

# Kenai Peninsula Borough

**FY2012 Proposed Budget**  
**July 1, 2011 to June 30, 2012**

**David R. Carey**

**Mayor**

**May 3, 2011**



## The Budget Document

- Operating and capital plans for FY2012
- Operating fund projections through FY2015
- Capital fund projections through FY2016

### Changes to budget document

#### User guide (pages 14-16)

- borough powers and areas of responsibility
- budget process
- basis of budgeting and accounting
- relationship with school district

#### Expanded department function page

- mission statement
- major long-term issues and concerns
- budget objectives, accomplishments, and measurement data

Grouping of budget into functional areas, along with definitions on fund types and their purposes  
(Emergency services, roads, recreational, education, general government, etc.)

Capital projects detail (pages 299-319)





# Budget Goals

- **STATUS QUO**
- **Highest Affordable Level of Local Educational Funding**
- **High Quality Maintenance Program**
- **Service Area Needs**
- **Stable Tax Policy**
- **Stabilize Borough's Financial Condition**



## FY12 Budget Challenges

- Status quo
- Reduce use of fund balance to balance the budget
- 911 in separate fund, surcharge increases from \$1.15 to \$1.50, general fund support decreases from \$404,455 to \$179,513.
- Funding for Homer transfer site construction Phase I, \$3,040,000 from Land Trust.
- Overall a 3.2% increase in assessed values, (one property is approximately 42% of the increase, 1.8% without this property)
- 2 years worth of salary & benefit increases had to be absorbed with in department budgets
  - Union increase for FY2012 - 2%, plus steps
  - Appendix A, 1%

## Proposed Mill rates-FY2012 History FY2007 to FY2011

	Fiscal Year					
	2007	2008	2009	2010	2011	2012
Borough	6.50	5.50	4.50	4.50	4.50	4.50
Post Secondary Education	0.10	-	-	-	-	-
Service Areas:						
Nikiski Fire	3.00	3.00	3.00	3.00	3.00	3.00
Bear Creek Fire	2.25	2.25	2.25	2.25	2.25	2.25
Anchor Point Fire & Emergency Medical	2.00	2.00	1.75	1.60	1.60	1.60
Central Emergency Services	2.35	2.55	2.45	2.45	2.45	2.45
Kachemak Emergency Services	1.75	1.75	1.75	1.75	2.25	2.25
Lowell Point Emergency Services	1.75	1.75	1.75	1.75	1.75	1.75
Central Peninsula Emergency Medical	1.00	1.00	1.00	1.00	1.00	1.00
North Peninsula Recreation	1.00	1.00	1.00	1.00	1.00	1.00
Roads	1.40	1.30	1.40	1.40	1.40	1.40
Seward Bear Creek Flood	0.50	0.50	0.50	0.50	0.50	0.50
Nikiski Senior	0.20	0.20	0.20	0.20	0.20	0.20
Central Kenai Peninsula Hospital	1.00	1.00	0.90	0.50	0.02	0.02
South Kenai Peninsula Hospital	1.75	2.00	2.30	2.30	2.30	2.30

# General Fund

(pages 47-128 & 310)





# FY12 Budget Highlights

## General Fund

### Local Educational Funding

- Operational Funding \$43,251,135.
  - FY2012 per student funding of \$4,749
  - FY2011 funding per student
    - KPB \$4,792
    - FNSB \$3,175
    - Mat-Su \$2,871
  - FY2008 per student funding \$4,076
  - FY2005 per student funding \$3,542
- Capital Projects \$950,000
- Debt Service \$2,413,770 of which \$1,682,639 is schedule to be reimbursed by the State of Alaska

Total funding of \$46,614,905, 65.6% of Gen. Fund Expenditures – 7.07 mill rate, less sales tax of \$28,671,825 and debt reimbursement of \$1,682,639; the equivalent mill rate is 2.47

- Forestry funding program ended 2 years early. Revenue loss \$800k per year
- Solid Waste Program
  - Operating budget of \$8,909,153
  - General Fund support of \$8,177,751 is equivalent to 1.24 mills
- Staffing changes (pages 348-349)
  - General Fund -1.5 FTE's
  - Service Areas net change of -0- FTE's

