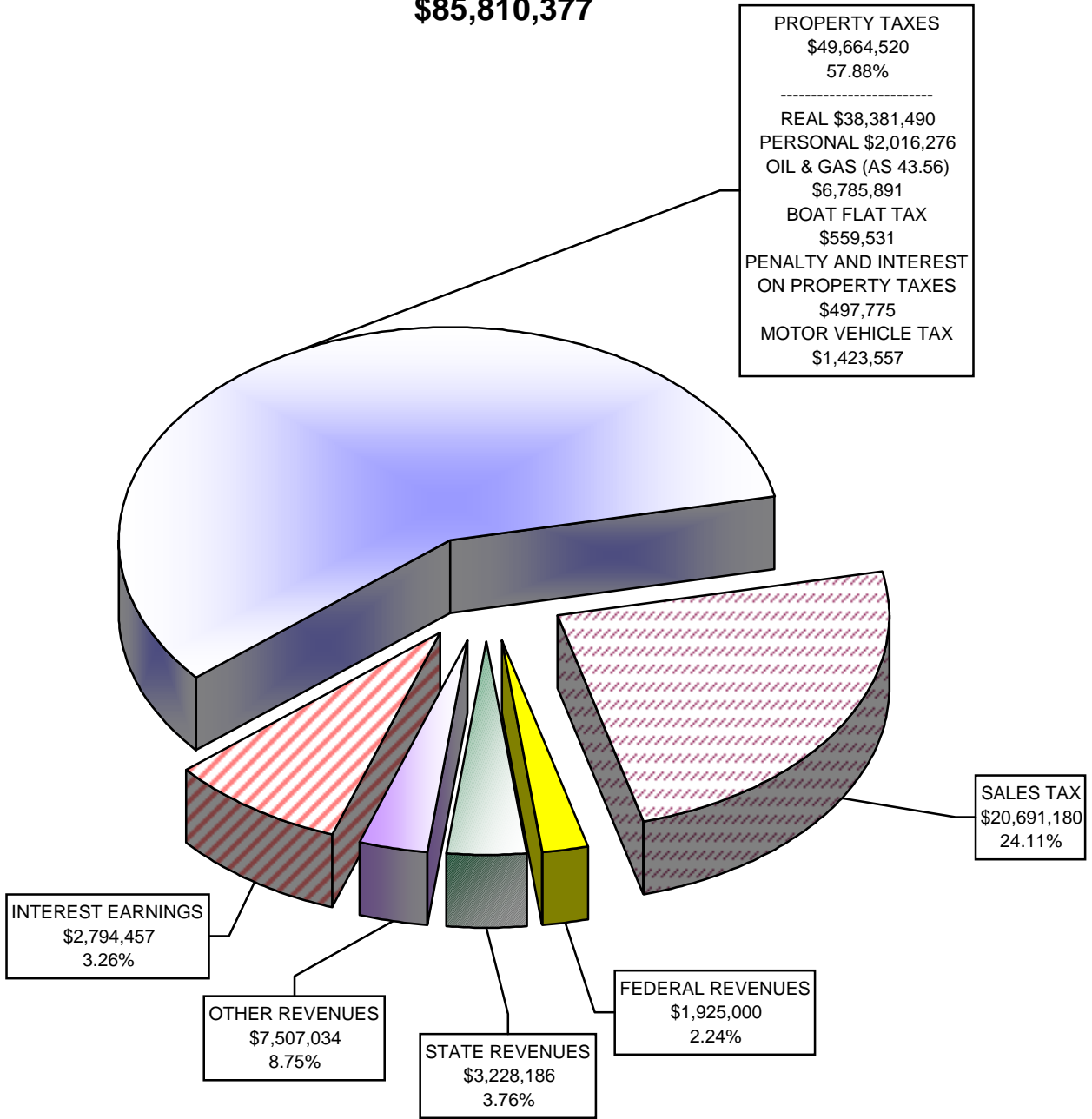
