	<u>-</u>	<u>-</u>	<u>8,375</u>
Total Liabilities	<u>2,770</u>	<u>70,890</u>	<u>549,790</u>
Fund Balances:			
Reserves -			
Encumbrances	27,153	-	2,097,211
Unreserved:			
Designations	15,000	-	5,882,744
Undesignated	<u>869,413</u>	<u>-</u>	<u>2,994,607</u>
Total Fund Balances	<u>911,566</u>	<u>-</u>	<u>10,974,562</u>
Total Liabilities and Fund Balances	<u>\$ 914,336</u>	<u>\$ 70,890</u>	<u>\$ 11,524,352</u>

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Kenai Peninsula Borough
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Capital Projects
For the Year Ended June 30, 2005

	<u>School Revenue</u>	<u>General Government</u>	<u>Resource Management</u>	<u>Solid Waste</u>
Revenues:				
General Property Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal	-	-	-	110,200
State	-	-	-	-
Interest Earned	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>110,200</u>
 Expenditures:				
General government	-	97,892	122	-
Solid waste	-	-	-	380,073
Public safety	-	-	-	-
Recreation	-	-	-	-
Education	1,400,697	-	-	-
Roads and trails	-	-	-	-
Total Expenditures	<u>1,400,697</u>	<u>97,892</u>	<u>122</u>	<u>380,073</u>
 Excess (Deficiency) of Revenues Over Expenditures	<u>(1,400,697)</u>	<u>(97,892)</u>	<u>(122)</u>	<u>(269,873)</u>
 Other Financing Sources and (Uses):				
Transfers In	1,250,000	150,000	-	119,300
Transfers (Out)	(60,000)	-	-	-
Total Other Financing Sources (Uses)	<u>1,190,000</u>	<u>150,000</u>	<u>-</u>	<u>119,300</u>
 Net Changes in Fund Balances	(210,697)	52,108	(122)	(150,573)
Fund Balances at Beginning of Year	<u>3,173,452</u>	<u>1,000,904</u>	<u>40,975</u>	<u>316,888</u>
Fund Balances at End of Year	<u>\$2,962,755</u>	<u>\$1,053,012</u>	<u>\$ 40,853</u>	<u>\$166,315</u>

<u>Road Service Area</u>	<u>Nikiski Fire Service Area</u>	<u>Bear Creek Fire Service Area</u>	<u>Central Emergency Service Area</u>	<u>Anchor Point Fire Emergency Medical Service Area</u>	<u>Kachemak Emergency Services Service Area</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
140,044	-	-	-	-	824,811
105,415	120,258	125,000	-	-	-
-	27,018	10,674	37,841	7,677	1,130
<u>245,459</u>	<u>147,276</u>	<u>135,674</u>	<u>37,841</u>	<u>7,677</u>	<u>825,941</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	189,868	426,180	185,751	28,216	1,119,757
-	-	-	-	-	-
-	-	-	-	-	-
1,486,671	-	-	-	-	-
<u>1,486,671</u>	<u>189,868</u>	<u>426,180</u>	<u>185,751</u>	<u>28,216</u>	<u>1,119,757</u>
<u>(1,241,212)</u>	<u>(42,592)</u>	<u>(290,506)</u>	<u>(147,910)</u>	<u>(20,539)</u>	<u>(293,816)</u>
1,400,000	75,000	160,000	325,000	62,500	113,257
-	-	-	(1,000,000)	-	-
<u>1,400,000</u>	<u>75,000</u>	<u>160,000</u>	<u>(675,000)</u>	<u>62,500</u>	<u>113,257</u>
158,788	32,408	(130,506)	(822,910)	41,961	(180,559)
<u>1,650,727</u>	<u>1,184,695</u>	<u>535,247</u>	<u>1,558,430</u>	<u>288,814</u>	<u>218,944</u>
<u>\$ 1,809,515</u>	<u>\$ 1,217,103</u>	<u>\$ 404,741</u>	<u>\$ 735,520</u>	<u>\$ 330,775</u>	<u>\$ 38,385</u>

(continued)

