KENAI PENINSULA BOROUGH
ALASKA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR
ENDED JUNE 30, 2014

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

OF THE

KENAI PENINSULA BOROUGH
ALASKA

FOR THE FISCAL YEAR ENDED
JUNE 30, 2014

Mike Navarre
BOROUGH MAYOR

PREPARED BY
DEPARTMENT OF FINANCE

CRAIG C. CHAPMAN
DIRECTOR OF FINANCE

BRANDI R. HARBAUGH
CONTROLLER

Kenai Peninsula Borough, Alaska
Comprehensive Annual Financial Report
Table of Contents
Year Ended June 30, 2014

INTRODUCTION SECTION	**Page**
Table of Contents	i-iii
Letter of Transmittal	1
GFOA Certificate of Achievement	6
Organizational Chart	7
List of Principal Officials	8
Finance Department	9
FINANCIAL SECTION	
Independent Auditor's Report	11-13
Management's Discussion and Analysis	15-25
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	27
Statement of Activities	28-29
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	30
Reconciliation of the Balance Sheet to the Statement of Net Position	31
Statement of Revenues, Expenditures, and Changes in Fund Balances	32
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	33
General Fund – Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	34-35
Proprietary Funds:	
Statement of Net Position	36
Statement of Revenues, Expenses, and Changes in Fund Net Position	37
Statement of Cash Flows	38
Statement of Fiduciary Funds – Assets and Liabilities	39
Notes to Financial Statements	41-62

Kenai Peninsula Borough, Alaska
Comprehensive Annual Financial Report
Table of Contents, continued

FINANCIAL SECTION, continued	**Page**
Nonmajor Governmental Funds	
Combining Balance Sheet	63
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	64
Nonmajor Special Revenue Funds:	
Combining Balance Sheet	66-69
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	70-73
Budgetary Compliance Schedules – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Nikiski Fire Service Area	74
Bear Creek Fire Service Area	75
Anchor Point Fire and Emergency Medical Service Area	76
Central Emergency Service Area	77
Kachemak Emergency Service Area	78
Lowell Point Emergency Service Area	79
Central Peninsula Emergency Medical Service Area	80
North Peninsula Recreation Service Area	81
Seldovia Recreational Service Area	82
Road Service Area	83
Land Trust	84
Seward Bear Creek Flood Service Area	85
911 Communications	86
Nikiski Senior Service Area	87
Nonmajor Capital Projects Funds:	
Combining Balance Sheet	89-91
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	93-95
Nonmajor Debt Service Funds	
Combining Balance Sheet	97
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	98
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
School	99
Solid Waste	100
Bear Creek Fire Service Area	101
Central Emergency Services	102
Internal Service Funds	
Combining Statement of Net Position	103
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	104
Combining Statement of Cash Flows	105
Fiduciary Funds	
Combining Statement of Assets and Liabilities	107
Combining Statement of Changes in Assets and Liabilities	108-109

FINANCIAL SECTION, continued — **Page**

Capital Assets

Capital Assets Used in the Operation of Governmental Funds – Schedule by Source 111
Capital Assets Used in the Operation of Governmental Funds – Schedule of Changes by Function and Activity 112
Capital Assets Used in the Operation of Governmental Funds – Schedule by Function and Activity 113-115

STATISTICAL SECTION	**Table No.**	**Page**
Government-wide information:		
Net Position by Component	I	117
Changes in Net Position	II	118-119
Governmental Activities Tax Revenues by Source	III	120
Fund information:		
Fund Balances of Governmental Funds	IV	121
Changes in Fund Balances of Governmental Funds	V	122
General Government Significant Revenues by Source	VI	123
Assessed Value and Estimated Actual Value of Taxable Property	VII	124
Property Tax Rates	VIII	125
Principal Property Taxpayers	IX	126
Taxable Sales by Line of Business	X	127
Property Tax Levies and Collections	XI	128
Ratios of Outstanding Debt by Type and Per Capita	XII	129
Legal Debt Margin Information	XIII	130
Demographic and Economic Statistics	XIV	131
Principal Employers	XV	132
Full-time Equivalent Borough Government Employees by Function	XVI	133
Operating Indicators by Function	XVII	134
Capital Asset Statistics by Function	XVIII	135

SINGLE AUDIT

Schedule of Expenditures of Federal Awards 137-138
Schedule of State Financial Assistance 139-141

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KENAI PENINSULA BOROUGH

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MIKE NAVARRE
BOROUGH MAYOR

November 3, 2014

Honorable Members of the Assembly
Citizens of the Kenai Peninsula Borough

We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the Kenai Peninsula (Borough) for the year ended June 30, 2014, which is submitted in accordance with Section 29.35.120 of Alaska Statutes and Borough code. These laws require that a complete set of financial statements be presented in conformance with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America and those standards applicable to audits performed in accordance with Government Auditing Standards by licensed independent certified public accountants.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Borough. We believe the data, as presented, is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and the results of operations of the Borough on a Government-wide and Fund basis. All disclosures necessary to enable the reader to gain an understanding of the Borough's financial activities have been included.

Management of the Borough is responsible for establishing and maintaining internal controls designed to ensure that the assets of the Borough are protected from loss, theft or misuse and to ensure that sufficient, reliable, adequate accounting data is compiled for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Internal accounting controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management. We believe that the Borough's internal controls adequately safeguard assets and provide reasonable assurance of properly recorded financial transactions.

In addition, the Borough maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual budget approved by the Borough Assembly. The Borough also maintains an encumbrance system that is employed as an extension of formal budgetary integration in all fund types. Encumbrances for governmental type funds outstanding at fiscal year-end are reported as committed or assigned designations of fund balance depending on the process by which the amounts are encumbered.

The Borough's financial statements have been audited by BDO USA LLP, a firm of independent certified public accountants. The goal of the independent audit was to provide reasonable

assurance that the financial statements of the Borough for the fiscal year ended June 30, 2014, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Borough's financial statements for the fiscal year ended June 30, 2014, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

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

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

Profile of the Kenai Peninsula Borough

The Borough was incorporated in 1964 as a second-class borough. It occupies a geographic area of approximately 25,600 square miles and is located in the south central part of the state of Alaska. The estimated population for the Borough is 56,862.

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

The Borough is empowered to levy a property tax on both real and personal properties located within its boundaries. State of Alaska law mandates that second-class boroughs provide certain services on an areawide basis to all taxpayers. All other services must be approved by a majority of voters who are to receive the services. This gives taxpayers control over the type and level of services they receive and pay for. Currently, the Borough provides the following areawide services: assessment and collection of property taxes and sales tax collection for the

Borough and cities within the Borough, planning, solid waste disposal, education, senior citizen funding, post secondary education, 911 emergency communications, emergency management and general administrative services. Non-areawide services provided by the Borough include fire protection, hospital services, emergency medical and ambulance services, recreation, senior citizen funding, road maintenance, economic development, tourism promotion, and special assessment authority for utility extensions and road improvement districts. The Borough also has non-areawide port and harbor powers that are not currently exercised. Funding for the Borough, by order of financial significances, is provided from property tax, sales tax, state revenue, federal revenue, other sources and interest earnings.

The Borough is financially accountable for three legally separate discretely presented component units; the Kenai Peninsula Borough School District, Central Peninsula Hospital and South Peninsula Hospital, which are each reported separately within the Borough's financial statements.

Budgetary Control

The annual budget serves as the foundation for the Borough's financial planning and control. All departments, and service areas submit budgets to the mayor on or about February 20th. The mayor uses these requests for developing a proposed budget. The mayor submits his proposed budget to the assembly at the first regular assembly meeting in May. The assembly is required to hold public hearings on the proposed budget. The assembly is required by state statute to set the annual mill rate prior to June 15th. The budget is appropriated by fund, department, and object. The mayor is authorized to make transfers within departments and objects. Assembly action is required to transfer between funds and departments or other major budget classifications. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an annual budget has been adopted. For the General Fund, this comparison is presented on pages 34-35 as part of the basic financial statements for the governmental funds. For governmental funds, other than the General Fund, these comparisons start on page 74.

Local Economy

The Borough economy is highly diverse. The five industry categories that have the most employment are local government, retail trade, leisure and hospitality, natural resources and health care. Together they represent most of the Borough's employment. That diversity allows the Borough to be more resilient to declines in any one industry. The Borough's economy has experienced consistent, gradual growth since the late 1980's. Borough wide, the general government tax rate has decreased from a high of 8.59 mills in FY1996 to its current rate of 4.5 mills. The Borough also has a 3% sales tax, which is applied only to the first $500 of each separate sale. Taxable sales in FY2014 were $1,012 million, an increase of 2.5% from the prior year and a 15.2% increase from FY2010. Much of this increase reflects an improving economy recovering from the recession of 2009. Sales tax continues to generate a larger portion of the Borough's revenue; in FY1998, sales tax revenue represented 21% of total General Fund revenues; in FY2014, sales tax revenues represented almost 40%. It should be noted that the sales tax rate went from 2% to 3% effective January 1, 2008.

Oil and gas continues to play a vital role in the Borough's economy, although the players have changed. Large national and multinational companies have been replaced by independents, which has resulted in a resurgence in exploration and production. New players include Apache Corp., Cook Inlet Energy and Hilcorp Energy, which purchased the assets of Chevron in 2012 and Marathon Oil in 2013. This has led to new wells in the Anchor Point and Kenai area, jack up rigs being used throughout Cook Inlet, along with increased exploration in other areas of the Borough, resulting in an increase in assessed value for oil and gas properties. Assessed values for oil and gas properties increased from $703 million for 2010, to $989 million in FY2014. Cook

Inlet oil producers boosted oil output 25 percent in the last year. Production averaged 16,288 barrels per day compared in the first half of 2014 compared with 13,087 barrels per day in the same period in 2013.

Increased oil and gas exploration has also had an impact on the Borough's unemployment rate. The unemployment rate has decreased from 10.0% in 2010; to 9.4% for 2011; to 8.4% for 2012, and to 7.5% in 2013. This compares to the 2013 statewide average of 6.5%. Traditionally the Borough's unemployment rate has been 2% to 3% higher than the statewide rate, much of this due to the seasonality of work of the fishing and tourism industry.

Long-Term Financial Planning

A significant measure of the Borough's financial strength is the level of its fund balances (i.e. the accumulation of revenues exceeding expenditures). The Assembly takes the responsibility of being stewards of the public's funds very seriously and has adopted the following General Fund reserve policy: reserve funds shall not be used to fund recurring expenditures. Fund balances should be maintained at fiscally sound levels in all funds. The Borough has adopted financial policies that will insure that the Borough maintains an appropriate fund balance in line with recommended best practices. The unassigned, undesignated amount of $1.0 million and the assigned amount of $14.6 million combine to exceed the Borough's minimum fund balance of $14.9 million per the Fund Balance policy and is 21.3% of the General Fund operating expenditures (including transfers), leaving the Borough in a solid financial position to adequately prepare for the expected reductions in revenues caused by the changes in the property tax laws and the economic environment.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Kenai Peninsula Borough for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2013. This was the 34rd consecutive year the Borough has received this prestigious award. In order to be awarded a Certificate of Achievement, the Borough published an easily readable and efficiently organized CAFR, whose contents conformed to program standards. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the Borough received from the GFOA, the Distinguished Budget Presentation Award for FY2014 for publishing a budget document that meets the program criteria as a policy document, an operations guide, a financial plan and a communications device. This is the 21th year the Borough has received this award.

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

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

Respectfully submitted,

Mike Navarre
Borough Mayor

Craig C. Chapman, CPA
Director of Finance

Brandi R. Harbaugh, CPA CPFO
Controller

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Kenai Peninsula Borough

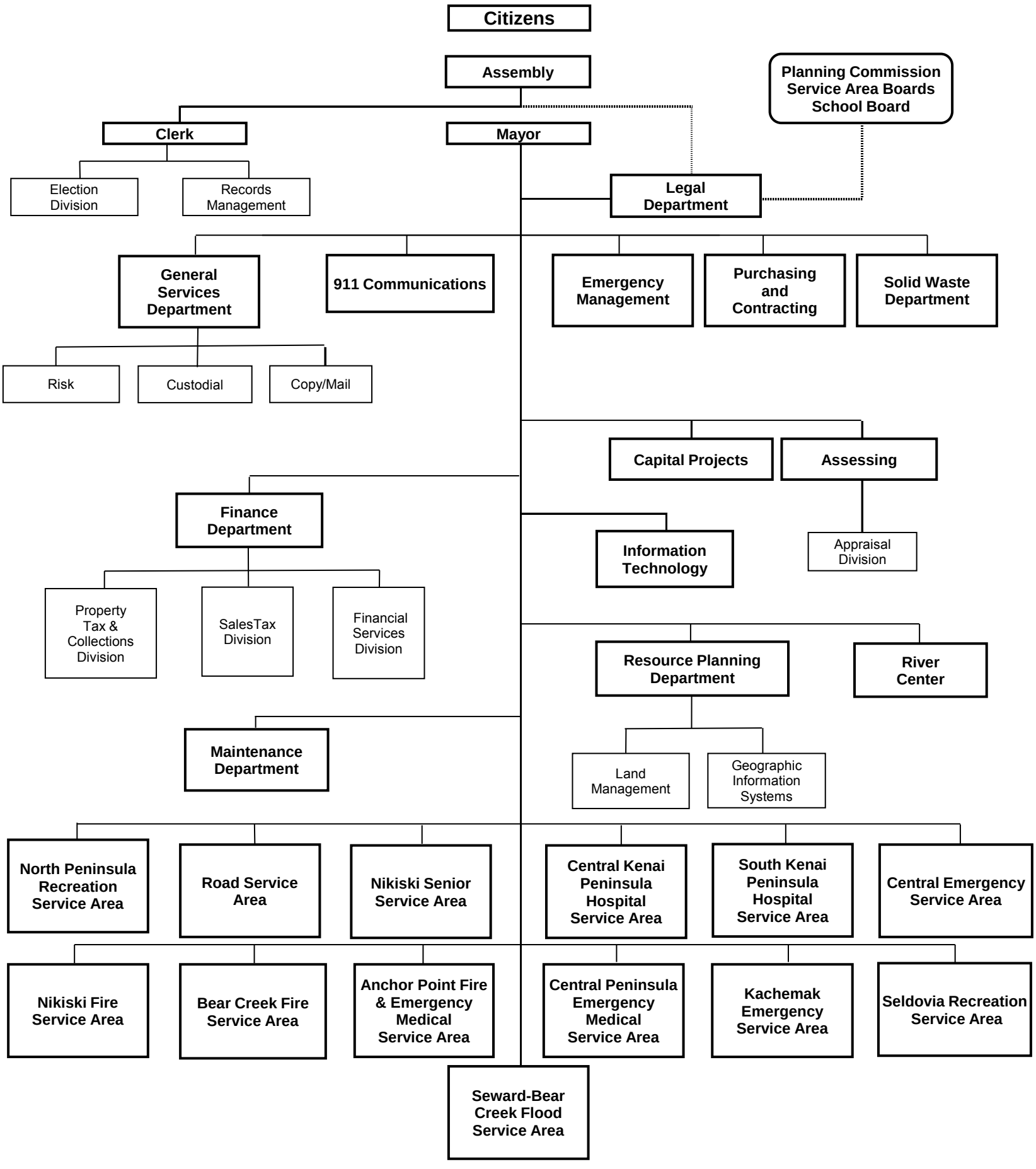
Alaska

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

Kenai Peninsula Borough
Organizational Chart



KENAI PENINSULA BOROUGH

List of Principal Officials

Assembly Members

Hal Smalley	President
Bill Smith	Vice President
Kelly Wolf	
Dale Bagley	
Wayne Ogle	
Charlie Pierce	
Sue A. McClure	
Mako Haggerty	
Brent Johnson	

The legislative power of the Kenai Peninsula Borough is vested in an assembly of nine members. This assembly meets in regular session every first and third Tuesday of the month in the Assembly Chambers located in the Borough Administration Building at 144 North Binkley Street, Soldotna, Alaska.

Administration

Mike Navarre	Borough Mayor
Craig Chapman	Director of Finance
Colette Thompson	Borough Attorney
Sandra Brown	Director of Human Resources
Johni Blankenship	Borough Clerk
Scott Walden	Emergency Management Director
Benjamin Hanson	Director of Information Technology
Tom Anderson	Borough Assessor
Max Best	Director of Planning
Vacant	River Center Manager
Kevin Lyon	Capital Projects Director
Scott Griebel	Director of Maintenance
Jack Maryott	Director of Solid Waste
Mark Fowler	Purchasing & Contracting Director
Patrick Malone	Roads Director

KENAI PENINSULA BOROUGH

Finance Department

Finance Director

Craig C. Chapman

Division Managers

Brandi Harbaugh	Controller
Penny Carroll	Budget
Rhonda Krohn	Property Tax
Rob Lewis	Sales Tax

Accounting Staff

Jerri Braun	Lezlea Brandon
Tracy Davis	Amy Falk
Morgan Aldridge	Barbara Nelson
DeRay Jones	Becky Karsten
Julie Lahndt	Lauri Lingafelt
Charlene Johnson	Jennifer Loop
Misty Merriman	Samantha Ness
Joanne Rodgers	Sydney Smith

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AUDITOR REPORT

AUDITOR REPORT

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Independent Auditor's Report

Honorable Mayor and Borough Assembly
Kenai Peninsula Borough

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Kenai Peninsula Borough, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Kenai Peninsula Borough, as of June 30, 2014, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 15 through 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Kenai Peninsula Borough's basic financial statements. The accompanying combining and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2014.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2014 on our consideration of Kenai Peninsula Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Kenai Peninsula Borough's internal control over financial reporting and compliance.

BDO USA, LLP

Anchorage, AK
November 3, 2014

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Kenai Peninsula Borough

Management's Discussion and Analysis

This section of the Kenai Peninsula Borough (Borough) Comprehensive Annual Financial Report (CAFR) provides readers with a narrative overview and analysis of the Borough's financial activities for the fiscal year ended June 30, 2014. It is designed to assist the reader in focusing on significant financial issues, provide an overview of the Borough's financial activity, identify changes in the Borough's financial position, identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year activities, resulting changes and current known facts, please read it in conjunction with the Borough's transmittal letter (pages 1-4), the financial statements (page 27-39) and the notes to the financial statements (pages 41-62).

Financial Highlights

- At the close of FY2014, the Kenai Peninsula Borough assets and deferred outflows exceeded its liabilities and deferred inflows by $279.0 million, (net position). Of this amount, $46.7 million (unrestricted net position) is legally unreserved and may therefore be used to meet the Borough's ongoing obligations to citizens and creditors. Much of this amount has been previously designated by the Borough Assembly for specific purposes and is discussed in more detail on page 45.

- The Kenai Peninsula Borough has established a formal fund balance policy affecting the General Fund, annually budgeted special revenue funds and general government capital project funds. The policy sets both minimum and maximum levels.

- At the end of the current fiscal year, total fund balance for the General Fund was $24.9 million, an increase of $1.6 million from FY2013. The assigned and unassigned fund balance for FY2014, not including the amount that was budgeted for FY2015 expenditures, is $14.4 million. This compares to the FY2013 amount of $15.0 million. This represents 19.6% of the total General Fund expenditures and transfers balance, this compares to 20.6% as of June 30, 2013 and 28.4% as of June 30, 2012. The reduction from the FY2012 amount is mostly attributable to a note receivable from the City of Homer Alaska, which was authorized by the Borough Assembly in FY2013, for the construction of a natural gas pipeline for which the Borough has reported as nonspendable fund balance in the amount of $8.9 million.

- The Borough's total net position increased $ .9 million.

- As of the close of the current fiscal year, the Borough's governmental funds reported combined ending fund balances of $78.7 million, an increase of $18.5 million from the prior year. Much of this increase is due to the timing of revenues recognition from bond proceeds that were recognized in the current year with related expenditures that will not be recognized until future years.

- The Borough issued $20.9 million in debt during the fiscal year for construction and major maintenance of school facilities. Total outstanding debt at year-end was $53.2 million, an increase of $17.1 million from FY2013.

Overview of the Financial Statements

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

Fund Type	Number of funds
General Fund	1
Debt Service Funds	4
Capital Project Funds	11
Special Revenue Funds	17
Total Governmental Funds	**33**
Total Internal Service Funds	**4**
Total Agency Funds	**27**

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

- The focus of the Statement of Net Position (the "Unrestricted Net Position") is designed to be a bottom line for the Borough and its governmental activities and Component Units. This statement combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets, including infrastructure, and long-term obligations. Net position is the difference between the Borough's assets and deferred outflows and its liabilities and deferred inflows. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the Borough is improving.

- The Statement of Activities reflects the expenses of a given function, which are offset by program revenues. Program revenues are defined as charges for services, operating grants and contributions, and capital grants and contributions directly associated with a given function.

Governmental activities are supported by taxes and intergovernmental revenues whereas the business-type activities are primarily supported by user fees and charges for services. The Borough's governmental activities include general government, solid waste, public safety, recreation, education, environmental protection and road and trail maintenance.

The government-wide financial statements present not only the Borough itself, but also the following discretely presented components units of the Borough; Kenai Peninsula Borough School District, Central Peninsula Hospital, and South Peninsula Hospital. Financial information for these discrete component units is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 27-29 of this report.

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

other state and local governments, uses fund accounting to ensure and demonstrate fiscal accountability.

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

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

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

The Borough maintains 33 individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and Bond Funded Capital Project Fund. The other 31 governmental funds are combined and shown as Other Governmental Funds on the Governmental Fund Balance Sheet and Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances. Individual fund information for the nonmajor funds are presented in the Combining Balance Sheet Nonmajor Special Revenue Funds, Combining Balance Sheet Nonmajor Capital Project Funds, Combining Balance Sheet Nonmajor Debt Service Funds, and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Special Revenue Funds, Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Capital Project Funds, and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Debt Service Funds.

The basic governmental fund financial statements can be found on pages 30-35 of this report. Budgetary comparison statements for 14 special revenue funds and 4 debt service funds with annual budgets are provided on pages 74-87 and 99-102 respectively to demonstrate compliance with these budgets.

Proprietary funds.
Internal service funds are an accounting device used to accumulate and allocate costs internally among the Borough's various functions. The Borough uses internal service funds to account for its risk management, compensated absences, and equipment replacement programs. Because these services benefit governmental functions, they have been included within governmental activities in the government-wide financial statements. All of the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 36-38 of this report.

Fiduciary funds. Fiduciary funds are used to account for assets held by the Borough in a trustee capacity or as an agent for others. Activities from fiduciary funds are not included in the government-wide financial statements because the Borough cannot use these assets for its

operations. The accounting for fiduciary funds is much like that used in proprietary funds. The basic fiduciary aggregated fund financial statements can be found on page 39 of this report.

Notes to the financial statements.
The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 41-62 of this report.

Other information.
In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The combining statements referred to earlier in connection with nonmajor governmental funds can be found on pages 66-73, 89-95, 97-98 and internal service funds can be found on pages 103-105 of this report.

Government-wide Financial Analysis

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Borough, net position at June 30, 2014 was $279.0 million compared to $278.1 million at June 30, 2013. By far the largest portion of the Borough's net position (79.1%) reflects its investment in capital assets (e.g. land, buildings, machinery, etc.) less any related debt used to acquire those assets that is still outstanding. The Borough uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Borough's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

During FY2014, governmental activities capital assets, net of accumulated depreciation of the Borough increased $2.6 million. Current and other assets include $89.0 million and $69.0 million of cash and investments held for governmental activities at June 30, 2014 and 2013. The major increase in cash was due to $20.9 million in school bonds that were sold in November 2013 with the related expenditures not occurring until subsequent years.

Kenai Peninsula Borough
Summary of Net Position
June 30, 2014 and 2013
Governmental
Activities
(in millions)

	2014	2013
Current and other assets	$ 116.0	$ 94.7
Capital assets	248.3	245.8
Total assets	364.3	340.5
Deferred outflow of resources	.6	.6
Long-term debt outstanding	51.2	31.2
Other liabilities	22.0	21.1
Total liabilities	73.2	52.3
Deferred outflow of resources	12.7	10.7
Net position:		
Net Investment in capital assets	218.7	221.6
Restricted	13.6	11.3
Unrestricted	46.7	45.2
Total net position	$ 279.0	$ 278.1

Governmental activities

Governmental activities increased the Borough's net position by $ .9 million. This compares to an increase of $1.5 million for the year ended June 30, 2013. Key elements of this are as follows:

- Solid waste revenues exceeded budgeted amounts by $.6 million due to continued acceptance of construction waste; while solid waste expenditures came in under budget by $.5 million.

- Road department operational expenses continued to be lower than historical average as the department continued to grow their fund balance which was reduced due to record snow fall in FY2012.