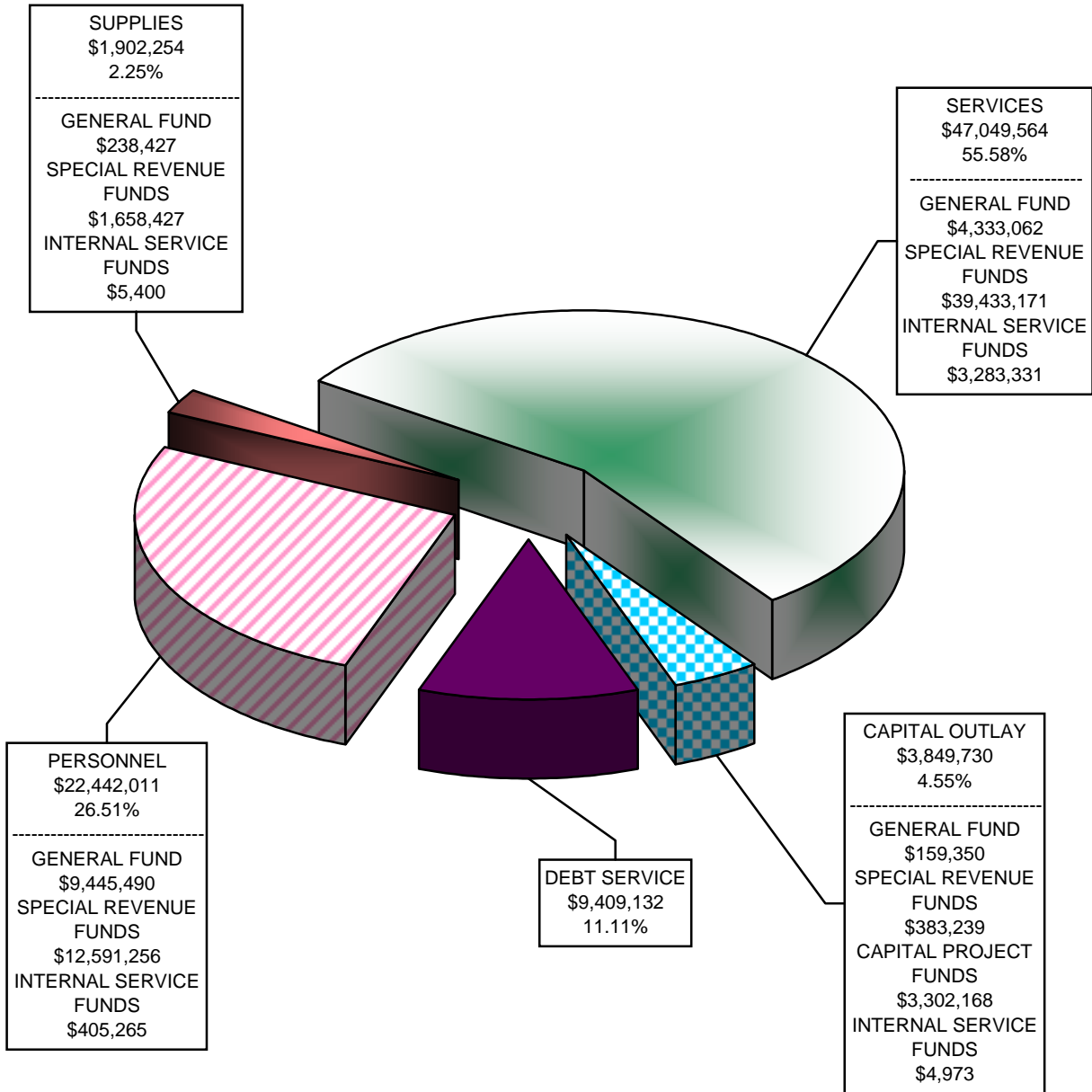