Kenai Peninsula Borough
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Capital Projects-continued
For the Year Ended June 30, 2005

	<u>911</u> <u>Communications</u>	<u>North</u> <u>Peninsula</u> <u>Recreation</u> <u>Service Area</u>	<u>Miscellaneous</u> <u>Grants</u>	<u>Total</u> <u>Nonmajor</u> <u>Capital Project</u> <u>Funds</u>
Revenues:				
General Property Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal	-	-	199,739	1,274,794
State	-	47,632	-	398,305
Interest Earned	-	19,835	-	104,175
Total Revenues	<u>-</u>	<u>67,467</u>	<u>199,739</u>	<u>1,777,274</u>
Expenditures:				
General Government	-	-	199,739	297,753
Solid Waste	-	-	-	380,073
Public Safety	370,293	-	-	2,320,065
Recreation	-	47,632	-	47,632
Education	-	-	-	1,400,697
Roads and Trails	-	-	-	1,486,671
Total Expenditures	<u>370,293</u>	<u>47,632</u>	<u>199,739</u>	<u>5,932,891</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(370,293)</u>	<u>19,835</u>	<u>-</u>	<u>(4,155,617)</u>
Other Financing Sources and (Uses):				
Transfers In	1,239,835	550,000	-	5,444,892
Transfers (Out)	-	-	-	(1,060,000)
Total Other Financing Sources (Use):	<u>1,239,835</u>	<u>550,000</u>	<u>-</u>	<u>4,384,892</u>
Net Changes in Fund Balances	869,542	569,835	-	229,275
Fund Balances at Beginning of Year	<u>434,480</u>	<u>341,731</u>	<u>-</u>	<u>10,745,287</u>
Fund Balances at End of Year	<u>\$ 1,304,022</u>	<u>\$ 911,566</u>	<u>\$ -</u>	<u>\$ 10,974,562</u>

Nonmajor Debt Service Funds
Pages 109 - 113

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

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

Kenai Peninsula Borough

**Combining Balance Sheet
Nonmajor Debt Service
June 30, 2005**

	Debt Service Funds		
	<u>General Government</u>	<u>Solid Waste</u>	Total Nonmajor Debt Service Funds
<u>ASSETS</u>			
Cash With Fiscal Agent	\$ 1,573,200	\$ -	\$ 1,573,200
Total Assets	<u>\$ 1,573,200</u>	<u>\$ -</u>	<u>\$ 1,573,200</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Due to Other Funds:			
General Fund	<u>1,573,200</u>	<u>-</u>	<u>1,573,200</u>
Total Liabilities	<u>1,573,200</u>	<u>-</u>	<u>1,573,200</u>
Undesignated Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 1,573,200</u>	<u>\$ -</u>	<u>\$ 1,573,200</u>

Kenai Peninsula Borough
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Debt Service Funds
For the Year Ended June 30, 2005

	Debt Service Funds		
	<u>General</u>	<u>Solid</u>	<u>Total</u>
	<u>Government</u>	<u>Waste</u>	<u>Nonmajor</u>
			<u>Debt Service</u>
			<u>Funds</u>
Revenues	\$ -	\$ -	\$ -
Expenditures:			
Debt service			
Principal	2,730,000	645,000	3,375,000
Interest and other	1,047,965	183,563	1,231,528
Total Expenditures	<u>3,777,965</u>	<u>828,563</u>	<u>4,606,528</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>(3,777,965)</u>	<u>(828,563)</u>	<u>(4,606,528)</u>
Other Financing Sources and (Uses):			
Transfers In	<u>3,777,965</u>	<u>828,563</u>	<u>4,606,528</u>
Total Other Financing Sources (Uses)	<u>3,777,965</u>	<u>828,563</u>	<u>4,606,528</u>
Net Changes in Fund Balances	-	-	-
Fund Balances at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances at End of Year	<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, 2005

