



# KENAI PENINSULA BOROUGH FY2022 MAYOR PROPOSED BUDGET

MAY 4, 2021

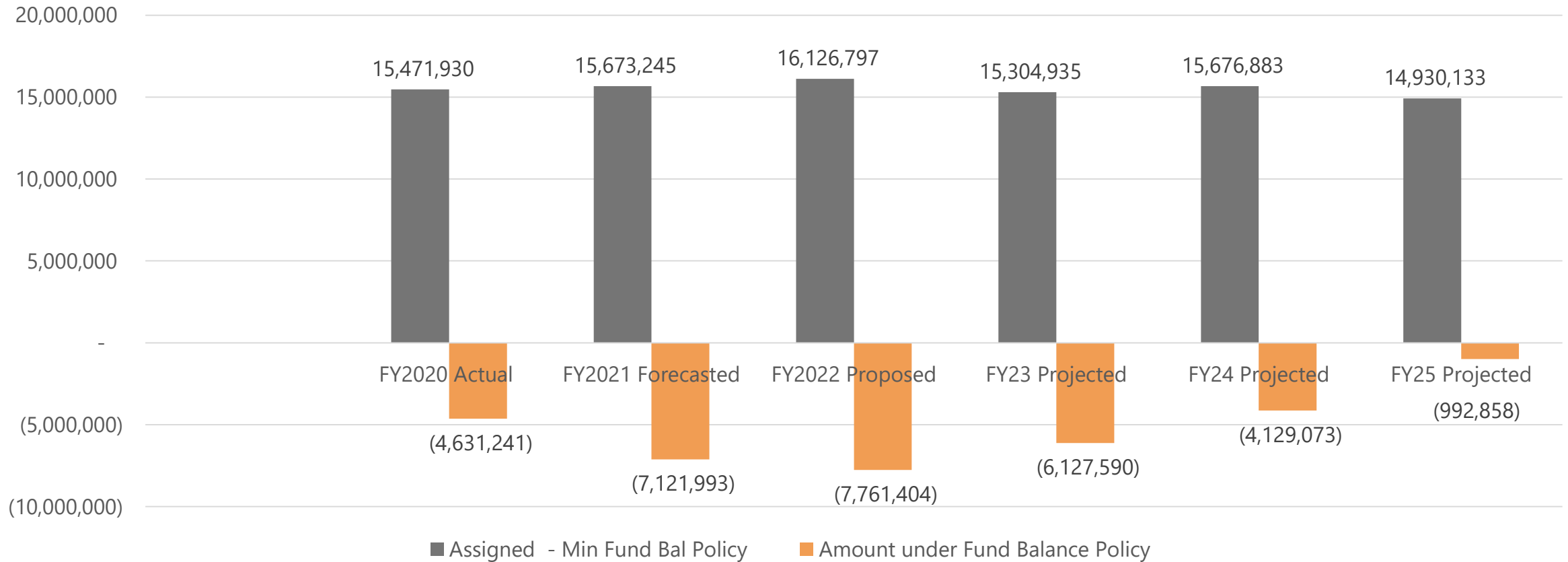


# GENERAL FUND – PAGE 57

<b>General Fund</b>	<b>FY2020 Actual</b>	<b>FY2021 Forecasted</b>	<b>FY2022 Proposed</b>	<b>FY23 Projected</b>	<b>FY24 Projected</b>	<b>FY25 Projected</b>
Revenues	83,856,938	76,204,902	78,595,220	79,385,129	79,811,275	80,985,604
Expenditures	84,854,928	83,775,901	87,776,043	80,548,887	78,274,194	79,452,939
Beginning Fund Balance	26,902,611	25,904,621	19,311,521	11,108,597	10,756,791	13,127,256
Net results in Operations	(997,990)	(7,570,999)	(9,180,823)	(1,163,758)	1,537,081	1,532,665
Projected lapse	-	977,899	977,899	811,952	833,384	856,800
Ending fund balance	25,904,621	19,311,521	11,108,597	10,756,791	13,127,256	15,516,721
Nonspendable	2,469,391	9,446	9,446	9,446	9,446	9,446
Restricted	91,000	70,000	70,000	70,000	70,000	70,000
Committed	1,616,385	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Assigned - Min Fund Bal Policy	15,471,930	15,673,245	16,126,797	15,304,935	15,676,883	14,930,133
Assigned - Subsequent yr use of FB	10,887,156	9,180,823	1,163,758	-	-	-
unassigned	-	-	-	-	-	-
Amount under Fund Balance Policy	<b>(4,631,241)</b>	<b>(7,121,993)</b>	<b>(7,761,404)</b>	<b>(6,127,590)</b>	<b>(4,129,073)</b>	<b>(992,858)</b>