TOTAL PROJECTED GOVERNMENT REVENUE SOURCES - FY2006

\$85,810,377



**TOTAL GOVERNMENT ESTIMATED EXPENDITURES
FY2006 - BY OBJECT
\$84,652,691**



Note: The above graph reflects the following Interdepartmental Appropriations:
 General Fund: (\$678,397)
 Special Revenue Funds: (\$405,371)
 Capital Project Funds: \$1,083,768

**COMBINED REVENUES AND APPROPRIATIONS
ALL FUND TYPES
FISCAL YEAR 2006**

	GENERAL FUND	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECT FUNDS	INTERNAL SERVICE FUNDS	TOTAL (MEMORANDUM ONLY)
REVENUES:						
PROPERTY TAXES:						
REAL	\$ 24,178,284	\$ 14,203,206	\$ -	\$ -	\$ -	\$ 38,381,490
PERSONAL	1,373,175	643,101	-	-	-	2,016,276
OIL & GAS (AS 43.56)	3,681,483	3,104,408	-	-	-	6,785,891
BOAT FLAT TAX	445,946	113,585	-	-	-	559,531
PENALTY AND INTEREST	456,640	41,135	-	-	-	497,775
MOTOR VEHICLE TAX	975,000	448,557	-	-	-	1,423,557
TOTAL PROPERTY TAXES	31,110,528	18,553,992	-	-	-	49,664,520
SALES TAX	20,691,180	-	-	-	-	20,691,180
FEDERAL REVENUE	1,925,000	-	-	-	-	1,925,000
STATE REVENUE	3,228,186	-	-	-	-	3,228,186
INTEREST EARNINGS	1,700,000	184,202	-	741,717	168,538	2,794,457
OTHER REVENUE	795,000	3,655,427	-	-	3,056,607	7,507,034
TOTAL REVENUES	59,449,894	22,393,621	-	741,717	3,225,145	85,810,377
OTHER FINANCING SOURCES	1,609,877	41,670,314	9,409,132	4,859,891	300,000	57,849,214
TOTAL REVENUE AND OTHER FINANCING SOURCES	61,059,771	64,063,935	9,409,132	5,601,608	3,525,145	143,659,591
APPROPRIATIONS:						
EXPENDITURES/EXPENSES						
PERSONNEL	9,445,490	12,591,256	-	-	405,265	22,442,011
SUPPLIES	238,427	1,658,427	-	-	5,400	1,902,254
SERVICES	4,333,062	39,433,171	-	-	3,283,331	47,049,564
DEBT SERVICE	-	-	9,409,132	-	-	9,409,132
CAPITAL OUTLAY	159,350	383,239	-	3,302,168	4,973	3,849,730
INTERDEPARTMENTAL CHARGES	(678,397)	(405,371)	-	1,083,768	-	-
TOTAL EXPENDITURES/EXPENSES	13,497,932	53,660,722	9,409,132	4,385,936	3,698,969	84,652,691
OTHER FINANCING USES	46,652,702	10,346,512	-	850,000	-	57,849,214
TOTAL APPROPRIATIONS AND OTHER FINANCING USES	60,150,634	64,007,234	9,409,132	5,235,936	3,698,969	142,501,905
NET RESULTS FROM OPERATIONS	909,137	56,701	-	365,672	(173,824)	1,157,686
FUND BALANCE/RETAINED EARNINGS APPROPRIATED	-	1,647,575	-	-	559,131	2,206,706
EXCESS/(DEFICIT)	909,137	1,704,276	-	365,672	385,307	3,364,392
BEGINNING FUND BALANCE/ RETAINED EARNINGS	13,447,894	17,184,894	-	6,385,213	7,011,826	44,029,827
FUND BALANCE/RETAINED EARNINGS APPROPRIATED	-	(1,647,575)	-	-	(559,131)	(2,206,706)
SURPLUS (DEFICIT) FROM OPERATIONS	909,137	1,704,276	-	365,672	385,307	3,364,392
ENDING FUND BALANCE/ RETAINED EARNINGS	14,357,031	17,241,595	-	6,750,885	6,838,002	45,187,513
RESERVED FUND BALANCE/ RETAINED EARNINGS	-	460,892	-	-	-	460,892
UNRESERVED FUND BALANCE/ RETAINED EARNINGS	14,357,031	16,780,703	-	6,750,885	6,838,002	44,726,621
TOTAL FUND BALANCE/ RETAINED EARNINGS	\$ 14,357,031	\$ 17,241,595	\$ -	\$ 6,750,885	\$ 6,838,002	\$ 45,187,513