	<u>Budget</u>		<u>Actual</u>	Variance Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Debt Service:				-
Principal	2,730,000	2,730,000	2,730,000	-
Interest and Other	<u>1,072,965</u>	<u>1,072,965</u>	<u>1,047,965</u>	<u>25,000</u>
Total Expenditures	<u>3,802,965</u>	<u>3,802,965</u>	<u>3,777,965</u>	<u>25,000</u>
Excess of revenues over (under) expenditures	<u>(3,802,965)</u>	<u>(3,802,965)</u>	<u>(3,777,965)</u>	<u>(25,000)</u>
Other Financing Sources:				
Transfers in	<u>3,802,965</u>	<u>3,802,965</u>	<u>3,777,965</u>	<u>(25,000)</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, 2005**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Debt Service:				
Principal	645,000	645,000	645,000	-
Interest and Other	<u>183,563</u>	<u>183,563</u>	<u>183,563</u>	<u>-</u>
Total Expenditures	<u>828,563</u>	<u>828,563</u>	<u>828,563</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>(828,563)</u>	<u>(828,563)</u>	<u>(828,563)</u>	<u>-</u>
Other Financing Sources:				
Transfers in	<u>828,563</u>	<u>828,563</u>	<u>828,563</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>

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INTERNAL SERVICE FUNDS

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Kenai Peninsula Borough

**Combining Statement of Net Assets
Internal Service Funds
June 30, 2005**

	Insurance and Litigation	Equipment Replacement	Employee Compensated Leave Fund	Total
ASSETS				
Current assets:				
Cash and short term investments	\$ 25,000	\$ -	\$ -	\$ 25,000
Equity in central treasury	5,830,459	1,179,553	2,484,416	9,494,428
Prepays	5,916	-	-	5,916
Due from component unit	-	132,877	-	132,877
Total current assets	<u>5,861,375</u>	<u>1,312,430</u>	<u>2,484,416</u>	<u>9,658,221</u>
Noncurrent assets:				
Capital assets				
Equipment	-	4,350,438	-	4,350,438
Less: accumulated depreciation	-	(2,786,392)	-	(2,786,392)
Total capital assets (net of accumulated depreciation)	<u>-</u>	<u>1,564,046</u>	<u>-</u>	<u>1,564,046</u>
Total noncurrent assets	<u>-</u>	<u>1,564,046</u>	<u>-</u>	<u>1,564,046</u>
 Total assets	 <u>\$ 5,861,375</u>	 <u>\$ 2,876,476</u>	 <u>\$ 2,484,416</u>	 <u>\$ 11,222,267</u>
LIABILITIES				
Current liabilities:				
Accounts and contracts payable	29,710	-	-	29,710
Accrued payroll and payroll taxes	49,658	-	2,484,416	2,534,074
Claims payable	839,265	-	-	839,265
Total current liabilities	<u>918,633</u>	<u>-</u>	<u>2,484,416</u>	<u>3,403,049</u>
NET ASSETS				
Invested in capital assets, net of related debt	-	1,564,046	-	1,564,046
Unrestricted	4,942,742	1,312,430	-	6,255,172
Total net assets	<u>\$ 4,942,742</u>	<u>\$ 2,876,476</u>	<u>\$ -</u>	<u>\$ 7,819,218</u>

Kenai Peninsula Borough

**Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
June 30, 2005**

	Insurance and Litigation	Equipment Replacement	Employee Compensated Leave Fund	Total
Operating Revenues:				
Charges for sales and services	\$ 2,131,204	\$ 524,614	\$ 57,949	\$ 2,713,767
Total operating revenues	<u>2,131,204</u>	<u>524,614</u>	<u>57,949</u>	<u>2,713,767</u>
Operating Expenses:				
Administrative service	499,001	-	57,949	556,950
Insurance premiums	1,775,173	-	-	1,775,173
Self-insured losses	553,487	-	-	553,487
Depreciation	-	462,888	-	462,888
Total Operating expenses	<u>2,827,661</u>	<u>462,888</u>	<u>57,949</u>	<u>3,348,498</u>
Operating income (loss)	<u>(696,457)</u>	<u>61,726</u>	<u>-</u>	<u>(634,731)</u>
Non-Operating Revenues:				
Gain on disposal of assets	-	44,192	-	44,192
Investment earnings	128,334	33,376	-	161,710
Other	-	396	-	396
Total non-operating revenues	<u>128,334</u>	<u>77,964</u>	<u>-</u>	<u>206,298</u>
Income (loss) from operations	<u>(568,123)</u>	<u>139,690</u>	<u>-</u>	<u>(428,433)</u>
Change in net assets	(568,123)	139,690	-	(428,433)
Total net assets-beginning	<u>5,510,865</u>	<u>2,736,786</u>	<u>-</u>	<u>8,247,651</u>
Total net assets-ending	<u>\$ 4,942,742</u>	<u>\$ 2,876,476</u>	<u>\$ -</u>	<u>\$ 7,819,218</u>