# GENERAL FUND

General Fund Minimum Fund Balance Policy

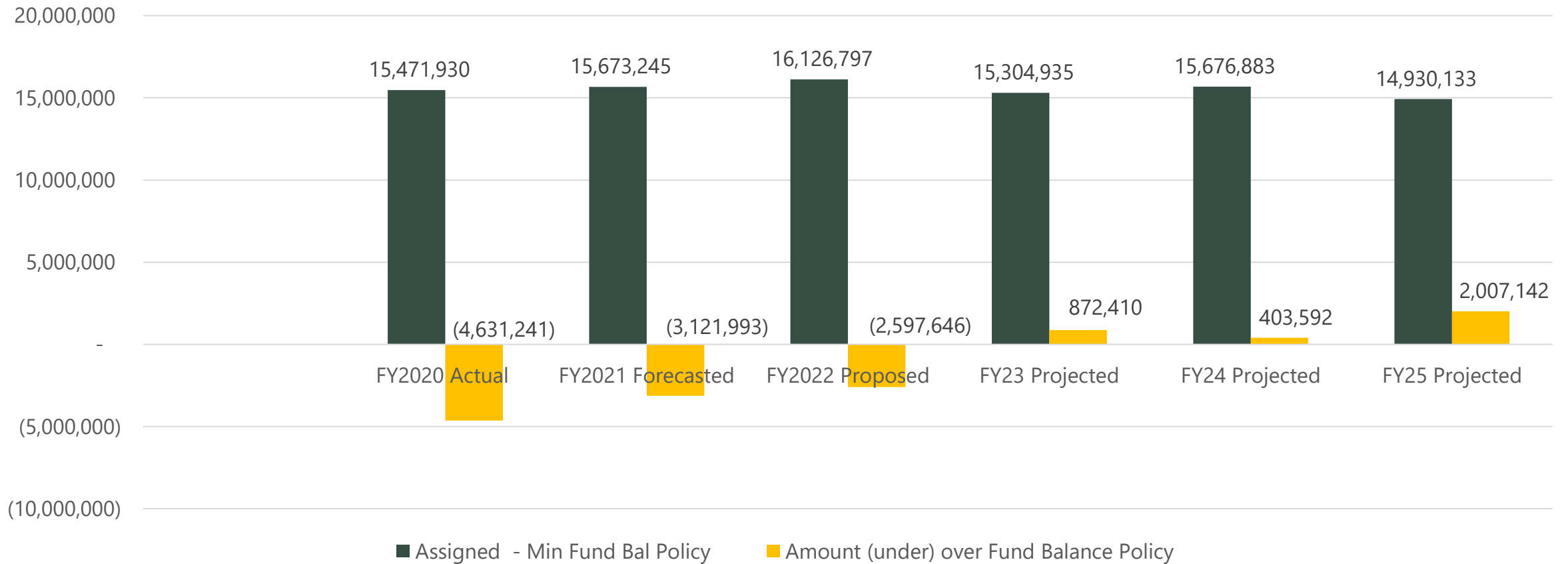


# GENERAL FUND

<b>General Fund</b>	<b>FY2020 Actual</b>	<b>FY2021 Forecasted</b>	<b>FY2022 Proposed</b>	<b>FY23 Projected</b>	<b>FY24 Projected</b>	<b>FY25 Projected</b>
Revenues	83,856,938	76,204,902	82,595,220	83,385,129	79,811,275	80,985,604
Expenditures	84,854,928	83,775,901	87,776,043	81,548,887	79,274,194	82,452,939
Beginning Fund Balance	26,902,611	25,904,621	19,311,521	15,108,597	17,756,791	19,127,256
Net results in Operations	(997,990)	(7,570,999)	(5,180,823)	1,836,242	537,081	(1,467,335)
Projected lapse	-	977,899	977,899	811,952	833,384	856,800
Ending fund balance	25,904,621	19,311,521	15,108,597	17,756,791	19,127,256	18,516,721
<b><i>*Assuming \$8 million Coronavirus recovery grant funds, provides for 46.5M in Ed contribution in FY23-24 and 48M in FY25</i></b>						
Nonspendable	2,469,391	9,446	9,446	9,446	9,446	9,446
Restricted	91,000	70,000	70,000	70,000	70,000	70,000
Committed	1,616,385	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Assigned - Min Fund Bal Policy	15,471,930	15,673,245	16,126,797	15,304,935	15,676,883	14,930,133
Assigned - Subsequent yr use of FB	10,887,156	5,180,823	-	-	1,467,335	-
unassigned	-	-	-	<b>872,410</b>	<b>403,592</b>	<b>2,007,142</b>
Amount (under) over Fund Balance	<b>(4,631,241)</b>	<b>(3,121,993)</b>	<b>(2,597,646)</b>	872,410	403,592	2,007,142