<b>FTE's General Fund</b>	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	Current year change
<b>Assembly</b>											
Clerk's Office	3.67	3.67	3.67	3.67	3.67	3.67	3.67	3.67	3.67	3.67	0.00
Records Management	1.83	1.83	1.83	1.83	1.83	1.83	1.83	1.83	1.83	1.83	0.00
Department Total	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	0.00
<b>Mayor</b>											
Administration	3.00	4.00	4.00	4.00	6.00	6.00	6.00	6.00	5.00	5.00	0.00
Community and Economic	3.00	3.00	3.00	3.00	-	-	-	-	-	-	0.00
Purchasing and Contracting	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	0.00
Total	10.00	11.00	11.00	11.00	10.00	10.00	10.00	10.00	9.00	9.00	0.00
<b>Office of Emergency Mgmt</b>	2.67	2.67	2.67	2.67	2.80	3.30	3.30	4.30	4.30	3.75	-0.55
<b>General Services</b>											
Administration/Human Resourc	3.50	3.50	3.50	3.50	3.50	3.70	4.00	4.50	4.50	4.50	0.00
Printing/Mail	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	0.00
Custodial Maintenance	1.25	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	0.00
Department Total	6.55	6.60	6.60	6.60	6.60	6.80	7.10	7.60	7.60	7.60	0.00
<b>MIS</b>	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	0.00
<b>Legal</b>	6.00	6.00	6.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	0.00
<b>Finance</b>											
Administration	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	0.00
Financial Services	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	0.00
Property Tax and Collections	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	7.00	-1.00
Sales Tax	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	0.00
Department Total	23.00	23.00	23.00	23.00	23.00	23.00	23.00	23.00	23.00	22.00	-1.00
<b>Assessing</b>											
Administration	7.75	8.00	8.00	8.00	8.00	9.00	9.00	10.00	10.00	10.00	0.00
Appraisal	13.00	13.00	13.00	13.00	13.00	13.00	13.00	12.00	12.00	12.00	0.00
Department Total	20.75	21.00	21.00	21.00	21.00	22.00	22.00	22.00	22.00	22.00	0.00
<b>Resource Planning</b>											
Administration	9.10	9.50	8.50	8.50	9.00	9.00	9.00	9.00	9.00	9.00	0.00
GIS	5.00	5.00	5.00	5.00	4.00	4.00	4.00	4.00	4.00	4.00	0.00
Department Total	14.10	14.50	13.50	13.50	13.00	13.00	13.00	13.00	13.00	13.00	0.00
<b>River Center</b>	4.20	4.50	4.50	4.00	4.50	4.50	5.00	6.00	6.00	6.00	0.00
<b>Capital Projects</b>	8.00	9.00	8.00	8.00	8.00	8.00	9.00	8.50	6.50	6.00	-0.50
<b>Total General Government</b>	111.77	114.77	112.77	111.27	110.40	112.10	113.90	115.90	112.90	110.85	-2.05





# General Fund Revenues

- **Property Taxes**
  - Property Values (\$6.375 to \$6.577 billion)
  - Mill rate 4.50 mills, no change from prior year
    - Fund balance use of .26 mills, FY 2011 .45 mills
    - Solid waste 1.24 mills
- **Sales Tax**
  - Increase from FY2011 of \$828,330
- **Federal (\$762,485 decrease)**
- **State (\$99,142 increase)**
  - Revenue sharing of \$2,150,000
  - Fish tax of \$650,000
  - School Debt reimbursement of \$1,682,639
  - Other \$170,000
- **Fund Balance**
  - Reduction in use



## General Fund Expenditures

- |                                              |              |
|----------------------------------------------|--------------|
| • FY2011 budget                              | \$73,034,781 |
| • River Center inclusion in General Fund     | 127,179      |
| • Revised FY2011 (comparative purposes only) | 73,161,960   |

FY2012 Budget	\$71,124,346
Net decrease in FY2012 budget as compared to revised FY2011	(2,037,614)

