



KENAI PENINSULA BOROUGH

Finance Department

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TO: Dale Bagley, Assembly President
Members, Kenai Peninsula Borough Assembly

THRU: Mike Navarre, Borough Mayor *M.N.*

FROM: Craig Chapman, Finance Director *C Chapman*

DATE: November 25, 2014

SUBJECT: FY2014 budget to actual variances

The revised FY2014 budget, as shown in the FY2015 budget document, forecast an increase in fund balance of \$11,313. The actual increase in fund balance for FY2014 as shown in the CAFR was \$4,826,219. In summary for FY2014, revenues exceeded projections by \$1,226,100, expenditures were \$3,082,571 less than budgeted amounts and transfers were \$517,548 less than budgeted amount.

Below is a more detail listing of the budget to actual variances impacting FY2014.

Revenues.

National Forestry receipts in the amount of \$575,112 were received during FY2014. 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.

Solid waste revenues from dumping fees came in \$548,928 higher than budgeted. Continued exploration in the oil and gas industry has resulting in higher than expected use of the Central Peninsula Landfill.

Expenditures

Personnel cost. During FY2014, the Borough's General Fund had the equivalent of 6.75 FTE's positions opened throughout the year. This is approximately 6% of the total authorizing staffing. In addition, during the fiscal year, the Borough had a number of retirements, which resulting in cost saving when new hires were brought in at lower rates. Overall, personnel cost came in \$1,237,612 less than budgeted amounts.

Supplies

Software purchases for the assembly in the amount of \$82,092 (budgeted in FY2013) and for the assessing department in the amount of \$28,600 (budgeted in FY2014) are not expected to be incurred until FY2015.

Services

Audit cost came in \$59,300 under budget for FY2014 as the auditors switched the timing of when they do their field work. In prior years, a substantial portion of their field work was completed prior to year end. For FY2014, all audit work was done after year end.

In the Legal department, savings in the amount of \$155,311 was realized when cases were settled or resolved without incurring substantial cost. This includes the Seward drill rig appeal case which resulted in a saving of \$91,850.

Solid waste expenditures came in \$420,792 less than budgeted as contracts for operating the various landfills and transfer sites came in under budget.

Nondepartmental saving of \$548,976 were realized which included the lapsing of \$200,000 that had been previously appropriated for a health care cost consultant, \$50,000 for a LNG pipeline consultant, \$25,000 for a lobbyist, and interdepartmental charges to grants and project were \$207,911 higher than projected.

Travel related cost. During FY2014, general fund travel cost were \$136,187 less than the budgeted amounts. Individual department variances include the assembly \$24,228, finance \$15,755, assessing \$37,656, the river center \$19,145, the mayor's office \$12,919 and planning \$14,030.

Transfers

During FY2014, \$500,000 was appropriated for disaster response due to flooding. Federal and state funds were subsequently received to cover the majority of the cost, resulting in a saving of \$500,000 from the budgeted amount.