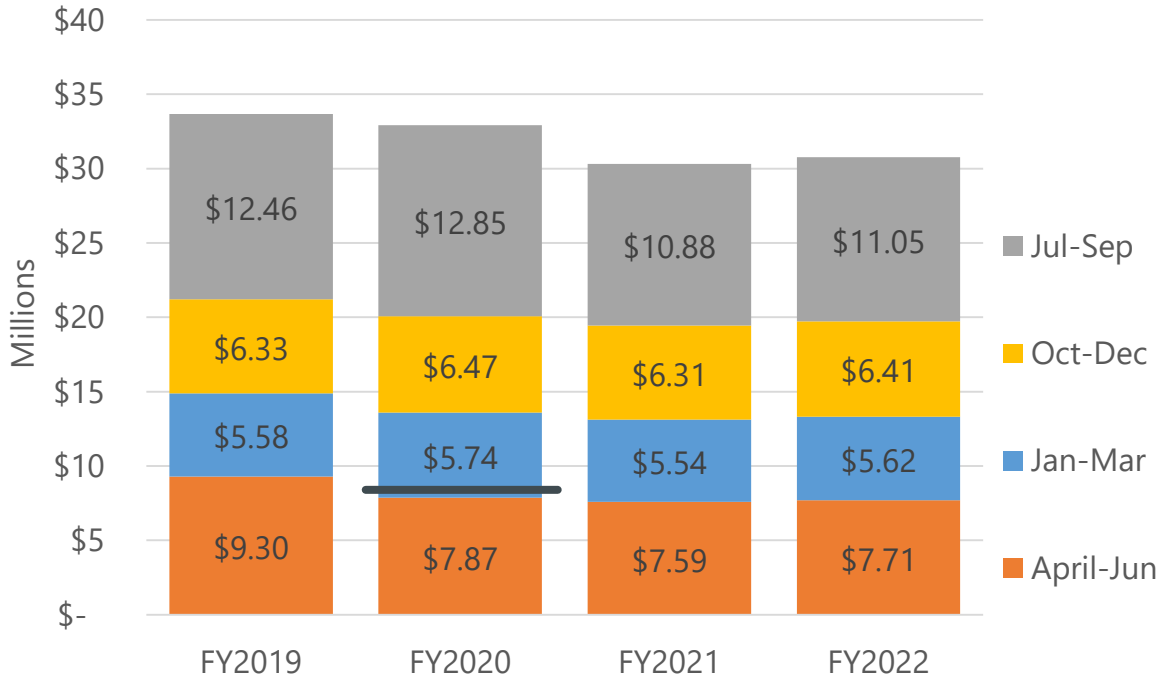
# GENERAL FUND

## General Fund Minimum Fund Balance

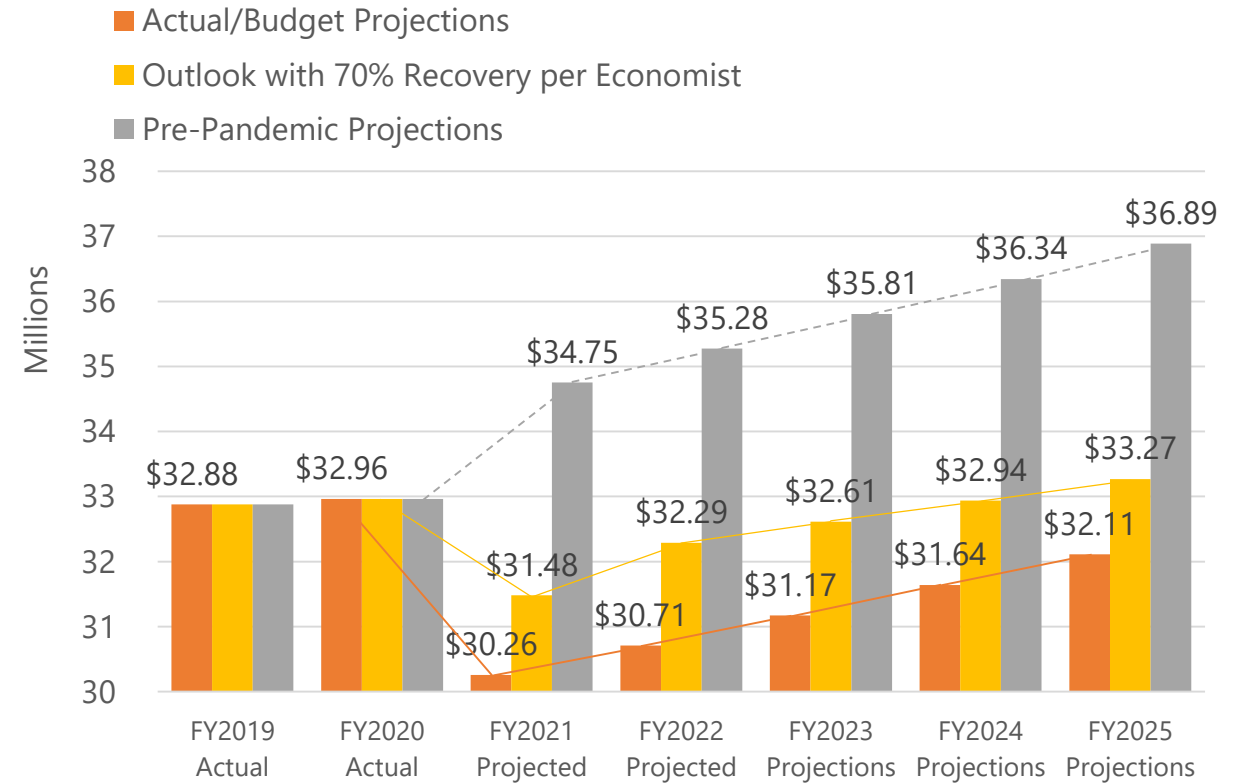


# REVENUES

## Sales Tax Revenue:



Sales Tax Revenues Projections  
(Pre-Pandemic and Current) FY2019-FY2025



# REVENUES

- **State Debt Reimbursement:** currently proposed to provide 50% of the 70% allowance, **\$1,284,544 reduction**
- **State legislative efforts to provide for:**
  - Additional community assistance (revenue sharing)
  - Funding for communities that were disproportionately impacted by the pandemic
  - Additional funds for cruise ship communities
  - Additional shared fish tax for coastal communities

# WHY IS FUND BALANCE IMPORTANT

- Importance of meeting the Fund Balance Policy that has been approved by the Assembly:
  - We are currently a low-risk auditee, this impacts the cost of the annual external audit and documentation expectations that drive operational costs. High risk auditees, have higher audit fees, more work involved in the annual audit, investors see noncompliance with fund balance policy as a negative.
  - Grantors require high-risk auditees to report more frequently and sometimes more extensively, they also rarely provide advanced funding to high-risk auditees.
- Assures our taxpayers, investors, and bond holders that we are a fiscally stable and sustainable entity.
- Provides cash flow for unexpected expenditures, such as a flooding or fire events.
- Provides bridge for unexpected declines in revenue sources, such as COVID-19 and the impact on sales taxes, user fees, or property tax collections.
- Provides for working capital or cash flow needed when annual revenues are not yet in for the fiscal year, such as property tax timing in Sept-Nov of each fiscal year. Fund balance supports July-August, summer contacts and seasonable expenditures.



