

FY2026 Mayor Proposed Budget

Finance Department

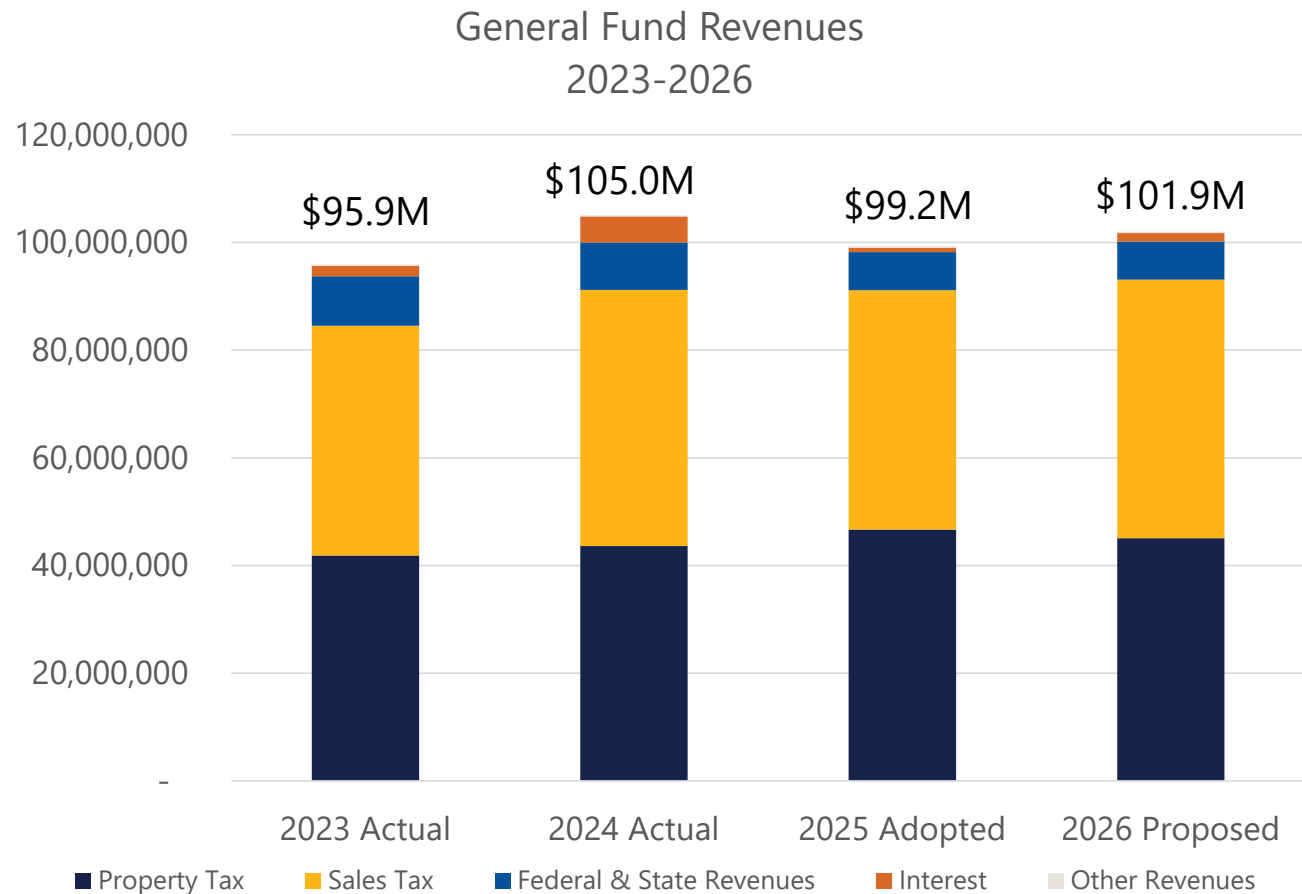
May 6, 2025



**General Fund
Revenues are
Increasing 2.7%
from FY2025 to