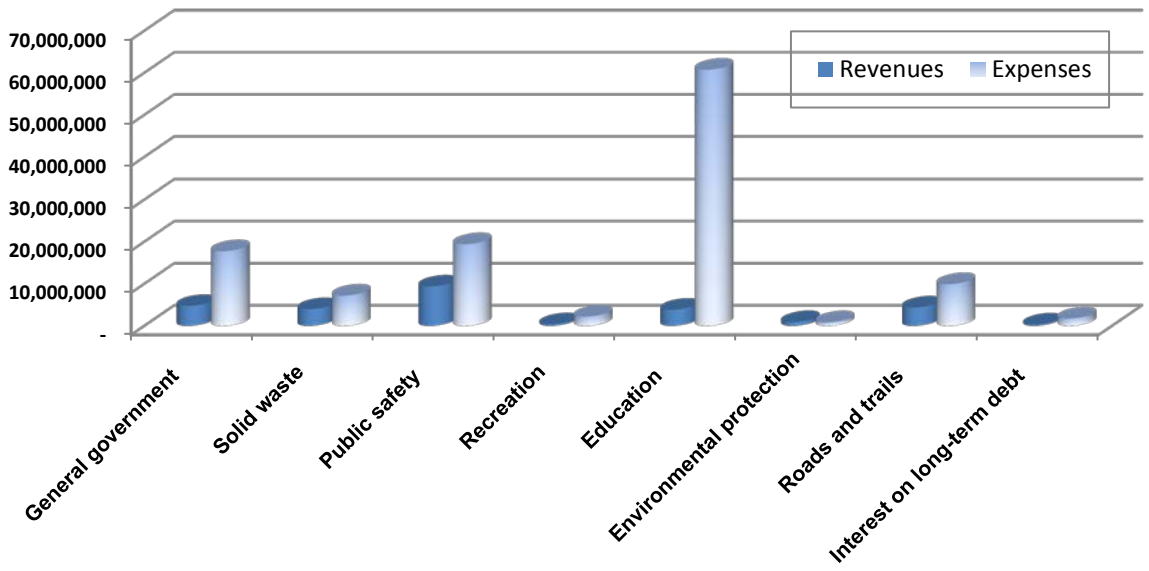
Summary of Changes in Net Position

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

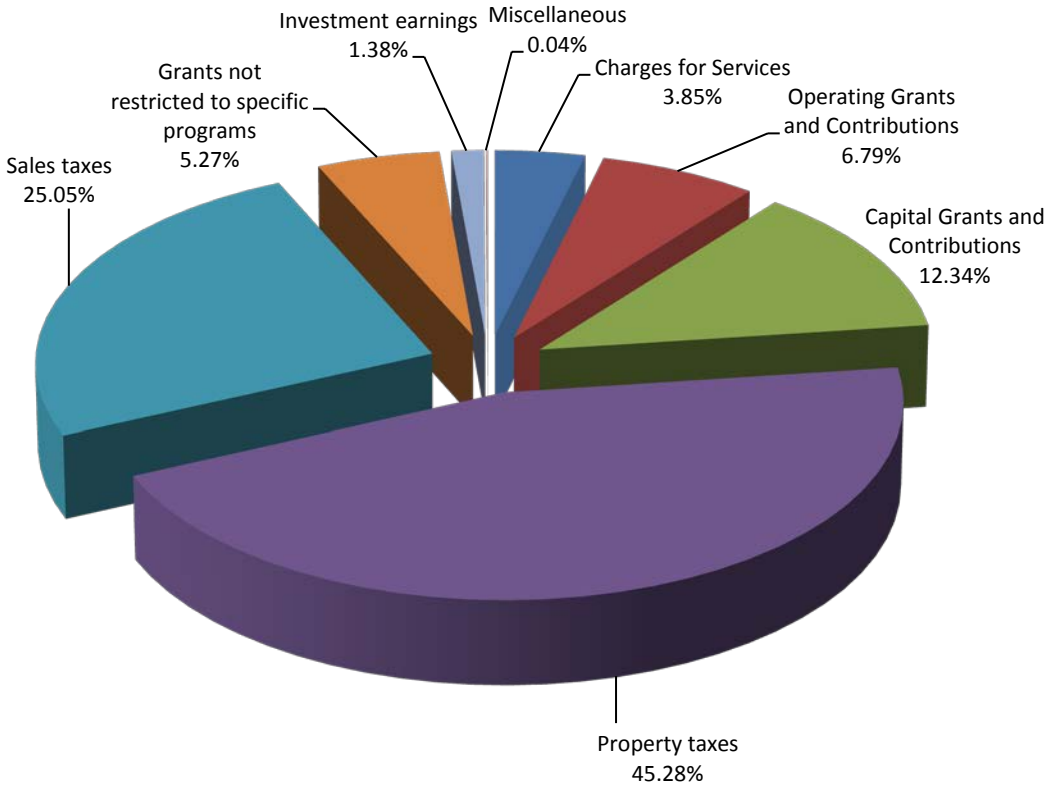
Kenai Peninsula Borough
Changes in Net Position
For Years Ended
June 30, 2014 and 2013
(in millions)

Governmental Activities	2014	2013
Revenues:		
Program revenues:		
Charges for services	$ 4.7	$ 5.6
Operating grants and contributions	8.2	6.6
Capital grants and contributions	14.9	17.8
General revenues:		
Property taxes	54.7	52.7
Sales taxes	30.3	29.7
Other	8.0	8.3
Total revenues	120.8	120.7
Expenses:		
General government	17.7	18.1
Solid waste	7.2	7.9
Public safety	19.5	18.4
Recreation	2.2	2.4
Environmental protection	.9	1.0
Road and trails	9.9	10.7
Education - Payments to component unit- Kenai Peninsula Borough School District	43.5	43.0
Education - Other (debt service, capital projects, post-secondary)	17.2	16.2
Interest on long-term debt	1.8	1.4
Total expenses	119.9	119.1
Increase (decrease) in net position	.9	1.6
Net position, beginning of year	278.1	276.6
Change in beginning net position – Bond issue cost	-	(.1)
Net position, end of year	$279.0	$278.1

Expenses and Program Revenues – Governmental Activities
The graph shown below compares program expenses with associated revenues. It should be noted that revenue generated through sales and property tax are considered general revenues and are therefore not included on this graph.



Revenues by Source – Governmental Activities
The graph shown below depicts all sources of revenues, both program and general.



Financial Analysis of the Government's Funds

As noted earlier, the Borough uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds.
The focus of the Borough's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Borough's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Did the Borough generate enough revenue to pay for current obligations? What is available for spending at the end of the year?

At the end of the current fiscal year, the Borough's governmental funds reported combined ending fund balances of $78.7 million, an increase of $18.5 million from the prior year. A portion of this amount is restricted to indicate it is not available for new spending because it has already been committed: 1) to liquidate contracts and purchase orders of the prior period 2) to liquidate prepaid expenses 3) or for other restricted purposes.

Discussion of selected individual governmental funds is as follows:

General Fund
The General Fund is the chief operating fund of the Borough. At the end of the current fiscal year, fund balance was $24.9 million, an increase of $1.6 million from the prior year, compared to a budgeted decrease of $3.2 million. Key factors include:

- Federal revenue for Forestry receipts came in $.6 million higher than forecast.
- Due to turnover/retirement of Borough staff which resulted in unfilled positions, personnel cost came in $1.1 million less than projected.
- Dumping fees in the Solid Waste department came in $.6 million higher than expected due to acceptance of construction debris.
- Operating cost of the Solid Waste department came in $.4 million less than expected.
- Transfer to the Disaster Relief Fund in the amount of $.5 million was not needed as federal and state funds were received for the October 2013 declared disaster.
- Administrative service fees charges came in higher than projected.

Bond Funded Capital Projects Fund
Fund balance in the Bond Funded Capital Projects Fund increased $16.3 million during the year. Debt proceeds in the amount of $22.9 million was received for construction and major maintenance on school facilities and expenditures were incurred on school and solid waste capital projects.

Central Emergency Service Area Special Revenue Fund
Fund balance in this service area increased $189,784 or approximately 10.5%, compared to the FY2013 increase of $291,104. Expenditures and transfers out totaled $7,918,455, a decrease of $114,655 compared to FY2013. In FY2013, the Service Area had an increase in their mill rate of .2 mills increasing revenues by approximately $500,000. Due to increases in the number of personnel and their related cost, expenditures are up approximately 38% since FY2008. Due to minimal increases in assessed values and increasing personnel cost, the service area is looking at changing how they fund capital projects and equipment in order to balance their budget.

Nikiski Fire Service Area Special Revenue Fund
Fund balance in this service area increased $535,150 or approximately 12.2%, compared to the FY2013 increase of $355,380. Expenditures and transfers out totaled $4,293,020, an increase

of $217,111 when compared to FY2013. The service area has seen a 20% increase in assessed values since FY2012, due to increased oil and gas exploration. A mill rate reduction will be looked at for future years.

Road Service Area Special Revenue Fund
Due to near record snowfall during FY2012, the Service Area's fund balance decreased to approximately $1.1 million. During FY2014, the Service Area continued to grow their fund balance. This resulted in an increase in fund balance of $994,465, which will allow the Service Area to have the necessary resources on hand in the event of another year with higher than expected snowfall.

Miscellaneous Grant Special Revenue Fund
The Borough receives numerous grants through the course of the year, some of which are funded in advance. During FY2014, revenues were received for the Cruise Ship Passenger Vessel program for which expenditures will not take place until the next fiscal year.

General Fund Budgetary Highlights

During the year there were increases of $2.3 million, not including carryover encumbrances, in appropriations between the original budget and the final amended budget. The primary reasons for amending the budget are:

- $500,000 in emergency appropriations for flood response
- $485,000 for capital improvements to school facilities
- $1.2 million in In-kind contributions to the Public Employees Retirement System made by the State of Alaska on the Borough's behalf.

Budgetary changes can be briefly summarized as follows:

- Non departmental
  - Transfer to the Disaster Relief Fund $500,000 for response and assessment associated with the declared local disaster due to heavy rainfall in September and October 2013
  - Transfer to the School Capital Project Fund $485,000 for the following capital improvement projects:
    - $350,000 for installing new heating systems to the schools in the Homer area. The cost of converting is expected to be recovered with energy saving within a two year period of time.
    - $135,000 for cost associated with installation of a turf field at Soldotna High School
- All departments
  - Public Employees Retirement System (PERS). The Alaska legislature enacted legislation that provided funding to political subdivisions to assist with the increase in rates for PERS. The amount provided to the Kenai Peninsula Borough was $2.9 million of which the General Fund including Solid Waste received $1.2 million.

Capital Assets and Debt Administration

Capital assets.
The Borough's investment in capital assets as of June 30, 2014 and June 30, 2013 amounts to $248.3 million and $245.8 million, respectively, (net of accumulated depreciation.) This investment in capital assets includes land, buildings, machinery and equipment, roads, and infrastructure.

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

Various major repairs and additions to school facilities	$ 3.6 million
A variety of major repairs for existing roads and bridges	$ .7 million
Various major repairs and additions to public safety facilities	$ 8.8 million
Improvements at various solid waste facilities	$ 4.3 million

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

	Governmental activities	
	2014	**2013**
Land and improvements	$ 70.5	$ 70.4
Buildings	108.3	114.4
Improvements other than buildings	22.3	18.8
Machinery and equipment	14.0	14.4
Infrastructure	12.8	12.5
Construction in progress	20.4	15.3
Total governmental funds capital assets	$ 248.3	$ 245.8

Additional information on the Borough's capital assets can be found in Note E on page 53 of this report.

Long-term debt.
At the end of the current fiscal year, the Borough had total debt outstanding of $53.2 million, an increase of $17.1 million from June 30, 2013. Of this amount, $48.0 million was bonded and backed by the full faith and credit of either the Borough or Service Areas of the Borough. The remaining debt consists of landfill closure cost. Of the $48.0 million in debt, $44.0 million was issued for school improvements, including new school debt of $20.9 million issued in November 2013. The State of Alaska will reimburse the Borough up to 70% of the principal and interest on these bonds. The schedule shown below does not included compensated absences.

	Governmental Activities	
	2014	**2013**
General obligation bonds	$ 48.0	$ 29.9
Other debt	5.2	6.2
Total outstanding debt	$ 53.2	$ 36.1

The Borough's discretely presented component units also have debt outstanding at the end of the year totaling $78.1 million, not including premiums and other cost. Of that amount, $45.6 million was bonded and backed by the full faith and credit of various service areas of the Borough. Additional information on the Borough's long-term debt can be found in note H on pages 57-58 of this report and table XII on page 129.

The Borough normally uses the Alaska Municipal Bond Bank (Bond Bank) to sell its bonds. The Bond Bank has a rating of AA2 from Moody's and AA+ from Fitch. The last bonds the Borough sold that did not go through the Bond Bank were the Central Peninsula Hospital Service Area general obligation bonds which were sold in December 2003, which had a rating of Aaa, these bonds were refunded/refinanced in FY2012 through the Bond Bank.

Economic Factors and the Next Year's Budget and Rates

The average unemployment in the Borough for 2013 stood at 7.5%, a decrease from the prior year rate of 8.4%; this compares to the statewide average of 6.5%. Traditionally the Borough's unemployment rate has been 2% to 3% higher than the statewide rate, much of this due to the seasonality of work of the fishing and tourism industry in the Borough.

In 2001, the Borough established a fund balance policy. The results of this policy indicated that the General Fund, fund balance was in excess of both the minimum amount and the maximum amount. With fund balance in excess of recommended amounts, the Borough was able to reduce the mill rate from 8.0 mills in FY2000 to 7.5; to 7.0 mills in FY2001 and to 6.5 mills in FY2003. The mill rate was further reduced to 5.5 mills for FY2008 and to 4.5 mills in FY2009. To maintain the General Fund, fund balance within the policy range while at the same time providing Borough taxpayers a reduction in the mill rate, the area-wide sales tax rate was increased from 2% to 3%, effective January 1, 2008.

As part of the FY2014 State of Alaska budget, the Alaska legislature passed legislation that provided funding for Public Employees Retirement System (PERS) cost in excess of 22%, which was paid directly to PERS. The savings impact Borough-wide is approximately $2.8 million. This is only a temporary fix to the problem. If similar funding is not provided in FY15 and out years, the PERS rate is expected to be over 44% with a corresponding cost in excess of $4.8 million annually.

In setting the budgets for FY2015, the Borough considered a number of issues with Borough wide impact, among them:

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

Request for Information

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

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BASIC FINANCIAL STATEMENTS

Kenai Peninsula Borough
Statement of Net Position
June 30, 2014

	Primary Government	Component Units		
	Governmental Activities	Central Peninsula Hospital	South Peninsula Hospital	School District
Assets				
Cash and short-term investments	$ 94,955	$ 30,230,384	$ 4,214,587	$ 23,804
Equity in central treasury	66,038,898	5,278,059	3,264,361	33,873,420
Receivables (net of allowances for estimated uncollectibles):				
Taxes receivable	7,101,052	2,739	106,126	-
Accounts receivable	554,377	1,234,724	108,842	827,624
Patient receivables	-	23,521,293	12,655,040	-
Note receivable	65,961	-	-	-
Land sale contracts receivable:				
Current	124,682	-	-	-
Delinquent	36,982	-	-	-
Due from other governments	8,329,558	-	-	2,696,308
Due from special assessment districts	1,279,946	-	-	-
Prepaids	2,290	1,555,004	485,335	950,000
Inventory	-	4,488,685	1,451,479	1,205,189
Note receivable - long-term	8,878,877	-	-	-
Land sale contracts receivable - long-term	574,012	-	-	-
Net pension asset	-	-	599,550	-
Restricted assets:				
Equity in central treasury	22,854,631	31,275,450		3,318,306
Bond funds held in reserve	-	4,193,402		
Assets whose use is limited:				
Equity in central treasury	-	16,447,887	187,753	-
Investments	-	500,000	28,393	-
Capital assets (net of accumulated depreciation):				
Land and land improvements	70,469,439	3,347,711	2,372,952	-
Buildings	108,292,783	41,281,067	34,541,778	-
Improvements other than buildings	22,320,865	299,495	50,191	-
Equipment	14,042,703	20,914,719	4,065,079	3,604,976
Construction in progress	20,418,709	5,544,998	642,925	-
Infrastructure	12,792,555	-	-	-
Total assets	364,273,275	190,115,617	64,774,391	46,499,627
Deferred Outflows of Resources				
Unamortized deferred loss	571,731	1,352,798	328,035	-
Excess consideration paid for acquisition	-	497,662	-	-
Total deferred outflows of resources	571,731	1,850,460	328,035	-
Liabilities				
Accounts, contracts and retainage payable	6,456,945	5,453,307	3,089,693	937,196
Accrued payroll and payroll benefits	1,113,655	2,011,031	2,349,386	8,131,716
Claims payable	3,645,095	2,552,277	-	4,126,180
Accrued interest	1,033,340	852,990	230,427	-
Unearned revenue	1,986,569	9,676	20,358	-
Noncurrent liabilities:				
Compensated absences:				
Due within one year	632,428	804,405	407,806	64,221
Due in more than one year	1,897,283	2,413,213	1,223,417	3,501,529
Landfill closure/postclosure:				
Due within one year	13,600	-	-	-
Due in more than one year	5,187,228	-	-	-
Long-term debt:				
Due within one year	3,390,000	4,094,504	1,160,961	-
Due in more than one year, net of premium and deferred loss	47,841,835	62,540,358	17,157,725	-
Total liabilities	73,197,978	80,731,761	25,639,773	16,760,842
Deferred Inflows of Resources				
Prepaid property taxes	9,744,601	-	338,301	-
Payment in lieu of taxes	2,920,626	-	-	-
Total deferred inflows of resources	12,665,227	-	338,301	-
Net Position				
Net investment in capital assets	218,645,906	36,176,605	23,682,274	3,604,976
Restricted:				
Spruce Bark Beetle program	304,921	-	-	-
General government	680,217	-	-	-
Public safety facilities and equipment	7,764,429	-	-	-
Recreation	1,751,148	-	-	-
Education	-	-	-	1,845,512
Solid waste	28,336	-	-	-
Roads	3,064,666	-	-	-
Charter schools	-	-	-	625,619
Malpractice trust	-	500,000	-	-
Hospital expansion project	-	4,193,402	25,286	-
Unrestricted	46,742,178	70,364,309	15,416,792	23,662,678
Total net position	$ 278,981,801	$ 111,234,316	$ 39,124,352	$ 29,738,785

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

Kenai Peninsula Borough
Statement of Activities
For the Year Ended June 30, 2014

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Function/Program Activities				
Primary government				
Governmental activities:				
General government	$ 17,735,043	$ 1,005,815	$ 3,706,834	$ -
Solid waste	7,192,764	1,083,996	165,204	2,708,135
Public safety	19,447,827	2,337,286	2,709,499	4,305,375
Recreation	2,209,306	220,838	83,990	60,904
Education	60,833,417	-	235,407	3,577,970
Environmental protection	858,013	-	890,585	-
Roads and trails	9,899,171	-	91,940	4,263,595
Interest on long-term debt	1,761,142	-	318,009	-
Total primary government	$ 119,936,683	$ 4,647,935	$ 8,201,468	$ 14,915,979
Component units -				
Central Peninsula Hospital	$ 113,854,247	$ 126,713,712	$ -	$ -
South Peninsula Hospital	54,194,884	50,699,046	-	-
Kenai Peninsula Borough School District	169,470,047	683,135	19,290,617	-
Total component units	$ 337,519,178	$ 178,095,893	$ 19,290,617	$ -

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

Change in net position

Net position at beginning of year

Net position at end of year

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

Net (expense) revenue and changes in net position			
Primary Government	Component Units		
Governmental Activities	Central Peninsula Hospital	South Peninsula Hospital	School Disctrict
$ (13,022,394)	$ -	$ -	$ -
(3,235,429)	-	-	-
(10,095,667)	-	-	-
(1,843,574)	-	-	-
(57,020,040)	-	-	-
32,572	-	-	-
(5,543,636)	-	-	-
(1,443,133)	-	-	-
(92,171,301)	-	-	-
-	12,859,465	-	-
-	-	(3,495,838)	-
-	-	-	(149,496,295)
-	12,859,465	(3,495,838)	(149,496,295)
54,724,582	96,342	3,899,763	-
30,277,599	-	-	-
6,364,283	-	331,633	104,003,319
1,671,191	256,616	41,861	475,548
-	-	-	43,500,000
66,609	14,644	-	128,744
93,104,264	367,602	4,273,257	148,107,611
932,963	13,227,067	777,419	(1,388,684)
278,048,838	98,007,249	38,346,933	31,127,469
$ 278,981,801	$ 111,234,316	$ 39,124,352	$ 29,738,785

Kenai Peninsula Borough
Governmental Funds
Balance Sheet
June 30, 2014

Assets	General Fund	Bond Funded Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Cash and short-term investments	$ 1,010	$ -	$ 45,400	$ 46,410
Equity in central treasury	15,272,339	-	37,455,739	52,728,078
Receivables (net of allowances for estimated uncollectibles):				
Taxes receivable	6,784,597	-	316,455	7,101,052
Accounts receivable	215,501	-	306,285	521,786
Notes receivable-short term	65,961	-	-	65,961
Land sale contracts receivable:				
Current	-	-	124,682	124,682
Delinquent	-	-	36,982	36,982
Due from other governments	1,274,376	-	6,922,790	8,197,166
Due from special assessment districts	1,279,946	-	-	1,279,946
Due from other funds	1,264,337	-	-	1,264,337
Prepaids	790	-	1,500	2,290
Notes receivable-long term	8,878,877	-	-	8,878,877
Land sale contracts receivable - Long-term	-	-	574,012	574,012
Restricted assets - Equity in central treasury	-	22,854,631	-	22,854,631
Total assets	$35,037,734	$ 22,854,631	$ 45,783,845	$ 103,676,210
Liabilities, Deferred Inflows and Fund Balances				
Liabilities:				
Accounts and retainage payable	1,157,732	1,768,750	3,436,214	6,362,696
Accrued payroll and payroll benefits	551,845	-	543,870	1,095,715
Due to other funds	-	-	1,264,337	1,264,337
Unearned revenue	2,186	-	1,984,383	1,986,569
Total liabilities	1,711,763	1,768,750	7,228,804	10,709,317
Deferred Inflows of resources:				
Prepaid property taxes	4,894,569	-	4,850,032	9,744,601
Payment in lieu of taxes	2,920,626	-	-	2,920,626
Property tax receivable - unavailable	629,404	-	273,076	902,480
Land sales - unavailable	-	-	735,676	735,676
Total deferred inflows of resources	8,444,599	-	5,858,784	14,303,383
Fund balances:				
Nonspendable:				
Long-term notes receivable	8,878,877	-	-	8,878,877
Prepaids	790	-	1,500	2,290
Restricted:				
Landfill closure/postclosure costs	-	-	5,200,828	5,200,828
Spruce Bark Beetle program	-	-	304,921	304,921
General government	80,000	-	600,217	680,217
Public safety	25,020	-	7,739,409	7,764,429
Recreation	-	-	1,751,148	1,751,148
Education	-	17,249,994	-	17,249,994
Solid waste	-	28,336	-	28,336
Roads	-	-	3,064,666	3,064,666
Committed:				
Outstanding committed contracts	45,144	3,807,551	1,750,215	5,602,910
Software upgrades	31,089	-	75,000	106,089
Building maintenance and upgrades	-	-	1,919,311	1,919,311
Public safety facilities and equipment	-	-	2,192,130	2,192,130
Recreational facility maintenance	-	-	384,258	384,258
Solid waste facilities	-	-	494,425	494,425
Road construction and upgrades	-	-	490,696	490,696
Professional services - tax appeals/litigation	166,924	-	-	166,924
Assigned:				
Subsequent year's expenditures	1,251,901	-	619,152	1,871,053
Minimum fund balance policy	13,407,033	-	-	13,407,033
General government	-	-	6,108,381	6,108,381
Unassigned:				
General government	994,594	-	-	994,594
Total fund balances	24,881,372	21,085,881	32,696,257	78,663,510
Total liabilities, deferred inflows and fund balances	$35,037,734	$ 22,854,631	$ 45,783,845	$ 103,676,210

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

Kenai Peninsula Borough
Reconciliation of the Balance Sheet
to the Statement of Net Position
June 30, 2014

Fund balances - total governmental funds		$ 78,663,510
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		245,632,357
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds:		
Bonds payable	$ (47,995,000)	
Unamortized bond premium	(3,236,835)	
Accrued interest	(1,033,340)	
Unamortized deferred loss on School bond refunding	571,731	
Landfill closure	(5,200,828)	(56,894,272)
Some of the Borough's receivables will be collected after year-end and are not available soon enough to pay for current period's expenditures and therefore are deferred in the governmental funds.		
Property taxes receivable	902,480	
Land sales contracts receivable	735,676	
Accrued interest subsidy	132,392	1,770,548
Internal service funds are used by management to charge the cost of certain activities to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the statement of net position.		9,809,658
Net position of governmental activities		$ 278,981,801

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

Kenai Peninsula Borough
Governmental Funds
Statement of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended June 30, 2014

	General Fund	Bond Funded Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	$ 32,854,323	$ -	$ 21,716,275	$ 54,570,598
Sales tax	30,277,598	-	-	30,277,598
Intergovernmental:				
Federal	3,394,708	-	1,953,445	5,348,153
State	6,091,747	-	17,173,740	23,265,487
Investment earnings	942,985	25,631	453,454	1,422,070
Interest subsidy	-	-	318,009	318,009
Other revenues	1,383,713	-	3,869,812	5,253,525
Total revenues	74,945,074	25,631	45,484,735	120,455,440
Expenditures:				
General government	15,832,476	-	1,912,770	17,745,246
Public safety	663,702	-	22,455,876	23,119,578
Solid waste	5,849,503	779,828	4,037,890	10,667,221
Recreation	-	-	1,768,936	1,768,936
Education	44,195,330	5,937,022	6,180,257	56,312,609
Environmental protection	-	-	909,596	909,596
Roads and trails	-	-	10,273,366	10,273,366
Debt service:				
Principal	-	-	2,770,000	2,770,000
Interest and other	-		1,380,830	1,380,830
Total expenditures	66,541,011	6,716,850	51,689,521	124,947,382
Excess (deficiency) of revenues over expenditures	8,404,063	(6,691,219)	(6,204,786)	(4,491,942)
Other financing sources (uses):				
Bonds issued	-	20,860,000	-	20,860,000
Premium on bonds issued	-	2,124,575	-	2,124,575
Transfers in	1,674	-	8,041,387	8,043,061
Transfers out	(6,835,350)	-	(1,207,711)	(8,043,061)
Net other financing sources (uses)	(6,833,676)	22,984,575	6,833,676	22,984,575
Net changes in fund balances	1,570,387	16,293,356	628,890	18,492,633
Fund balances at beginning of year	23,310,985	4,792,525	32,067,367	60,170,877
Fund balances at end of year	$ 24,881,372	$ 21,085,881	$ 32,696,257	$ 78,663,510

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

Kenai Peninsula Borough
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of the Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2014

Net change in fund balances - total governmental funds		$ 18,492,633
The change in net position reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are depreciated over their useful lives.		
Expenditures for capital assets	$ 17,672,292	
Retirement of nondepreciable capital assets	(5,037,281)	
Less current year depreciation	(10,155,945)	2,479,066
The net effect of various transactions involving capital assets (i.e. sales, trade-ins and donations) is to increase net position.		142,183
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:		
Bonds issued	(20,860,000)	
Principal payments	2,770,000	
Net increase in bond premium	(1,908,894)	
Net decrease in bond deferred loss	(69,301)	(20,068,195)
Certain revenues reported in the statement of activities are not reported in governmental funds because they do not provide current financial resources. This adjustment is to recognize the net change in unavailable revenues.		
Property taxes	153,984	
Land sales	(154,798)	
Accrued interest subsidy	119,755	118,941
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.		
Increase in accrued interest	(526,691)	
Decrease in landfill closure cost	953,947	427,256
Internal service funds are used by management to charge the cost of certain activities to individual funds. The change in net position of internal service funds is reported with governmental activities.		(658,921)
Change in net position of governmental activities		$ 932,963