Kenai Peninsula Borough
Combining Statement of Cash Flows
Internal Service Funds
June 30, 2005

	<u>Insurance and Litigation</u>	<u>Equipment Replacement</u>	<u>Employee Compensated Leave Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from interfund services provided	\$ 2,131,204	\$ 524,614	\$ 57,949	\$ 2,713,767
Payments to suppliers	(2,416,068)	-	-	(2,416,068)
Payments to employees	(383,675)	-	-	(383,675)
Net cash provided by operating activities	<u>(668,539)</u>	<u>524,614</u>	<u>57,949</u>	<u>(85,976)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of capital assets	-	(457,556)	-	(457,556)
Proceeds from sale of capital assets	-	44,192	-	44,192
Net cash used by capital and related financing activities	<u>-</u>	<u>(413,364)</u>	<u>-</u>	<u>(413,364)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	128,334	33,376	-	161,710
Net cash provided by investing activities	<u>128,334</u>	<u>33,376</u>	<u>-</u>	<u>161,710</u>
Net decrease in cash and cash equivalents	(540,205)	144,626	57,949	(337,630)
Cash and equity in central treasury, beginning of year	6,395,664	1,034,927	2,426,467	9,857,058
Cash and equity in central treasury, end of year	<u>\$ 5,855,459</u>	<u>\$ 1,179,553</u>	<u>\$ 2,484,416</u>	<u>\$ 9,519,428</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (696,457)	\$ 61,726	\$ -	\$ (634,731)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	-	462,888	-	462,888
Change in assets and liabilities:				
Decrease in prepaid expenses	5,687	-	-	5,687
Decrease in accounts and contracts payable	(1,632)	-	-	(1,632)
Increase (Decrease) in accrued payroll and payroll taxes	8,730	-	57,949	66,679
Increase in claims payable	15,133	-	-	15,133
Total adjustments	<u>27,918</u>	<u>462,888</u>	<u>57,949</u>	<u>548,755</u>
Net cash provided by operating activities	<u>\$ (668,539)</u>	<u>\$ 524,614</u>	<u>\$ 57,949</u>	<u>\$ (85,976)</u>

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FIDUCIARY FUNDS

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Kenai Peninsula Borough

**Fiduciary Fund Type
Combining Statement of Assets and Liabilities
Year Ended June 30, 2005**

With Comparative Totals for Year Ended June 30, 2004

	<u>Tax Fund</u>	<u>Special Assessment Agency Fund</u>	<u>Total June 30, 2005</u>	<u>Total June 30, 2004</u>
<u>ASSETS</u>				
Equity in Central Treasury	\$ 518,792	\$ 512,697	\$ 1,031,489	\$ 691,123
Taxes Receivable	87,140	-	87,140	176,125
Other Receivable	-	697,531	697,531	699,625
	-	697,531	697,531	699,625
Total Assets	<u>\$ 605,932</u>	<u>\$ 1,210,228</u>	<u>\$ 1,816,160</u>	<u>\$ 1,566,873</u>
<u>LIABILITIES</u>				
Accounts and Contracts Payable	-	381	381	-
Deposits from Landowners	-	108,226	108,226	2,490
Deferred Admin. Fee	-	77,924	77,924	68,616
Due to Landowners	-	219,188	219,188	245,285
Due to Other Entities:				
Homer	213,722	-	213,722	195,777
Kachemak City	1,146	-	1,146	313
Kenai	178,916	-	178,916	183,206
Seldovia	17,683	-	17,683	7,677
Seward	106,601	-	106,601	94,024
Soldotna	87,864	-	87,864	69,860
General Fund	-	804,509	804,509	699,625
	-	804,509	804,509	699,625
Total Liabilities	<u>\$ 605,932</u>	<u>\$ 1,210,228</u>	<u>\$ 1,816,160</u>	<u>\$ 1,566,873</u>