2026**

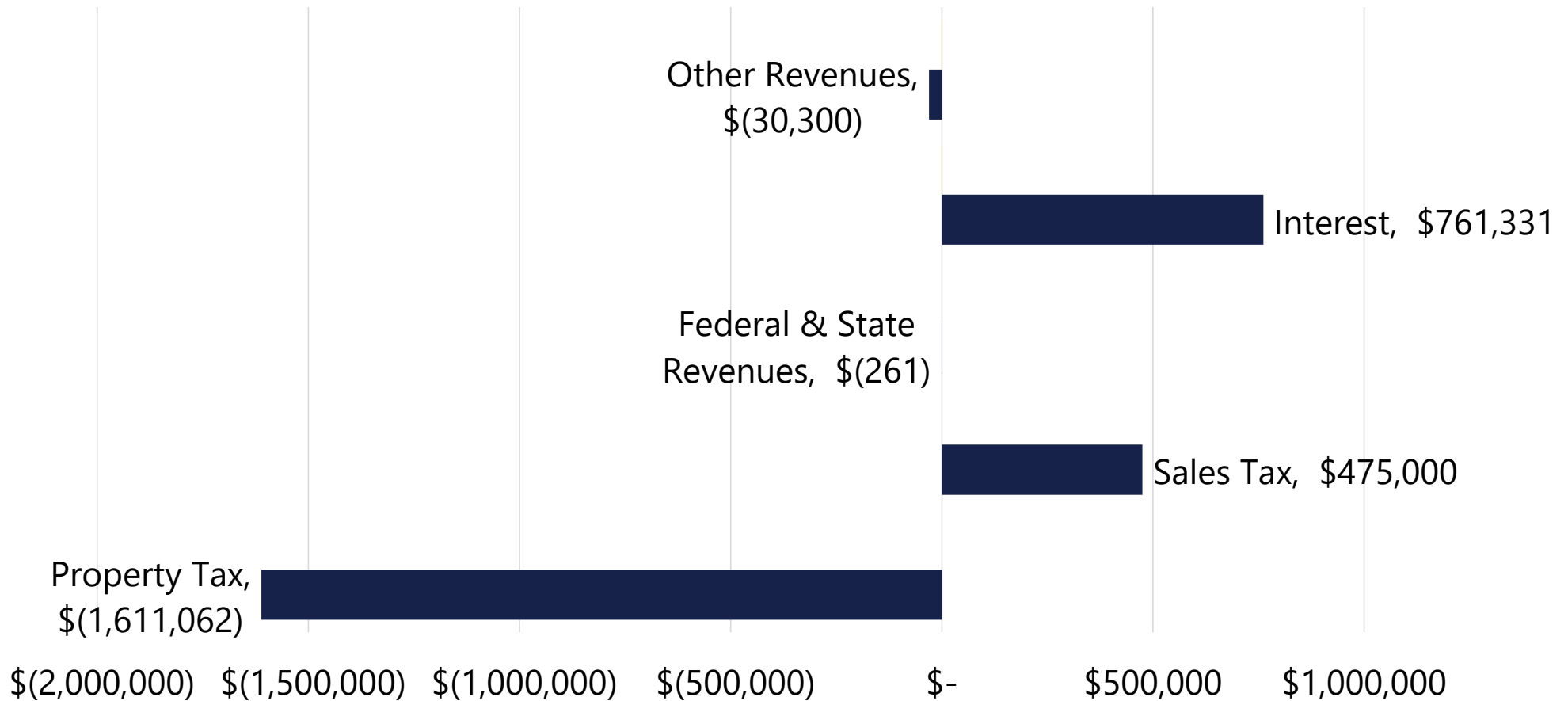
**Assessed Values
Increase 7.84%**

**Mill Rate
Decrease of .45
From 4.30 to 3.85**

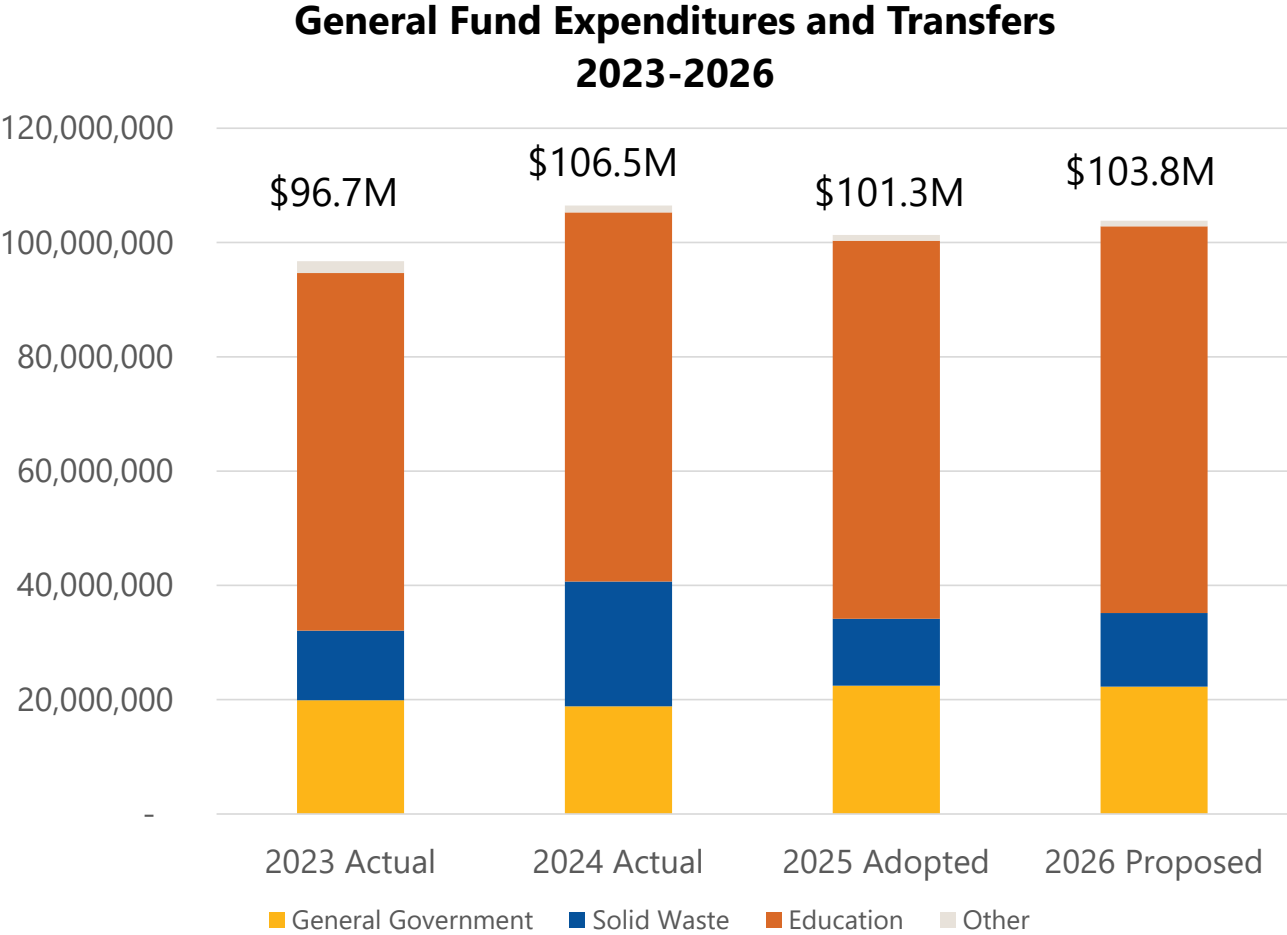