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, 2014

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
Revenues:				
Property taxes	$ 32,889,881	$ 32,889,881	$ 32,854,323	$ (35,558)
Sales tax	29,938,049	29,938,049	30,277,598	339,549
Intergovernmental	7,433,448	8,741,044	9,486,455	745,411
Investment earnings	1,250,000	1,250,000	942,985	(307,015)
Other	900,000	900,000	1,383,713	483,713
Total revenues	72,411,378	73,718,974	74,945,074	1,226,100
Expenditures:				
General government:				
Assembly:				
Personnel	857,676	903,984	798,971	105,013
Supplies	106,340	102,423	17,101	85,322
Services	605,965	605,715	430,368	175,347
Capital outlay	5,075	9,242	5,616	3,626
Total assembly	1,575,056	1,621,364	1,252,056	369,308
Mayor:				
Personnel	981,359	1,104,825	1,027,950	76,875
Supplies	8,025	10,798	7,547	3,251
Services	131,084	112,901	80,719	32,182
Capital outlay	6,490	8,020	7,713	307
Total mayor	1,126,958	1,236,544	1,123,929	112,615
Human resources:				
Personnel	768,377	832,243	802,988	29,255
Supplies	32,375	27,754	17,282	10,472
Services	148,497	152,064	138,322	13,742
Capital outlay	1,220	1,261	1,244	17
Total human resources	950,469	1,013,322	959,836	53,486
Information technology:				
Personnel	1,469,476	1,591,362	1,481,104	110,258
Supplies	57,950	57,950	44,110	13,840
Services	335,558	335,558	300,547	35,011
Capital outlay	31,900	31,900	22,428	9,472
Total information technology	1,894,884	2,016,770	1,848,189	168,581
Legal:				
Personnel	725,327	786,900	755,543	31,357
Supplies	111,079	4,000	2,896	1,104
Services	145,094	253,873	85,298	168,575
Capital outlay	3,800	3,800	1,863	1,937
Total legal	985,300	1,048,573	845,600	202,973
Finance:				
Personnel	2,414,313	2,538,314	2,431,350	106,964
Supplies	16,800	17,867	14,282	3,585
Services	710,549	769,434	694,828	74,606
Capital outlay	17,500	26,319	18,909	7,410
Total finance	3,159,162	3,351,934	3,159,369	192,565
Assessing:				
Personnel	2,690,968	2,896,508	2,621,663	274,845
Supplies	41,650	13,050	7,855	5,195
Services	389,346	389,346	301,540	87,806
Capital outlay	10,000	38,600	9,496	29,104
Total assessing	3,131,964	3,337,504	2,940,554	396,950

(Continued)

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

Kenai Peninsula Borough
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - continued
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
Expenditures, continued:				
General government, continued:				
Planning:				
Personnel	$ 2,020,956	$ 2,188,303	$ 1,878,964	$ 309,339
Supplies	61,850	61,697	51,649	10,048
Services	503,043	495,699	392,221	103,478
Capital outlay	33,367	41,231	41,065	166
Total planning	2,619,216	2,786,930	2,363,899	423,031
Capital projects administration:				
Personnel	211,040	284,370	169,560	114,810
Supplies	10,046	10,046	8,495	1,551
Services	72,026	70,926	69,692	1,234
Capital outlay	5,000	6,100	4,261	1,839
Total capital projects administration	298,112	371,442	252,008	119,434
Non-departmental:				
Personnel	50,000	50,000	15,158	34,842
Supplies	-	27,005	8,495	18,510
Services	1,536,012	1,546,012	1,050,388	495,624
Capital outlay	-	12,995	12,995	-
Total non-departmental	1,586,012	1,636,012	1,087,036	548,976
Total general government	17,327,133	18,420,395	15,832,476	2,587,919
Public safety:				
Personnel	424,359	450,989	435,969	15,020
Supplies	40,200	30,067	18,313	11,754
Services	240,513	244,350	199,509	44,841
Capital outlay	3,500	9,796	9,911	(115)
Total public safety	708,572	735,202	663,702	71,500
Solid waste:				
Personnel	2,004,957	2,170,161	2,141,127	29,034
Supplies	384,483	363,299	294,959	68,340
Services	3,681,945	3,684,815	3,365,685	319,130
Capital outlay	33,706	52,020	47,732	4,288
Total solid waste	6,105,091	6,270,295	5,849,503	420,792
Education:				
School District contributions	43,500,000	43,500,000	43,500,000	-
Post secondary education	697,690	697,690	695,330	2,360
Total education	44,197,690	44,197,690	44,195,330	2,360
Total expenditures	68,338,486	69,623,582	66,541,011	3,082,571
Excess of revenues over expenditures	4,072,892	4,095,392	8,404,063	4,308,671
Other financing sources (uses):				
Transfers in	-	1,674	1,674	-
Transfers out	(6,361,898)	(7,352,898)	(6,835,350)	517,548
Total other financing sources (uses)	(6,361,898)	(7,351,224)	(6,833,676)	517,548
Net changes in fund balance	(2,289,006)	(3,255,832)	1,570,387	4,826,219
Fund balance at beginning of year	23,310,985	23,310,985	23,310,985	-
Fund balance at end of year	$ 21,021,979	$ 20,055,153	$ 24,881,372	$ 4,826,219

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

Kenai Peninsula Borough
Proprietary Funds
Statement of Net Position
June 30, 2014

	Governmental Activities Internal Service Funds
Assets	
Current assets:	
Cash and short-term investments	$ 48,545
Equity in central treasury	13,310,820
	13,359,365
Other receivables	32,591
Total current assets	13,391,956
Capital assets:	
Equipment	5,628,265
Less accumulated depreciation	(2,923,568)
Total capital assets (net of accumulated depreciation)	2,704,697
Total assets	$ 16,096,653
Liabilities	
Current liabilities:	
Accounts and contracts payable	$ 94,249
Accrued payroll and payroll benefits	17,940
Compensated absences	632,428
Claims payable	3,645,095
Total current liabilities	4,389,712
Noncurrent liabilities - Compensated absences	1,897,283
Total liabilities	6,286,995
Net Position	
Investment in capital assets	2,704,697
Unrestricted	7,104,961
Total net position	$ 9,809,658

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

Kenai Peninsula Borough
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended June 30, 2014

	Governmental Activities Internal Service Funds
Operating revenues:	
Charges for sales and services	$ 11,538,182
Other operating revenues	43,999
Total operating revenues	11,582,181
Operating expenses:	
Administrative services	3,168,520
Insurance premiums	1,770,933
Self insured losses	6,983,782
Depreciation	470,949
Total operating expenses	12,394,184
Operating loss	(812,003)
Non-operating revenues:	
Investment earnings	129,365
Other	23,717
Total non-operating revenues	153,082
Change in net position	(658,921)
Net position at beginning of year	10,468,579
Net position at end of year	$ 9,809,658

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, 2014

	Governmental Activities Internal Service Funds
Cash flows from operating activities:	
Receipts from interfund services provided	$ 11,538,182
Payments to suppliers	(8,356,188)
Payments to employees	(2,780,182)
Other program revenue	43,999
Net cash provided by operating activities	445,811
Cash flows from capital and related financing activities:	
Purchase of capital assets	(426,753)
Proceeds from sale of capital assets	58,217
Net cash used by capital and related financing activities	(368,536)
Cash flows from investing activities:	
Investment earnings	129,365
Net cash provided by investing activities	129,365
Net increase in cash and cash equivalents	206,640
Cash and cash equivalents, beginning of year	13,152,725
Cash and cash equivalents, end of year	$ 13,359,365
Reconciliation of cash and cash equivalents to Statement of Net Position:	
Cash and short-term investments	48,545
Equity in central treasury	13,310,820
Cash and cash equivalents, end of year	$ 13,359,365
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	$ (812,003)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	470,949
Change in assets and liabilities:	
(Increase) decrease in other receivables	96,090
Increase (decrease) in claims payable	807,807
Increase (decrease) in compensated absences	(26,308)
Increase (decrease) in accounts and contracts payable	(107,980)
(Increase) decrease in prepaid expense	17,150
Increase (decrease) in accrued payroll and payroll benefits	106
Total adjustments	1,257,814
Net cash provided (used) by operating activities	$ 445,811

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

Kenai Peninsula Borough
Fiduciary Funds
Statement of Fiduciary Fund Assets & Liabilities
June 30, 2014

	Agency Funds
Assets	
Equity in central treasury	$1,323,491
Taxes receivable	81,341
Due from landowners	993,740
Total assets	$2,398,572
Liabilities	
Deferred administration fee	59,240
Due to landowners	381,003
Loans payable	1,442,828
Due to other entities:	
City of Homer	122,893
City of Kachemak City	869
City of Kenai	288,043
City of Seldovia	5,933
City of Seward	75,399
City of Soldotna	22,364
Total liabilities	$2,398,572

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

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INDEX TO NOTES

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

NOTE		PAGE
I.	Summary of Significant Accounting Policies	41
	A. Reporting Entity	41
	Discretely Presented Component Units	41
	B. Government-Wide and Fund Financial Statements	42
	C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	42
	D. Assets, Liabilities, and Net Position	43
	1. Deposits and Investments	43
	2. Receivables and Payables	44
	3. Inventories	44
	4. Prepaid Items	44
	5. Capital Assets	44
	6. Compensated Absences	45
	7. Long-Term Obligations	45
	8. Fund Balances	45
	9. Encumbrances	46
II.	Stewardship, Compliance and Accountability	46
	A. Budgetary Information	46
III.	Detailed Notes on All Funds	47
	A. Deposit and Investment Risk Disclosure	47
	B. Property Taxes	51
	C. Receivables	52
	D. Deferred Inflows, Outflows and Unearned Revenues	53
	E. Capital Assets	53
	F. Interfund Receivables, Payables and Transfers	55
	G. Risk Management	56
	H. Long-Term Debt	57
	I. Conduit Debt Obligations	58
	J. Commitments and Contingencies	59
	1. Loss Contingencies	59
	2. Grants	59
	K. Pension Plans	59
	State of Alaska Public Employees' Retirement System	59
	L. Landfill Closure and Postclosure Care Cost	61
	M. New Accounting Pronouncements	62

I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

A. Reporting Entity

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

Discretely Presented Component Units

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

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

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

B. Government-wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. The Borough’s only fiduciary funds are its agency funds. Agency funds have no measurement focus but follow the accrual basis of accounting.

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

The Borough reports the following major governmental funds:

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

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

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

Additionally, the Borough reports the following fund types:

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

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

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

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

D. Assets, Liabilities, and Net Position

1. Deposits and Investments

The Borough utilizes a central treasury to aggregate cash from all funds and the School District for cash management and investment purposes. Each fund has an account titled "equity in central treasury" which is the cash balance of that particular fund. Each fund whose monies are deposited in the central treasury has equity therein. Interest income on investments is allocated monthly to participating funds based on their average equity balance during the month. Special Revenue Funds of Central Emergency Services and Nikiski Fire, and the discretely presented Component Units; School District, SPH and CPH; have cash which is not aggregated in the central treasury. At June 30, 2014, investments for the government, as well as for its component units, are reported at fair value.

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

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

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

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

2. Receivables and Payables

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

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

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

3. Inventories

The Borough maintains custody of the maintenance inventory reported on the School District financial statements. These inventories consist of expendable supplies, to repair and maintain schools or other district locations. The cost of inventory items is included in expenditures when issued to schools from the central warehouse or issued for consumption.

4. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2014 are recorded as prepaid items.

5. Capital Assets

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

Assets	Years
Buildings	10-50
Improvements other than buildings	10-50
Infrastructure	10-50
Vehicles	7-10
Equipment	5-10

6. Compensated Absences

The Borough and Service Areas recognize a liability for the net amount of accrued vacation. Accumulated vacation may be received in cash by the employee at any time, subject to certain restrictions. The obligation of accumulated unpaid personal leave amounts to $2,529,711 at June 30, 2014. Of the total accumulated unpaid vacation at June 30, 2014, $632,428 is expected to be paid out within one year; this is a decrease of $26,307 from June 30, 2013. An internal service fund, Employee Compensated Leave Fund, was established to account for resources accumulated to provide for compensated absences for the Borough's governmental activities. The Borough does not accrue a liability for non-vested sick leave, payable only in the event of employee absence due to illness. That amount is $727,265 at June 30, 2014, a decrease of $130,504 from June 30, 2013.

7. Long-term Obligations

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

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

8. Fund Balances

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

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

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

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

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

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

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

9. Encumbrances

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

Significant encumbrances exceeding $100,000 as of June 30, 2014 were:

	Major Funds		
Description/Program	**General Fund**	**Bond Funded Capital Project Fund**	**Nonmajor Gov't Funds**
Audit services	$ 59,239	$ -	$ 60,194
Solid waste facilities	-	-	275,927
School roof projects	-	3,751,850	-
School facility improvements	-	-	775,326
Roads construction and upgrades	-	-	503,035
Firefighting equipment and facilities	-	-	247,525
Total	$ 59,239	$ 3,751,850	$ 1,862,007

II – Stewardship, Compliance and Accountability

A. Budgetary Information

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

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

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

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

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

III – Detailed Notes on all Funds

A. Deposit and Investment Risk Disclosure

As of June 30, 2014, the Borough's investments were as follows:

INVESTMENT	MATURITIES	FAIR VALUE
Internally Pooled Investments held in Central Treasury:		
Repurchase agreements		$ 12,994,800
Wells Fargo Secured Institutional Money Market		3,788,664
AMLIP External investment pool	31 day average	4,294,949
U. S. Agencies	August 2014 – March 2019	25,278,291
U. S. Treasury Notes	May 2017 – May 2019	27,823,158
State of Ohio Build America Bonds	August 2014 – August 2017	1,174,802
Wyandotte County Kansas	September 2014	702,238
Milwaukee County Minnesota	October 2014	504,975
Fairfax County Virginia	March 2015	1,256,175
University of North Carolina	April 2015 – April 2016	570,917
District of Columbia Build America Bonds	June 2015	851,536
Wells Fargo Bank NA	July 2015	1,007,504
General Electric Capital Corp.	October 2015 – December 2015	2,418,440
IBM Corporation	January 2016	1,549,362
Newton County Georgia	February 2016	506,578
Berkshire Hathaway Inc.	February 2016 – February 2018	3,808,144
Microsoft Corp.	February 2016 – December 2018	3,050,388
State of Connecticut	April 2016	760,637
Des Moines, Iowa	June 2016 –June 2017	1,737,972
Chevron Corp.	June 2016	2,013,086
Coca-Cola Company	September 2016	2,058,960
Proctor & Gamble Company	November 2016	3,500,971
Johnson & Johnson	November 2016	1,754,588
U.S. Bank NA	January 2017	2,016,768
State of Nevada	February 2017	763,163
State of New York	March 2017	1,083,280
Wal-Mart Stores Inc.	April 2017	2,008,153
Toyota Motor Credit Corp.	May 2017	1,003,186
Apple Inc.	May 2018	2,938,713
State of Arkansas	July 2018	1,042,626
Exxon Mobil Corp.	March 2019	4,024,625
State of Massachusetts	May 2019	1,610,421
University of California (mandatory call July 2017)*	July 2041	1,000,040
	Total	**120,898,110**

*see additional information on page 48-Option Risk

INVESTMENT	MATURITIES	FAIR VALUE
Major Bond Funded Capital Project Fund Investments - Restricted:		
Repurchase agreements		6,000,000
AMLIP External investment pool	31 day average	1,724,062
U. S. Agencies	July 2014 – June 2016	15,130,569
	Total $	**143,752,741**
Discretely Presented Component Unit Investments - CPH & SPH Assets Whose Use is Limited:		
Repurchase agreements		255,667
Wells Fargo Secured Institutional Money Market		8,568,607
Bank of New York Mellon – Pooled Mutual Funds		2,960,068
AMLIP External investment pool	31 day average	2,271,988
U. S. Agencies	December 2014 – December 2015	38,048,162
	Grand Total Investments held in Central Treasury $	**195,857,233**

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

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

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

Maturity	Target Maturity Level	Actual Investment
One Year or Less	40%	47%
One to Three Years	30%	28%
Three to Five Years	30%	25%

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 and highly rated corporate issuers that may contain call options. As of June 30, 2014, about $5 million or 2.7% of the portfolio 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:

Investment	Type of Call	Next Call Date
US Bank N.A.	One-time call	December 30,2016
Exxon Mobil Corporation	One-time call	February 15, 2019
University of California	Annual call	January 01, 2017

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

Investment Type	Maximum Allowable % per Investment Policy	Maximum Maturity per Investment Policy	Actual % as of June 30, 2014
U.S. Treasury Securities	100%	5 years	14.2%
U.S. Agencies	100%	5 years	40.1%
Corporate bonds	50%	5 years	16.9%
Municipal bonds	25%	5 years	6.9%
Repurchase agreements	20%	n/a	9.8%
Money market funds	20%	n/a	6.4%
AMLIP	20%	n/a	5.7%
Bankers Acceptances	10%	3 years	0%
Commercial Paper	25%	270 days	0%
Term Repurchase Agreements and Certificates of Deposit:			
7-day term or shorter:	25%	n/a	0%
Greater than 7-day term	25%	3 years	0%

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

As of June 30, 2014 the Borough's investments in corporate bonds, municipal bonds, and U.S. Government agencies or instruments implicitly guaranteed by the U.S. Government were rated as follows:

INVESTMENT	Standards & Poor's	Moody's Investors Service
Apple Inc.	AA+	Aa1
Berkshire Hathaway Inc.	AA	Aa2
Chevron Corp.	AA	Aa1
Coca-Cola Co	AA	Aa3
Des Moines, Iowa	AA+	Aa2
District of Columbia Build America Bonds	AA-	Aa2
Exxon Mobil Corp.	AAA	Aaa
Fairfax County Virginia	AA+	Aa2
Federal Farm Credit Bank	AA+	Aaa
Federal Home Loan Bank	AA+	Aaa
Federal Home Loan Mortgage Corporation	AA+	Aaa
Federal National Mortgage Association	AA+	Aaa
Federal National Mortgage Association Pool	AA+	Aaa
General Electric Capital Corp.	AA+	Aa3
IBM International Group Capital	AA-	Aa3
Johnson & Johnson Company	AAA	Aaa
Microsoft Corp.	AAA	Aaa
Milwaukee County Wisconsin	AA	Aa2
Newton County Georgia	AA+	Aa1
Procter & Gamble Company	AA-	Aa3
State of Arkansas	AA	Aa1
State of Connecticut	AA	Aa3
State of Massachusetts	AA+	Aa1

INVESTMENT	Standards & Poor's	Moody's Investors Service
State of Nevada	AA	Aa2
State of New York	AA	Aa1
State of Ohio	AA+	Aa1
Toyota Motor Credit Corp.	AA-	Aa3
University of North Carolina	AA-	Aa3
University of California	A-1+	N/A
US Bank N.A.	AA-	Aa3
Wal-Mart Stores Inc.	AA	Aa2
Wells Fargo Bank N.A.	AA-	Aa3
Wyandotte County Kansas	AA-	Aa2

Custodial Credit Risk: Custodial credit risk is the risk that in the event of the failure of a depository institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. To limit custodial credit risk, it is the Borough's policy to collateralize all monies deposited in excess of FDIC limit. All pledged collateral for the Kenai Peninsula Borough must be held in a collateral custodian account of the Kenai Peninsula Borough under a formal tri-party agreement. Of the Borough's $19.25 million in repurchase agreements at June 30, 2014, $20.32 million of underlying securities are pledged to the Borough by the Bank. This collateral is owned by the Bank and held by the third party custodian. The Federal Deposit Insurance Corporation (FDIC) insures $250,000.

Cash and short term investment balances at June 30, 2014, consisted of the following:

	Carrying Amount	Bank Balance
Cash and short term investments held in central treasury:		
Checking accounts:		
Primary Government	$ (1,999,885)	$ 1,290,720
Discretely Presented Component unit (School District)	(3,171,782)	-
Total cash and short term investments held in central treasury	(5,171,667)	1,290,720
Other cash and investments:		
Checking and savings accounts:		
Primary Government	93,145	137,851
Cash on hand:		
Primary Government	1,810	-
Total other cash and short term investments	94,955	137,851
Total cash and short term investments	$ (5,076,712)	$ 1,428,571

The following is a summary of equity in central treasury and investments at June 30, 2014:

General Fund	$ 15,272,339
Special revenue funds	24,953,299
Capital projects funds	12,502,440
Capital project funds – Restricted	22,854,631
Internal service funds	13,310,820
Total Primary Government equity in central treasury	$ 88,893,529
Fiduciary funds	$ 1,323,491

Discretely Presented Component Units		
School District agency funds	$	2,623,607
School District		37,191,726
School District – Reconciling item-unrecorded allocation		(13,525)
Central Peninsula Hospital		5,278,059
Central Peninsula Hospital – Restricted assets		35,468,852
Central Peninsula Hospital – Assets whose use is limited		16,447,887
Central Peninsula Hospital – Reconciling item, overstated assets		19,826
South Peninsula Hospital		3,264,361
South Peninsula Hospital – Assets whose use is limited		187,753
Total equity in central treasury	$	190,685,566

The equity in central treasury consists of the following:

Cash and short term investments	$	(5,171,667)
Investments		195,857,233
	$	190,685,566

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

Fair value at June 30, 2014	$	195,857,233
Add: cost of investments sold/called/matured in FY2014		49,126,313
Less: cost of investments purchased in FY2014		(109,060,133)
Less: fair value at June 30, 2013		(136,417,347)
Change in fair value of investments	$	493,934

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 FY1989, the Borough contracted with the State of Alaska for collection of the tax on motor vehicles. This contract allows the State to collect taxes according to a prescribed schedule of values at the time of registration of an individual's motorized vehicle. The State then remits to the Borough the total collections less an 8% service fee.

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

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

Property Tax Calendar

Assessment date	January 1, 2013	Total taxes are due	October 15, 2013
Levy date	Not later than June 15, 2013	Penalties & interest added	October 17, 2013
Tax bills mailed	Not later than July 1, 2013	Lien date	April 15, 2014

Property taxes levied for the current year are recognized as revenues, even though a portion is collected in the period subsequent to the yearend. The Borough's property tax collection records show that approximately 96.82% of the property taxes due were collected within 60 days after the due date. Assessed values are established by the Kenai Peninsula Borough assessor's office. Borough code requires a revaluation of all property be completed no less than every 5 years. The current average is approximately every 7 years.

C. Receivables

Receivables at June 30, 2014 for the government's individual major funds and proprietary funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows**:**

	General	Nonmajor Other Funds	Internal Service Funds	Fiduciary Funds	Total
Taxes	$ 6,807,969	$ 324,343	$ -	$ 81,341	$ 7,213,653
Accounts and other receivables	215,501	306,285	32,591	993,740	1,548,117
Notes receivable	8,944,838	-	-	-	8,944,838
Land sale contracts	-	735,676	-	-	735,676
Special assessment districts	1,279,946	-	-	-	1,279,946
Intergovernmental	1,274,376	6,922,790	-	-	8,197,166
Total receivables	18,522,630	8,289,094	32,591	1,075,081	27,919,396
Less allowance for uncollectibles	(23,372)	(7,888)	-	-	(31,260)
	$ 18,499,258	$ 8,281,206	$ 32,591	$ 1,075,081	$ 27,888,136

City of Homer Note Receivable

In FY2013, a loan agreement was executed between the Kenai Peninsula Borough and the City of Homer in the not to exceed amount of $12.7 million to finance the design and construction of a natural gas distribution improvement project in the City of Homer. As of June 30, 2014, the principal balance due is $8,809,368 with accrued interest of $85,922. No amount is current and due within one year. Interest only payments are due April 1, 2014 and 2015, with 10 subsequent annual principal and interest payments due on April 1, 2016-2025.

Hospital Note Receivable

In FY2011, The Kenai Peninsula Borough loaned South Peninsula Hospital $313,831 to help finance a magnetic resonance imaging machine (MRI). Of the $135,470 outstanding at June 30, 2014, $65,961 is due within one year.

D. Deferred Inflows, Outflows and Unearned Revenues

Governmental funds report deferred inflows 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. Governmental funds report acquisition of net position by the governmental funds that are applicable to a future reporting period as deferred inflows of resources and consumption of net position that are applicable to future periods as deferred outflows. At June 30, 2014, the various components of unearned revenue, deferred inflows, and deferred outflows of resources reported in the governmental funds were as follows:

	Government-Wide			Fund Level	
	Deferred Outflows	Deferred Inflows	Unearned	Deferred Inflows	Unearned
Unamortized deferred loss	$ 571,731	$ -	$ -	$ -	$ -
Property taxes receivable (General Fund)	-	-	-	629,404	-
Prepaid property tax (General Fund)	-	4,894,569	-	4,894,569	-
Property taxes receivable (nonmajor gov't funds)	-	-	-	273,076	-
Prepaid property tax (nonmajor gov't funds)	-	4,850,032	-	4,850,032	-
Miscellaneous prepaid (General Fund)	-	-	2,186	-	2,186
PILT (General Fund)	-	2,920,626	-	2,920,626	-
Land sale receivables (nonmajor governmental funds)	-	-	-	735,676	-
Grant funds received prior to meeting all eligibility requirements (nonmajor governmental funds)	-	-	1,984,383	-	1,984,383
	$ 571,731	$ 12,665,227	$ 1,986,569	$14,303,383	$ 1,986,569

E. Capital Assets

Capital asset activity for the year ended June 30, 2014 was as follows:

Governmental Activities:	**Balance July 1, 2013**	**Additions/ Transfers**	**Deductions/ Transfers**	**Balance June 30, 2014**
Capital assets, not being depreciated:				
Land	$ 70,416,507	$ 134,733	$ (81,801)	$ 70,469,439
Construction in progress	15,271,984	10,092,184	(4,945,459)	20,418,709
Total capital assets, not being depreciated	85,688,491	10,226,917	(5,027,260)	90,888,148
Capital assets, being depreciated:				
Buildings	298,742,935	-	(1,536,345)	297,206,590
Improvements other than buildings	73,816,776	5,203,978	(1,052,473)	77,968,281
Machinery and equipment	38,845,701	2,103,392	(5,169,263)	35,779,830
Infrastructure	14,683,112	745,053	-	15,428,165

Capital Assets, continued:	Balance July 1, 2013	Additions/ Transfers	Deductions/ Transfers	Balance June 30, 2014
Total capital assets being depreciated	426,088,524	8,052,423	(7,758,081)	426,382,866
Less accumulated depreciation for:				
Buildings	(184,284,485)	(6,162,544)	1,533,222	(188,913,807)
Improvements other than buildings	(55,051,156)	(1,631,007)	1,034,747	(55,647,416)
Machinery and equipment	(24,472,575)	(2,410,144)	5,145,592	(21,737,127)
Infrastructure	(2,212,411)	(423,199)	-	(2,635,610)
Total accumulated depreciation	(266,020,627)	(10,626,894)	7,713,561	(268,933,960)
Total capital assets, being depreciated, net	160,067,897	(2,574,471)	(44,520)	157,448,906
Governmental activities capital assets, net	$ 245,756,387	$ 7,652,446	$ (5,071,780)	$ 248,337,054

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

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

Governmental activities:

General government	$ 318,588
Solid waste facilities	1,170,478
Public safety	1,962,546
Recreation	443,421
Schools	5,829,233
Road maintenance, including infrastructure assets	431,679
Capital assets held by the government's internal service fund are charged to the various functions based on their usage of the assets	470,949
Total depreciation expense - governmental activities	$ 10,626,894

Construction commitments:

The Borough has numerous active construction projects as of June 30, 2014. The projects include major repair of existing roads, improvement to school facilities and public safety facilities. At year-end the Borough's commitments with contractors are as follows:

Projects	Remaining Commitments	Financing Sources
Major repair of existing roads	$ 636,148	Federal and state grants and local funding
Public Safety building construction	382,227	State grants, general obligation bonds and local funding
Recreation facility improvements	124,314	State grants and local funding
Improvement to school facilities	4,923,908	State grants, general obligation bonds and local funding
Landfill closure and site upgrades	287,249	Local funding
Total	$ 6,353,846	

F. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2014 is as follows:

The General Fund has made a short-term loan of $974,924 to the Disaster Relief Fund, $49 to the Central Peninsula Emergency Medical Fund and $289,364 to the Miscellaneous Grants Fund to cover cash needs while awaiting reimbursement from State and Federal granting agencies and taxes receivable. The General Fund has made loans in the amount of $1,279,946 to the Special Assessment Districts for utility/road improvements. Property owners of the utility/road improvement districts then repay the amount that is borrowed over a 10 year period.