Kenai Peninsula Borough

**Fiduciary Fund Type
Combining Statement of Changes in Assets and Liabilities
Year Ended June 30, 2005**

	<u>Total</u> <u>June 30, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Total</u> <u>June 30, 2005</u>
TAX AGENCY FUND				
<u>Assets</u>				
Equity in Central Treasury	\$ 374,732	\$23,558,248	\$23,414,188	\$ 518,792
Taxes Receivable	<u>176,125</u>	<u>5,065,361</u>	<u>5,154,346</u>	<u>87,140</u>
Total Assets	<u>\$ 550,857</u>	<u>\$28,623,609</u>	<u>\$28,568,534</u>	<u>\$ 605,932</u>
<u>Liabilities</u>				
Due to Other Entities:				
Homer	195,777	6,801,262	6,783,317	213,722
Kachemak City	313	67,634	66,801	1,146
Kenai	183,206	5,956,790	5,961,080	178,916
Seldovia	7,677	267,303	257,297	17,683
Seward	94,024	3,898,189	3,885,612	106,601
Soldotna	<u>69,860</u>	<u>6,478,085</u>	<u>6,460,081</u>	<u>87,864</u>
Total Liabilities	<u>\$ 550,857</u>	<u>\$23,469,263</u>	<u>\$23,414,188</u>	<u>\$ 605,932</u>
SPECIAL ASSESSMENT AGENCY FUND				
<u>Assets</u>				
Equity in Central Treasury	\$ 316,391	\$ 809,028	\$ 612,722	\$ 512,697
Due from Landowners	<u>699,625</u>	<u>379,784</u>	<u>381,878</u>	<u>697,531</u>
Total Assets	<u>\$ 1,016,016</u>	<u>\$ 1,188,812</u>	<u>\$ 994,600</u>	<u>\$ 1,210,228</u>
<u>Liabilities</u>				
Accounts Payable	-	381	-	381
Deposits from Landowners	2,490	128,618	22,882	108,226
Deferred Admin. Fee	68,616	24,670	15,362	77,924
Due to Landowners	245,285	338,323	364,420	219,188
Due to General Fund	<u>699,625</u>	<u>486,762</u>	<u>381,878</u>	<u>804,509</u>
Total Liabilities	<u>\$ 1,016,016</u>	<u>\$ 978,754</u>	<u>\$ 784,542</u>	<u>\$ 1,210,228</u>

(continued)

Kenai Peninsula Borough

**Fiduciary Fund Type
Combining Statement of Changes in Assets and Liabilities
Year Ended June 30, 2005**

TOTALS - ALL AGENCY FUNDS	<u>Total June 30, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Total June 30, 2005</u>
<u>Assets</u>				
Equity in Central Treasury	\$ 691,123	\$24,367,276	\$24,026,910	\$ 1,031,489
Taxes Receivable	176,125	5,065,361	5,154,346	87,140
Other Receivables	<u>699,625</u>	<u>379,784</u>	<u>381,878</u>	<u>697,531</u>
 Total Assets	 <u>\$ 1,566,873</u>	 <u>\$29,812,421</u>	 <u>\$29,563,134</u>	 <u>\$ 1,816,160</u>
<u>Liabilities</u>				
Accounts and Contracts Payable	-	381	-	381
Deposits from Landowners	2,490	128,618	22,882	108,226
Deferred Admin. Fee	68,616	24,670	15,362	77,924
Due to Landowners	245,285	338,323	364,420	219,188
Due to Other Entities:				
Homer	195,777	6,801,262	6,783,317	213,722
Kachemak City	313	67,634	66,801	1,146
Kenai	183,206	5,956,790	5,961,080	178,916
Seldovia	7,677	267,303	257,297	17,683
Seward	94,024	3,898,189	3,885,612	106,601
Soldotna	69,860	6,478,085	6,460,081	87,864
General Fund	<u>699,625</u>	<u>486,762</u>	<u>381,878</u>	<u>804,509</u>
 Total Liabilities	 <u>\$ 1,566,873</u>	 <u>\$24,448,017</u>	 <u>\$24,198,730</u>	 <u>\$ 1,816,160</u>