# GENERAL FUND

	FY2021 Original Budget	FY2022 Mayor Proposed Budget	\$ Change	% Change
Personnel	14,344,885	14,473,602	128,717	1%
Supplies	204,846	190,176	(14,670)	-7%
Services	3,617,069	4,265,289	648,220	18%
Minor Capital Outlay	108,941	113,707	4,766	4%
Interdepartmental	(1,521,561)	(1,457,194)	64,367	-4%
Capital Project Fund TRSF	250,000	250,000	-	0%
General Government	17,004,180	17,835,580	831,400	5%
Local Education	50,000,000	48,000,000	(2,000,000)	-4%
School Capital Projects	1,250,000	2,250,000	1,000,000	80%
School Debt	3,754,255	3,660,125	(94,130)	-3%
Kenai Peninsula College	849,848	851,747	1,899	0%
Education	55,854,103	54,761,872	(1,092,231)	-2%
Solid Waste	7,962,312	12,704,857	4,742,545	60%
E911	700,000	151,673	(548,327)	-78%
EPHESA	284,621	215,067	(69,554)	-24%
Economic Development	360,000	400,000	40,000	11%
Senior Citizen funding	719,494	719,494	-	0%
Emergency Services - PILT	-	987,500	987,500	0%
	<b>82,884,710</b>	<b>87,776,043</b>	<b>4,891,333</b>	<b>6%</b>

## Significant Budgetary Changes:

- **Personnel** up \$128,717, less than 1%
  - + .25 FTE in Printshop Print/Mail Technician
  - 2.00 FTE Assessing Appraisal Technicians
- **Supplies** down \$14,670
- **Services**
  - \$300,000 in remote sales tax administration and collection fees
  - \$110,000 in imagery and jumpstart contracts
  - \$90,000 in annual leasing costs for voting system
  - \$53,000 in Software licensing
  - \$50,000 disaster contingency fund
- **Interdepartmental** increased because custodial is not being charged out in FY22.

# EDUCATION

	<b>FY2021 Original Budget</b>	<b>FY2022 Mayor Proposed Budget</b>	<b>\$ Change</b>	<b>% Change</b>
Local Contribution	38,637,268	36,537,314	(2,099,954)	-5%
Maintenance	7,921,941	8,029,231	107,290	1%
Insurance	3,280,215	3,131,278	(148,937)	-5%
Audit Fee	97,132	97,132	-	0%
Utilities	90,000	80,000	(10,000)	-11%
Custodial	122,138	125,045	2,907	2%
Total in-kind Expenditures School Fund - Page 271	11,511,426	11,462,686	(48,740)	0%
Capital Projects Schools Fund - <b>Page 358</b>	1,250,000	2,250,000	1,000,000	80%
School Debt Service - Page 345	3,999,969	3,660,125	(339,844)	-8%
Kenai Peninsula College - Page 284	849,848	851,747	1,899	0%
<b>Total Education Expenditures Boroughwide</b>	<b>56,248,511</b>	<b>54,761,872</b>	<b>(1,486,639)</b>	<b>-3%</b>

## Significant Budgetary Changes:

- **Local Cash Contribution** reduced \$2.1M
- **Maintenance** 1.35% increase, reduced Director by .4 FTE and increased 1 Foreman offset by reductions in temp hours and temp related Healthcare and OT hours.
- **Insurance and Utilities** reductions offset increases in maintenance and custodial.
- **Capital Projects** up \$1M to accomplish needed major maintenance. Page 358 shows \$24.1 million unfunded projects.
- **School Debt Svc** payment down \$339,844 coupled with anticipated 50% debt reimbursement from the State.

# SOLID WASTE

	<b>FY2021 Original Budget</b>	<b>FY2022 Mayor Proposed Budget</b>	<b>\$ Change</b>	<b>% Change</b>
Personnel	2,113,499	2,172,715	59,216	3%
Supplies	375,237	440,950	65,713	18%
Services	5,048,075	5,523,466	475,391	9%
Capital Outlay	26,196	28,460	2,264	9%
Total Expenditures - Page 306	7,563,007	8,165,591	602,584	38%
Capital Projects - Page 360	250,000	4,400,000	4,150,000	1660%
Debt Service - Page 345	1,064,750	1,063,750	(1,000)	0%
<b>Total Solid Waste Expenditures</b>	<b>8,877,757</b>	<b>13,629,341</b>	<b>4,751,584</b>	<b>54%</b>

## Significant Budgetary Changes:

- **Personnel** added .5 FTE, in 2018 reduced by .5 FTE and now requesting to add back. Increases to temp wages of \$29,346.
- **Operations**
  - \$65,713 increase supplies for repair and maintenance of the facilities.
  - \$331,227 increase contract services for renewed O&M and CPI requirements of contracts.
  - \$103,000 increase to utilities for leachate evaporation.
  - \$60,500 Increases to bldg. and grounds maintenance.
- **Capital** One-time \$4.4M capital transfer to support leachate capital project needs.