Fund	Interfund Receivables	Interfund Payables
Major fund - General Fund	$ 1,264,337	$ -
Nonmajor governmental funds	-	1,264,337
Total	$ 1,264,337	$ 1,264,337

Interfund transfers

Interfund transfers have been made in accordance with appropriating ordinances. The Borough collects a 3% sales tax and records the revenue in the General Fund. Sales tax, specifically dedicated to School District operations, and additional funds appropriated by the Assembly are transferred in monthly installments from the General Fund to the School District. Transfers to the School District totaled $43,500,000.

Transfers between funds for the year ended June 30, 2014, were as follows:

	Transfers In		
Transfers Out:	Major Fund General Fund	Nonmajor Gov't Funds	Total
General Fund	$ -	$ 6,835,350	$ 6,835,350
Nonmajor governmental funds	1,674	1,206,037	1,207,711
Total	$ 1,674	$ 8,041,387	$ 8,043,061

Significant transfers were as follows:

- The General Fund transferred $1,055,150 to the Solid Waste Debt Service Fund to fund FY2014 debt service on bonds sold to finance construction, capital improvements and equipment at Borough landfill sites.

- The General Fund transferred $2,504,055 to School Debt Service Fund to fund FY2014 debt service payments on bonds sold to finance construction of school facilities and capital maintenance, of which $1,753,936 was reimbursed by the State of Alaska.

- The General Fund transferred $2,160,000 to School Revenue Capital Projects Fund to fund capital maintenance on school facilities, $250,000 to General Government Capital Projects Fund to fund general government capital projects and $300,000 to the Solid Waste Capital Projects Fund to fund capital maintenance projects on solid waste facilities.

- The General Fund transferred $224,481 to the 911 Communications Special Revenue Fund to support expenditures of the program.

- The General Fund transferred $75,643 to nonmajor governmental funds for operating.

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 FY1992.

Insurers provide annual aggregate limits up to $11,750,000 in excess of our retention level for the exposures of general liability, auto liability, public officials' liability, educational errors and omissions, ambulance attendants' professional liability and landfill liability. Insurance coverage for these various types of liability exposure are being provided by insurers in a single package policy format. Building and contents are insured in excess of a $100,000 deductible per occurrence, and data processing equipment and vehicles are insured in excess of a $500 deductible per occurrence. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The Borough continues to fully insure the non-owned aircraft liability risks.

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

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

		2014		2013
Beginning of fiscal year liability	$	2,135,288	$	1,267,885
Current year claims incurred and changes in estimates for claims incurred in prior years		1,947,624		1,823,979
Claims and expenses paid		(1,149,152)		(956,576)
End of fiscal year liability	$	2,933,760	$	2,135,288

Included above is a liability for incurred but not reported (IBNR) claims of $149,776. Experience indicates those losses or claims do not go unreported for any significant length of time, therefore, the exposure to IBNR losses or claims is minimal.

In addition to the risk management issues listed above, the Borough maintains a health and medical benefit program, which covers all permanent employees working more than half time. The Borough retains a major portion of the risk of this plan, and, accordingly, is liable for any employee health claims that are approved for payment. Stop-loss limits are $200,000 for individual claims. Health and medical expenditures totaled $5,509,543 and $5,539,715 for the years ended June 30, 2014 and 2013 respectively, and consisted of paid claims, stop-loss premiums and administrative fees. Accruals were made based on estimates of health claims at year-end, including claims incurred but not reported. Such accruals are accounted for in the Employee Health Insurance Internal Service Fund. A schedule of the changes in the health care claims liability for the two years ended June 30, 2014 and 2013 follows:

	2014	2013
Health insurance claims liabilities, beginning of year	$ 702,000	$ 558,000
Current year claims incurred and changes in estimates for claims incurred in prior years	5,036,158	5,068,911
Claims and expenses paid	(5,026,823)	(4,924,911)
Health insurance claims liabilities, end of year	$ 711,335	$ 702,000

H. Long-term debt

A summary of long-term liability activity for the year ended June 30, 2014 is as follows:

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Due within one year
Governmental activities:					
Areawide school bonds	$ 24,820,000	$20,860,000	$ 1,640,000	$ 44,040,000	$ 2,220,000
Solid waste bonds	2,000,000	-	985,000	1,015,000	1,015,000
Central Emergency Services bonds	1,870,000	-	110,000	1,760,000	115,000
Bear Creek Fire bonds	1,215,000	-	35,000	1,180,000	40,000
Compensated absences	2,556,019	2,205,552	2,231,860	2,529,711	632,428
Landfill closure / postclosure	6,154,775	266,021	1,219,968	5,200,828	13,600
Total governmental activities long-term liabilities	$ 38,615,794	$23,331,573	$ 6,221,828	55,725,539	$ 4,036,028
Unamortized premium on bonds - School bonds 2011 refinancing				963,091	
Unamortized premium on bonds - School bonds 2014				2,071,461	
Unamortized premium on bonds – Bear Creek Fire bonds 2013 project				184,283	
Unamortized premium on bonds - Solid Waste 2009 expansion project				18,000	
				$ 58,962,374	

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

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

In November 2013, the Borough issued 20 year School bonds in the amount of $20,860,000. This was phase II of a two phase project for roof replacement at various schools. The State of Alaska will reimburse the Borough up to 70% of the principal and interest on these bonds.

Bear Creek Fire Service Area Bonds

In 2007 voters of the Bear Creek Fire Service Area authorized the issuance of $1,400,000 in bonds for design, construction, and equipping a Bear Creek Fire Service Area Public Safety Building. These bonds were issued in March 2013 in the amount of $1,215,000.

A summary of bonds payable (in thousands) at June 30, 2014, is as follows:

	Date of Issue	Issued	Interest Rate	Maturity Dates	Annual Installments	Outstanding June 30, 2014
General Government:						
School bonds:	01-31-07	$ 2,515	4.00 – 5.50	2008 – 2017	$215 to 305	$ 875
	12-09-10	16,865	1.42 – 6.26	2011 - 2030	715 to 1,110	14,975
	9-15-11	8,150	4.25 – 5.00	2014 - 2023	165 to 930	7,330
	11-14-13	20,860	1.50 – 5.00	2014 - 2033	1,624 to 1,630	20,860
Total school bonds		48,390				44,040
Solid waste bonds	12-12-09	4,780	2.00 – 4.00	2011 – 2015	910 to 1,015	1,015
Total General Government		53,170				45,055
Central Emergency Services bonds	06-21-06	2,500	4.00 - 6.00	2006 - 2026	85 to 185	1,760
Bear Creek Fire bonds	03-12-13	1,215	2.00 - 5.00	2014 - 2033	35 to 90	1,180
Total Governmental Activities		$ 56,885				$ 47,995

Debt service requirements, (not including landfill closure/postclosure and compensated absences), at June 30, 2014 were as follows:

Fiscal Year	Principal	Interest	Interest Subsidy	Interest (Net of interest subsidy)
2015	$ 3,390,000	$ 2,409,844	$ (314,136)	$ 2,095,708
2016	2,645,000	2,084,321	(301,162)	1,783,159
2017	2,720,000	1,989,085	(291,657)	1,697,428
2018	2,485,000	1,887,967	(280,497)	1,607,470
2019	2,575,000	1,778,134	(267,588)	1,510,546
2020-2024	13,215,000	7,128,962	(1,105,374)	6,023,588
2025-2029	11,225,000	4,081,045	(596,007)	3,485,038
2030-2034	9,740,000	1,093,013	(56,546)	1,036,467
Total	$ 47,995,000	$ 22,452,371	$ (3,212,967)	$ 19,239,404

I. Conduit Debt Obligations

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

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

Fiscal Year:	Principal
2015	$ 556,920
2016	586,680
2017	618,040
2018	651,160
2019	334,575
	$ 2,747,375

J. Commitments and Contingencies

1. Loss Contingencies

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

2. Grants

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

K. Pension Plans

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

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

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

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

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

Funding Policy
Regular employees are required to contribute 6.75% of their annual covered salary (2.97% for pension and 3.78% for healthcare). Police and firefighters are required to contribute 7.5% of their annual covered salary (3.29% for pension and 4.21% for healthcare). The funding policy provides for periodic employer contributions based on actuarially determined rates that, expressed as a percentage of annual covered payroll, are sufficient to accumulate sufficient assets to pay both pension and postemployment healthcare benefits when due.

Under current legislation, the employer contribution rate is statutorily capped at 22%, however, the State of Alaska contributes any amount over 22% such that the total contribution equals the Alaska Retirement Management Board adopted rate, generally consistent with the actuarially determined rate. The Borough's contribution rate was determined as part of the June 30, 2011 actuarial valuation.

The Borough's contribution rates for 2014 for PERS follow:

	Contractual Rate	ARM Board Adopted Rate	GASB 43* Rate
Pension	10.64%	18.38%	27.94%
Postemployment healthcare	11.36%	17.30%	52.55%
Total contribution rate	22.00%	35.68%	80.49%

*This rate uses a 8% pension discount rate for PERS and 5.41% for healthcare discount rate. This rate also disregards future Medicare Part D payments.

The GASB 43 rate noted above is the rate calculated in accordance with the rules as laid out by the GASB for plan accounting purposes, and is the rate used in the determination and calculation of plan assets and plan liabilities. In Alaska, the actual pay-in contribution rate is statutorily capped at 22%. Under current accounting rules, the Borough only recognizes pension/OPEB assets or liabilities if the actual pay-in amount varies from the 22% rate, despite the fact that this rate is significantly lower than the GASB 43 rate. In addition, GASB rules do not dictate how the funding methodology is calculated. As a general rule, the ARM Board has adopted a different rate to be used for funding the plan. Under current rules, the Borough contributes 22%, and the State contributes an amount up to the amount of the ARM Board Rate. The GASB 43 rate is only used for accounting purposes at the plan level. In the future, pursuant to pending new accounting rules, the GASB 43 rate will be used to calculate the Borough's proportionate share of the unfunded liability.

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

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

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

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

Annual Pension and Postemployment Healthcare Cost - PERS

The Borough is required to contribute 22% of covered payroll for PERS, subject to a wage floor. In addition, the State of Alaska contributed approximately 13.68% of covered payroll to the Plan. In accordance with the provisions of GASB Statement Number 24, the Borough has recorded the State PERS on behalf payments of $2,899,706 in these financial statements as revenues and expenditures. However, because the Borough is not statutorily obligated for these payments, these amounts are excluded from pension and OPEB costs as described here.

The Borough's covered payroll for PERS defined benefit for the years ended June 30, 2014 and 2013 was $12,270,856 and $12,548,619, respectively.

Annual Pension and Post-employment Healthcare Cost – PERS

Kenai Peninsula Borough

Year Ended June 30	Required Pension Contribution	Required OPEB Contribution	Total Required Contribution	Borough Contributions	Required Contribution Percentage
2014	$ 1,874,136	$ 1,854,258	$ 3,728,394	$ 3,728,394	100%
2013	1,598,861	2,039,049	3,637,910	3,637,910	100%
2012	1,475,830	1,367,987	2,843,817	2,843,817	100%

Defined Contribution Pension Plan

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

	PERS Tier IV	
	Others	Police/Fire
Employee contribution	8.00%	8.00%
Individual account	5.00%	5.00%
Health reimbursement arrangement (HRA) *	3.00%	3.00%
Retiree medical plan	.48%	.48%
Occupational death and disability benefits	.20%	1.14%
	8.68%	9.62%

*Health Reimbursement Arrangement – AS 39.30.370 requires that the employer contribute "an amount equal to three percent of the employer's average annual employee compensation." For actual remittance, this amount is calculated as a flat rate for each full time or part-time employee per pay period and approximates $1,897 per year for each full-time employee, and $1.22 per hour for part-time employees.

The Borough and employee contributions to PERS including the HRA contribution for the year ended June 30, 2014 were $675,440 and $611,057, respectively. The Borough's covered payroll for PERS defined contribution for the years ended June 30, 2014 and 2013 was $7,119,342 and $6,478,601, respectively.

L. Landfill Closure and Postclosure Care Cost

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

State and Federal laws and regulations require the Borough to comply with the State of Alaska Solid Waste Management Regulations (18AAC 60). These regulations include placement of a final cover system on its landfills when they stop accepting waste. Additionally, the Borough must perform post closure care and monitoring functions at the sites for up to thirty years after closure. The Borough has eight active landfills with landfill cells having remaining useful lives from 1 year to 20 years. The largest site has an active lined cell with a remaining expected life of four to five years. This site has land enough for a minimum of three additional cells, which will be developed as needed and will extend the landfill life by approximately 25 years. There are also

three sites which are closed, that are being monitored as required by regulation. As of June 30, 2014 the Borough has a recorded liability of $5,200,828 in the government-wide financial statements for closure and postclosure cost associated with its landfills. This amount has been reported as restricted fund balance in the Solid Waste Capital Projects Fund and is based on what it would cost to perform all closure and postclosure care in 2014; actual cost may vary from this estimate due to inflation, changes in technology, or changes in regulations. It is estimated the Borough will recognize another $5.3 million in expense and liability between June 30, 2014 and the year 2034, the date the landfills are expected to reach capacity.

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

M. New Accounting Pronouncements

The Governmental Accounting Standards Board has passed several new accounting standards with upcoming implementation dates. Management has not fully evaluated the potential effects of these statements, but believes that GASB Statement 68 will result in the biggest reporting change. Actual impacts have not yet been determined:

GASB 68 – Accounting and Financial Reporting for Pensions – Effective for year-end June 30, 2015 – This statement changes the reporting and disclosure requirements for governments that participate in pension plans. This statement modifies the participating employer side reporting in connection with the Plan side reporting at GASB 67.

GASB 69 – Government Combinations and Disposals of Government Operations – Effective for year-end June 30, 2015 – This statement contains certain disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and effects of these transactions.

GASB 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68 – Effective for year-end June 30, 2015 – The requirements of this Statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and nonemployer contributing entities.

NON-MAJOR GOVERNMENTAL FUNDS

Kenai Peninsula Borough

Nonmajor Governmental Funds

Combining Balance Sheet

June 30, 2014

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Assets			
Cash and short-term investments	$ 45,400	$ -	$ 45,400
Equity in central treasury	24,953,299	12,502,440	37,455,739
Receivables (net of allowances for estimated uncollectibles):			
Taxes receivable	316,455	-	316,455
Accounts receivable	306,285	-	306,285
Land sale contracts receivable:			
Current	124,682	-	124,682
Delinquent	36,982	-	36,982
Due from other governments	2,852,118	4,070,672	6,922,790
Prepaids	1,500	-	1,500
Land sale contracts receivable - long-term	574,012	-	574,012
Total assets	$ 29,210,733	$ 16,573,112	$ 45,783,845
Liabilities, Deferred Inflows and Fund Balances			
Liabilities:			
Accounts and retainage payable	1,438,746	1,997,468	3,436,214
Accrued payroll and payroll benefits	495,625	48,245	543,870
Due to General Fund	1,264,337	-	1,264,337
Unearned grant revenue	29,918	1,954,465	1,984,383
Total liabilities	3,228,626	4,000,178	7,228,804
Deferred Inflows of Resources			
Prepaid property taxes	4,850,032	-	4,850,032
Property tax receivable - unavailable	273,076	-	273,076
Land sales - unavailable	735,676	-	735,676
Total deferred inflows of resources	5,858,784	-	5,858,784
Fund Balances:			
Nonspendable:			
Prepaids	1,500	-	1,500
Restricted:			
Landfill closure/postclosure costs	-	5,200,828	5,200,828
Spruce Bark Beetle program	304,921	-	304,921
General government	600,217	-	600,217
Public safety	7,739,409	-	7,739,409
Recreation	1,751,148	-	1,751,148
Roads	3,064,666	-	3,064,666
Committed:			
Outstanding committed contracts	52,131	1,698,084	1,750,215
Software upgrades	-	75,000	75,000
Building maintenance and upgrades	-	551,769	551,769
Public safety facilities and equipment	27,262	2,164,868	2,192,130
Recreational facility maintenance	-	384,258	384,258
School maintenance and upgrades	-	1,367,542	1,367,542
Solid waste facilities	-	494,425	494,425
Road construction and upgrades	-	490,696	490,696
Assigned:			
Subsequent year's expenditures	473,688	145,464	619,152
General government	6,108,381	-	6,108,381
Total fund balances	20,123,323	12,572,934	32,696,257
Total liabilities, deferred inflows and fund balances	$ 29,210,733	$ 16,573,112	$ 45,783,845

Kenai Peninsula Borough

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures

and Changes in Fund Balances

For the Year Ended June 30, 2014

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Total Nonmajor Governmental Funds
Revenues:				
General property taxes	$ 21,292,628	$ -	$ -	$ 21,292,628
Motor vehicle tax	423,647	-	-	423,647
Intergovernmental:				
Federal	1,945,401	8,044	-	1,953,445
State	2,818,445	14,355,295	-	17,173,740
Investment earnings	346,048	107,406	-	453,454
Interest subsidy	-	-	318,009	318,009
Other revenues	3,317,172	552,640	-	3,869,812
Total revenues	30,143,341	15,023,385	318,009	45,484,735
Expenditures:				
General government	1,894,054	18,716	-	1,912,770
Solid waste	-	4,037,890	-	4,037,890
Public safety	16,558,289	5,897,587	-	22,455,876
Recreation	1,676,814	92,122	-	1,768,936
Education	235,407	5,944,850	-	6,180,257
Environmental protection	909,596	-	-	909,596
Roads and trails	5,959,861	4,313,505	-	10,273,366
Debt service:				
Principal	-	-	2,770,000	2,770,000
Interest and other	-	-	1,380,830	1,380,830
Total expenditures	27,234,021	20,304,670	4,150,830	51,689,521
Excess (deficiency) of revenues over expenditures	2,909,320	(5,281,285)	(3,832,821)	(6,204,786)
Other financing sources (uses):				
Transfers in	507,545	3,701,021	3,832,821	8,041,387
Transfers out	(1,207,711)	-	-	(1,207,711)
Net other financing sources (uses)	(700,166)	3,701,021	3,832,821	6,833,676
Net change in fund balances	2,209,154	(1,580,264)	-	628,890
Fund balances at beginning of year	17,914,169	14,153,198	-	32,067,367
Fund balances at end of year	$ 20,123,323	$ 12,572,934	$ -	$ 32,696,257

Nonmajor Special Revenue Funds
Pages 66-87

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

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

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

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

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

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

Lowell Point Emergency Service Area – This fund is used to account for residual property tax revenue collected in the former Lowell Point Emergency Service Area, which was dissolved effective June 30, 2012.

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

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

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

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

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

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

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

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

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

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

Nikiski Senior Service Area – This fund is used to account for expenditures to provide services and programs to senior citizens within the service area.

Kenai Peninsula Borough

Nonmajor Special Revenue Funds

Combining Balance Sheet

June 30, 2014

	Nikiski Fire Service Area	Bear Creek Fire Service Area	Anchor Point Fire and Emergency Medical Service Area	Central Emergency Service Area
Assets				
Cash and short-term investments	$ 40,818	$ -	$ 200	$ 2,151
Equity in central treasury	6,805,572	213,504	562,666	2,317,294
Receivables (net of allowances for estimated uncollectibles):				
Taxes receivable	32,391	9,002	24,361	77,420
Accounts receivable	79,705	-	-	211,181
Land sale contracts receivable:				
Current	-	-	-	-
Delinquent	-	-	-	-
Due from other governments	164,759	31,483	6,573	176,178
Prepaids	-	-	-	-
Land sale contracts receivable - long-term	-	-	-	-
Total assets	$ 7,123,245	$ 253,989	$ 593,800	$ 2,784,224
Liabilities, Deferred Inflows, and Fund Balances				
Liabilities:				
Accounts and retainage payable	31,948	15,900	30,770	76,350
Accrued payroll and payroll benefits	107,711	6,135	11,121	209,299
Due to General Fund	-	-	-	-
Unearned grant revenue	9,925	9,993	10,000	-
Total liabilities	149,584	32,028	51,891	285,649
Deferred Inflows of Resources:				
Prepaid property taxes	2,023,354	21,438	69,586	437,881
Property tax receivable - unavailable	26,475	7,228	20,289	66,006
Land sales - unavailable	-	-	-	-
Total deferred inflows of resources	2,049,829	28,666	89,875	503,887
Fund Balances:				
Nonspendable:				
Prepaids	-	-	-	-
Restricted:				
Spruce Bark Beetle program	-	-	-	-
General government	-	-	-	-
Public safety	4,589,369	160,775	411,679	1,959,818
Recreation	-	-	-	-
Roads	-	-	-	-
Committed:				
Outstanding committed contracts	-	-	-	-
Public safety facilities and equipment	-	-	-	-
Assigned:				
Subsequent year's expenditures	334,463	32,520	40,355	34,870
General government	-	-	-	-
Total fund balances	4,923,832	193,295	452,034	1,994,688
Total liabilities, deferred inflows and fund balances	$ 7,123,245	$ 253,989	$ 593,800	$ 2,784,224

Kachemak Emergency Service Area	Lowell Point Emergency Service Area	Central Peninsula Emergency Medical Service Area	North Peninsula Recreation Service Area	Seldovia Recreational Service Area
$ 2,031	$ -	$ -	$ 200	$ -
255,675	193	-	2,551,526	49,442
18,463	-	74	11,072	3,524
11,281	-	-	-	-
-	-	-	-	-
-	-	-	-	-
62,079	-	-	3,876	93
1,500	-	-	-	-
-	-	-	-	-
$ 351,029	$ 193	$ 74	$ 2,566,674	$ 53,059
7,684	-	-	35,814	13,205
14,983	-	-	37,081	-
-	-	49	-	-
-	-	-	-	-
22,667	-	49	72,895	13,205
3,238	-	10	770,004	288
17,705	-	15	9,048	3,145
-	-	-	-	-
20,943	-	25	779,052	3,433
1,500	-	-	-	-
-	-	-	-	-
-	-	-	-	-
297,980	193	-	-	-
-	-	-	1,714,727	36,421
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
7,939	-	-	-	-
-	-	-	-	-
307,419	193	-	1,714,727	36,421
$ 351,029	$ 193	$ 74	$ 2,566,674	$ 53,059

(Continued)

Kenai Peninsula Borough

Nonmajor Special Revenue Funds

Combining Balance Sheet, continued

June 30, 2014

	Road Service Area	Land Trust	Seward Bear Creek Flood Service Area	Environmental Protection Programs
Assets				
Cash and short-term investments	$ -	$ -	$ -	$ -
Equity in central treasury	4,968,130	6,206,931	295,821	272,051
Receivables (net of allowances for estimated uncollectibles):				
Taxes receivable	135,300	-	2,757	-
Accounts receivable	-	4,118	-	-
Land sale contracts receivable:				
Current	-	124,682	-	-
Delinquent	-	36,982	-	-
Due from other governments	29,855	-	1,379	36,787
Prepaids	-	-	-	-
Land sale contracts receivable - long-term	-	574,012	-	-
Total assets	$ 5,133,285	$ 6,946,725	$ 299,957	$ 308,838
Liabilities, Deferred Inflows, and Fund Balances				
Liabilities:				
Accounts and retainage payable	503,910	112,637	1,783	550
Accrued payroll and payroll benefits	34,638	19,853	3,829	3,367
Due to General Fund	-	-	-	-
Unearned grant revenue	-	-	-	-
Total liabilities	538,548	132,490	5,612	3,917
Deferred Inflows of Resources:				
Prepaid property taxes	1,381,120	-	6,001	-
Property tax receivable - unavailable	119,364	-	1,995	-
Land sales - unavailable	-	735,676	-	-
Total deferred inflows of resources	1,500,484	735,676	7,996	-
Fund Balances:				
Nonspendable:				
Prepaids	-	-	-	-
Restricted:				
Spruce Bark Beetle program	-	-	-	304,921
General government	-	-	-	-
Public safety	-	-	286,349	-
Recreation	-	-	-	-
Roads	3,064,666	-	-	-
Committed:	-			
Outstanding committed contracts	18,087	5,178	-	-
Public safety facilities and equipment	-	-	-	-
Assigned:				
Subsequent year's expenditures	11,500	-	-	-
General government	-	6,073,381	-	-
Total fund balances	3,094,253	6,078,559	286,349	304,921
Total liabilities, deferred inflows and fund balances	$ 5,133,285	$ 6,946,725	$ 299,957	$ 308,838

Disaster Relief	911 Communications	Miscellaneous Grants	Nikiski Senior Service Area	Total Nonmajor Special Revenue Funds
$ -	$ -	$ -	$ -	$ 45,400
-	105,330	-	349,164	24,953,299
-	-	-	2,091	316,455
-	-	-	-	306,285
-	-	-	-	124,682
-	-	-	-	36,982
1,212,332	-	1,126,098	626	2,852,118
-	-	-	-	1,500
-	-	-	-	574,012
$ 1,212,332	$ 105,330	$ 1,126,098	$ 351,881	$ 29,210,733
209,931	13,862	384,402	-	1,438,746
215	46,181	1,212	-	495,625
974,924	-	289,364	-	1,264,337
-	-	-	-	29,918
1,185,070	60,043	674,978	-	3,228,626
-	-	-	137,112	4,850,032
-	-	-	1,806	273,076
-	-	-	-	735,676
-	-	-	138,918	5,858,784
-	-	-	-	1,500
-	-	-	-	304,921
-	-	451,120	149,097	600,217
-	33,246	-	-	7,739,409
-	-	-	-	1,751,148
-	-	-	-	3,064,666
-	-	-	28,866	52,131
27,262	-	-	-	27,262
-	12,041	-	-	473,688
-	-	-	35,000	6,108,381
27,262	45,287	451,120	212,963	20,123,323
$ 1,212,332	$ 105,330	$ 1,126,098	$ 351,881	$ 29,210,733