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CAPTIAL ASSETS

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KENAI PENINSULA BOROUGH

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY SOURCE¹
JUNE 30, 2005 AND 2004**

	<u>2004</u>	<u>2005</u>
Governmental funds capital assets:		
Land	\$ 63,163,568	\$ 62,756,017
Buildings	259,404,899	261,110,157
Improvements other than buildings	53,448,820	53,865,620
Machinery and equipment	14,314,579	16,040,485
Infrastructure	2,438,953	3,483,558
Construction in progress	<u>6,569,973</u>	<u>17,445,216</u>
 Total governmental funds capital assets	 <u>\$ 399,340,792</u>	 <u>\$ 414,701,053</u>
 Investments in governmental funds capital assets by source:		
General Obligation Bonds	244,437,070	254,852,439
State and Federal Grants	31,045,434	32,494,788
Federal Revenue Sharing	2,862,953	2,862,953
General Fund Revenue	41,652,346	42,064,370
Special Revenue Funds	22,370,571	25,937,136
Dedicated Lands	80,700	80,700
Donations	<u>56,891,718</u>	<u>56,408,667</u>
 Total governmental funds capital assets	 <u>\$ 399,340,792</u>	 <u>\$ 414,701,053</u>

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

KENAI PENINSULA BOROUGH
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY¹
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

<u>Function and Activity</u>	Governmental Funds Capital Assets June 30, 2004	Additions	Deletions	Governmental Funds Capital Assets June 30, 2005
General government	\$ 66,962,423	\$ 4,674,141	\$ 680,560	\$ 70,956,004
Senior citizens	395,752	199,739	-	595,491
Public safety:				
Fire protection and emergency medical	13,579,859	1,919,635	82,701	15,416,793
Emergency communications	1,691,936	621,525	-	2,313,461
Total public safety	15,271,795	2,541,160	82,701	17,730,254
Solid waste facilities	19,419,891	4,682,430	-	24,102,321
Road maintenance:				
Maintenance	66,240	32,326	-	98,566
Roads	2,466,856	1,228,893	17,221	3,678,528
Total road maintenance	2,533,096	1,261,219	17,221	3,777,094
Recreation:				
North peninsula recreation service area	9,542,761	53,193	-	9,595,954
Schools	285,215,075	7,089,160	4,360,300	287,943,935
Total governmental funds capital assets	<u>\$ 399,340,793</u>	<u>\$ 20,501,042</u>	<u>\$ 5,140,782</u>	<u>\$ 414,701,053</u>

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

KENAI PENINSULA BOROUGH
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY¹
JUNE 30, 2005

