



## KENAI PENINSULA BOROUGH

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**MIKE NAVARRE**  
**BOROUGH MAYOR**

### MEMORANDUM

**TO:** Gary Knopp, Assembly President  
Members, Kenai Peninsula Borough Assembly

**THRU:** Mike Navarre, Mayor *MN*

**FROM:** Craig Chapman, Director of Finance *C Chapman*  
Sue McClure, Assembly Member

**DATE:** April 5, 2012

**SUBJECT:** Ordinance 2011-19-83, appropriating \$26,145.80 in fund balance for the purchase of supplies and equipment

In the October 4, 2011, borough election the Lowell Point Emergency Service Area (Service Area) voters approved Proposition 4, abolishing the Service Area effective July 1, 2012. Assets owned by the Service Area at the time of dissolution, unless otherwise provided for, most likely will revert to the borough. Assets obtained through grants must be accounted for consistent with applicable grant requirements. Any funds not expended would be accumulated in the borough's general fund.

There are at least two relevant legal issues concerning the transfer of any assets to any entity that may wish to acquire the service area assets. Article IX, section 6 of the Alaska constitution requires that public assets only be used for public purposes. This limits the Service Area's ability to transfer the assets to either a sale at fair market value or a transfer to an entity providing public services. Additionally, the borough can only expend resources for powers it is authorized to exercise. Once the Service area is abolished the borough will no longer have the authority to provide fire and emergency services in Lowell Point. The borough would then have to utilize the assets where it has the power to do so or sell them at fair market value.

The Service Area ended fiscal year 2011 with an available fund balance of \$26,145.80. The Service Area board would like to appropriate the existing fund balance for the purchase of fire and emergency service supplies and equipment. It is recommended that any future transfer of assets to an entity that will provide public services in Lowell Point occur prior to June 30, 2012.

Shortened hearing has been requested which would allow the Service Area time to purchase and have the items on hand prior to the dissolution of the Service Area on June 30, 2012.

FINANCE DEPARTMENT FUNDS VERIFIED	
Acct. No.	<u>213 27910 FB</u>
Amount	<u>\$26,145.80</u>
By:	<u><i>C Chapman</i></u> Date: <u>4/5/12</u>