**COMBINED APPROPRIATIONS
ALL FUND TYPES
FISCAL YEAR 2006**

	GENERAL FUND	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECT FUNDS	INTERNAL SERVICE FUNDS	TOTAL (MEMORANDUM ONLY)
PERSONNEL	\$ 9,445,490	\$ 12,591,256	\$ -	\$ -	\$ 405,265	\$ 22,442,011
SUPPLIES	238,427	1,658,427	-	-	5,400	1,902,254
SERVICES	4,333,062	39,433,171	-	-	3,283,331	47,049,564
DEBT SERVICE	-	-	9,409,132	-	-	9,409,132
CAPITAL OUTLAY	159,350	383,239	-	3,302,168	4,973	3,849,730
INTERDEPARTMENTAL	(678,397)	(405,371)	-	1,083,768	-	-
TOTAL OPERATIONS	13,497,932	53,660,722	9,409,132	4,385,936	3,698,969	84,652,691
TRANSFERS	46,652,702	10,346,512	-	850,000	-	57,849,214
TOTAL APPROPRIATIONS	<u>\$ 60,150,634</u>	<u>\$ 64,007,234</u>	<u>\$ 9,409,132</u>	<u>\$ 5,235,936</u>	<u>\$ 3,698,969</u>	<u>\$ 142,501,905</u>

REVENUE SOURCES

PROPERTY TAXES

Real, Personal and Oil Property Taxes: A.S. Title 29.45.010-29.45.500 determines the procedure for assessment and levy of property taxes. The certified assessed valuation for the Borough as of January 1 each tax year is determined June 1. The mill rate for the Borough and each of the cities within the Borough is established by June 15, and tax bills are mailed July 1. The total taxable assessed value for the Borough for fiscal year 2006 is \$4,523,189,000. The Borough collects property taxes on behalf of the cities within the Borough and remits them to the cities monthly.

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

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

SALES TAX

A.S. Title 29.45.650 - 29.45.710 and Kenai Peninsula Borough Code of Ordinances 05.18.100 - 05.18.900 authorize the Borough and each of the five cities within the Borough to levy and collect sales tax on all retail sales, rents, and services made or rendered within the Borough based on the gross sales of the seller. The current Borough rate is 2% and is dedicated to school operations. Effective October 1, 2005, the Borough rate will change to 3%. The Borough collects the sales tax on behalf of the cities within the Borough, which have various rates from 3% - 4.5%, and remits it to them monthly. Interest and penalty are assessed on delinquent sales taxes. The interest rate is set at 15% per annum; and penalty is assessed at 5% of the taxes due per month, up to a maximum of 25%.

FEDERAL REVENUES

Payment in Lieu of Taxes: A pro rata payment for federally-owned entitlement land is authorized by Chapter 69, 31 USC, Section 6902, based on the number of acres of federal lands within the Borough and the Borough population. However, the payment may not exceed a statutory limit. Funds received may be used for any governmental purpose. The estimated amount for FY2006 is \$1,850,000.

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

National Forest Receipts: In accordance with 43 CFR 1881.1-2, funds flow from the Federal government through the State of Alaska to municipalities for in-lieu-of-taxes on national forest lands. Payments are allocated on the basis of a formula. The estimated amount for FY2006 is \$30,000.