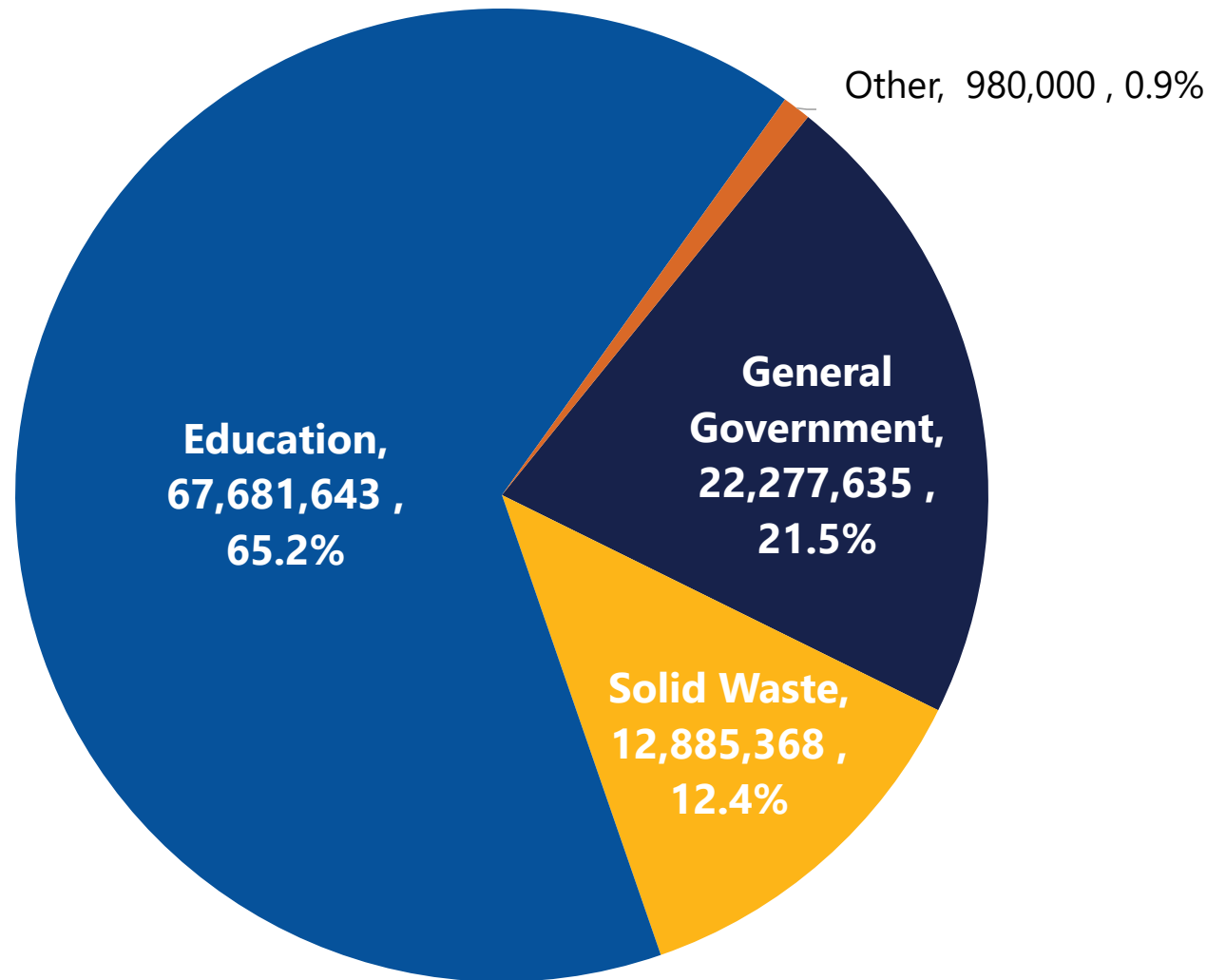
General Fund Change by Revenue Type



General Fund Expenditures are Increasing 2.5% from FY2025 to 2026