# SPECIAL REVENUE FUNDS

Page number	Special Revenue Fund	FY2021 Original Budget	FY2022 Mayor Proposed Budget	\$ Change	% Change	Mill Rate Change	
165	Nikiski Fire	5,343,057	6,026,827	683,770	13%	-	<b>Nikiski Fire:</b> Increased 4 FTE at \$593,537, \$64,896 add'l insurance as a result of add'l personnel and new Station #3 and additional firefighting supplies for \$18,000.
175	Bear Creek Fire	712,649	834,345	121,696	17%	-	<b>Bear Creek Fire:</b> Reduced operating categories offset by a \$150,000 increase to transfer to service area capital fund.
183	Western Emergency	1,218,012	2,521,702	1,303,690	107%	+ 0.10	<b>Western Emergency:</b> Completed expansion voter approved in fall 2020, increases include 5 additional 56 hour FTE for \$670,503, 50%-60% increase to supplies and services, along with several one time capital needs. Transfer to capital increased to \$375,000 reducing in the out years.
191	Central Emergency Services	10,012,583	11,783,889	1,771,306	18%	-	
201	Central Peninsula Emergency Medical	7,512	7,455	(57)	-1%	-	
205	Kachemak Emergency	1,293,954	1,613,602	319,648	25%	+ 0.35	<b>Central Emergency Services:</b> Increased 4 FTE at \$593,537, \$15,275 add'l insurance as a result of add'l personnel and additional firefighting supplies for \$25,000. Capital increased 96% or \$101,404 to accommodate several one time items.
213	Eastern Peninsula Highway Emergency	363,732	395,777	32,045	9%	-	
221	Seward Bear Creek Flood	388,688	444,265	55,577	14%	-	
228	911 Communications	2,820,854	3,548,465	727,611	26%	-	
237	North Peninsula Recreation	2,294,540	2,418,430	123,890	5%	-	
245	Seldovia Recreation	63,498	65,369	1,871	3%	-	
255	Roads	8,847,097	10,498,475	1,651,378	19%	-	
289	Land Trust	1,376,489	1,353,742	(22,747)	-2%	-	
297	Nikiski Seniors	345,219	400,219	55,000	16%	-	
327	Central Kenai Peninsula Hospital	9,789,892	9,817,970	28,078	0%	-	
333	South Kenai Peninsula Hospital	5,687,984	4,199,357	(1,488,627)	-26%	-	

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183	Western Emergency	1,218,012	2,521,702	1,303,690	107%	+ 0.10	<b>Central Peninsula Emergency Medical:</b> no significant changes.
191	Central Emergency Services	10,012,583	11,783,889	1,771,306	18%	-	
201	Central Peninsula Emergency Medical	7,512	7,455	(57)	-1%	-	<b>Kachemak Emergency:</b> Increased 2 FTE at \$230,816 and \$11,046 for add'l equipment maintenance services. \$50,000 increase to the service area capital fund.
205	Kachemak Emergency	1,293,954	1,613,602	319,648	25%	+ 0.35	<b>EPHESA:</b> \$44,930 increase to capital for agency support offset by other operational decreases.
213	Eastern Peninsula Highway Emergency	363,732	395,777	32,045	9%	-	
221	Seward Bear Creek Flood	388,688	444,265	55,577	14%	-	<b>Seward Bear Creek Flood:</b> \$20,000 Increase to contract services for emerging situations and \$20,000 additional to support capital project management.
228	911 Communications	2,820,854	3,548,465	727,611	26%	-	
237	North Peninsula Recreation	2,294,540	2,418,430	123,890	5%	-	
245	Seldovia Recreation	63,498	65,369	1,871	3%	-	
255	Roads	8,847,097	10,498,475	1,651,378	19%	-	<b>911 Communications:</b> Added 6 FTE to support the Kenai Peninsula Borough 911 Center for \$716,457 as a result of the Center being 100% Borough operated, previously the State of Alaska had provided personnel support. The Center is operating on a fees for service structure in FY2022, reducing the General Fund contribution \$548,327.
289	Land Trust	1,376,489	1,353,742	(22,747)	-2%	-	
297	Nikiski Seniors	345,219	400,219	55,000	16%	-	
327	Central Kenai Peninsula Hospital	9,789,892	9,817,970	28,078	0%	-	
333	South Kenai Peninsula Hospital	5,687,984	4,199,357	(1,488,627)	-26%	-	