STATE REVENUES

School Debt Reimbursement: A.S. Title 14.11.100, State Aid for Retirement of School Construction Debt, outlines the procedure by which the Alaska Department of Education will reimburse the Borough for expenditures on school debt. For Borough bonds issued after April 30, 1993, the reimbursement rate is 70%. If the amount appropriated by the Legislature is insufficient for providing entitled amount, those funds that are available shall be distributed on a pro rata basis. For FY2006 the Borough's entitlement for debt reimbursement is \$2,603,186.

State Revenue Sharing: Funding for this program ended in FY2003. The average revenue provided by the State under this program for the last 10 year was approximately \$1.5 million.

Safe Communities Program: Funding for this program ended in FY2003. The average revenue provided by the State under this program for the last 10 year was approximately \$1.2 million.

Fisheries Taxes: A.S. Title 43.75.015 refunds to local governments a portion of the taxes levied on the fishing industry. Fishery businesses are those which take, purchase or otherwise acquire a fishery resource. This revenue sharing is based on 50% of the amount of taxes collected in the Kenai Peninsula Borough outside cities and 25% of the taxes collected within the cities of the Borough., the Borough's projected share for FY2006 is \$475,000.

Other State Revenue includes:

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

OTHER REVENUES

Other revenues include service charges and fees for foreclosure, recording fees, election judge services, data processing charges, plat filing fees, fire service training seminars, ambulance service fees, recreation program admissions, and land sales and leases. In the internal service funds, other revenue includes amounts received from other funds for insurance premiums and repayment for equipment purchases. **E911 service charges** are authorized by the Alaska legislature as a surcharge on local telephone exchange lines for operation of the enhanced 911 system. **Emergency dispatch service charges** include a payment by the City of Soldotna for joint facilities usage. **Solid waste disposal fees** are those fees collected at each of the Borough landfill sites for certain commercial/business waste.

Miscellaneous revenues are those that may be nonrecurring receipts for cash received, and are generally insignificant amounts. **Interest** is primarily interest on investments and land sales. Kenai Peninsula Borough Code of Ordinances 5.10.010 - 5.10.120 established the investment policies of the Borough; and through the use of pooled funds, the interest earned from those investments is allocated on an equity basis to special revenue capital projects funds, enterprise funds, and internal service funds.

OTHER FINANCING SOURCES

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

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

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

	REAL	PERSONAL	OIL	TOTAL TAXABLE VALUATION	TAX RATE (MILLS)	TAX REVENUES PENALTIES, INTEREST
Borough	\$ 3,719,736	\$ 215,569	\$ 566,382	\$ 4,501,687	6.50	\$ 31,110,528
Nikiski Fire	600,838	37,333	451,474	1,089,645	2.30	2,546,252
Bear Creek Fire	94,610	933	-	95,543	2.25	228,320
Anchor Point Fire & Emergency Medical	152,028	1,566	2,559	156,153	2.00	326,938
Central Emergency Services	1,388,424	70,235	40,225	1,498,884	2.35	3,668,296
Kachemak Emergency	232,631	672	-	233,303	1.75	431,717
Lowell Point Emergency	6,881	-	-	6,881	1.75	12,526
Central Peninsula Emergency Medical	2,841	1,904	-	4,745	1.00	4,800
North Peninsula Recreation	600,838	37,686	451,028	1,089,552	1.00	1,110,497
Road Service Area	2,422,146	99,918	544,881	3,066,945	1.40	4,453,650
Post Secondary Education	3,719,736	215,570	566,382	4,501,688	0.10	471,098
Seward Bear Creek Flood	272,551	23,004	-	295,555	0.50	147,548
Nikiski Senior	547,000	32,879	448,011	1,027,890	0.20	208,038
Central Peninsula Hospital	2,345,184	133,548	513,201	2,991,933	1.00	3,037,756
South Peninsula Hospital	951,504	26,371	53,182	1,031,057	1.75	1,906,556