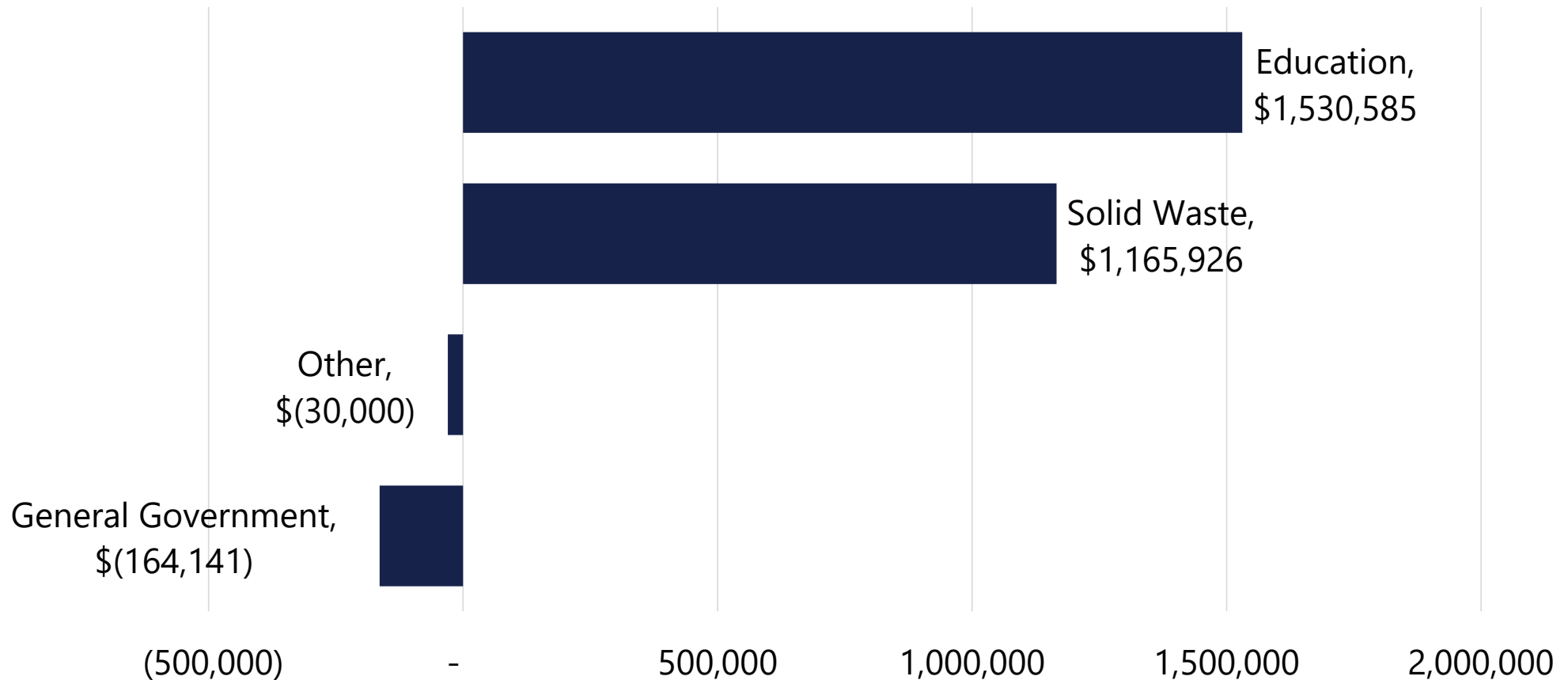


General Fund Expenditures by Function





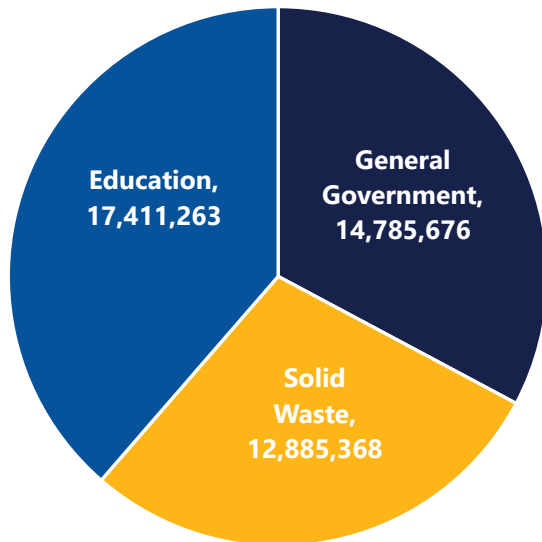
General Fund: Change in Expenditure by Function