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175	Bear Creek Fire	712,649	834,345	121,696	17%	-
183	Western Emergency	1,218,012	2,521,702	1,303,690	107%	+ 0.10
191	Central Emergency Services	10,012,583	11,783,889	1,771,306	18%	-
201	Central Peninsula Emergency Medical	7,512	7,455	(57)	-1%	-
205	Kachemak Emergency	1,293,954	1,613,602	319,648	25%	+ 0.35
213	Eastern Peninsula Highway Emergency	363,732	395,777	32,045	9%	-
221	Seward Bear Creek Flood	388,688	444,265	55,577	14%	-
228	911 Communications	2,820,854	3,548,465	727,611	26%	-
237	North Peninsula Recreation	2,294,540	2,418,430	123,890	5%	-
245	Seldovia Recreation	63,498	65,369	1,871	3%	-
255	Roads	8,847,097	10,498,475	1,651,378	19%	-
289	Land Trust	1,376,489	1,353,742	(22,747)	-2%	-
297	Nikiski Seniors	345,219	400,219	55,000	16%	-
327	Central Kenai Peninsula Hospital	9,789,892	9,817,970	28,078	0%	-
333	South Kenai Peninsula Hospital	5,687,984	4,199,357	(1,488,627)	-26%	-

**North Peninsula Recreation:** Additional insurance premiums of \$21,657 due to facility changes, increased utilities of \$6,653 and \$8,775 to the HVAC service contract, one-time increase to capital of \$16,000, and increase to capital transfer of \$50,000.

**Seldovia Recreation:** Contract increases with City of Seldovia to support 520 add'l hours for program assistants.

**Roads:** Reduced operating categories offset by a 65.22% increase to transfer to service area capital fund.

**Land Trust:** \$18,487 reduction to personnel as a result of employee turnover and personnel changes.

**Nikiski Senior:** One time increase to support Borough due diligence of oversight for service area funds, for \$10,000 and a proposed program vehicle purchase for \$45,000.

# SPECIAL REVENUE FUNDS

Page number	Special Revenue Fund	FY2021 Original Budget	FY2022 Mayor Proposed Budget	\$ Change	% Change	Mill Rate
165	Nikiski Fire	5,343,057	6,026,827	683,770	13%	-
175	Bear Creek Fire	712,649	834,345	121,696	17%	-
183	Western Emergency	1,218,012	2,521,702	1,303,690	107%	+ 0.10
191	Central Emergency Services	10,012,583	11,783,889	1,771,306	18%	-
201	Central Peninsula Emergency Medical	7,512	7,455	(57)	-1%	-
205	Kachemak Emergency	1,293,954	1,613,602	319,648	25%	+ 0.35
213	Eastern Peninsula Highway Emergency	363,732	395,777	32,045	9%	-
221	Seward Bear Creek Flood	388,688	444,265	55,577	14%	-
228	911 Communications	2,820,854	3,548,465	727,611	26%	-
237	North Peninsula Recreation	2,294,540	2,418,430	123,890	5%	-
245	Seldovia Recreation	63,498	65,369	1,871	3%	-
255	Roads	8,847,097	10,498,475	1,651,378	19%	-
289	Land Trust	1,376,489	1,353,742	(22,747)	-2%	-
297	Nikiski Seniors	345,219	400,219	55,000	16%	-
327	Central Kenai Peninsula Hospital	9,789,892	9,817,970	28,078	0%	-
333	South Kenai Peninsula Hospital	5,687,984	4,199,357	(1,488,627)	-26%	-

**Central Kenai Peninsula Hospital Svc Area:**  
Increase to facility insurance premium of \$20,000 and anticipated single audit fees of \$10,000 as a result of federal grant revenues.

**South Kenai Peninsula Hospital Svc Area:**  
Reduction due to a one-time transfer in FY2021 as a result of the boundary change in FY2020.