**PROPERTY TAX EXEMPTIONS - FISCAL YEAR 2006 (APPLICABLE TO 2005 TAX YEAR)
AREAWIDE ONLY - 6.5 MILLS**

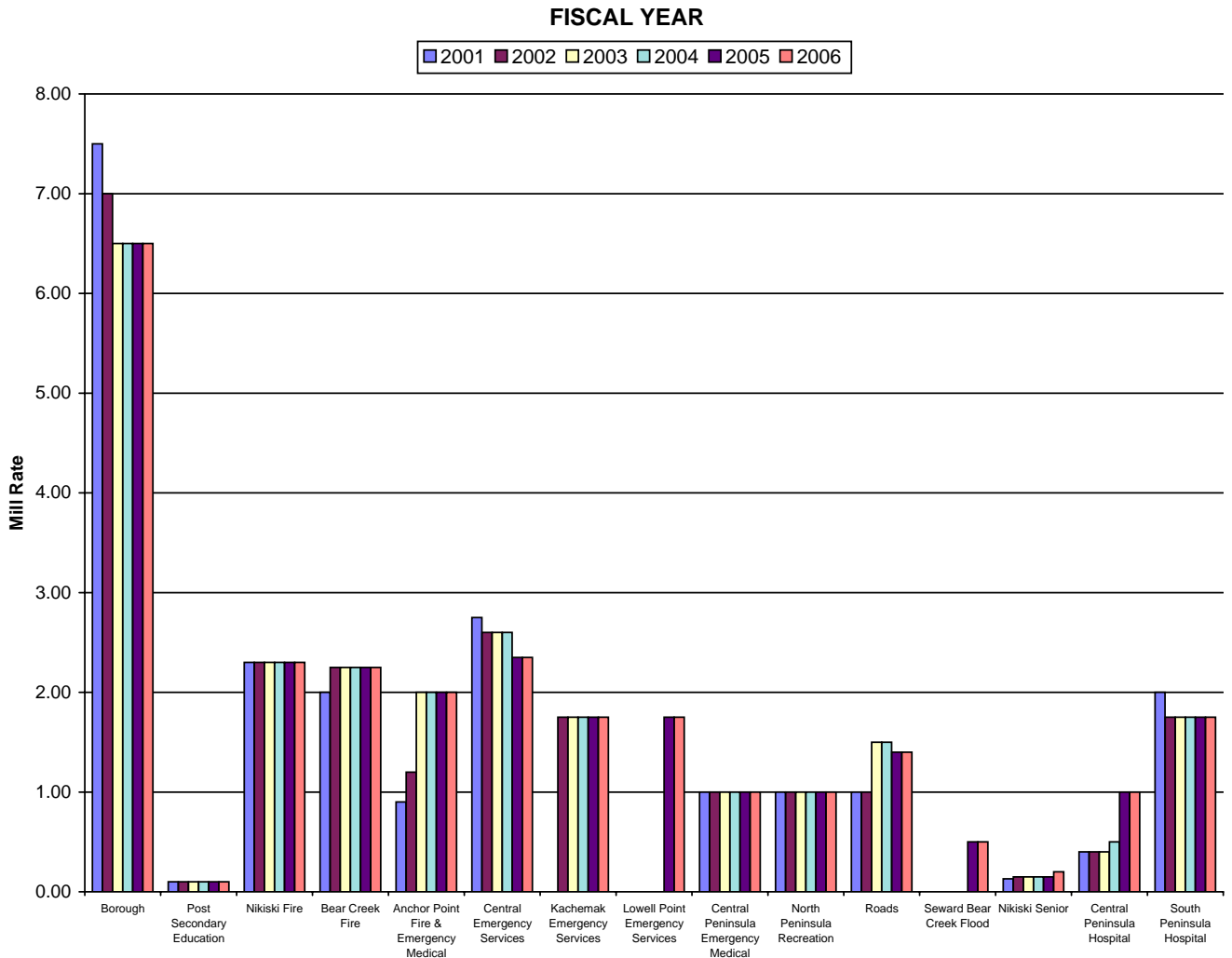
<u>TYPE</u>	<u>EXEMPT ASSESSED VALUE (\$1,000's)</u>	<u>EXEMPTED TAX REVENUE</u>
COMMUNITY PURPOSE	\$ 39,996	\$ 259,974
ELECTRICAL CO-OP	12,285	79,853
FIRE PREVENTION SYSTEMS	8,723	56,700
GOVERNMENT	4,891,293	31,793,405
HOUSING	15,231	99,002
NATIVE	546,356	3,551,314
\$20,000 HOMEOWNER	170,988	1,111,422
\$10,000 VOLUNTEER FIRE/EMS	982	6,383
RELIGIOUS	72,894	473,811
SENIOR CITIZENS	37,132	241,358
ARMED FORCES	1,657	10,771
DISABLED VETERANS	19,586	127,309
STATE EDUCATIONAL	58,370	379,405
UNIVERSITY	23,135	150,378
MENTAL HEALTH TRUST	14,118	91,767
HABITAT PROTECTION	4,950	32,175
RIVER RESTORATION	57	371
CONSERVATION EASEMENT	384	2,496
CEMETERY	376	2,444
FARM	2,436	15,834
INFESTED TIMBER HARVEST	590	3,835
\$100,000 PERSONAL PROPERTY	31,629	205,589
TOTALS	\$ 5,953,168	\$ 38,695,596