Kenai Peninsula Borough

Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures

and Changes in Fund Balances

For the Year Ended June 30, 2014

	Nikiski Fire Service Area	Bear Creek Fire Service Area	Anchor Point Fire and Emergency Medical Service Area	Central Emergency Service Area
Revenues:				
General property taxes	$ 4,069,964	$ 483,298	$ 612,946	$ 6,704,663
Motor vehicle tax	54,183	16,377	10,522	144,754
Intergovernmental:				
Federal	76,400	28,085	19,997	110,833
State	267,593	12,677	12,878	523,949
Investment earnings	82,221	4,194	8,111	54,360
Other revenues	277,809	-	2,382	563,088
Total revenues	4,828,170	544,631	666,836	8,101,647
Expenditures:				
General government	-	-	-	-
Public safety	4,033,432	357,182	496,282	7,345,313
Recreation	-	-	-	-
Education	-	-	-	-
Environmental protection	-	-	-	-
Roads and trails	-	-	-	-
Total expenditures	4,033,432	357,182	496,282	7,345,313
Excess (deficiency) of revenues over expenditures	794,738	187,449	170,554	756,334
Other financing sources (uses):				
Transfers in	-	-	-	6,592
Transfers out	(259,588)	(183,488)	(75,000)	(573,142)
Net other financing sources (uses)	(259,588)	(183,488)	(75,000)	(566,550)
Net change in fund balances	535,150	3,961	95,554	189,784
Fund balances (deficit) at beginning of year	4,388,682	189,334	356,480	1,804,904
Fund balances at end of year	$ 4,923,832	$ 193,295	$ 452,034	$ 1,994,688

Kachemak Emergency Service Area	Lowell Point Emergency Service Area	Central Peninsula Emergency Medical Service Area	North Peninsula Recreation Service Area	Seldovia Recreational Service Area
$ 804,028	$ 48	$ 6,592	$ 1,435,202	$ 53,849
25,086	-	-	18,684	449
35,461	-	-	-	-
65,017	-	-	67,990	-
6,486	-	-	30,444	814
23,406	-	-	221,898	16,477
959,484	48	6,592	1,774,218	71,589
-	-	-	-	-
852,747	-	-	-	-
-	-	-	1,621,910	54,904
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
852,747	-	-	1,621,910	54,904
106,737	48	6,592	152,308	16,685
-	-	-	-	-
(58,227)	(1,674)	(6,592)	(50,000)	-
(58,227)	(1,674)	(6,592)	(50,000)	-
48,510	(1,626)	-	102,308	16,685
258,909	1,819	-	1,612,419	19,736
$ 307,419	$ 193	$ -	$ 1,714,727	$ 36,421

(Continued)

Kenai Peninsula Borough

Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures

and Changes in Fund Balances, continued

For the Year Ended June 30, 2014

	Road Service Area	Land Trust	Seward Bear Creek Flood Service Area	Environmental Protection Programs
Revenues:				
General property taxes	$ 6,644,653	$ -	$ 212,703	$ -
Motor vehicle tax	143,927	-	6,649	-
Intergovernmental:				
Federal	-	-	-	-
State	91,940	45,439	7,308	136,312
Investment earnings	68,359	78,288	5,185	3,942
Other revenues	5,447	722,427	-	-
Total revenues	6,954,326	846,154	231,845	140,254
Expenditures:				
General government	-	881,686	-	-
Public safety	-	-	218,677	-
Recreation	-	-	-	-
Education	-	-	-	-
Environmental protection	-	-	-	155,324
Roads and trails	5,959,861	-	-	-
Total expenditures	5,959,861	881,686	218,677	155,324
Excess (deficiency) of revenues over expenditures	994,465	(35,532)	13,168	(15,070)
Other financing sources (uses):				
Transfers in	-	22,662	-	-
Transfers out	-	-	-	-
Net other financing sources (uses)	-	22,662	-	-
Net change in fund balances	994,465	(12,870)	13,168	(15,070)
Fund balances (deficit) at beginning of year	2,099,788	6,091,429	273,181	319,991
Fund balances at end of year	$ 3,094,253	$ 6,078,559	$ 286,349	$ 304,921

Disaster Relief	911 Communications	Miscellaneous Grants	Nikiski Senior Service Area	Total Nonmajor Special Revenue Funds
$ -	$ -	$ -	$ 264,682	$ 21,292,628
-	-	-	3,016	423,647
518,531	-	1,156,094	-	1,945,401
172,844	112,969	1,301,529	-	2,818,445
-	-	-	3,644	346,048
-	1,484,238	-	-	3,317,172
691,375	1,597,207	2,457,623	271,342	30,143,341
-	-	726,758	285,610	1,894,054
664,113	1,953,866	636,677	-	16,558,289
-	-	-	-	1,676,814
-	-	235,407	-	235,407
-	-	754,272	-	909,596
-	-	-	-	5,959,861
664,113	1,953,866	2,353,114	285,610	27,234,021
27,262	(356,659)	104,509	(14,268)	2,909,320
-	425,310	-	52,981	507,545
-	-	-	-	(1,207,711)
-	425,310	-	52,981	(700,166)
27,262	68,651	104,509	38,713	2,209,154
-	(23,364)	346,611	174,250	17,914,169
$ 27,262	$ 45,287	$ 451,120	$ 212,963	$ 20,123,323

Kenai Peninsula Borough

Nikiski Fire Service Area Special Revenue Fund

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

For the Year Ended June 30, 2014

	Budgeted Amounts			
	Original	**Final**	**Actual**	**Variance**
Revenues:				
General property taxes	$ 4,042,567	$ 4,042,567	$ 4,069,964	$ 27,397
Motor vehicle tax	50,000	50,000	54,183	4,183
Intergovernmental:				
Federal	-	-	76,400	76,400
State	-	267,593	267,593	-
Investment earnings	116,206	116,206	82,221	(33,985)
Other revenues	245,000	249,000	277,809	28,809
Total revenues	4,453,773	4,725,366	4,828,170	102,804
Expenditures:				
Personnel	3,010,704	3,278,297	3,249,201	29,096
Supplies	212,011	212,011	171,080	40,931
Services	599,619	597,123	497,115	100,008
Capital outlay	134,300	138,300	116,036	22,264
Total expenditures	3,956,634	4,225,731	4,033,432	192,299
Excess (deficiency) of revenues over expenditures	497,139	499,635	794,738	295,103
Other financing sources (uses):				
Transfers (out)	(259,588)	(259,588)	(259,588)	-
Net change in fund balance	237,551	240,047	535,150	295,103
Fund balance at beginning of year	4,388,682	4,388,682	4,388,682	-
Fund balance at end of year	$ 4,626,233	$ 4,628,729	$ 4,923,832	$ 295,103

Kenai Peninsula Borough

Bear Creek Fire Service Area Special Revenue Fund

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

For the Year Ended June 30, 2014

	Budgeted Amounts			
	Original	Final	Actual	Variance
Revenues:				
General property taxes	$ 483,956	$ 483,956	$ 483,298	$ (658)
Motor vehicle tax	13,000	13,000	16,377	3,377
Intergovernmental:				
Federal	-	57,007	28,085	(28,922)
State	-	12,677	12,677	-
Investment earnings	4,514	4,514	4,194	(320)
Total revenues	501,470	571,154	544,631	(26,523)
Expenditures:				
Personnel	181,513	203,999	184,888	19,111
Supplies	24,650	28,395	24,873	3,522
Services	115,797	186,006	140,636	45,370
Capital outlay	15,000	21,793	6,785	15,008
Total expenditures	336,960	440,193	357,182	83,011
Excess (deficiency) of revenues over expenditures	164,510	130,961	187,449	56,488
Other financing sources (uses):				
Transfers (out)	(183,488)	(183,488)	(183,488)	-
Net change in fund balance	(18,978)	(52,527)	3,961	56,488
Fund balance at beginning of year	189,334	189,334	189,334	-
Fund balance at end of year	$ 170,356	$ 136,807	$ 193,295	$ 56,488

Kenai Peninsula Borough

Anchor Point Fire and Emergency Medical Service Area Special Revenue Fund

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

For the Year Ended June 30, 2014

	Budgeted Amounts			
	Original	**Final**	**Actual**	**Variance**
Revenues:				
General property taxes	$ 605,516	$ 605,516	$ 612,946	$ 7,430
Motor vehicle tax	7,700	7,700	10,522	2,822
Intergovernmental:				
Federal	-	19,997	19,997	-
State	-	10,143	12,878	2,735
Investment earnings	5,798	5,798	8,111	2,313
Other revenues	-	-	2,382	2,382
Total revenues	619,014	649,154	666,836	17,682
Expenditures:				
Personnel	309,200	264,343	276,647	(12,304)
Supplies	43,500	56,500	47,377	9,123
Services	132,936	135,156	92,543	42,613
Capital outlay	20,500	80,277	79,715	562
Total expenditures	506,136	536,276	496,282	39,994
Excess (deficiency) of revenues over expenditures	112,878	112,878	170,554	57,676
Other financing sources (uses):				
Transfers (out)	(75,000)	(75,000)	(75,000)	-
Net change in fund balance	37,878	37,878	95,554	57,676
Fund balance at beginning of year	356,480	356,480	356,480	-
Fund balance at end of year	$ 394,358	$ 394,358	$ 452,034	$ 57,676

Kenai Peninsula Borough

Central Emergency Service Area Special Revenue Fund

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

For the Year Ended June 30, 2014

	Budgeted Amounts			
	Original	**Final**	**Actual**	**Variance**
Revenues:				
General property taxes	$ 6,707,450	$ 6,707,450	$ 6,704,663	$ (2,787)
Motor vehicle tax	122,000	122,000	144,754	22,754
Intergovernmental:				
Federal	-	61,058	110,833	49,775
State	-	513,478	523,949	10,471
Investment earnings	50,000	50,000	54,360	4,360
Other revenues	619,634	619,634	563,088	(56,546)
Total revenues	7,499,084	8,073,620	8,101,647	28,027
Expenditures:				
Personnel	5,858,378	6,371,851	6,148,347	223,504
Supplies	453,768	462,773	380,772	82,001
Services	828,566	821,422	719,794	101,628
Capital outlay	132,792	132,792	96,400	36,392
Total expenditures	7,273,504	7,788,838	7,345,313	443,525
Excess (deficiency) of revenues over expenditures	225,580	284,782	756,334	471,552
Other financing sources (uses):				
Transfers in	7,170	7,170	6,592	(578)
Transfers (out)	(573,142)	(573,142)	(573,142)	-
Net other financing sources (uses)	(565,972)	(565,972)	(566,550)	(578)
Net change in fund balance	(340,392)	(281,190)	189,784	470,974
Fund balance at beginning of year	1,804,904	1,804,904	1,804,904	-
Fund balance at end of year	$ 1,464,512	$ 1,523,714	$ 1,994,688	$ 470,974

Kenai Peninsula Borough

Kachemak Emergency Service Area Special Revenue Fund

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

For the Year Ended June 30, 2014

	Budgeted Amounts			
	Original	**Final**	**Actual**	**Variance**
Revenues:				
General property taxes	$ 808,508	$ 808,508	$ 804,028	$ (4,480)
Motor vehicle tax	23,000	23,000	25,086	2,086
Intergovernmental:				
Federal	-	-	35,461	35,461
State	-	39,536	65,017	25,481
Investment earnings	5,000	5,000	6,486	1,486
Other revenues	30,000	30,000	23,406	(6,594)
Total revenues	866,508	906,044	959,484	53,440
Expenditures:				
Personnel	466,266	513,802	509,341	4,461
Supplies	96,500	91,450	85,748	5,702
Services	182,632	180,082	164,267	15,815
Capital outlay	96,400	96,000	93,391	2,609
Total expenditures	841,798	881,334	852,747	28,587
Excess (deficiency) of revenues over expenditures	24,710	24,710	106,737	82,027
Other financing sources (uses):				
Transfers (out)	(58,227)	(58,227)	(58,227)	-
Net change in fund balance	(33,517)	(33,517)	48,510	82,027
Fund balance at beginning of year	258,909	258,909	258,909	-
Fund balance at end of year	$ 225,392	$ 225,392	$ 307,419	$ 82,027

Kenai Peninsula Borough

Lowell Point Emergency Service Area Special Revenue Fund

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

For the Year Ended June 30, 2014

	Budgeted Amounts			
	Original	**Final**	**Actual**	**Variance**
Revenues:				
General property taxes	$ -	$ -	$ 48	$ 48
Total revenues	-	-	48	48
Expenditures:				
Services	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	48	48
Other financing (uses):				
Transfers (out)	-	(1,674)	(1,674)	-
Net change in fund balance	-	(1,674)	(1,626)	48
Fund balance at beginning of year	1,819	1,819	1,819	-
Fund balance at end of year	$ 1,819	$ 145	$ 193	$ 48

Kenai Peninsula Borough

Central Peninsula Emergency Medical Service Area Special Revenue Fund

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

For the Year Ended June 30, 2014

	Budgeted Amounts			
	Original	**Final**	**Actual**	**Variance**
Revenues:				
General property taxes	$ 7,170	$ 7,170	$ 6,592	$ (578)
Total revenues	7,170	7,170	6,592	(578)
Expenditures:				
Services	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	7,170	7,170	6,592	(578)
Other financing sources (uses):				
Transfers (out)	(7,170)	(7,170)	(6,592)	578
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	$ -	$ -	$ -	$ -

Kenai Peninsula Borough

North Peninsula Recreation Service Area Special Revenue Fund

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

For the Year Ended June 30, 2014

	Budgeted Amounts			
	Original	**Final**	**Actual**	**Variance**
Revenues:				
General property taxes	$ 1,431,587	$ 1,431,587	$ 1,435,202	$ 3,615
Motor vehicle tax	15,467	15,467	18,684	3,217
Intergovernmental:				
State	-	67,990	67,990	-
Investment earnings	47,444	47,444	30,444	(17,000)
Other revenues	196,700	196,700	221,898	25,198
Total revenues	1,691,198	1,759,188	1,774,218	15,030
Expenditures:				
Personnel	990,403	1,058,393	1,041,724	16,669
Supplies	110,750	115,900	109,808	6,092
Services	495,664	488,996	447,436	41,560
Capital outlay	21,500	23,018	22,942	76
Total expenditures	1,618,317	1,686,307	1,621,910	64,397
Excess (deficiency) of revenues over expenditures	72,881	72,881	152,308	79,427
Other financing sources (uses):				
Transfers (out)	(50,000)	(50,000)	(50,000)	-
Net change in fund balance	22,881	22,881	102,308	79,427
Fund balance at beginning of year	1,612,419	1,612,419	1,612,419	-
Fund balance at end of year	$ 1,635,300	$ 1,635,300	$ 1,714,727	$ 79,427

Kenai Peninsula Borough

Seldovia Recreational Service Area Special Revenue Fund

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

For the Year Ended June 30, 2014

	Budgeted Amounts			
	Original	Final	Actual	Variance
Revenues:				
General property taxes	$ 55,025	$ 55,025	$ 53,849	$ (1,176)
Motor vehicle tax	350	350	449	99
Investment earnings	219	219	814	595
Other revenues	2,100	18,100	16,477	(1,623)
Total revenues	57,694	73,694	71,589	(2,105)
Expenditures:				
Supplies	5,300	8,800	4,776	4,024
Services	47,924	61,944	48,307	13,637
Capital outlay	4,500	3,300	1,821	1,479
Total expenditures	57,724	74,044	54,904	19,140
Net change in fund balance	(30)	(350)	16,685	17,035
Fund balance at beginning of year	19,736	19,736	19,736	-
Fund balance at end of year	$ 19,706	$ 19,386	$ 36,421	$ 17,035

Kenai Peninsula Borough

Road Service Area Special Revenue Fund

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

For the Year Ended June 30, 2014

	Budgeted Amounts			
	Original	**Final**	**Actual**	**Variance**
Revenues:				
General property taxes	$ 6,655,256	$ 6,657,008	$ 6,644,653	$ (12,355)
Motor vehicle tax	138,876	138,876	143,927	5,051
Intergovernmental:				
State	-	91,940	91,940	-
Investment earnings	59,000	59,000	68,359	9,359
Other revenues	-	-	5,447	5,447
Total revenues	6,853,132	6,946,824	6,954,326	7,502
Expenditures:				
Personnel	929,168	1,073,857	1,092,330	(18,473)
Supplies	82,370	117,470	110,204	7,266
Services	5,254,593	5,166,744	4,717,606	449,138
Capital outlay	40,018	40,018	39,721	297
Total expenditures	6,306,149	6,398,089	5,959,861	438,228
Net change in fund balance	546,983	548,735	994,465	445,730
Fund balance at beginning of year	2,099,788	2,099,788	2,099,788	-
Fund balance at end of year	$ 2,646,771	$ 2,648,523	$ 3,094,253	$ 445,730

Kenai Peninsula Borough

Land Trust Special Revenue Fund

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

For the Year Ended June 30, 2014

	Budgeted Amounts			
	Original	Final	Actual	Variance
Revenues:				
Intergovernmental:				
State	$ -	$ 45,439	$ 45,439	$ -
Investment earnings	100,000	100,000	78,288	(21,712)
Payments on land contracts	475,000	475,000	277,539	(197,461)
Land leases	180,000	180,000	158,432	(21,568)
Timber and gravel sales	50,000	50,000	119,608	69,608
Miscellaneous	127,705	127,705	166,848	39,143
Total revenues	932,705	978,144	846,154	(131,990)
Expenditures:				
Personnel	578,269	656,034	612,820	43,214
Supplies	21,098	24,230	24,572	(342)
Services	368,472	366,739	236,368	130,371
Capital outlay	14,000	13,500	7,926	5,574
Total expenditures	981,839	1,060,503	881,686	178,817
Excess (deficiency) of revenues over expenditures	(49,134)	(82,359)	(35,532)	46,827
Other financing sources (uses):				
Transfers in	28,642	28,642	22,662	(5,980)
Net change in fund balance	(20,492)	(53,717)	(12,870)	40,847
Fund balance at beginning of year	6,091,429	6,091,429	6,091,429	-
Fund balance at end of year	$ 6,070,937	$ 6,037,712	$ 6,078,559	$ 40,847

Kenai Peninsula Borough

Seward Bear Creek Flood Service Area Special Revenue Fund

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

For the Year Ended June 30, 2014

	Budgeted Amounts			
	Original	**Final**	**Actual**	**Variance**
Revenues:				
General property taxes	$ 210,412	$ 210,412	$ 212,703	$ 2,291
Motor vehicle tax	7,218	7,218	6,649	(569)
Intergovernmental:				
State	-	7,308	7,308	-
Investment earnings	6,069	6,069	5,185	(884)
Total revenues	223,699	231,007	231,845	838
Expenditures:				
Personnel	187,984	195,292	190,993	4,299
Supplies	5,900	4,627	1,918	2,709
Services	49,897	51,022	23,618	27,404
Capital outlay	2,000	2,148	2,148	-
Total expenditures	245,781	253,089	218,677	34,412
Net change in fund balance	(22,082)	(22,082)	13,168	35,250
Fund balance at beginning of year	273,181	273,181	273,181	-
Fund balance at end of year	$ 251,099	$ 251,099	$ 286,349	$ 35,250

Kenai Peninsula Borough

911 Communications Special Revenue Fund

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

For the Year Ended June 30, 2014

	Budgeted Amounts			
	Original	**Final**	**Actual**	**Variance**
Revenues:				
911 service fee	$ 1,569,329	$ 1,569,329	$ 1,484,238	$ (85,091)
Intergovernmental:				
State	-	112,969	112,969	-
Total revenues	1,569,329	1,682,298	1,597,207	(85,091)
Expenditures:				
Personnel	1,385,862	1,522,831	1,423,350	99,481
Supplies	7,450	7,250	5,498	1,752
Services	584,964	585,164	506,660	78,504
Capital outlay	18,900	18,900	18,358	542
Total expenditures	1,997,176	2,134,145	1,953,866	180,279
Excess (deficiency) of revenues over expenditures	(427,847)	(451,847)	(356,659)	95,188
Other financing sources (uses):				
Transfers in	419,310	425,310	425,310	-
Net change in fund balance	(8,537)	(26,537)	68,651	95,188
Fund balance (deficit) at beginning of year	(23,364)	(23,364)	(23,364)	-
Fund balance (deficit) at end of year	$ (31,901)	$ (49,901)	$ 45,287	$ 95,188

Kenai Peninsula Borough

Nikiski Senior Service Area Special Revenue Fund

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

For the Year Ended June 30, 2014

	Budgeted Amounts			
	Original	**Final**	**Actual**	**Variance**
Revenues:				
General property taxes	$ 264,349	$ 264,349	$ 264,682	$ 333
Motor vehicle tax	2,500	2,500	3,016	516
Investment earnings	5,294	5,294	3,644	(1,650)
Total revenues	272,143	272,143	271,342	(801)
Expenditures:				
Services	293,942	293,942	285,610	8,332
Capital outlay	35,000	35,000	-	35,000
Total expenditures	328,942	328,942	285,610	43,332
Excess (deficiency) of revenues over expenditures	(56,799)	(56,799)	(14,268)	42,531
Other financing sources (uses):				
Transfers in	52,981	52,981	52,981	-
Net change in fund balance	(3,818)	(3,818)	38,713	42,531
Fund balance at beginning of year	174,250	174,250	174,250	-
Fund balance at end of year	$ 170,432	$ 170,432	$ 212,963	$ 42,531

Nonmajor Capital Project Funds
Pages 89-95

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

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

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

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

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

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

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

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

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

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

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

Kenai Peninsula Borough

Nonmajor Capital Projects Funds

Combining Balance Sheet

June 30, 2014

	School Revenue	General Government	Solid Waste
Assets			
Equity in central treasury	$ 2,149,054	$ 697,975	$ 6,065,857
Due from other governments	2,040,989	-	667,387
Total assets	$ 4,190,043	$ 697,975	$ 6,733,244
Liabilities and Fund Balances			
Liabilities:			
Accounts and retainage payable	324,150	1,393	851,226
Accrued payroll and payroll benefits	40,267	-	4,827
Unearned grant revenue	1,945,362	-	-
Total liabilities	2,309,779	1,393	856,053
Fund balances:			
Restricted:			
Landfill closure/postclosure costs	-	-	5,200,828
Committed:			
Outstanding committed contracts	487,722	14,813	136,438
Software upgrades	-	75,000	-
Building maintenance and upgrades	-	551,769	-
Public safety facilities and equipment	-	-	-
Recreational facility maintenance	-	-	-
School maintenance and upgrades	1,367,542	-	-
Solid waste facilities	-	-	494,425
Roads construction and upgrades	-	-	-
Assigned:			
Subsequent year's expenditures	25,000	55,000	45,500
Total fund balances	1,880,264	696,582	5,877,191
Total liabilities and fund balances	$ 4,190,043	$ 697,975	$ 6,733,244

(Continued)

Kenai Peninsula Borough

Nonmajor Capital Projects Funds

Combining Balance Sheet, continued

June 30, 2014

	Road Service Area	Nikiski Fire Service Area	Bear Creek Fire Service Area	Central Emergency Service Area
Assets				
Equity in central treasury	$ 790,101	$ 1,003,558	$ 103,450	$ 867,250
Due from other governments	803,068	-	322,955	-
Total assets	$ 1,593,169	$ 1,003,558	$ 426,405	$ 867,250
Liabilities and Fund Balances				
Liabilities:				
Accounts and retainage payable	450,701	-	141,891	620
Accrued payroll and payroll benefits	3,151	-	-	-
Unearned grant revenue	-	-	-	-
Total liabilities	453,852	-	141,891	620
Fund balances:				
Restricted:				
Landfill closure/postclosure costs	-	-	-	-
Committed:				
Outstanding committed contracts	648,621	3,740	284,514	750
Software upgrades	-	-	-	-
Building maintenance and upgrades	-	-	-	-
Public safety facilities and equipment	-	999,818	-	865,880
Recreational facility maintenance	-	-	-	-
School maintenance and upgrades	-	-	-	-
Solid waste facilities	-	-	-	-
Roads construction and upgrades	490,696	-	-	-
Assigned:				
Subsequent year's expenditures	-	-	-	-
Total fund balances	1,139,317	1,003,558	284,514	866,630
Total liabilities and fund balances	$ 1,593,169	$ 1,003,558	$ 426,405	$ 867,250

Anchor Point Fire and Emergency Medical Service Area	Kachemak Emergency Service Area	North Peninsula Recreation Service Area	Total Nonmajor Capital Projects Funds
$ 148,274	$ 180,009	$ 496,912	$ 12,502,440
-	176,734	59,539	4,070,672
$ 148,274	$ 356,743	$ 556,451	$ 16,573,112
5,034	191,710	30,743	1,997,468
-	-	-	48,245
9,103	-	-	1,954,465
14,137	191,710	30,743	4,000,178
-	-	-	5,200,828
-	-	121,486	1,698,084
-	-	-	75,000
-	-	-	551,769
134,137	165,033	-	2,164,868
-	-	384,258	384,258
-	-	-	1,367,542
-	-	-	494,425
-	-	-	490,696
-	-	19,964	145,464
134,137	165,033	525,708	12,572,934
$ 148,274	$ 356,743	$ 556,451	$ 16,573,112

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Kenai Peninsula Borough
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended June 30, 2014

	School Revenue	General Government	Solid Waste
Revenues:			
Intergovernmental:			
Federal	$ -	$ -	$ -
State	3,025,330	-	2,708,135
Investment earnings	-	-	78,663
Other revenues	552,640	-	-
Total revenues	3,577,970	-	2,786,798
Expenditures:			
General government	-	18,716	-
Solid waste	-	-	4,037,890
Public safety	-	-	-
Recreation	-	-	-
Education	5,944,850	-	-
Roads and trails	-	-	-
Total expenditures	5,944,850	18,716	4,037,890
Excess (deficiency) of revenues over expenditures	(2,366,880)	(18,716)	(1,251,092)
Other financing sources:			
Transfers in	2,160,000	250,000	566,021
Net change in fund balances	(206,880)	231,284	(685,071)
Fund balances at beginning of year	2,087,144	465,298	6,562,262
Fund balances at end of year	$ 1,880,264	$ 696,582	$ 5,877,191

(Continued)

Kenai Peninsula Borough
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances, continued
For the Year Ended June 30, 2014

	Road Service Area	Nikiski Fire Service Area	Bear Creek Fire Service Area	Central Emergency Service Area
Revenues:				
Intergovernmental:				
Federal	$ 8,044	$ -	$ -	$ -
State	4,255,550	385	3,789,508	100,750
Investment earnings	(5,298)	13,126	(5,079)	14,166
Other revenues	-	-	-	-
Total revenues	4,258,296	13,511	3,784,429	114,916
Expenditures:				
General government	-	-	-	-
Solid waste	-	-	-	-
Public safety	-	233,155	4,360,419	662,020
Recreation	-	-	-	-
Education	-	-	-	-
Roads and trails	4,313,505	-	-	-
Total expenditures	4,313,505	233,155	4,360,419	662,020
Excess (deficiency) of revenues over expenditures	(55,209)	(219,644)	(575,990)	(547,104)
Other financing sources:				
Transfers in	-	200,000	100,000	250,000
Net change in fund balances	(55,209)	(19,644)	(475,990)	(297,104)
Fund balances at beginning of year	1,194,526	1,023,202	760,504	1,163,734
Fund balances at end of year	$ 1,139,317	$ 1,003,558	$ 284,514	$ 866,630

Anchor Point Fire and Emergency Medical Service Area	Kachemak Emergency Service Area	North Peninsula Recreation Service Area	Total Nonmajor Capital Projects Funds
$ -	$ -	$ -	$ 8,044
40,897	373,788	60,952	14,355,295
2,398	2,530	6,900	107,406
-	-	-	552,640
43,295	376,318	67,852	15,023,385
-	-	-	18,716
-	-	-	4,037,890
121,593	520,400	-	5,897,587
-	-	92,122	92,122
-	-	-	5,944,850
-	-	-	4,313,505
121,593	520,400	92,122	20,304,670
(78,298)	(144,082)	(24,270)	(5,281,285)
75,000	50,000	50,000	3,701,021
(3,298)	(94,082)	25,730	(1,580,264)
137,435	259,115	499,978	14,153,198
$ 134,137	$ 165,033	$ 525,708	$ 12,572,934

Nonmajor Debt Service Funds
Pages 97-102

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

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

Bear Creek Fire Service Area – This fund is used to account for payments associated with general obligation bonds for construction of capital facilities and purchase of fire fighting equipment of the Bear Creek Fire Service Area.