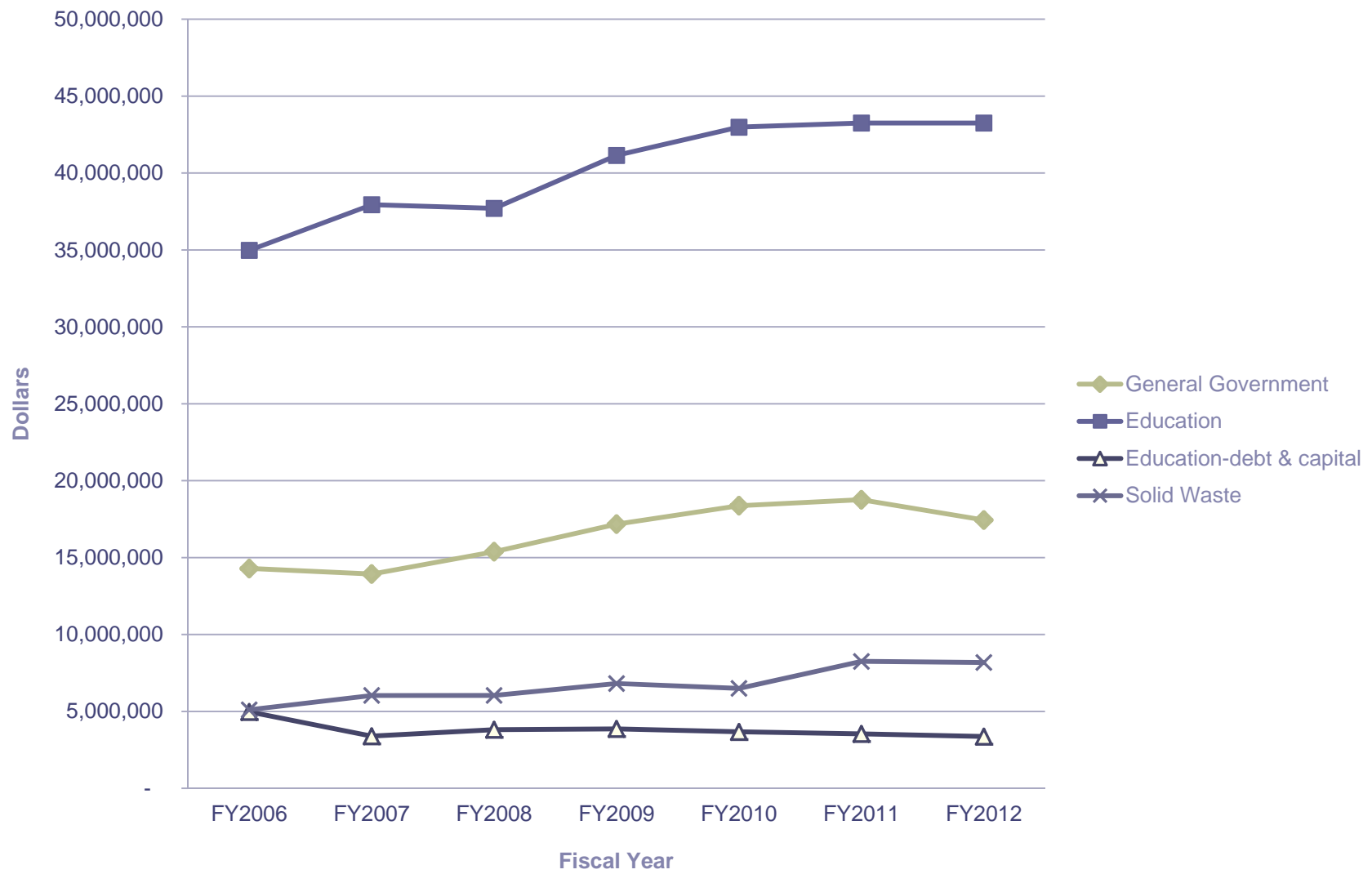
- |                                          |             |
|------------------------------------------|-------------|
| • Significant Increases/Decreases        |             |
| • 911 operations to Special Revenue Fund | (1,499,787) |
| • Non departmental/other                 | (523,065)   |
| • Individual departments (net)           | (39,331)    |


### Significant individual items

Assessing, field canvas area/5 year plan	100,973
Finance, mandatory increases in software licensing	40,112
Assembly elections, new election equip/software mandate by State	15,775
Assembly elections, mayoral election year	59,647
Capital projects, project management software	38,000