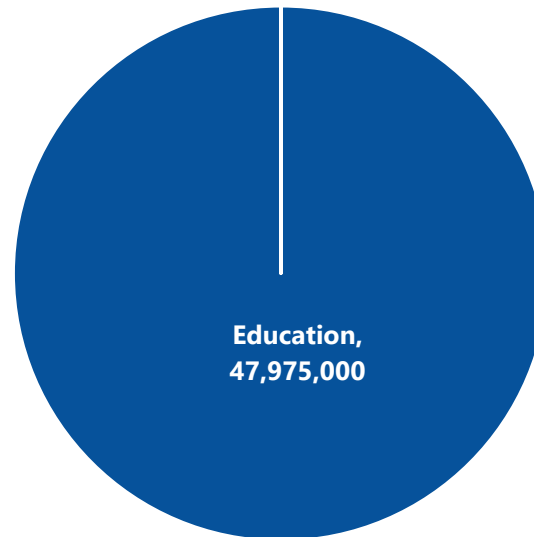


How are we paying for each Function?

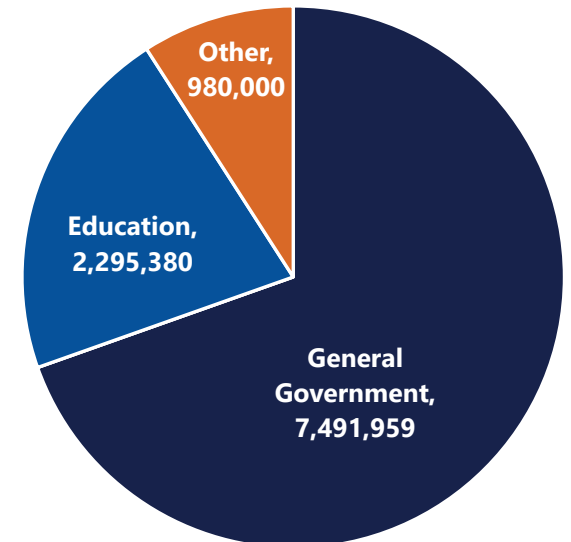
Property Tax



Sales Tax



Other Revenues



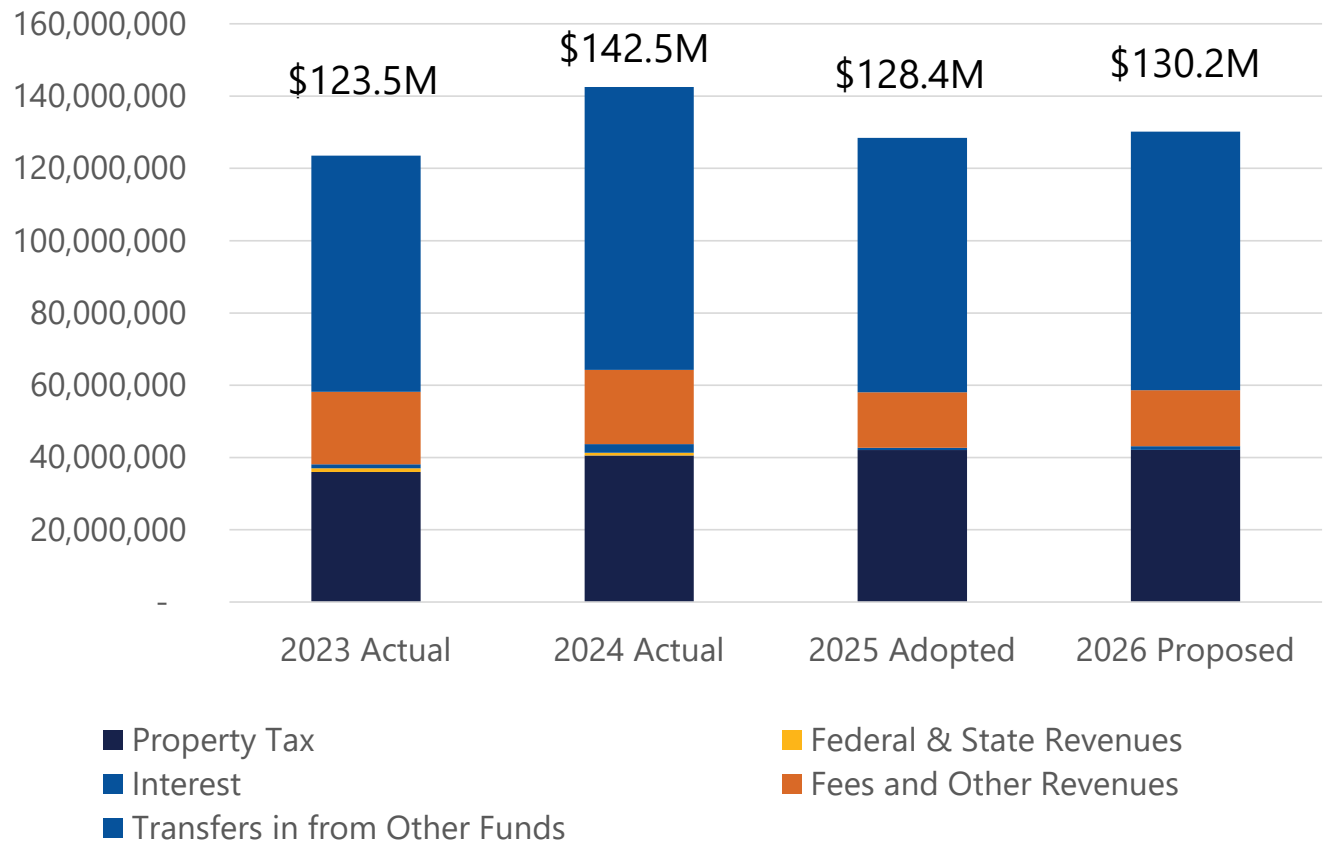