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

Kenai Peninsula Borough

Nonmajor Debt Service Funds

Combining Balance Sheet

June 30, 2014

	General Government				
	School Debt	**Solid Waste**	**Bear Creek Fire Service Area**	**Central Emergency Services**	**Total Nonmajor Debt Service Funds**
Assets	$ -	$ -	$ -	$ -	$ -
Total assets	$ -	$ -	$ -	$ -	$ -
Liabilities and Fund Balances					
Liabilities	-	-	-	-	-
Fund balances	-	-	-	-	-
Total liabilities and fund balances	$ -	$ -	$ -	$ -	$ -

Kenai Peninsula Borough

Nonmajor Debt Service Funds

Combining Statement of Revenues, Expenditures

and Changes in Fund Balances

For the Year Ended June 30, 2014

	General Government				
	School Debt	**Solid Waste**	**Bear Creek Fire Service Area**	**Central Emergency Services**	**Total Nonmajor Debt Service Funds**
Revenues:					
Interest subsidy	$ 318,009	$ -	$ -	$ -	$ 318,009
Total revenues	318,009	-	-	-	318,009
Expenditures:					
Debt service:					
Principal	1,640,000	985,000	35,000	110,000	2,770,000
Interest and other	1,182,064	70,150	48,488	80,128	1,380,830
Total expenditures	2,822,064	1,055,150	83,488	190,128	4,150,830
Excess (deficiency) of revenues over expenditures	(2,504,055)	(1,055,150)	(83,488)	(190,128)	(3,832,821)
Other financing sources (uses):					
Transfers in	2,504,055	1,055,150	83,488	190,128	3,832,821
Net change in fund balances	-	-	-	-	-
Fund balances at beginning of year	-	-	-	-	-
Fund balances at end of year	$ -	$ -	$ -	$ -	$ -

Kenai Peninsula Borough

School Debt Service Fund

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

For the Year Ended June 30, 2014

	Budgeted Amounts			
	Original	**Final**	**Actual**	**Variance**
Revenues:				
Interest subsidy	$ 315,441	$ 318,009	$ 318,009	$ -
Total revenues	315,441	318,009	318,009	-
Expenditures:				
Debt service:				
Principal	1,640,000	1,640,000	1,640,000	-
Interest and other	1,191,064	1,191,064	1,182,064	9,000
Total expenditures	2,831,064	2,831,064	2,822,064	9,000
Excess (deficiency) of revenues over expenditures	(2,515,623)	(2,513,055)	(2,504,055)	9,000
Other financing sources (uses):				
Transfers in	2,515,623	2,513,055	2,504,055	(9,000)
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	$ -	$ -	$ -	$ -

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, 2014

	Budgeted Amounts			
	Original	**Final**	**Actual**	**Variance**
Revenues	$ -	$ -	$ -	$ -
Expenditures:				
Debt service:				
Principal	985,000	985,000	985,000	-
Interest and other	70,150	70,150	70,150	-
Total expenditures	1,055,150	1,055,150	1,055,150	-
Excess (deficiency) of revenues over expenditures	(1,055,150)	(1,055,150)	(1,055,150)	-
Other financing sources (uses):				
Transfers in	1,055,150	1,055,150	1,055,150	-
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	$ -	$ -	$ -	$ -

Kenai Peninsula Borough

Bear Creek Fire Service Area Debt Service Fund

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

For the Year Ended June 30, 2014

	Budgeted Amounts			
	Original	**Final**	**Actual**	**Variance**
Revenues	$ -	$ -	$ -	$ -
Expenditures:				
Debt service:				
Principal	35,000	35,000	35,000	-
Interest and other	48,488	48,488	48,488	-
Total expenditures	83,488	83,488	83,488	-
Excess (deficiency) of revenues over expenditures	(83,488)	(83,488)	(83,488)	-
Other financing sources (uses):				
Transfers in	83,488	83,488	83,488	-
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	$ -	$ -	$ -	$ -

Kenai Peninsula Borough

Central Emergency Services Debt Service Fund

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

For the Year Ended June 30, 2014

	Budgeted Amounts			
	Original	**Final**	**Actual**	**Variance**
Revenues	$ -	$ -	$ -	$ -
Expenditures:				
Debt service:				
Principal	110,000	110,000	110,000	-
Interest and other	80,128	80,128	80,128	-
Total expenditures	190,128	190,128	190,128	-
Excess (deficiency) of revenues over expenditures	(190,128)	(190,128)	(190,128)	-
Other financing sources (uses):				
Transfers in	190,128	190,128	190,128	-
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	$ -	$ -	$ -	$ -

INTERNAL SERVICE FUNDS

Kenai Peninsula Borough

Internal Service Funds

Combining Statement of Net Position

June 30, 2014

	Insurance and Litigation	Employee Health Insurance	Employee Compensated Leave	Equipment Replacement	Total Internal Service Funds
Assets					
Current assets:					
Cash and short term investments	$ 48,545	$ -	$ -	$ -	$ 48,545
Equity in central treasury	7,050,870	1,213,706	2,506,727	2,539,517	13,310,820
Other receivables	-	32,591	-	-	32,591
Total current assets	7,099,415	1,246,297	2,506,727	2,539,517	13,391,956
Capital assets:					
Equipment	-	-	-	5,628,265	5,628,265
Less accumulated depreciation	-	-	-	(2,923,568)	(2,923,568)
Total capital assets (net of accumulated depreciation)	-	-	-	2,704,697	2,704,697
Total assets	$ 7,099,415	$ 1,246,297	$ 2,506,727	$ 5,244,214	$ 16,096,653
Liabilities					
Current liabilities:					
Accounts and contracts payable	54,736	1,400	-	38,113	94,249
Accrued payroll and payroll taxes	17,940	-	-	-	17,940
Claims payable	2,933,760	711,335	-	-	3,645,095
Compensated absences	5,746	-	626,682	-	632,428
Total current liabilities	3,012,182	712,735	626,682	38,113	4,389,712
Long-term liabilities- compensated absences	17,238	-	1,880,045	-	1,897,283
Total liabilities	3,029,420	712,735	2,506,727	38,113	6,286,995
Net Position					
Investment in capital assets	-	-	-	2,704,697	2,704,697
Unrestricted	4,069,995	533,562	-	2,501,404	7,104,961
Total net position	$ 4,069,995	$ 533,562	$ -	$ 5,206,101	$ 9,809,658

Kenai Peninsula Borough

Internal Service Funds

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position

For the Year Ended June 30, 2014

	Insurance and Litigation	Employee Health Insurance	Employee Compensated Leave	Equipment Replacement	Total Internal Service Funds
Operating revenues:					
Charges for sales and services	$ 2,822,632	$ 5,947,196	$ 2,187,243	$ 581,111	$11,538,182
Other	43,999	-	-	-	43,999
Total operating revenues	2,866,631	5,947,196	2,187,243	581,111	11,582,181
Operating expenses:					
Administrative services	770,079	211,198	2,187,243	-	3,168,520
Insurance premiums	1,508,746	262,187	-	-	1,770,933
Self-insured losses	1,947,624	5,036,158	-	-	6,983,782
Depreciation	-	-	-	470,949	470,949
Total operating expenses	4,226,449	5,509,543	2,187,243	470,949	12,394,184
Operating income (loss)	(1,359,818)	437,653	-	110,162	(812,003)
Non-operating revenues:					
Investment earnings	86,269	11,438	-	31,658	129,365
Other	-	-	-	23,717	23,717
Total non-operating revenues	86,269	11,438	-	55,375	153,082
Change in net position	(1,273,549)	449,091	-	165,537	(658,921)
Net position at beginning of year	5,343,544	84,471	-	5,040,564	10,468,579
Net position at end of year	$ 4,069,995	$ 533,562	$ -	$ 5,206,101	$ 9,809,658

Kenai Peninsula Borough

Internal Service Funds

Combining Statement of Cash Flows

For the Year Ended June 30, 2014

	Insurance and Litigation	Employee Health Insurance	Employee Compensated Leave	Equipment Replacement	Total Internal Service Funds
Cash flows from operating activities:					
Receipts from interfund services provided	$ 2,822,632	$ 5,947,196	$ 2,187,243	$ 581,111	$ 11,538,182
Payments to suppliers	(2,862,263)	(5,493,925)	-	-	(8,356,188)
Payments to employees	(565,829)	-	(2,214,353)	-	(2,780,182)
Other program revenue	43,999	-	-	-	43,999
Net cash provided (used) by operating activities	(561,461)	453,271	(27,110)	581,111	445,811
Cash flows from capital and related financing activities:					
Purchase of capital assets	-	-	-	(426,753)	(426,753)
Proceeds from sale of capital assets	-	-	-	58,217	58,217
Net cash provided (used) by capital and related financing activities	-	-	-	(368,536)	(368,536)
Cash flows from investing activities:					
Investment earnings	86,269	11,438	-	31,658	129,365
Net increase (decrease) in cash and cash equivalents	(475,192)	464,709	(27,110)	244,233	206,640
Cash and equity in central treasury at beginning of year	7,574,607	748,997	2,533,837	2,295,284	13,152,725
Cash and equity in central treasury at end of year	$ 7,099,415	$ 1,213,706	$ 2,506,727	$ 2,539,517	$ 13,359,365
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	$ (1,359,818)	$ 437,653	$ -	$ 110,162	$ (812,003)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	-	-	-	470,949	470,949
Change in assets and liabilities:					
Increase (decrease) in accounts and contracts payable	(109,380)	1,400	-	-	(107,980)
Increase (decrease) in accrued payroll and payroll taxes	106	-	-	-	106
Increase (decrease) in claims payable	798,472	9,335	-	-	807,807
Increase (decrease) in compensated absences	802	-	(27,110)	-	(26,308)
(Increase) decrease in prepaid expenses	17,150	-	-	-	17,150
(Increase) decrease in other receivables	91,207	4,883	-	-	96,090
Total adjustments	798,357	15,618	(27,110)	470,949	1,257,814
Net cash provided (used) by operating activities	$ (561,461)	$ 453,271	$ (27,110)	$ 581,111	$ 445,811

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FIDUCIARY FUNDS

FIDUCIARY FUNDS

Kenai Peninsula Borough

Fiduciary Fund Type - Agency Funds

Combining Statement of Assets and Liabilities

June 30, 2014

	Tax Fund	Special Assessment Fund	Total Agency Funds
Assets			
Equity in central treasury	$ 434,160	$ 889,331	$ 1,323,491
Taxes receivable	81,341	-	81,341
Due from landowners	-	993,740	993,740
Total assets	$ 515,501	$ 1,883,071	$ 2,398,572
Liabilities			
Deferred administration fee	-	59,240	59,240
Due to landowners	-	381,003	381,003
Loans payable	-	1,442,828	1,442,828
Due to other entities:			
City of Homer	122,893	-	122,893
City of Kachemak City	869	-	869
City of Kenai	288,043	-	288,043
City of Seldovia	5,933	-	5,933
City of Seward	75,399	-	75,399
City of Soldotna	22,364	-	22,364
Total liabilities	$ 515,501	$ 1,883,071	$ 2,398,572

Kenai Peninsula Borough

Fiduciary Fund Type - Agency Funds

Combining Statement of Changes in Assets and Liabilities

For the Year Ended June 30, 2014

	Total June 30, 2013	Additions	Deductions	Total June 30, 2014
Tax Agency Fund				
Assets				
Equity in central treasury	$ 249,664	$34,925,455	$34,740,959	$ 434,160
Taxes receivable	429,969	7,874,830	8,223,458	81,341
Total assets	$ 679,633	$42,800,285	$42,964,417	$ 515,501
Liabilities				
Due to other entities:				
City of Homer	268,816	10,412,574	10,558,497	122,893
City of Kachemak City	864	67,409	67,404	869
City of Kenai	282,488	10,024,776	10,019,221	288,043
City of Seldovia	17,704	324,612	336,383	5,933
City of Seward	39,208	5,797,375	5,761,184	75,399
City of Soldotna	70,553	7,950,081	7,998,270	22,364
Total liabilities	$ 679,633	$34,576,827	$34,740,959	$ 515,501
Special Assessment Agency Fund				
Assets				
Equity in central treasury	$ 738,538	$ 477,011	$ 326,218	$ 889,331
Due from landowners	911,567	283,665	201,492	993,740
Total assets	$ 1,650,105	$ 760,676	$ 527,710	$ 1,883,071
Liabilities				
Accounts payable	469	-	469	-
Deferred administration fee	74,058	-	14,818	59,240
Due to landowners	370,939	37,327	27,263	381,003
Loans payable	1,204,639	439,684	201,495	1,442,828
Total liabilities	$ 1,650,105	$ 477,011	$ 244,045	$ 1,883,071

(continued)

Kenai Peninsula Borough

Fiduciary Fund Type - Agency Funds

Combining Statement of Changes in Assets and Liabilities - continued

For the Year Ended June 30, 2014

Total - All Agency Funds	Total June 30, 2013	Additions	Deductions	Total June 30, 2014
Assets				
Equity in central treasury	$ 988,202	$35,402,466	$35,067,177	$ 1,323,491
Taxes receivable	429,969	7,874,830	8,223,458	81,341
Due from landowners	911,567	283,665	201,492	993,740
Total assets	$ 2,329,738	$43,560,961	$43,492,127	$ 2,398,572
Liabilities				
Accounts payable	469	-	469	-
Deferred administration fee	74,058	-	14,818	59,240
Due to landowners	370,939	37,327	27,263	381,003
Loans payable	1,204,639	439,684	201,495	1,442,828
Due to other entities:				
City of Homer	268,816	10,412,574	10,558,497	122,893
City of Kachemak City	864	67,409	67,404	869
City of Kenai	282,488	10,024,776	10,019,221	288,043
City of Seldovia	17,704	324,612	336,383	5,933
City of Seward	39,208	5,797,375	5,761,184	75,399
City of Soldotna	70,553	7,950,081	7,998,270	22,364
Total liabilities	$ 2,329,738	$35,053,838	$34,985,004	$ 2,398,572

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CAPITAL ASSETS

CAPITAL ASSETS

Kenai Peninsula Borough

Capital Assets Used in the Operation of Governmental Funds

Schedules by Source[1]

June 30, 2014

	2014
Governmental funds capital assets:	
Land	$ 70,469,439
Buildings	297,206,590
Improvements other than buildings	77,968,281
Machinery and equipment	30,151,565
Infrastructure	15,428,165
Construction in progress	20,418,709
Total governmental funds capital assets	$ 511,642,749
Investments in governmental funds capital assets by source:	
General obligation bonds	$ 275,016,966
State and federal grants	61,998,052
Federal revenue sharing	3,228,408
General Fund revenue	47,049,970
Special revenue funds	60,928,353
Contributed Capital	270,503
Dedicated lands	126,058
Donations	63,024,439
Total governmental funds capital assets	$ 511,642,749

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

Kenai Peninsula Borough

Capital Assets Used in the Operation of Governmental Funds

Schedule of Changes by Function and Activity[1]

For the Fiscal Year Ended June 30, 2014

Function and Activity	Governmental Funds Capital Assets June 30, 2013	Additions	Deletions	Governmental Funds Capital Assets June 30, 2014
General government	$ 74,413,555	$ 261,934	$ 641,316	$ 74,034,173
Senior citizens	243,800	-	-	243,800
Public safety:				
Fire protection and emergency medical	40,645,238	7,280,858	3,200,610	44,725,486
Emergency communications	10,118,010	1,570,317	3,092,406	8,595,921
Total public safety	50,763,248	8,851,175	6,293,016	53,321,407
Solid waste facilities	43,857,206	4,308,515	872,523	47,293,198
Road maintenance:				
Maintenance	228,696	33,635	36,099	226,232
Roads	14,683,112	745,053	-	15,428,165
Total road maintenance	14,911,808	778,688	36,099	15,654,397
Recreation:				
North Peninsula Recreation service area	11,215,504	23,348	-	11,238,852
Schools	309,982,403	3,616,763	3,742,244	309,856,922
Total governmental funds capital assets	$ 505,387,524	$ 17,840,423	$ 11,585,198	$ 511,642,749

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

Kenai Peninsula Borough

Capital Assets Used in the Operation of Governmental Funds

Schedule by Function and Activity[1]

June 30, 2014

	Land	Buildings	Improvements Other Than Buildings	Equipment	Infrastructure	Construction In Progress	Total
General government:							
Administration building	$ -	$ 2,702,657	$ 1,798,773	$ 1,630,321	$ -	$ -	$ 6,131,751
Maintenance	203,609	1,392,155	33,538	914,715	-	-	2,544,017
Areawide	63,528,256	-	-	-	-	-	63,528,256
Kenai River Center	-	1,784,612	-	45,537	-	-	1,830,149
Total general government	63,731,865	5,879,424	1,832,311	2,590,573	-	-	74,034,173
Senior citizens	-	243,800	-	-	-	-	243,800
Public safety:							
Fire protection and emergency medical:							
Nikiski Fire service area	49,172	7,518,414	266,489	6,656,202	-	-	14,490,277
Bear Creek Fire service area	17,211	860,390	130,271	2,025,026	-	5,452,353	8,485,251
Central Emergency service area	493,936	4,347,827	1,621,950	7,728,063	-	220,807	14,412,583
Anchor Point Fire and Emergency	31,048	1,536,435	118,540	1,362,360	-	-	3,048,383
Medical service area	-	-	-	-	-	-	-
Kachemak Fire and Emergency	127,270	1,473,290	4,200	1,958,420	-	725,812	4,288,992
Total fire protection and emergency medical	718,637	15,736,356	2,141,450	19,730,071	-	6,398,972	44,725,486
Emergency communications:							
Central Peninsula Emergency Services communication center	-	-	-	1,179,207	-	-	1,179,207
Emergency warning systems	-	4,838,523	1,513,149	1,065,042	-	-	7,416,714
Total communications	-	4,838,523	1,513,149	2,244,249	-	-	8,595,921
Total public safety	718,637	20,574,879	3,654,599	21,974,320	-	6,398,972	53,321,407
Solid waste facilities	2,908,687	1,354,816	26,434,034	4,412,659	-	12,183,002	47,293,198
Road maintenance	-	-	-	226,232	15,428,165	-	15,654,397
Recreation:							
North Peninsula Recreation service area	145,640	8,513,465	2,292,126	287,621	-	-	11,238,852

(Continued)

Kenai Peninsula Borough

Capital Assets Used in the Operation of Governmental Funds

Schedule by Function and Activity[1]

June 30, 2014

	Land	Buildings	Improvements Other Than Buildings	Equipment	Infrastructure	Construction In Progress	Total
School district:							
Central office and warehouse	-	1,791,905	604,290	-	-	-	2,396,195
Schools:							
Outside cities:							
Anchor Point/Middle/Junior high	205,102	-	-	-	-	-	205,102
Central Peninsula Elementary	-	-	36,690	-	-	-	36,690
Chapman Elementary	8,500	2,597,653	545,363	-	-	-	3,151,516
Cooper Landing	-	1,034,989	150,986	-	-	-	1,185,975
Tebughna	-	2,531,213	152,551	-	-	-	2,683,764
English Bay	-	2,447,908	230,577	-	-	-	2,678,485
Hope Elementary	3,000	2,523,867	541,716	-	-	-	3,068,583
Kalifornsky Beach	258,803	4,884,108	267,449	-	-	-	5,410,360
McNeil Canyon	-	4,953,680	681,143	11,903	-	-	5,646,726
Moose Pass	28,154	901,766	68,404	-	-	-	998,324
Nanwalek	-	1,104,529	-	126,919	-	-	1,231,448
Nikiski Elementary	22,378	3,696,639	625,313	-	-	-	4,344,330
Nikiski High	-	22,872,128	4,791,479	5,000	-	-	27,668,607
Nikolaevsk	51,282	4,923,106	352,854	72,801	-	-	5,400,043
Ninilchik	16,399	5,969,096	453,568	54,020	-	-	6,493,083
North Star Elementary	-	6,076,014	1,379,034	-	-	-	7,455,048
Port Graham	400	2,101,880	132,307	-	-	-	2,234,587
Skyview High	-	22,039,127	3,729,227	-	-	-	25,768,354
Sterling	7,450	3,744,355	680,272	34,127	-	-	4,466,204
Tustumena	8,001	7,883,965	303,740	-	-	-	8,195,706
Voznesenka	19,556	150,000	16,400	34,156	-	-	220,112
Total outside cities	629,025	102,436,023	15,139,073	338,926	-	-	118,543,047
Homer:							
West Homer Elementary	322,028	11,332,823	46,614	-	-	-	11,701,465
Paul Banks Elementary	23,971	2,589,112	679,966	6,143	-	-	3,299,192
High School	400,913	27,402,340	6,990,257	-	-	-	34,793,510
Junior High	17,024	3,197,028	743,645	-	-	-	3,957,697
High School Addition	29,177	2,598,949	103,555	-	-	-	2,731,681
Flex School	63,248	461,150	-	-	-	-	524,398
Total Homer	856,361	47,581,402	8,564,037	6,143	-	-	57,007,943

(Continued)

Kenai Peninsula Borough

Capital Assets Used in the Operation of Governmental Funds

Schedule by Function and Activity[1]

June 30, 2014

	Land	Buildings	Improvements Other Than Buildings	Equipment	Infrastructure	Construction In Progress	Total
Kenai:							
Elementary II	137,941	2,614,381	104,667	-	-	-	2,856,989
Mountain View Elementary	-	5,892,103	1,374,172	67,213	-	-	7,333,488
Sears Elementary	41,575	1,709,394	464,620	-	-	-	2,215,589
Junior High	60,499	4,057,399	796,734	-	-	-	4,914,632
High School	129,517	17,976,192	5,216,089	51,056	-	-	23,372,854
Vocational High	40,000	509,655	254,483	-	-	-	804,138
Arts and Crafts Building	-	118,341	-	-	-	-	118,341
Total Kenai	409,532	32,877,465	8,210,765	118,269	-	-	41,616,031
Seldovia:							
Susan B. English	27,953	3,705,452	1,005,119	-	-	-	4,738,524
Shop Building	1,000	430,000	-	-	-	-	431,000
Total Seldovia	28,953	4,135,452	1,005,119	-	-	-	5,169,524
Seward:							
Elementary II	235,000	6,601,586	917,462	40,000	-	-	7,794,048
Middle	346,295	14,656,471	481,531	-	-	-	15,484,297
Jr. High/High School	182,596	12,722,087	2,118,247	-	-	-	15,022,930
Total Seward	763,891	33,980,144	3,517,240	40,000	-	-	38,301,275
Soldotna:							
Elementary	270,048	5,820,271	1,272,689	-	-	-	7,363,008
Redoubt Elementary	-	4,151,522	624,208	40,000	-	-	4,815,730
Multipurpose Room	-	316,186	-	-	-	-	316,186
Junior High	5,900	7,638,741	1,963,918	-	-	-	9,608,559
High School	900	16,273,933	1,767,927	71,484	-	1,836,735	19,950,979
Total Soldotna	276,848	34,200,653	5,628,742	111,484	-	1,836,735	42,054,462
Other areawide:							
Areawide pool/water projects	-	611,839	1,070,907	45,338	-	-	1,728,084
Portable classrooms	-	3,025,323	15,038	-	-	-	3,040,361
Total other areawide	-	3,637,162	1,085,945	45,338	-	-	4,768,445
Total school district	2,964,610	260,640,206	43,755,211	660,160	-	1,836,735	309,856,922
Total governmental funds capital assets	$ 70,469,439	297,206,590	$ 77,968,281	$ 30,151,565	$ 15,428,165	$ 20,418,709	$ 511,642,749

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

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Kenai Peninsula Borough

STATISTICAL TABLES

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

Contents **Page**

Financial trends

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

Table I	Net Position by Component	117
Table II	Changes in Net Position	118-119
Table III	Governmental Activities Tax Revenues by Source	120
Table IV	Fund Balances of Governmental Funds	121
Table V	Changes in Fund Balances of Governmental Funds	122
Table VI	Significant Revenues by Source	123

Revenue capacity

These schedules contain information to help the reader assess the Borough's most significant local revenue source.

Table VII	Assessed Value and Estimated Actual Value of Taxable Property	124
Table VIII	Property Tax Rates	125
Table IX	Principal Property Taxpayers	126
Table X	Taxable Sales by Line of Business	127
Table XI	Property Tax Levies and Collections	128

Debt capacity

These schedules present information to help the reader assess the affordability of the Borough's current level of outstanding debt and the Borough's ability to issue additional debt in the future.

Table XII	Ratios of Outstanding Debt by Type and Per Capita	129
Table XIII	Legal Debt Margin Information	130

Demographic and economic information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Borough's financial activities take place.

Table XIV	Demographic and Economic Statistics	131
Table XV	Principal Employers	132

Operating information

These schedules contain service and infrastructure data to help the reader understand how the information in the Borough's financial report relates to the services the government provides and the activities it performs.

Table XVI	Full-time Equivalent Borough Government Employees by Function	133
Table XVII	Operating Indicators by Function	134
Table XVIII	Capital Asset Statistics by Function	135

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

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

TABLE I

	2005	2006	2007	2008	2009	2010	2011	2012 *	2013	2014
Governmental activities:										
Net investment in capital assets	$207,770	$206,436	$212,721	$212,403	$221,769	$224,474	$225,627	$224,040	$221,588	$218,646
Restricted	13,253	7,454	4,841	3,339	6,458	6,100	31,554	21,595	13,703	13,594
Unrestricted	46,905	51,140	54,577	66,242	59,174	59,561	28,467	30,959	42,758	46,742
Total governmental activities net Position	$267,928	$265,030	$272,139	$281,984	$287,401	$290,135	$285,648	$276,594	$278,049	$278,982
Business-type activities:										
Net investment in capital assets	$35,684	$39,332	$47,721	$49,462	$52,461	$50,882	$53,690	-	-	-
Restricted	-	3,677	1,481	1,236	774	745	828	-	-	-
Unrestricted	45,097	46,054	43,742	44,860	47,559	53,188	55,651	-	-	-
Total business-type activities net Position	$80,781	$89,063	$92,944	$95,558	$100,794	$104,815	$110,169	-	-	-
Primary government										
Net investment in capital assets	$243,454	$245,768	$260,442	$261,865	$274,230	$275,356	$279,317	$224,040	$221,588	$218,646
Restricted	13,253	11,131	6,322	4,575	7,232	6,845	32,382	21,595	13,703	13,594
Unrestricted	92,002	97,194	98,319	111,102	106,733	112,749	84,118	30,959	42,758	46,742
Total primary government net Position	$348,709	$354,093	$365,083	$377,542	$388,195	$394,950	$395,817	$276,594	$278,049	$278,982

* Implementation of GASB Statement 61.