OVERLAPPING MILL RATES

TCA	Tax Code Area	Service Area	Borough	Post-Secondary KPC	Nikiski Fire	CES	CPEMS	NPR	SBCF	CPH	SPH	Road Service Area	Total FY2006	Total FY2005	Difference FY2005 MILL/ FY2006 MILL
53	Nikiski Fire	2.30	6.50	0.10				1.00		1.00		1.40	12.30	12.30	0.00
57	Bear Creek Fire	2.25	6.50	0.10					0.50			1.40	10.75	10.75	0.00
68	Anchor Point Fire and Emergency Medical	2.00	6.50	0.10							1.75	1.40	11.75	11.75	0.00
58	Central Emergency Services (CES)	2.35	6.50	0.10					1.00			1.40	11.35	11.35	0.00
81	Kachemak Emergency Services (KES)	1.75	6.50	0.10							1.75	1.40	11.50	11.50	0.00
42	Lowell Point Emergency	1.75	6.50	0.10					0.50			1.40	10.25	10.25	0.00
64	Central Peninsula Emergency Medical (CPEMS)	1.00	6.50	0.10							1.75	1.40	10.75	10.75	0.00
54	North Peninsula Recreation (NPR)	1.00	6.50	0.10		2.35				1.00		1.40	12.35	12.35	0.00
67	Road Service Area	1.40	6.50	0.10									8.00	8.00	0.00
43	Seward Bear Creek Flood (SBCF)	0.50	6.50	0.10								1.40	8.50	8.50	0.00
55	Nikiski Senior	0.20	6.50	0.10	2.30			1.00		1.00		1.40	12.50	12.45	0.05
61	Central Peninsula Hospital (WEST) (CPH)	1.00	6.50	0.10								1.40	9.00	9.00	0.00
63	Central Peninsula Hospital (EAST) (CPH)	1.00	6.50	0.10			1.00					1.40	10.00	10.00	0.00
52	South Peninsula Hospital (SPH)	1.75	6.50	0.10									8.35	8.35	0.00
65	South Peninsula Hospital (Roads) / (SPH)	1.75	6.50	0.10								1.40	9.75	9.75	0.00
20	City of Homer	4.50	6.50	0.10							1.75		12.85	13.35	-0.50
80	City of Kachemak	2.00	6.50	0.10							1.75		10.35	10.35	0.00
30	City of Kenai	4.50	6.50	0.10						1.00			12.10	12.10	0.00
10	City of Seldovia	7.25	6.50	0.10									13.85	13.85	0.00
40	City of Seward	3.12	6.50	0.10					0.50				10.22	10.22	0.00
41	City of Seward Special	3.12	6.50	0.10					0.50				10.22	10.22	0.00
70	City of Soldotna	1.65	6.50	0.10		2.35				1.00			11.60	11.60	0.00