Special Revenue Funds

Special Revenue Funds:

Revenues are Increasing 1.35% from FY2025 to 2026

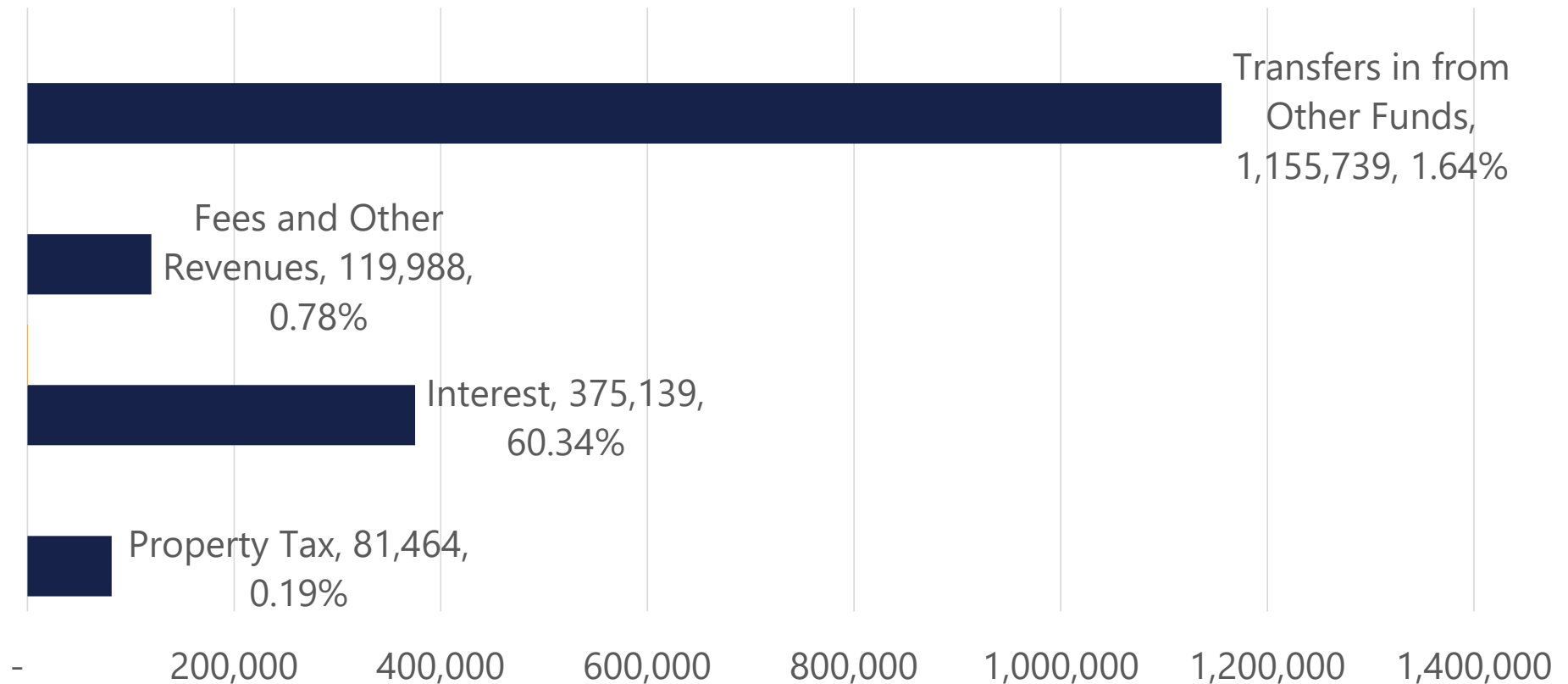
Six Service Area Mill rates are proposed to decrease