	<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	\$ -	\$ 2,702,656	\$ 1,268,308	\$ 1,843,796	\$ -	\$ 252,673	\$ 6,067,433
Maintenance	148,290	1,377,271	33,538	794,876	-	-	2,353,975
Areawide	<u>56,384,565</u>	<u>5,481,247</u>	<u>641,282</u>	<u>27,502</u>	-	-	<u>62,534,596</u>
Total general government	<u>56,532,855</u>	<u>9,561,174</u>	<u>1,943,128</u>	<u>2,666,174</u>	-	<u>252,673</u>	<u>70,956,004</u>
Senior citizens	-	<u>243,800</u>	-	-	-	<u>351,691</u>	<u>595,491</u>
Public safety:							
Fire protection and emergency medical:							
Nikiski fire service area	49,172	1,983,706	266,489	3,271,914	-	142,323	5,713,604
Bear creek fire service area	17,211	228,162	121,875	999,072	-	-	1,366,320
Central emergency service area	197,113	1,367,009	271,205	3,349,645	-	110,512	5,295,484
Anchor point fire and emergency Medical service area	30,248	463,921	118,540	458,564	-	17,600	1,088,873
Kachemak fire and emergency	-	<u>1,328,290</u>	-	<u>501,272</u>	-	<u>122,950</u>	<u>1,952,512</u>
Total fire protection and emergency medical	<u>293,744</u>	<u>5,371,088</u>	<u>778,109</u>	<u>8,580,467</u>	-	<u>393,385</u>	<u>15,416,793</u>
Emergency communications:							
Central peninsula emergency Services communication center							
	-	-	89,578	1,265,675	-	357,145	1,712,398
Emergency warning systems	-	-	-	<u>336,683</u>	-	<u>264,380</u>	<u>601,063</u>
Total communications	-	-	<u>89,578</u>	<u>1,602,358</u>	-	<u>621,525</u>	<u>2,313,461</u>
Total public safety	<u>293,744</u>	<u>5,371,088</u>	<u>867,687</u>	<u>10,182,825</u>	-	<u>1,014,910</u>	<u>17,730,254</u>
Solid waste facilities	<u>2,908,687</u>	<u>1,354,816</u>	<u>11,499,034</u>	<u>3,005,645</u>	-	<u>5,334,139</u>	<u>24,102,321</u>
Road maintenance	-	-	-	<u>60,684</u>	<u>3,483,558</u>	<u>232,852</u>	<u>3,777,094</u>
Recreation:							
North peninsula recreation service area	<u>145,640</u>	<u>7,823,671</u>	<u>1,293,280</u>	<u>120,157</u>	-	<u>213,206</u>	<u>9,595,954</u>
School district:							
Central office and warehouse	-	<u>1,777,314</u>	<u>604,289</u>	-	-	-	<u>2,381,603</u>

(Continued)

KENAI PENINSULA BOROUGH
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY¹
JUNE 30, 2005

	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other Than Buildings</u>	<u>Equipment</u>	<u>Infrastructure</u>	<u>Construction In Progress</u>	<u>Total</u>
Schools:							
Outside cities:							
Anchor Point/Middle/Junior high	205,102	-	-	-	-	-	205,102
Central Peninsula Elementary	-	-	36,690	-	-	-	36,690
Chapman Elementary	8,500	2,597,654	464,389	-	-	-	3,070,543
Cooper Landing	-	1,001,843	150,986	-	-	-	1,152,829
Tebughna	-	1,564,013	152,551	-	-	-	1,716,564
English Bay	-	2,447,908	230,577	-	-	-	2,678,485
Hope Elementary	3,000	2,504,206	538,910	-	-	-	3,046,116
Kalifornsky Beach	258,803	4,884,108	175,461	-	-	-	5,318,372
McNeil Canyon	-	4,305,122	638,411	-	-	-	4,943,533
Moose Pass	28,154	888,295	82,929	-	-	-	999,378
Nikiski High	-	22,816,264	4,472,660	-	-	-	27,288,924
Nikolaevsk	51,282	4,051,897	364,129	5,000	-	-	4,472,308
Ninilchik	16,399	5,261,509	476,340	-	-	-	5,754,248
North Star Elementary	-	6,076,014	1,379,034	-	-	-	7,455,048
Port Graham	400	2,081,674	132,307	-	-	-	2,214,381
Skyview High	-	22,039,127	3,729,227	-	-	-	25,768,354
Sterling	7,450	3,699,355	647,750	-	-	-	4,354,555
Tustumena	8,001	7,823,639	228,315	-	-	6,398	8,066,353
Voznesenka	19,555	150,000	16,400	-	-	-	185,955
Total outside cities	<u>606,646</u>	<u>94,192,628</u>	<u>13,917,066</u>	<u>5,000</u>	<u>-</u>	<u>6,398</u>	<u>108,727,738</u>
Homer:							
West Homer Elementary	322,028	11,332,823	46,614	-	-	-	11,701,465
Paul Banks Elementary	23,971	2,589,113	679,965	-	-	-	3,293,049
High School	400,913	27,359,949	6,963,734	-	-	5,040	34,729,636
Junior High	17,024	3,024,010	739,103	-	-	-	3,780,137
Intermediate	18,000	1,444,505	682,250	-	-	-	2,144,755
High School Addition	29,177	2,598,949	103,555	-	-	-	2,731,681
Flex School	63,248	461,150	-	-	-	-	524,398
Total Homer	<u>874,361</u>	<u>48,810,499</u>	<u>9,215,221</u>	<u>-</u>	<u>-</u>	<u>5,040</u>	<u>58,905,121</u>
Kenai:							
Elementary II	52,800	2,614,381	104,667	-	-	-	2,771,848
Mountain View Elementary	-	5,892,103	1,293,037	-	-	19,865	7,205,005
Sears Elementary	41,575	1,709,394	464,620	-	-	-	2,215,589
Junior High	60,499	4,012,105	704,804	-	-	105,421	4,882,829
High School	129,517	17,684,022	2,566,129	-	-	-	20,379,668
Vocational High	40,000	509,655	254,483	-	-	-	804,138
Arts and Crafts Building	-	118,341	-	-	-	-	118,341
Total Kenai	<u>324,391</u>	<u>32,540,001</u>	<u>5,387,740</u>	<u>-</u>	<u>-</u>	<u>125,286</u>	<u>38,377,418</u>