MILL RATE HISTORY

	Fiscal Year					
	2001	2002	2003	2004	2005	2006
Borough	7.50	7.00	6.50	6.50	6.50	6.50
Post Secondary Education	0.10	0.10	0.10	0.10	0.10	0.10
Service Areas:						
Nikiski Fire	2.30	2.30	2.30	2.30	2.30	2.30
Bear Creek Fire	2.00	2.25	2.25	2.25	2.25	2.25
Anchor Point Fire & Emergency Medical	0.90	1.20	2.00	2.00	2.00	2.00
Central Emergency Services	2.75	2.60	2.60	2.60	2.35	2.35
Kachemak Emergency Services	-	1.75	1.75	1.75	1.75	1.75
Lowell Point Emergency Services	-	-	-	-	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	1.00	1.00	1.50	1.50	1.40	1.40
Seward Bear Creek Flood	-	-	-	-	0.50	0.50
Nikiski Senior	0.13	0.15	0.15	0.15	0.15	0.20
Central Peninsula Hospital	0.40	0.40	0.40	0.50	1.00	1.00
South Peninsula Hospital	2.00	1.75	1.75	1.75	1.75	1.75



**INTERFUND TRANSFERS
FISCAL YEAR 2006**

TRANSFERS IN

SPECIAL REVENUE FUNDS

	TRANSFERS OUT	GENERAL FUND	Nikiski Fire	Central Emergency	School Fund	North Peninsula Recreation	RIAD Match Fund	Kenai River Center	Disaster Relief	Nikiski Seniors	Solid Waste	DEBT SERVICE	CAPITAL PROJECTS	PROPRIETARY FUND
General Fund	\$ 46,652,702				\$ 35,054,596			\$ 417,168	\$ 50,000	\$ 30,200	\$ 5,106,901	\$ 3,743,837	\$ 1,950,000	\$ 300,000
Special Revenue Funds:														
Nikiski Fire	163,398	63,398											100,000	
Bear Creek Fire	115,000												115,000	
Anchor Point Fire & Emergency Medical	185,000												185,000	
Central Emergency Services	538,398	63,398											475,000	
Kachemak Emergency Services	145,000												145,000	
Central Peninsula Emergency Medical	4,800			4,800										
North Peninsula Recreation Roads	912,604						156,649						50,000	755,955
Land Trust Fund	1,438,705	1,438,705												
Disaster Relief	25,035	25,035												
Underground Storage Tank Removal Fund	19,341	19,341												
Solid Waste	940,662											830,662	110,000	
Central Peninsula Hospital	4,031,370											4,031,370		
South Peninsula Hospital	1,777,199											803,263	973,936	
Capital Projects Funds:														
Nikiski Fire	300,000		300,000											
North Peninsula Recreation	550,000					550,000								
	\$ 57,849,214	\$ 1,609,877	\$ 300,000	\$ 4,800	\$ 35,054,596	\$ 550,000	\$ 156,649	\$ 417,168	\$ 50,000	\$ 30,200	\$ 5,106,901	\$ 9,409,132	\$ 4,859,891	\$ 300,000

**INTERDEPARTMENTAL CHARGES
FISCAL YEAR 2006**

	TRANSFERS OUT	TRANSFERS IN		
		GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS
General Fund:				
Purchasing	\$ 220,397	\$ -	\$ 220,397	\$ -
Major Projects	708,000	-	-	708,000
Special Revenue Funds:				
School Fund-maintenance	625,768	250,000	-	375,768
	\$ 1,554,165	\$ 250,000	\$ 220,397	\$ 1,083,768

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