Special Revenue Fund - Revenues
2023-2026





SRF's Change by Revenue Type

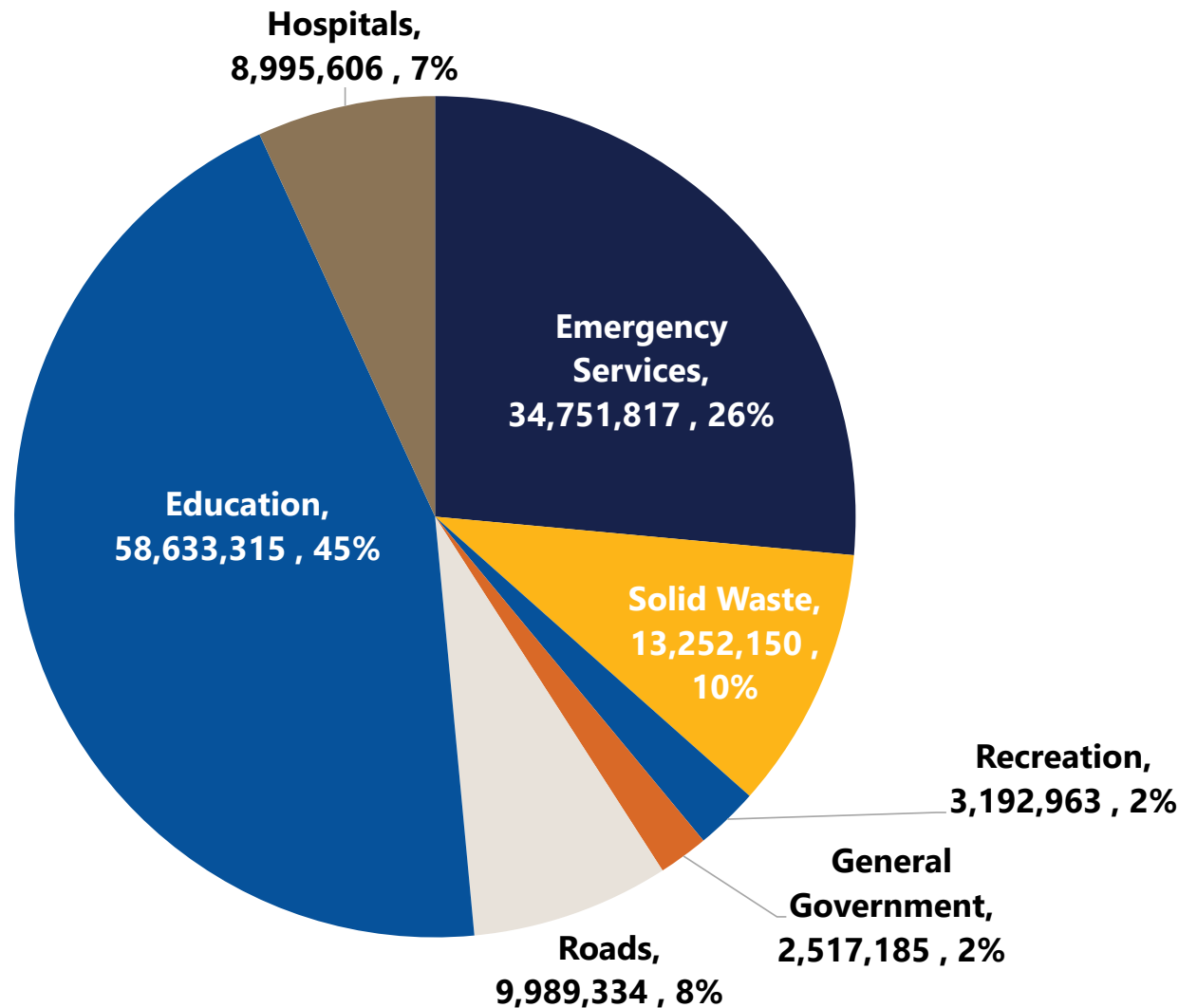


Special Revenue Funds –

Expenditures and Transfers by Function

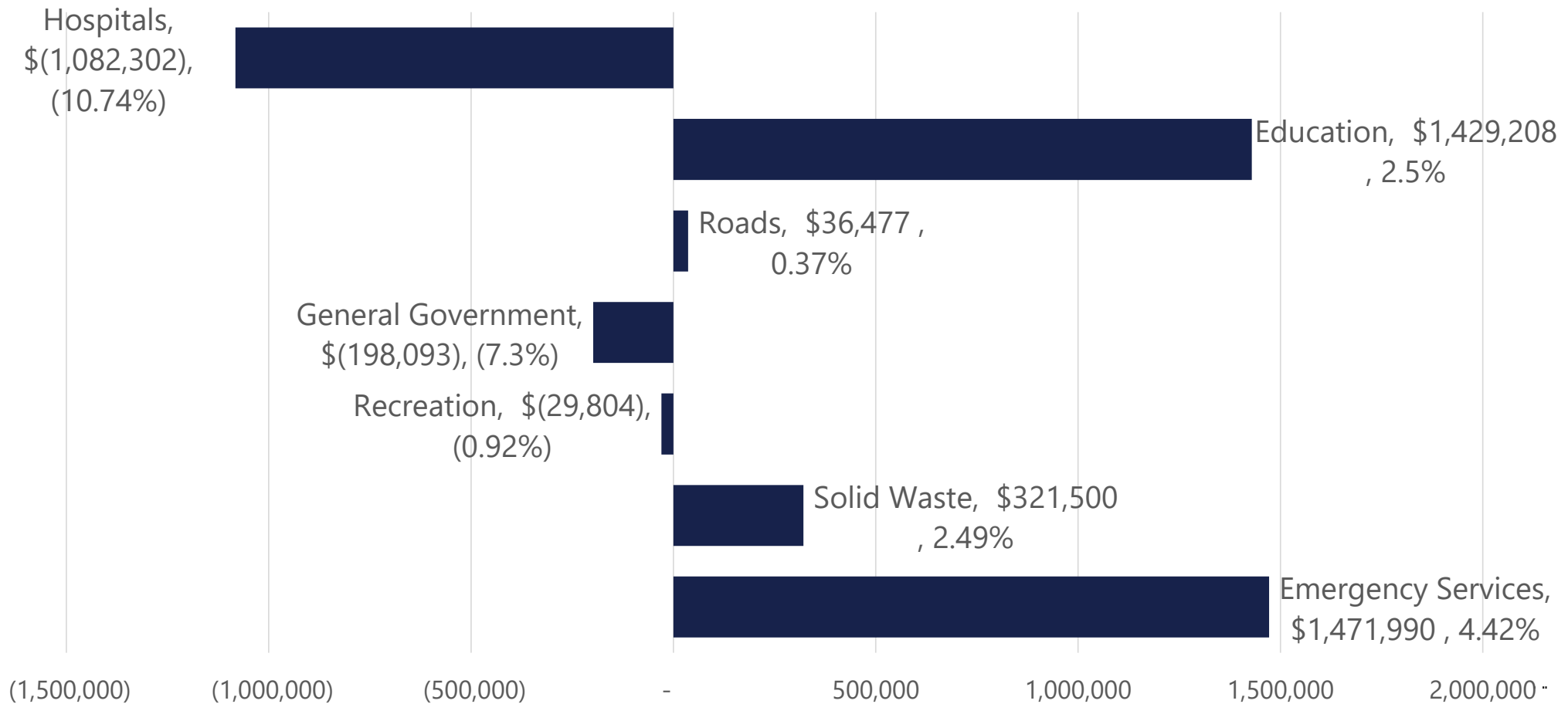
Expenditures are Increasing **1.51%** from FY2025 to 2026

Special Revenue Funds – Expenditures and Transfers by Function





SRF's Change by Expenditure Type



Capital Project Funds

Schools

- Original request based on need was in excess of \$10M, only \$4.1M is being transferred from the General Fund to fund current year projects of \$4.124M. Largest project being \$1.48M for boilers/HVAC system.

Solid Waste

- Larger projects consist of \$650,000 for cell seep repairs and \$250,000 for siding and roof repairs.