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

	2005	2006	2007	2008
Expenses				
Governmental activities:				
General government	$ 15,039,269	$ 14,181,543	$ 12,009,076	$ 13,779,385
Solid waste	4,305,904	5,314,682	4,529,426	3,926,410
Public safety	9,216,474	10,301,729	11,048,782	11,158,284
Recreation	1,812,465	3,910,173	2,034,416	1,910,662
Education	41,802,049	46,208,601	46,526,601	45,793,694
Environmental protection	1,661,961	1,614,440	1,234,971	2,090,813
Roads and trails	2,400,466	4,840,374	4,686,013	4,816,351
Interest on long-term debt	1,175,467	994,069	1,077,954	1,064,378
Total governmental activities expenses	77,414,055	87,365,611	83,147,239	84,539,977
Business-type activities-				
Hospitals	73,992,156	74,003,739	90,057,676	100,952,586
Total primary government expenses	$ 151,406,211	$ 161,369,350	$ 173,204,915	$ 185,492,563
Program revenues				
Governmental activities:				
Charges for services:				
General government	335,682	345,976	380,614	392,902
Solid waste	173,091	282,653	434,748	269,726
Public safety	1,047,816	1,080,412	1,774,276	1,964,061
Recreation	164,560	168,123	180,655	197,361
Operating grants and contribution	3,322,537	6,293,122	3,399,453	2,766,547
Capital grants and contributions	1,673,099	3,184,671	4,118,769	3,594,638
Total governmental activities program revenues:	6,716,785	11,354,957	10,288,515	9,185,235
Business-type activities:				
Hospital charges for services	74,450,071	75,458,572	86,620,954	95,689,825
Operating grants and contribution	-	-	154,950	13,621
Capital grants and contributions	-	-	-	-
Total business-type activities	74,450,071	75,458,572	86,775,904	95,703,446
Total primary government program revenues	$ 81,166,856	$ 86,813,529	$ 97,064,419	$ 104,888,681
Net (expenses)/revenue				
Government activities	(70,697,270)	(76,010,654)	(72,858,724)	(75,354,742)
Business-type activities	457,915	1,454,833	(3,281,772)	(5,249,140)
Total primary government net expense	$ (70,239,355)	$ (74,555,821)	$ (76,140,496)	$ (80,603,882)
General revenues and other changes in net position				
Governmental activities:				
Taxes				
Property taxes	42,121,021	44,430,849	48,397,294	47,167,291
Sales taxes	15,670,832	16,755,426	18,321,611	23,801,181
Unrestricted grants and contributions	2,700,870	2,843,908	6,379,840	5,247,721
Investment earnings	3,144,975	1,855,581	4,927,247	4,682,399
Special items	162,413	2,678,564	194,435	2,163,478
Miscellaneous	4,566,480	4,548,277	1,746,975	2,137,826
Total governmental activities	68,366,591	73,112,605	79,967,402	85,199,896
Business-type activities:				
Property taxes	4,629,241	4,864,764	5,412,121	6,254,543
Unrestricted grants and contributions	25,575	-	-	-
Investment earnings	313,432	600,935	1,385,420	1,363,418
Miscellaneous	205,189	1,361,719	364,497	245,151
Total business-type activities	5,173,437	6,827,418	7,162,038	7,863,112
Total primary government	73,540,028	79,940,023	87,129,440	93,063,008
Changes in net position				
Governmental activities	(2,330,679)	(2,898,049)	7,108,678	9,845,154
Business-type activities	5,631,352	8,282,251	3,880,266	2,613,972
Total primary government	$ 3,300,673	$ 5,384,202	$ 10,988,944	$ 12,459,126

* Implementation of GASB Statement 61.

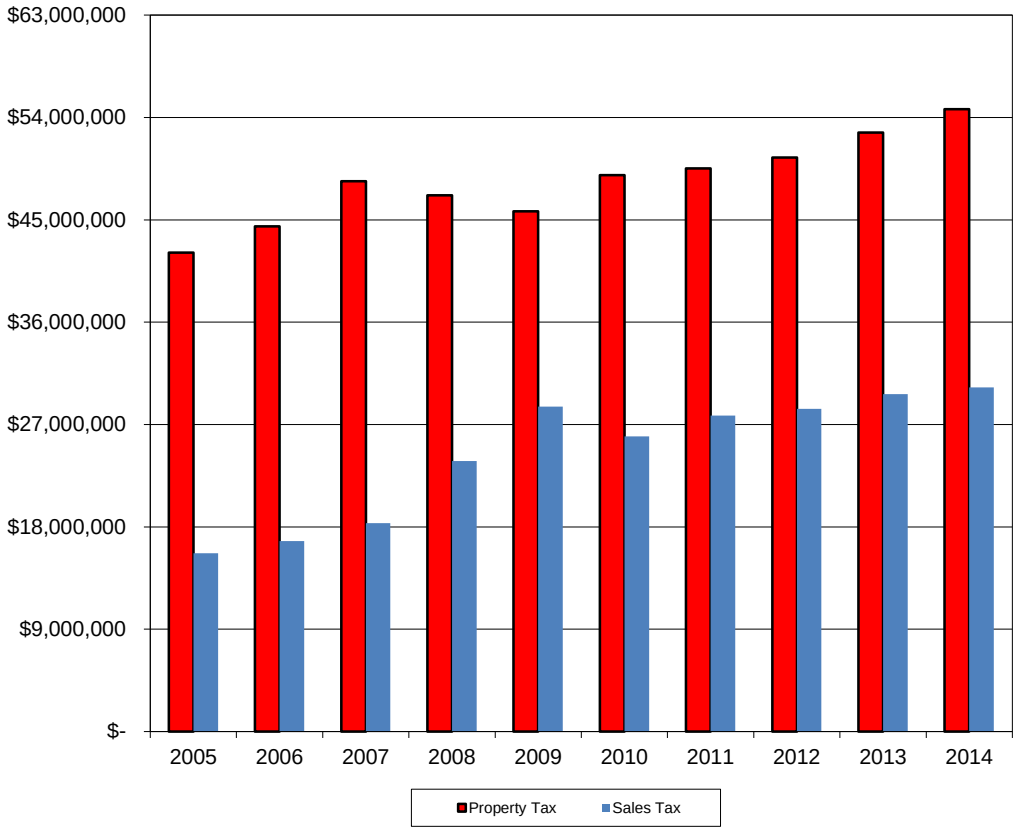
TABLE II

2009	2010	2011	2012 *	2013	2014
$ 16,353,718	$ 17,307,520	$ 18,126,563	$ 17,886,287	$ 18,131,325	$ 17,735,043
7,089,368	7,467,484	7,536,420	7,784,525	7,903,125	7,192,764
13,459,309	14,301,797	14,994,328	17,974,573	18,440,219	19,447,827
1,847,522	1,807,974	1,511,382	1,884,148	2,421,002	2,209,306
49,039,690	50,303,282	51,614,442	57,206,138	59,159,828	60,833,417
963,468	1,278,621	2,095,777	2,047,058	1,053,278	858,013
6,231,915	11,147,224	10,899,606	12,447,099	10,682,102	9,899,171
957,764	935,175	1,290,407	1,445,013	1,375,115	1,761,142
95,942,754	104,549,077	108,068,925	118,674,841	119,165,994	119,936,683
112,328,342	121,676,751	134,868,579	-	-	-
$ 208,271,096	$ 226,225,828	$ 242,937,504	$ 118,674,841	$ 119,165,994	$ 119,936,683
777,538	570,325	730,655	1,162,154	1,645,436	1,005,815
460,064	370,883	526,970	817,272	1,456,190	1,083,996
1,867,890	1,929,385	1,903,911	2,245,443	2,234,481	2,337,286
219,188	230,075	224,696	220,883	224,667	220,838
4,550,168	3,561,640	6,330,835	7,285,211	6,656,208	8,201,468
4,500,246	13,259,418	5,963,765	9,727,105	17,845,053	14,915,979
12,375,094	19,921,726	15,680,832	21,458,068	30,062,035	27,765,382
107,798,997	119,417,217	135,659,575	-	-	-
255,010	315,294	281,884	-	-	-
1,709,281	179,897	-	-	-	-
109,763,288	119,912,408	135,941,459	-	-	-
$ 122,138,382	$ 139,834,134	$ 151,622,291	$ 21,458,068	$ 30,062,035	$ 27,765,382
(83,567,660)	(84,627,351)	(92,388,093)	(97,216,773)	(89,103,959)	(92,171,301)
(2,565,054)	(1,764,343)	1,072,880	-	-	-
$ (86,132,714)	$ (86,391,694)	$ (91,315,213)	$ (97,216,773)	$ (89,103,959)	$ (92,171,301)
45,763,297	48,932,675	49,529,435	50,485,761	52,664,077	54,724,582
28,585,036	25,950,998	27,798,976	28,385,150	29,664,629	30,277,599
7,767,742	6,149,121	6,103,016	7,102,607	7,309,264	6,364,283
4,247,230	2,931,268	1,699,310	2,072,921	596,346	1,671,191
2,576,186	1,199,342	748,272	-	-	-
45,372	2,198,057	933,987	116,156	400,698	66,609
88,984,863	87,361,461	86,812,996	88,162,595	90,635,014	93,104,264
7,133,533	5,847,538	3,835,889	-	-	-
-	-	-	-	-	-
665,850	453,222	327,381	-	-	-
1,759	(515,750)	117,793	-	-	-
7,801,142	5,785,010	4,281,063	-	-	-
96,786,005	93,146,471	91,094,059	88,162,595	90,635,014	93,104,264
5,417,203	2,734,110	(5,575,097)	(9,054,178)	1,531,055	932,963
5,236,088	4,020,667	5,353,943	-	-	-
$ 10,653,291	$ 6,754,777	$ (221,154)	$ (9,054,178)	$ 1,531,055	$ 932,963

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

TABLE III

Fiscal Year	Property Tax	Sales Tax	Total
2005	$ 42,121,021	$ 15,670,832	$ 57,791,853
2006	44,430,849	16,755,426	61,186,275
2007	48,397,294	18,321,611	66,718,905
2008	47,167,291	23,801,181	70,968,472
2009	45,763,297	28,585,036	74,348,333
2010	48,932,675	25,950,998	74,883,673
2011	49,529,435	27,798,976	77,328,411
2012	50,485,761	28,385,150	78,870,911
2013	52,664,077	29,664,629	82,328,706
2014	54,724,582	30,277,599	85,002,181



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

TABLE IV

	2005	2006	2007	2008	2009	2010	2011 *	2012	2013	2014
General Fund										
Reserved	$ 98,704	$ 252,852	$ 279,145	$ 480,474	$ 533,923	$ 160,584	$ -	$ -	$ -	$ -
Unreserved	17,090,419	15,032,451	20,013,018	23,979,600	24,604,294	22,864,839	-	-	-	-
Nonspendable	-	-	-	-	-	-	251,065	198,063	6,944,837	8,879,666
Restricted	-	-	-	-	-	-	-	-	70,000	105,020
Committed	-	-	-	-	-	-	339,610	373,867	638,937	243,157
Assigned	-	-	-	-	-	-	17,523,149	15,407,886	15,326,705	14,658,934
Unassigned	-	-	-	-	-	-	3,591,990	5,486,767	330,506	994,595
Total General Fund	$17,189,123	$15,285,303	$20,292,163	$24,460,074	$25,138,217	$23,025,423	$21,705,814	$21,466,583	$23,310,985	$24,881,372
All other governmental funds										
Reserved	6,168,912	5,604,994	5,751,376	3,321,822	4,471,230	4,893,211	-	-	-	-
Unreserved, reported in:										
Special revenue funds	24,030,122	23,612,583	22,364,901	25,077,731	25,864,320	23,125,512	-	-	-	-
Capital projects funds	13,134,043	11,506,248	10,834,479	7,695,830	6,740,283	13,922,365	-	-	-	-
Nonspendable										
Special revenue funds	-	-	-	-	-	-	803,227	1,045,538	3,661	1,500
Restricted										
Special revenue funds	-	-	-	-	-	-	11,661,025	10,385,968	11,279,700	13,460,361
Capital projects funds	-	-	-	-	-	-	24,592,081	16,659,200	8,508,355	22,479,158
Committed										
Special revenue funds	-	-	-	-	-	-	1,739,754	575,377	344,964	79,393
Capital projects funds	-	-	-	-	-	-	6,516,387	6,565,219	9,856,833	11,034,193
Assigned										
Special revenue funds	-	-	-	-	-	-	4,781,994	4,006,915	6,309,208	6,582,069
Capital projects funds	-	-	-	-	-	-	1,690,262	841,612	580,535	145,464
Unassigned										
Special revenue funds	-	-	-	-	-	-	-	(51,378)	(23,364)	-
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	$43,333,077	$40,723,825	$38,950,756	$36,095,383	$37,075,833	$41,941,088	$51,784,730	$40,028,451	$36,859,892	$53,782,138

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

The Kenai Peninsula Borough developed an Unreserved Fund Balance policy in 2001. This policy provides guidelines regarding minimum and maximum levels of unreserved fund balance for the Borough's General Fund and Service Areas' operating and capital project funds. The policy requires that the following items should be considered when establishing an acceptable level of fund balance: working capital requirements, operating contingencies to include revenue volatility and unexpected expenditures, and future capital expansion. The policy also established that if a fund balance was outside the acceptable range, the subsequent year's budget must include a five-year plan of action to achieve compliance with the acceptable range.

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

TABLE V

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Property taxes	$ 42,702,040	$ 44,202,071	$ 48,235,053	$ 47,216,050	$ 45,796,378	$ 48,613,059	$ 49,736,514	$ 50,230,334	$ 52,916,285	$ 54,570,598
Sales tax	15,670,832	16,755,426	18,321,611	23,801,181	28,585,036	25,950,998	27,798,976	28,385,150	29,664,629	30,277,598
Intergovernmental	10,341,082	14,924,888	15,416,267	13,317,714	16,759,845	24,874,838	17,785,198	22,716,818	31,294,288	28,613,640
Investment earnings	2,983,265	1,685,672	4,536,308	4,269,412	3,877,032	2,697,058	1,527,901	1,895,316	581,394	1,740,079
Other revenues	3,517,763	4,252,498	3,218,169	4,016,545	3,392,467	3,355,662	4,953,946	5,153,172	6,844,468	5,253,525
Total revenues	75,214,982	81,820,555	89,727,408	92,620,902	98,410,758	105,491,615	101,802,535	108,380,790	121,301,064	120,455,440
Expenditures:										
General government	13,812,467	12,795,754	12,302,055	13,379,469	15,881,770	17,060,295	17,401,291	17,740,213	17,962,124	17,615,805
Solid waste	4,438,926	4,147,463	4,578,280	4,791,911	5,311,704	5,353,292	5,704,476	5,739,959	4,843,412	1,833,477
Public safety	8,120,483	9,375,840	10,540,010	10,750,484	11,985,795	12,798,445	13,396,428	16,517,524	16,268,117	18,829,271
Recreation	1,383,393	3,448,362	1,295,789	1,302,674	1,441,969	1,424,141	1,136,151	1,536,689	1,982,994	1,745,588
Education	34,268,066	37,695,674	38,614,183	38,603,640	42,450,275	43,981,113	46,064,673	51,524,574	51,447,909	52,695,845
Environmental protection	1,661,961	1,614,440	1,234,971	2,090,813	963,468	1,287,515	2,095,423	2,048,151	1,052,619	909,596
Roads and trails	3,198,758	3,479,969	3,402,294	4,309,600	6,101,376	6,853,831	10,558,262	11,252,663	10,273,390	9,494,678
Capital outlay	17,037,100	11,425,755	13,661,765	12,699,282	9,282,690	15,649,412	10,429,218	9,144,780	15,221,756	17,672,292
Debt service										
Principal	3,375,000	3,485,000	2,065,000	2,305,000	2,355,000	2,410,000	3,414,000	3,340,000	3,515,000	2,770,000
Interest and other (1)	1,231,528	1,065,369	1,087,269	1,075,491	978,119	881,110	943,580	1,613,560	1,469,468	1,380,830
Total expenditures	88,527,682	88,533,626	88,781,616	91,308,364	96,752,166	107,699,154	111,143,502	120,458,113	124,036,789	124,947,382
Excess of revenues over (under) expenditures	(13,312,700)	(6,713,071)	945,792	1,312,538	1,658,592	(2,207,539)	(9,340,967)	(12,077,323)	(2,735,725)	(4,491,942)
Other financing sources (uses)										
Bonds issued	-	2,500,000	2,588,000	-	-	4,960,000	16,865,000	8,150,000	1,215,000	20,860,000
Premium on bonds issued	-	-	-	-	-	-	-	1,284,121	196,568	2,124,575
Payment to rfd bd escrow agent	-	-	-	-	-	-	-	(9,352,308)	-	-
Transfers in	15,488,288	16,406,111	19,851,269	17,069,227	17,444,450	17,396,622	10,120,206	8,166,490	8,429,925	8,043,061
Transfers out	(15,488,288)	(16,706,111)	(20,151,269)	(17,069,227)	(17,444,450)	(17,396,622)	(9,120,206)	(8,166,490)	(8,429,925)	(8,043,061)
Net other financing sources (uses)	-	2,200,000	2,288,000	-	-	4,960,000	17,865,000	81,813	1,411,568	22,984,575
Net change in fund balances	$ (13,312,700)	$ (4,513,071)	$ 3,233,792	$ 1,312,538	$ 1,658,592	$ 2,752,461	$ 8,524,033	$ (11,995,510)	$ (1,324,157)	$ 18,492,633
GO Debt service as a percentage of noncapital expenditures	6.44%	5.90%	4.20%	4.30%	3.81%	3.58%	4.33%	4.45%	4.58%	3.87%
Total non-capital expenditures	71,490,582	77,107,871	75,119,851	78,609,082	87,469,476	92,049,742	100,714,284	111,313,333	108,815,033	107,275,090

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

no cap expenditures	71,490,582	77,107,871	75,119,851	78,609,082	87,469,476	92,049,742	100,714,284	111,313,333	108,815,033	107,275,090
GO Debt service	4,606,528	4,550,369	3,152,269	3,380,491	3,333,119	3,291,110	4,357,580	4,953,560	4,984,468	4,150,830
	6.44%	5.90%	4.20%	4.30%	3.81%	3.58%	4.33%	4.45%	4.58%	3.87%

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

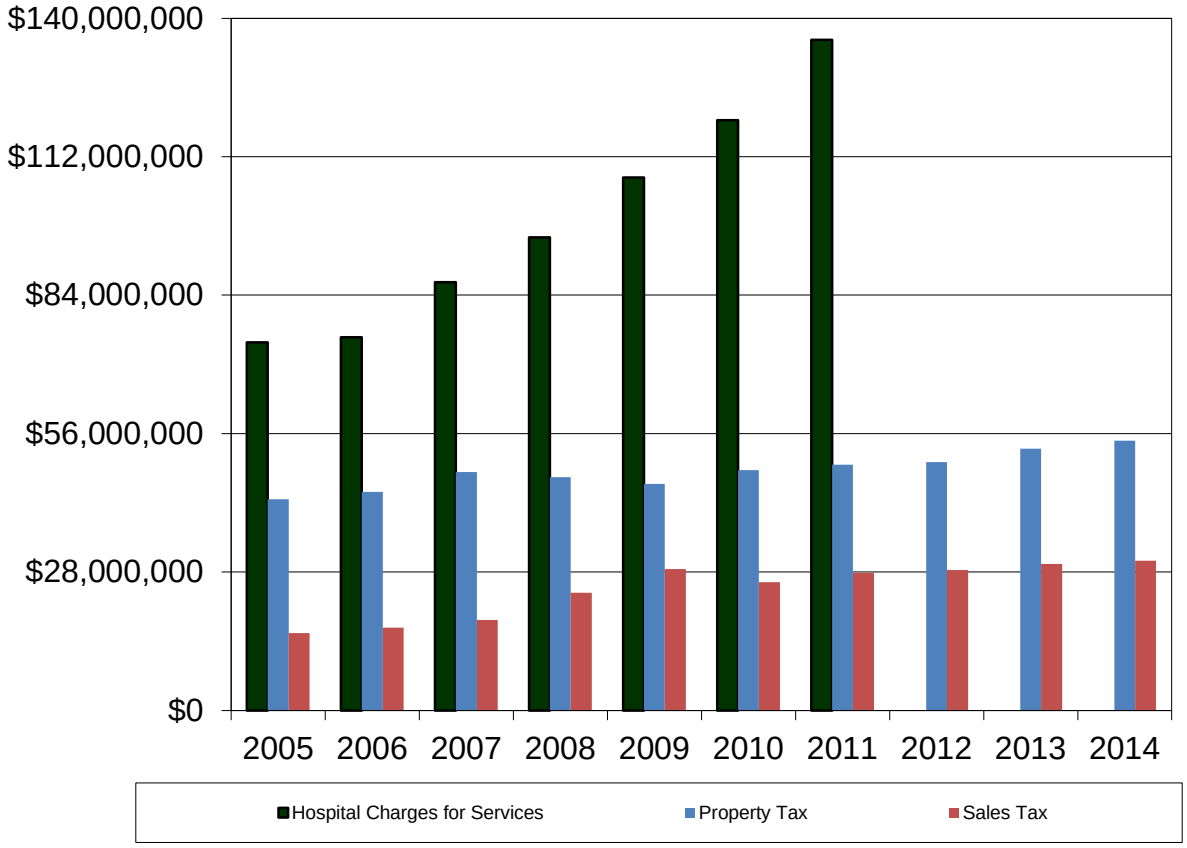
TABLE VI

Fiscal Year	Hospital Charge for Services (3)	Property Tax		Sales Tax	Total	
2005	$ 74,450,071	$ 42,702,040		$ 15,670,832	$ 132,822,943	
2006	75,458,572	44,202,701		16,755,426	136,416,699	
2007	86,620,954	48,235,053		18,321,611	153,177,618	
2008	95,689,825	47,216,050	(1)	23,801,181	166,707,056	
2009	107,798,997	45,796,378		28,585,036	182,180,411	
2010	119,417,217	48,613,059	(2)	25,950,998	193,981,274	
2011	135,659,575	49,736,514		27,798,976	213,195,065	
2012	-	50,230,334		28,385,150	78,615,484	(3)
2013	-	52,916,285		29,664,629	82,580,914	
2014	-	54,570,598		30,277,598	84,848,196	

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

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

(3) Implementation of GASB Statement 61. The Borough's two hospitals, Central Peninsula Hospital and South Peninsula Hospital are now accounted for as discretely presented component units. Their data is no longer included in the stat tables.



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

TABLE VII

Fiscal Year	Total estimated actual value of property less mandatory federal and state exemptions (1)	Assessed Values (1)			Tax Exempt Values (1)		Total Taxable Assessed Value	Total Direct Tax Rate	Assessed Value as a Percentage of Actual Value
		Real	Oil & Gas	Personal Property	Real	Personal			
2005	$ 4,521,374	$ 3,656,476	$ 611,303	$ 253,595	$ 215,076	$ 42,051	$ 4,264,247	6.50	94.31%
2006	4,856,688	4,009,648	561,689	285,351	304,702	44,210	4,507,776	6.50	92.82%
2007	5,256,567	4,402,946	558,190	295,431	340,356	28,161	4,888,050	6.50	92.99%
2008	5,771,711	4,940,180	607,052	224,479	374,395	27,938	5,369,378	5.50	93.03%
2009	6,389,338	5,533,794	635,272	220,272	394,457	28,124	5,966,757	4.50	93.39%
2010	6,832,859	5,883,881	703,063	245,915	434,556	29,205	6,369,098	4.50	93.21%
2011	6,875,572	5,901,904	713,954	259,714	451,127	30,914	6,393,531	4.50	92.99%
2012	7,137,074	6,180,464	698,991	257,619	472,878	30,955	6,633,241	4.50	92.94%
2013	7,269,011	6,172,547	810,065	286,399	520,490	32,511	6,716,010	4.50	92.39%
2014	7,484,667	6,202,494	989,766	292,407	492,565	31,906	6,960,196	4.50	92.99%

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

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

Source: Data is provided by the Kenai Peninsula Borough's Assessing Department.
does not include federal and state exempt property.

Kenai Peninsula Borough
Property Tax Rates
Direct and Overlapping Governments (1)
Last Ten Fiscal Years

TABLE VIII

			Overlapping Rates (2)											
	Borough (1) (4)		City of Homer (5)		City of Kachemak (5)		City of Kenai (5)		City of Seldovia (5)		City of Seward (5)		City of Soldotna (5)	
Fiscal Year	Operating	Special District	Operating	Special Districts	Operating	Special Districts	Operating	Special Districts	Operating	Special Districts	Operating	Special Districts	Operating	Special Districts
2005	6.50	0.10	4.50	1.75	1.00	1.75	4.50	1.00	7.25	0.00	3.12	0.50	1.65	3.35
2006	6.50	0.10	4.50	1.75	2.00	1.75	4.50	1.00	7.25	0.00	3.12	0.50	1.65	3.35
2007	6.50	0.10	4.50	1.75	2.00	1.75	4.50	1.00	4.60	0.00	3.12	0.50	1.65	3.35
2008	5.50	0.00 (3)	4.50	2.00	2.00	2.00	4.50	1.00	4.60	0.00	3.12	0.50	1.65	3.55
2009	4.50	0.00	4.50	2.30	1.00	2.30	4.50	0.90	4.60	0.00	3.12	0.50	1.65	3.35
2010	4.50	0.00	4.50	2.30	1.00	2.30	4.00	0.50	4.60	0.00	3.12	0.50	1.65	2.95
2011	4.50	0.00	4.50	2.30	1.00	2.30	3.85	0.02	4.60	0.00	3.12	0.50	1.65	2.47
2012	4.50	0.00	4.50	2.30	1.00	2.30	3.85	0.02	4.60	0.75	3.12	0.50	0.65	2.67
2013	4.50	0.00	4.50	2.30	1.00	2.30	3.85	0.02	4.60	0.75	3.12	0.50	0.65	2.67
2014	4.50	0.00	4.50	2.30	1.00	2.30	4.35	0.02	4.60	0.75	3.12	0.50	0.50	2.67

(1) Borough's General Fund maximum mill rate for FY2010 is 8.238 mills
(2) Overlapping rates are those of the first class cities located within the Borough. The mill rates shown consist of two components: the mill rate for the operating entity and the mill rate for special districts, which include fire and emergency response, higher education, and local support for hospitals.
(3) The mill rate for the special district, the Post Secondary Fund, was combined into the Operating fund mill rate.