# INTERNAL SERVICE FUNDS

Page number		FY2021 Original Budget	FY2022 Mayor Proposed Budget	\$ Change	% Change
414-424	Insurance and Litigation Fund	4,683,959	4,562,066	(121,893)	-3%
426-429	Health Insurance Fund	8,497,322	8,761,484	264,162	3%
430-433	Equipment Replacement Fund	650,000	624,479	(25,521)	-4%
		13,831,281	13,948,029	116,748	1%

## Authorized Equipment:

Maintenance Vehicles (2)	70,000
OEM towing vehicle	44,500
Solid Waste dozer	170,000
Finance sales tax software	800,000
911 logger equipment	170,000
	<hr/>
	1,124,459
	1,254,500
	130,041
	12%

## Significant Budgetary Changes:

- Insurance and Lit Fund:** Excess policy premiums are down for workers comp, property and smaller premiums, offset by increases in excess liability premiums. Claim reserves are down 9% based on projections. Overall the fund appropriation is down 3%.
- Health Insurance Fund:** Anticipated healthcare expenditures are 3.11% higher than FY2021. 9% of the FY2022 cost of healthcare, prescription, dental and vision costs are covered by employee premiums.
- Equipment Replacement Fund:** Depreciation is the only appropriated amount in this fund, it is comparable to FY2021. This fund is authorized to purchase specific software, equipment and vehicles, while the appropriation occurs in the operating fund for annual payments.



# CAPITAL PROJECTS

<b>Page number</b>	<b>Special Revenue Fund</b>	<b>FY2022 Mayor Proposed Budget</b>	<b>Description of projects</b>
358	Schools	\$ 2,250,000	To provide for HVAC, auditorium lighting, facility design, flooring, safety & security. OEM server room AC and radios. Poppy lane facility and borough administration bldg
359	General Government	485,000	security. Leachate improvement construction, demolition of obsolete facilities, security, bldg fire
360	Solid Waste	4,710,000	suppression system and well decommission.
362	Nikiski Fire	675,000	SCBAs, radios, ambulance for beluga and utility plow truck.
363	Bear Creek	192,500	SCBAs and radio communication equipment.
364	Western Emergency	661,000	SCBAs, radios, heart monitor and 2 utility vehicles. Advanced training simulators, utility vehicle, ambulance, station 1 design & construction,
365	Central Emergency	1,662,500	SCBAs, and radios.
366	Kachemak Emergency	260,000	SCBAs and radio communication equipment.
367	North Peninsula Recreation	397,000	Zamboni ice resurfacer, utility loader and supply and return headers.
368-369	Roads	2,961,000	Road improvement projects
371-372	South Kenai Peninsula Hospital	2,494,965	Hospital and medical equipment
Total FY2022 capital projects appropriation		<b>\$ 16,748,965</b>	

# OTHER BUDGETARY CHANGES

- Appendix A Salary Schedule proposed update, last updated in 2016 through resolution 2016-047

Admin Schedule adopted by Resolution 2016-047				Proposed Admin Schedule Effective July, 1, 2021			
Level	Minimum	Mid Point	Maximum	Level	Minimum	Mid Point	Maximum
1	60,913	73,217	85,521	1	63,959	76,878	89,797
2	65,165	78,329	91,492	2	68,423	82,245	96,067
3	69,705	83,785	97,865	3	73,190	87,974	102,758
4	74,683	88,825	104,857	4	78,417	93,266	110,100
5	79,963	95,955	115,939	5	83,961	100,753	121,736
6	85,543	104,846	124,149	6	89,820	110,088	130,356
7	91,579	112,299	133,018	7	96,158	117,914	139,669

- \$18,589 of the River Center Appropriation is being appropriated from restricted fund balance from shared agreements.
  - Per prior shared service lease agreements from 2007 to 2020, \$10,000 was being placed in reserve annually to provide for building major maintenance.
  - Current reserve balance \$91,000, the reserve has been used one prior for \$49,000.

Year	Consumer Price Index	Collective Bargaining Changes
2016	0.50%	1.00%
2017	0.40%	0.50%
2018	0.50%	0.50%
2019	3.00%	0.50%
2020	1.40%	2.00%
2021	0.00%	2.00%
2022		1.50%
	<b>5.80%</b>	<b>8.00%</b>