



KENAI PENINSULA BOROUGH

Finance Department

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TO: Blaine Gilman, Assembly President
Members, Kenai Peninsula Borough Assembly

THRU: Mike Navarre, Borough Mayor *MN*

FROM: Craig Chapman, Finance Director *C Chapman*

DATE: January 19, 2016

SUBJECT: FY2015 budget to actual variances

The original FY2015 budget as approved by the assembly at the June 3, 2014 assembly meeting, forecast a use of General Fund, fund balance of \$1,251,901. The actual change in the General Fund, fund balance for FY2015 was an increase of \$336,636, a difference of \$1,588,537.

Below is a more detail listing of the budget to actual variances impacting FY2015.

Revenues

National Forestry receipts in the amount of \$515,226 were received during FY2015. This compares to the budgeted amount of \$0. For the past couple of years, the Borough has been told by the U.S. Department of Forestry not to expect any forestry funding. Congress has then passed legislation funding the program, although at a reduced amount.

Payment in Lieu of Taxes (PILT). For FY2015, the borough budgeted \$2,012,000 for PILT. This was based upon information the Borough had received from the United States Department of Interior. Congress subsequently funded the PILT program at a higher than expected rate, resulting in the Borough receiving an additional \$639,067 more than the budgeted amount.

Sales Tax Revenue. Sales tax revenues came in \$422,075 lower than budgeted with much of this related to the drop in oil prices, which resulted in a reduction in the price of fuel and corresponding reduction in sales tax revenue.

Expenditures

Personnel cost. During FY2015, personnel cost came in \$879,877 less than budgeted amounts. Factors impacting this include; open positions, retirements (which resulting in cost saving when new hires were brought in at lower rates) and some positions declining the cost of health insurance coverage.

Supplies

Software purchases for the assembly in the amount of \$22,636 (budgeted in FY2013) and for the assessing department in the amount of \$28,600 (budgeted in FY2014) are not expected to be incurred until FY2016. In addition, fuel oil and maintenance supplies came in lower than expected.

Services

Audit services. The auditors have switched the timing of when they do their field work. This has resulted in a carryover encumbrance of \$37,663 for work that was budgeted in FY2015 for work that won't be done until FY2016.

In the Elections department, services including printing, advertising and contractual services in the amount of \$66,188 were not expended.

In the OEM department, savings in the amount of \$51,490 was realized when funds budgeted for emergency response were not needed.

In the Legal department, \$25,578 is obligated to cases that are currently open. The funds are expected to be spent in FY2016.

In the Sales Tax department, software licensing came in \$52,530 less than budgeted for the SRT software implementation project.

In the Planning department, \$50,000 was obligation to the City of Seward for their comprehensive plan, these funds are expected to be spent in FY2016.

Solid waste expenditures came in \$193,194 less than budgeted as contracts for operating the various landfills and transfer sites came in under budget.

Nondepartmental, amounts budgeted for a health care consultant in the amount of \$200,000 and for a pipeline consultant in the amount of \$50,000 were not expended.

Travel related cost. During FY2015, general fund travel cost were \$66,646 less than the budgeted amounts.