Sources:
(4) Data provided by Kenai Peninsula Borough Clerk's Office.
(5) Data provided by the City Clerk's Office for each respective City.

Kenai Peninsula Borough
Principal Property Taxpayers
Current and Nine Years Ago

TABLE IX

	2014			2005		
Taxpayer	Taxable Assessed Value (1)	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value (1)	Rank	Percentage of Total Taxable Assessed Value
Hilcorp Alaska, LLC	$ 255,265,400	1	3.67%	$ -		-
ConocoPhillips Inc.	231,748,541	2	3.33%	131,038,332	3	3.07%
Tesoro Alaska	182,078,255	3	2.62%	146,426,542	2	3.43%
Marathon Oil Co.	132,805,710	4	1.91%	50,612,810	8	1.19%
Cook Inlet Natural Gas Storage AK LLC	120,238,430	5	1.73%	-		-
Alaska Communications Systems	82,455,260	6	1.18%	76,740,031	7	1.80%
XTO Energy INC	59,551,440	7	0.86%	27,330,870	9	0.64%
Alaska Pipeline	48,762,486	8	0.70%	17,310,876	10	0.41%
Kenai Offshore Ventures, LLC	40,241,590	9	0.58%	-		-
Cook Inlet Energy, LLC	32,411,100	10	0.47%	-		-
Agrium US, Inc.	-		-	120,470,332	4	2.83%
BP Exploration Alaska, Inc.	-		-	80,855,640	5	1.90%
Forest Oil Corp.	-		-	80,193,960	6	1.88%
Union Oil/Unocal	-		-	264,044,690	1	6.19%
	$ 1,185,558,212		17.05%	$ 995,024,083		23.34%

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

Total Assessed value based on total
tax levy for FY2014 and FY2005 respectively.

$ 6,960,196,000	$ 4,264,247,000

Kenai Peninsula Borough
Taxable Sales by Line of Business
Current

TABLE X

Line of Business		2014
Retail Trade	$	491,758,099
Restaurant/Bar		86,300,807
Hotel/Motel/Bed & Breakfast		77,155,000
Utilities		66,849,650
Guiding Water		47,832,088
Information		43,398,328
Services		36,080,068
Wholesale Trade		30,524,921
Rental Residental Property		22,784,910
Public Administration		17,398,598
Professional, Scientific and Technical		15,935,093
Construction Contracting		12,984,008
Telecommunications		11,303,657
Administrative, Waste Management		9,836,708
Manufacturing		8,854,421
Rental Non-Residental Property		8,402,284
Mining/Quarrying		8,129,973
Arts and Entertainment		5,059,050
Transportation and Warehousing		4,239,923
Other		16,497,628
Grand Total	$	1,021,325,214

Borough direct sales tax rate	3.00%

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

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

TABLE XI

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected in the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2005	$27,820,350	$27,446,158	98.655%	$ 372,531	$27,818,689	99.994%
2006	29,357,626	28,978,909	98.710%	377,088	29,355,997	99.994%
2007	31,768,274	31,346,983	98.674%	416,128	31,763,111	99.984%
2008	30,042,125	29,651,635	98.700%	384,223	30,035,858	99.979%
2009	26,779,449	26,431,968	98.702%	342,092	26,774,060	99.980%
2010	28,875,124	28,375,677	98.270%	492,542	28,868,219	99.976%
2011	29,058,274	28,630,610	98.528%	413,884	29,044,494	99.953%
2012	30,419,493	29,946,804	98.446%	449,655	30,396,459	99.924%
2013	30,823,497	30,382,636	98.570%	347,112	30,729,748	99.696%
2014	31,750,392	31,332,596	98.684%	-	31,332,596	98.684%

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

TABLE XII

	Governmental Activities		Discretely Presented Component					General Bonded Debt Per Capita (2) (3)				
									Service Areas			
Fiscal Year	General Obligation Bonds (Area Wide) (Net of premiums/ discounts/ adjustments)	General Obligation Bonds (Service Area) (Net of premiums/ discounts/ adjustments)	General Obligation Bonds (Net of premiums/ discounts/ adjustments)	Capital Leases/Notes payable	Total	General Bonded debt as a percentage of total Personal Income (4)	General Bonded Debt as a percentage of Estimated actual value of taxable property (6)(area wide)	Area Wide	Central Emergency Services Service Area	Bear Creek Fire Service Area	South Peninsula Hospital Service Area	Central Peninsula Hospital Service Area
2005	$ 25,359,000	$ -	$ 58,426,211	$ 261,351	$ 84,046,562	5.27%	1.86%	$ 490	$ -	$ -	$ 807	$ 1,457
2006	21,874,000	2,500,000	54,645,000	2,000,000	$ 81,019,000	4.91%	1.67%	426	127	-	777	1,406
2007	22,399,000	2,425,000	54,560,844	1,450,192	$ 80,835,036	4.87%	1.54%	428	123	-	764	1,353
2008	20,174,000	2,345,000	66,998,700	1,109,570	$ 90,627,270	5.06%	1.57%	381	115	-	1,893	1,290
2009	17,904,000	2,260,000	64,201,793	754,730	$ 85,120,523	4.34%	1.33%	338	116	-	1,787	1,209
2010	20,526,000	2,170,000	61,319,887	385,079	$ 84,400,966	3.93%	1.24%	383	111	-	1,716	1,153
2011	34,036,000	2,075,000	58,322,981 (5)	631,745	$ 95,065,726	4.43%	1.38%	614	113	-	1,604	1,070
2012	30,730,000	1,975,000	-	-	$ 32,705,000	1.44%	0.46%	545	88	-	-	-
2013	27,953,830	3,279,111	-	-	$ 31,232,941	1.21%	0.43%	493	83	793	-	-
2014	48,089,552	3,142,283	-	-	$ 51,231,835	1.98%	0.68%	846	78	770	-	-

Note: Details regarding the Borough's outstanding debt can be found in the notes to the financial statements.
(1) For fiscal years 2003-2011 Business-type activities debt is for the South Peninsula Hospital Service Area and Central Peninsula Hospital Service Area and is debt of the Service Areas, not the Primary Government.
(2) Other Governmental Fund type debt is for the Central Emergency Services Service Area and is debt of the Service Area not the Primary Government.
(3) Due to overlapping taxing jurisdictions, the Debt Per Capita of the Area Wide must be combined with each overlapping Service Area to determine the total Debt Per Capita within each Tax Code Area.
(4) Personal income data is provided by the Bureau of Economic Analysis, http://www.bea.gov.
(5) In fiscal year 2012 the Borough early adopted GASB Statement 61, which changed accounting and financial reporting for CPH and SPH. These units were previously presented as Business-Type Activities, a Blended Component units.
(6) Assessed values and Tax exempt values represent only those values/exemptions provided by the Borough. It does not include those values/exemptions provided by federal or state requirements. Population data can be found in Table XIV

Kenai Peninsula Borough
Legal Debt Margin Information
Last Ten Fiscal Years

TABLE XIII

NO DEBT LIMIT IS MANDATED BY LAW

Kenai Peninsula Borough
Demographic and Economic Statistics
Last Ten Fiscal Years

TABLE XIV

Fiscal Year	Population (1)	Personal Income (amount expressed in thousands)	Per Capita Personal Income (3)	Median Age (2)	School Enrollment	Unemployment Rate (2)	Number of employed (2)
2005	51,765	$ 1,594,109	$ 30,795	38.0	9,527	9.50%	23,109
2006	51,350	1,650,417	32,141	39.7	9,389	8.70%	23,086
2007	52,370	1,660,353	31,704	39.1	9,368	8.10%	23,409
2008	52,990	1,791,892	33,816	39.2	9,250	7.60%	23,838
2009	52,990	1,959,462	36,978	39.2	9,256	7.80%	24,326
2010	53,578	2,145,309	40,041	39.4	9,145	9.80%	24,326
2011	55,400	2,148,001	38,773	40.6	9,148	10.00%	24,510
2012	56,369	2,271,490	40,297	40.6	9,083	9.40%	24,674
2013	56,756	2,591,281	45,657	41.4	8,892	8.40%	20,017
2014	56,862	2,591,281 (4)	45,571	40.0	8,832	7.50%	23,909

Sources:
(1) Alaska Department of Labor estimates as of July 1 of each fiscal year
(2) Data is provided by the State of Alaska Department of Labor and is for 12 months ending December of the prior calendar year.
(3) Data is provided by the US Department of Commerce, Bureau of Economic Analysis (BEA)
(4) 2014 data unavailable BEA currently providing 2012-13.

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

Kenai Peninsula Borough
Principal Employers
Current and Nine Years Ago

TABLE XV

Employer	2013 * Rank	2004 * Rank
Kenai Peninsula Borough School		
State of AK (excludes U of A)		
Central Peninsula General Hospital		
ASRC Energy Services O&M Inc		
Safeway Inc		
Kenai Peninsula Borough		
Peak Oilfield Svc Co		
VECO Alaska Inc		
Fred Meyer Stores Inc		
South Peninsula Hospital Inc		
U.S. Government		
Agrium		
Frontier Community Services		

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

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

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

TABLE XVI

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government:										
Assembly	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Mayor	11.00	11.00	10.00	10.00	10.00	10.00	9.00	8.00	9.00	10.00
Office of Emergency Mgmt	2.67	2.67	2.80	3.30	3.30	4.30	4.30	3.75	3.75	4.00
General Services	23.60	22.60	21.60	21.80	22.10	22.60	22.60	-	-	-
HR	-	-	-	-	-	-	-	7.60	7.60	7.55
IT	-	-	-	-	-	-	-	11.00	11.00	11.50
Legal	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Finance	23.00	23.00	23.00	23.00	23.00	23.00	23.00	22.00	22.00	22.00
Assessing	21.00	21.00	21.00	22.00	22.00	22.00	22.00	22.00	22.00	22.00
Planning	8.50	8.50	9.00	9.00	9.00	9.00	9.00	13.00	13.00	13.00
River Center	4.50	4.00	4.50	4.50	5.00	6.00	6.00	6.00	6.00	6.00
Capital Projects	8.00	8.00	8.00	8.00	9.00	8.50	6.50	6.00	7.00	7.00
Total	112.77	111.27	110.40	112.10	113.90	115.90	112.90	109.85	111.85	113.55
Fire and Emergency Services:										
Nikiski Fire	24.00	23.00	23.00	23.00	21.00	21.00	21.00	20.00	20.00	20.00
Bear Creek Fire	0.40	0.40	0.40	0.40	0.75	0.75	1.50	1.50	1.50	1.50
Anchor Point	1.00	1.00	1.00	1.00	1.00	1.00	1.00	2.50	2.50	2.50
CES	27.00	28.00	30.50	33.50	33.50	37.50	37.50	38.50	42.00	42.00
Kachemak	-	-	-	0.75	1.00	2.00	3.00	3.50	3.50	4.00
911 Communications	6.33	7.33	7.20	8.70	8.70	10.70	10.70	11.25	11.25	11.75
Seward Bear Creek Flood	0.50	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Recreation	13.25	13.25	13.25	13.25	13.25	14.25	14.25	14.25	14.65	14.65
Roads	7.00	7.00	7.00	7.00	8.00	8.00	8.00	8.00	8.00	8.00
Land Trust Fund	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Nikiski seniors	1.00	1.00	1.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00
Solid Waste	19.25	19.25	19.25	20.25	20.75	21.00	21.00	20.00	21.00	17.00
Risk Management	4.60	4.60	4.60	4.60	3.60	4.00	4.00	4.00	4.00	4.00
Total	222.10	221.60	223.10	231.30	231.20	241.85	240.60	239.10	246.00	244.70
Positions controlled by the Kenai Peninsula Borough but reported as part of in-kind expenditures for the Kenai Peninsula Borough School District	47.30	45.30	44.30	45.30	46.30	46.30	46.30	45.30	46.30	46.30

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

Kenai Peninsula Borough
Operating Indicators by Function
Last Ten Fiscal Years

TABLE XVII

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government-										
911 calls answered	17,200	17,926	15,084	16,590	18,834	21,494	21,260	21,834	22,486	25,682
Fire and emergency services: **										
Number of calls responded to:										
Nikiski	745	733	665	737	820	870	929	927	926	902
Bear Creek	99	76	120	164	134	132	111	132	114	127
Anchor Point	150	190	191	198	215	150	194	235	250	262
CES	1,771	1,942	1,825	1,919	1,962	1,977	2,095	1,815	1,840	1,789
Kachemak	83	99	95	114	147	120	140	139	131	143
Landfills-										
Refuse collected (tons)	60,500	64,000	67,200	65,000	65,828	60,720	64,759	78,250	78,178	80,523

Note: With the exception of 911 calls, indicators are not available for the general government functions.
** Fire and Emergency Services indices are as of December 31 of the prior calendar year

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

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

TABLE XVIII

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Fire and emergency services:										
Number of Stations:										
Nikiski	4	4	4	4	4	4	4	4	4	4
Bear Creek	1	1	1	1	1	1	1	1	1	1
Anchor Point	1	1	1	2	2	2	2	2	2	2
CES	4	4	5	6	6	6	8	8	8	8
Kachemak	1	1	1	1	1	1	1	1	1	1
Landfills:										
Number of landfills	8	8	8	8	8	8	8	8	8	7 (1)
Number of transfer sites	12	12	12	12	12	12	12	12	12	12
Recreation-										
Number of facilities	8	8	8	8	8	8	8	9	9	9
Roads-										
Miles of roads maintained	608	614	620	623	631	633	634	636	638	640

(1) Homer landfill closed in FY14

Note: No capital asset indicators are available for the general government functions.
For the fire and emergency service stations listed above, these represent both manned and unmanned stations.
Sources: Various Kenai Peninsula Borough department's and service area's performance measures.

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SINGLE AUDIT

Kenai Peninsula Borough
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

Federal Grantor	Grant Number	CFDA #	Expenditures 6/30/14
U. S Department of Commerce:			
Passed through National Oceanic and Atmospheric Administration			
Beluga Whale Recovery Study	NA09NMF4390216	11.439	$ 157,021
Total U. S Department of Commerce			157,021
U.S. Department of the Interior:			
Passed through U.S. Bureau of Land Management:			
Payment in Lieu of Taxes *	2010 SEC 6901/02	15.226	2,662,396
Passed through US Fish and Wildlife Service:			
National Wildlife Refuge Revenue Sharing	FY2014	15.659	22,264
River Debris Removal	F12AC00365	15.608	3,575
Coastal Impact Assistance Program			
Planning & Administration *	F12AF70094	15.668	1,674
Adopt-A-Stream Program *	F12AF70248	15.668	117,859
Kenai River Near Bank Turbidity Study *	F12AF70124	15.668	34,458
Habitat Protection Education and Code Revision *	F12AF70277	15.668	24,133
River Debris Removal *	F12AF70126	15.668	59
Recreation Area Sanitation *	F12AF70131	15.668	10,498
Kachemak Drive Bluff Erosion *	F12AF70142	15.668	20,971
Seward Weather and Ocean Observing System *	F12AF70164	15.668	22,126
Stream Channel and Elevation Modeling *	F12AF00443	15.668	45,423
Aerial Photography/Satellite Imagery of KPB *	F12AF70177	15.668	314,303
Total CFDA 15.668			591,504
Total U.S. Department of the Interior			3,279,739
U.S. Department of Homeland Security:			
Travel & Training Grant - Association of Floodplain Managers Conference	CAP-SSSE	97.023	4,945
September 2012 Flood Federal Declared Disaster	FEMA-4094-DR	97.036	196,416
October 2013 Flood Federal Declared Disaster	FEMA-4161-DR	97.036	322,115
Total CFDA 97.036			518,531
Bear Creek Staffing for Adequate Fire & Emergency Response	EMW-2010-FF-00163	97.083	4,352
Central Emergency Staffing for Adequate Fire & Emergency Response	EMW-2010-FH-01010	97.083	61,058
Total CFDA 97.083			65,410
Passed through Alaska Department of Military & Veterans Affairs:			
Catch Basin & Culvert Drainage Project - Lowell Point	1843.0006	97.039	8,044
Hazard Mitigation Plan Annex	1843.0002	97.039	2,614
Total CFDA 97.039			10,658
Bear Creek Fire Service Area Staff Training	EMW-2012-FO-05793	97.044	23,734
Citizens Corp 2012	EMW-2011-SS-00053	97.067	7,060
Alaska Shield Exercise & CERT Equipment/Supplies/Training	EMW-2012-SS-00127	97.067	92,985
Mass Casualty/Medical Surge	2010-SS-T0-0023	97.067	75,602
SHSP-Planning, Equipment, Training for Emergency Response	EMW-2011-SS-00053	97.067	67,657
SHSP-Radios for Kachemak Emergency Services & Alaska Shield Exercise Wages	EMW-2013-SS-00098	97.067	24,903
Total CFDA 97.067			268,207
Emergency Management Performance Grant	EMW-2013-EP-00048-S01	97.042	129,990
Total Department of Homeland Security			1,021,475

(continued)

Kenai Peninsula Borough
Schedule of Expenditures of Federal Awards - continued
Year Ended June 30, 2014

Federal Grantor	Grant Number	CFDA #	Expenditures 6/30/14
U.S. Department of Agriculture:			
National Forest Receipts *	-	10.665	$ 575,112
Passed through U.S. Forest Service:			
06 Spruce Bark Beetle Infestation	07BTL	10.664	6,792
Passed through Alaska Department of Natural Resources:			
Anchor Point Fire & EMS Service Area Volunteer Fire Assistance Grant	FY14	10.664	19,997
Total CFDA 10.664			26,789
Total U.S. Department of Agriculture			601,901
U. S Department of Housing and Urban Development:			
Passed through Alaska Department of Commerce, Community & Economic Development:			
Kachemak-Selo School Study-Community Development Block Grant	12-CDBG-002	14.228	133,174
Total U. S Department of Commerce			133,174
TOTAL FEDERAL			$ 5,193,310

* Federal Major Program

Kenai Peninsula Borough
Schedule of State Financial Assistance
Year Ended June 30, 2014

State Grantor	Grant Number	Expenditures 6/30/14
Alaska Department of Commerce, Community & Economic Development:		
Shared Fisheries Business Tax		$ 8,634
Fish Resource Landing Tax		19,801
Community Revenue Sharing - Borough *	FY14	2,133,916
Community Revenue Sharing - Boys & Girls Club of Southcentral Alaska	FY12	4,643
Community Revenue Sharing - Voznesenka Community Council	FY12	23,164
Community Revenue Sharing - Anchor Point Public Library	FY13	2,044
Community Revenue Sharing - Anchor Point Senior Citizens	FY13	1,963
Community Revenue Sharing - Bear Creek Volunteer Fire Department	FY13	16,415
Community Revenue Sharing - Boys & Girls Club of the Kenai Peninsula	FY13	4,093
Community Revenue Sharing - Boys & Girls Club of Southcentral Alaska	FY13	28,600
Community Revenue Sharing - Hope, Inc.	FY13	10,259
Community Revenue Sharing - Kachemak Ski Club	FY13	7,627
Community Revenue Sharing - Kasilof-Cohoe Cemetery Association	FY13	3,946
Community Revenue Sharing - Kasilof Regional Historical Association	FY13	12,945
Community Revenue Sharing - Kenai Peninsula Food Bank	FY13	12,365
Community Revenue Sharing - Lowell Point Community Council	FY13	28,600
Community Revenue Sharing - Nanwalek IRA Council	FY13	28,600
Community Revenue Sharing - Ninilchik Community Library	FY13	5,347
Community Revenue Sharing - Ninilchik Fair Association	FY13	7,213
Community Revenue Sharing - Ninilchik Senior Citizens	FY13	5,347
Community Revenue Sharing - Seldovia Village Tribe	FY13	18,370
Community Revenue Sharing - Sterling Community Club	FY13	14,300
Community Revenue Sharing - Sterling Seniors	FY13	296
Community Revenue Sharing - Tsalteshi Trails Association	FY13	9,274
Community Revenue Sharing - Voznesenka Community Council	FY13	16,674
Community Revenue Sharing - AK Children's Institute for Performing Arts	FY14	20,200
Community Revenue Sharing - Anchor Point Public Library	FY14	4,540
Community Revenue Sharing - Anchor Point Senior Citizens	FY14	4,540
Community Revenue Sharing - Bear Creek Volunteer Fire Department	FY14	20,200
Community Revenue Sharing - Boys & Girls Club of the Kenai Peninsula	FY14	9,286
Community Revenue Sharing - Boys & Girls Club of Southcentral Alaska	FY14	20,200
Community Revenue Sharing - Caribou Hills Cabin Hoppers	FY14	20,200
Community Revenue Sharing - Cook Inlet Aquaculture Association	FY14	1,837
Community Revenue Sharing - Cooper Landing Community Club	FY14	20,200
Community Revenue Sharing - Funny River Chamber of Commerce	FY14	20,200
Community Revenue Sharing - Hope, Inc.	FY14	10,196
Community Revenue Sharing - Kachemak Emergency Services	FY14	7,142
Community Revenue Sharing - Kachemak Gun Club	FY14	4,540
Community Revenue Sharing - Kachemak Nordic Ski Club	FY14	10,643
Community Revenue Sharing - Kachemak Ski Club	FY14	6,370
Community Revenue Sharing - Kasilof Public Library	FY14	8,874
Community Revenue Sharing - Kasilof Regional Historical Association	FY14	16,120
Community Revenue Sharing - Kasilof-Cohoe Cemetery Association	FY14	3,423
Community Revenue Sharing - Kenai Peninsula Food Bank	FY14	7,345
Community Revenue Sharing - Lowell Point Community Council	FY14	20,200
Community Revenue Sharing - Love Incorporated of the Kenai Peninsula	FY14	1,470
Community Revenue Sharing - Moose Pass Volunteer Fire Department	FY14	60,600
Community Revenue Sharing - Nanwalek IRA Council	FY14	18,034

(continued)

Kenai Peninsula Borough
Schedule of State Financial Assistance
Year Ended June 30, 2014

State Grantor	Grant Number	Expenditures 6/30/14
Alaska Department of Commerce, Community & Economic Development (continued):		
Community Revenue Sharing - Nikolaevsk Community Council	FY14	20,200
Community Revenue Sharing - Ninilchik Community Library	FY14	5,049
Community Revenue Sharing - Ninilchik Emergency Services	FY14	5,050
Community Revenue Sharing - Ninilchik Fair Association	FY14	5,050
Community Revenue Sharing - Ninilchik Senior Citizens	FY14	5,050
Community Revenue Sharing - North Peninsula Community Council	FY14	20,200
Community Revenue Sharing - Peninsula Spay and Neuter Association	FY14	2,938
Community Revenue Sharing - Port Graham Village Council	FY14	13,491
Community Revenue Sharing - Rural Alaska Community Action	FY14	6,734
Community Revenue Sharing - Snomads Snowmachine Club Inc.	FY14	2,033
Community Revenue Sharing - Sterling Community Club	FY14	6,733
Community Revenue Sharing - Sterling Seniors	FY14	6,733
Community Revenue Sharing - Tsalteshi Trails Association	FY14	6,611
Community Revenue Sharing - Tustemena 200 Sled Dog Race Association	FY14	2,040
Community Revenue Sharing - Village of Kachemak Selo Inc.	FY14	20,200
Community Revenue Sharing - Village of Razdolna	FY14	20,200
Anchor Point Fire Sewer System project	14-DM-023	40,897
Basargin Road Improvement	13-DM-224	50,000
Bear Creek Multi-Use Facility	09-DC-482	38,694
Bear Creek Multi-Use Facility *	13-DC-566	3,750,814
Borough-wide Road Upgrades *	09-DC-218	383,755
Borough-wide Road Upgrades *	11-DC-252	1,424,003
Borough-wide Road Upgrades *	12-DC-383	1,382,012
Borough-wide Road Upgrades *	13-DC-614	1,057,661
Central Emergency Services Rescue Boat *	13-DC-165	100,750
Central Peninsula Landfill Thermal Leachate Evaporator Unit and Building *	14-DC-068	2,207,117
Hazard Tree Removal *	13-DC-445	130,469
Homer High School Athletic Facilities	13-DC-462	36,160
Homer Solid Waste Transfer Facility Construction *	12-DC-380	501,018
Kachemak Emergency Service Area - Diamond Ridge Station *	12-DC-379	273,788
Kachemak Emergency Service Area - Diamond Ridge Station *	13-DC-133	100,000
Kenai & Soldotna High School Track & Field Replacements *	13-DC-556	1,105,306
Jacob's Ladder Access Trail Repair & Maintenance	14-RR-042	5,349
Nikiski Area Environmental Investigation of Borough Property	14-RR-041	2,172
Nikiski Fire Service Area Aerial Apparatus	13-DC-439	385
North Peninsula Recreation Community Center Roof, Exterior Siding, and Painting	13-RR-011	60,904
North Peninsula Recreation Pool Tile Flooring	14-RR-040	48
School District Equipment *	13-DC-446	102,233
Security Camera Systems in Borough-owned Facilities *	13-DC-489	942,641
Soldotna High School Artificial Turf *	14-DC-071	941,223
Seward Bear Creek Flood Mitigation Projects *	14-DC-070	319,582
Total Alaska Department of Commerce, Community & Economic Development		17,846,089
Alaska Department of Revenue:		
Electric & Telephone Cooperative *	FY14	161,272
Fish Tax *	FY14	780,888
Total Alaska Department of Revenue		942,160

(continued)

Kenai Peninsula Borough
Schedule of State Financial Assistance
Year Ended June 30, 2014

State Grantor	Grant Number	Expenditures 6/30/14
Alaska Department of Education & Early Development:		
School Debt Reimbursement *		1,752,140
Total Alaska Department of Education & Early Development		1,752,140
Alaska Department of Administration:		
Division of Retirement & Benefits PERS Relief HB180 *	FY14 HB65	2,899,706
Total Alaska Department of Administration		2,899,706
Alaska Department of Military & Veteran Affairs:		
Passed Through the Alaska Division of Homeland Security & Emergency Management		
September 2012 Flood Federal Declared Disaster	FEMA-4094-DR	65,472
October 2013 Flood Federal Declared Disaster *	FEMA-4161-DR	107,372
Catch Basin & Culvert Drainage Project - Lowell Point	1843-0006	2,681
Hazard Mitigation Plan Annex	1843-0002	871
Local Emergency Planning Committee	14LEPC-GR35602	23,693
Total Alaska Department of Military & Veteran Affairs		200,089
TOTAL STATE		$ 23,640,184

* State Major Program

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