### Fiscal Year Changes 2006-2012

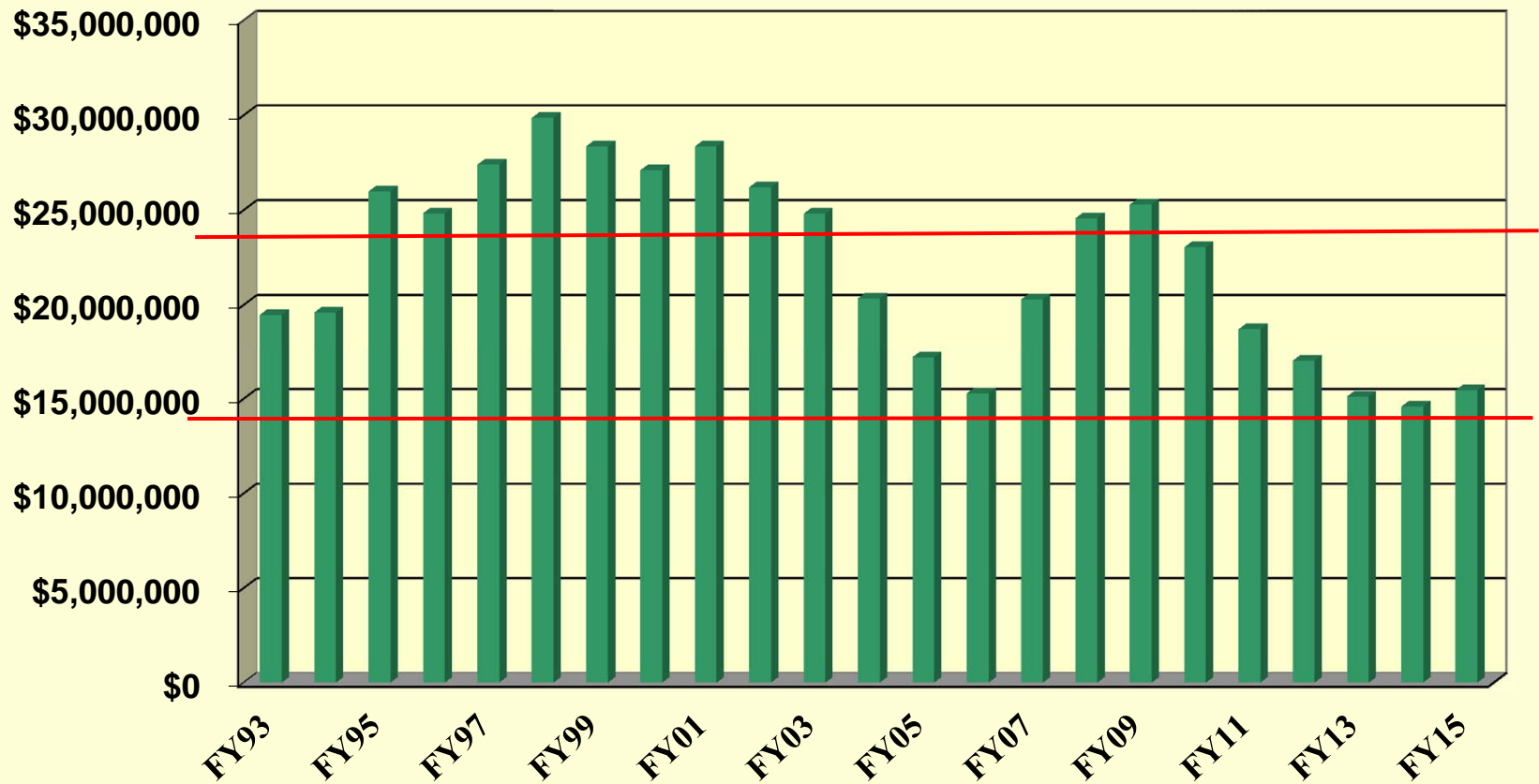




## General Fund Fund Balance

	<u>Actual/Expected</u>	<u>Minimum</u>	<u>Maximum</u>
● FY2005	\$17,189,123	12,430,017	22,330,786
● FY2006	\$15,285,303	12,561,116	22,533,151
● FY2007	\$20,292,164	11,676,291	21,534,941
● FY2008	\$24,460,075	11,539,992	22,598,490
● FY2009	\$25,138,217	12,064,598	21,008,807
● FY2010	\$23,040,992	11,805,384	20,472,707
● Estimated FY2011	\$18,721,423	13,365,830	22,586,793
● Estimated FY2012	\$17,010,881	14,638,653	23,025,599
● Estimated FY2013	\$15,121,038	14,854,017	22,705,819
● Estimated FY2014	\$14,588,512	14,557,239	21,925,838

# General Fund Fund Balance FY93 through FY15





# Future Budget Issues

- Funding For Education
- Borough Tax Policy
  - Exemptions
  - Mix of revenue types
- State of Alaska Fiscal Policy
  - Revenue sharing
  - PERS/TRS
- Capital Project Plan
  - Aging facilities



