

Introduced by:	Mayor
Date:	04/18/06
Hearings:	04/18/06 & 05/02/06
Date:	04/18/06
Action:	Time did not Allow for Action
Date:	Adopted
Vote:	7 Yes, 1 No, 1 Absent

**KENAI PENINSULA BOROUGH
RESOLUTION 2006-036**

A RESOLUTION ESTABLISHING A COST ALLOCATION PLAN

WHEREAS, it has been the practice of the Borough to retain interest earned on equity balances of service areas and certain funds, as compensation for services provided by the General Fund; and

WHEREAS, these services provided include, but are not limited to; processing of payroll, purchasing, accounts payable, cash receipts, cash disbursements, cash management, grant management, real and personal property valuation, tax billing and collection, miscellaneous billing and collection, legal services, and computer support services; and

WHEREAS, the current allocation method charges for services based upon equity balances and not based upon the amount of service provided, and is not equitable as it charges those service areas with larger equity balances a greater share of the cost than service areas with smaller equity balances; and

WHEREAS, the current plan also does not charge grants or projects any fees even though the general fund incurs a substantial cost in processing grant applications, preparation of expenditure reports, payment of invoices, forward funding of expenditures, and audit cost of programs among others; and

WHEREAS, a more equitable method would be to charge service areas, certain funds, grants, and projects a fee based upon a percentage of expenditures; and

WHEREAS, establishing a cost allocation plan using an indirect rate that would charge to service areas, grants, and projects a fee for intergovernmental services provided by the General Fund would better serve the interests of the borough and service areas; and

WHEREAS, Resolution 98-037 needs to be revised to repeal certain sections that allocate interest to the General Fund in lieu of compensation for intergovernmental services provided by the General Fund.

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

SECTION 1. There is established a cost allocation plan using an indirect rate that would allocate to service areas, grants, and projects a fee based upon their modified expenditures for the intergovernmental services provided by the General Fund.

SECTION 2. That the rate for FY2007 shall be as follows:

Service Areas 6.25%

Grants & Projects 3.04%

SECTION 3. That the indirect amount for the school maintenance fund shall be a flat amount of \$240,000 and shall be offset against interest earned.

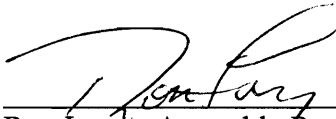
SECTION 4. That the indirect rate shall be set each year as part of the budget process.

SECTION 5. That for grants and projects that do not allow an indirect cost to be charged, the respective cost shall be charged to the respective service area receiving the benefit of the grant or project.

SECTION 6. That Sections 1 and 3 of Resolution 98-037 are hereby repealed

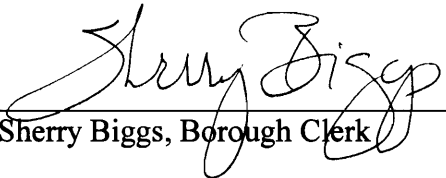
SECTION 7. That this resolution takes effect July 1, 2006.

ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 2ND DAY OF MAY, 2006.

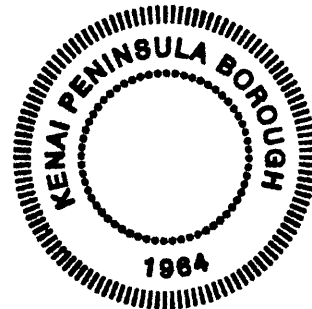


Ron Long, Assembly President

ATTEST:



Sherry Biggs, Borough Clerk



Yes: Chay, Germano, Gilman, Martin, Merkes, Sprague, Long

No: Superman

Absent: Fischer