(Continued)

KENAI PENINSULA BOROUGH
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY¹
JUNE 30, 2005

	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other Than Buildings</u>	<u>Equipment</u>	<u>Infrastructure</u>	<u>Construction In Progress</u>	<u>Total</u>
Seldovia:							
Susan B. English	27,953	3,668,235	883,448	-	-	89,235	4,668,871
Shop Building	<u>1,000</u>	<u>430,000</u>	-	-	-	-	<u>431,000</u>
Total Seldovia	<u>28,953</u>	<u>4,098,235</u>	<u>883,448</u>	-	-	<u>89,235</u>	<u>5,099,871</u>
Seward:							
Elementary II	235,000	6,511,507	910,609	-	-	-	7,657,116
Middle	346,296	-	-	-	-	8,548,304	8,894,600
Jr. High/High School	<u>182,596</u>	<u>12,598,700</u>	<u>2,053,862</u>	-	-	-	<u>14,835,158</u>
Total Seward	<u>763,892</u>	<u>19,110,207</u>	<u>2,964,471</u>	-	-	<u>8,548,304</u>	<u>31,386,874</u>
Soldotna:							
Elementary	270,048	4,840,286	1,191,471	-	-	-	6,301,805
Redoubt Elementary	-	3,952,136	624,208	-	-	104,983	4,681,327
Multipurpose Room	-	316,186	-	-	-	-	316,186
Junior High	5,900	7,584,837	800,060	-	-	1,136,558	9,527,355
High School	<u>900</u>	<u>16,181,075</u>	<u>1,588,569</u>	-	-	<u>1,961</u>	<u>17,772,505</u>
Total Soldotna	<u>276,848</u>	<u>32,874,520</u>	<u>4,204,308</u>	-	-	<u>1,243,502</u>	<u>38,599,178</u>
Other areawide:							
Areawide pool/water projects	-	611,839	1,070,907	-	-	27,980	1,710,726
Portable classrooms	-	2,740,365	15,041	-	-	-	2,755,406
Total other areawide	<u>-</u>	<u>3,352,204</u>	<u>1,085,948</u>	-	-	<u>27,980</u>	<u>4,466,132</u>
Total school district	<u>2,875,091</u>	<u>236,755,608</u>	<u>38,262,491</u>	5,000	-	<u>10,045,745</u>	<u>287,943,935</u>
Total governmental funds capital assets	<u>\$ 62,756,017</u>	<u>\$ 261,110,157</u>	<u>\$ 53,865,620</u>	<u>\$ 16,040,485</u>	<u>\$ 3,483,558</u>	<u>\$ 17,445,216</u>	<u>\$ 414,701,053</u>

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

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