# Service Areas/Special Revenue Funds



Staffing	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	Current year change	Change between FY2003 & FY2012
<b>School</b>												
Custodial Maintenance	1.25	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	0.00	0.05
Maintenance Department	46.00	46.00	46.00	44.00	43.00	44.00	45.00	45.00	45.00	44.00	(1.00)	(2.00)
Department Total	47.25	47.30	47.30	45.30	44.30	45.30	46.30	46.30	46.30	45.30	(1.00)	(1.95)
<b>Nikiski Fire Service Area</b>	23.00	24.00	24.00	23.00	23.00	23.00	21.00	21.00	21.00	20.00	(1.00)	(3.00)
<b>Bear Creek Fire Service Area</b>	0.40	0.40	0.40	0.40	0.40	0.40	0.75	0.75	1.50	1.50	0.00	1.10
<b>Anchor Point Fire &amp; Emergency Med</b>	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.50	0.50	0.50
<b>Central Emergency Service Area</b>	26.00	27.00	27.00	28.00	30.50	33.50	33.50	37.50	37.50	38.50	1.00	12.50
<b>Kachemak Emergency Service Area</b>	-	-	-	-	-	0.75	1.00	2.00	3.00	3.50	0.50	3.50
<b>911 Communication</b>	6.33	6.33	6.33	7.33	7.20	8.70	8.70	10.70	10.70	11.25	0.55	4.92
<b>Seward-Bear Creek Flood Service Area</b>	-	-	0.50	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.00	0.75
<b>North Peninsula Recreation Service</b>	13.25	14.00	13.25	13.25	13.25	13.25	13.25	14.25	14.25	14.25	0.00	1.00
<b>Roads Service Area</b>	6.00	6.00	7.00	7.00	7.00	7.00	7.00	8.00	8.00	8.00	0.00	2.00
<b>Land Trust</b>	4.50	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	0.00	0.50
<b>Nikiski Senior Service Area</b>	1.00	1.00	1.00	1.00	1.00	1.00	-	-	-	-	0.00	(1.00)
<b>Solid Waste</b>												
Administration	3.25	3.75	3.75	3.25	3.25	4.25	4.75	5.00	5.00	5.00	0.00	1.75
Central Peninsula Landfill	0.80	0.80	11.30	11.80	11.80	11.80	12.00	12.00	12.00	12.00	0.00	11.20
Seward Landfill/Transfer Facility	0.20	0.20	0.20	0.20	0.20	0.20	0.00	0.00	0.00	0.00	0.00	(0.20)
Homer Baler	3.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	0.00	1.00
Department Total	7.25	8.75	19.25	19.25	19.25	20.25	20.75	21.00	21.00	21.00	0.00	13.75
<b>Insurance and Litigation</b>	3.60	4.60	4.60	4.60	4.60	4.60	3.50	4.00	4.00	4.00	0.00	0.40
<b>Total Other Funds</b>	139.58	145.38	156.63	155.63	157.00	164.50	162.50	172.25	174.00	174.55	0.55	34.97







## Comparison of proposed and prior year budget

	<u>FY2011</u>	<u>FY2012</u>
Nikiski Fire	3,923,578	3,919,002
Bear Creek	366,212	400,729
Anchor Pt	464,835	486,561
CES	7,471,476	7,471,476
CPEMS	20,741	17,967
KESA	792,936	817,128
Lowell Pt	18,152	18,152
Flood Service	247,161	253,820
911	1,499,787	1,678,113
North Pen Rec	1,514,988	1,512,334
Roads	7,052,119	6,849,451
KPC	637,570	657,791
Land Trust	1,094,872	4,134,872
Nikiski Seniors	261,300	261,300
Solid Waste	8,977,137	8,909,153
CPGH	4,116,965	3,998,886
SPH	3,904,950	3,852,553

# Debt Service

(pages 293-297)

		Final Debt Service
✚	School Debt	
	● 2004 Bonds	\$1,132,163 June 2023
	● 2007 Bonds	\$ 316,725 June 2016
	● 2010 Bonds	\$ 954,882 Dec 2030
✚	Solid Waste	
	● 2003 Bonds	\$ 831,125 June 2013
	● 2009 Bonds	\$1,051,450 Dec 2015
✚	CES	\$ 191,378 June 2026
✚	CPGH	\$3,759,719 August 2024
✚	SPH	
	● 2003 Bonds	\$ 799,819 Dec 2024
	● 2007 Bonds	\$1,131,425 Sept 2027
	● 2011 MRI	\$ 73,247 May 2016



# Capital Projects

pages (299-319)

● School	\$1,250,000
● General Government	\$ -0-
● Solid Waste	\$3,440,000
● Roads	\$4,480,256
● Nikiski Fire	\$ 915,000
● Bear Creek	\$ 115,000
● Anchor Point	\$ 225,000
● CES	\$1,040,000
● Kachemak	\$ 36,640
● North Pen Rec	\$ 225,000
● CPGH	\$ -0-
● SPH	\$1,876,607