General Government

- Larger projects consist of \$334,000 for Pictometry, and \$60,000 for budgeting software.

Central Emergency Services:

- One large project to provide for station exhaust removal system for \$600,000.

Nikiski Fire:

- Largest project being replacement of Medic Ambulance for \$375,000, allowing the 2008 ambulance to be sent to Tyonek.

Kachemak Emergency:

- Largest project being paving for Station 1 for \$110,000.

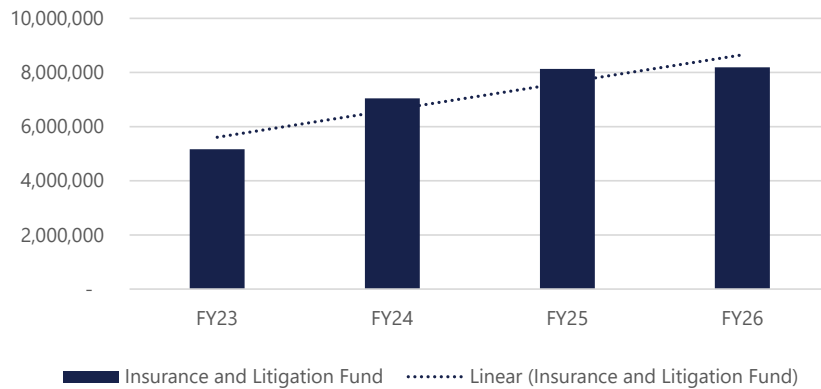
North Peninsula Recreation:

- Larger projects consist of Master Planning \$150,000 , Pool Renovations \$175,000, Kitchen appliance and lighting replacement for Recreation Center \$250,000.

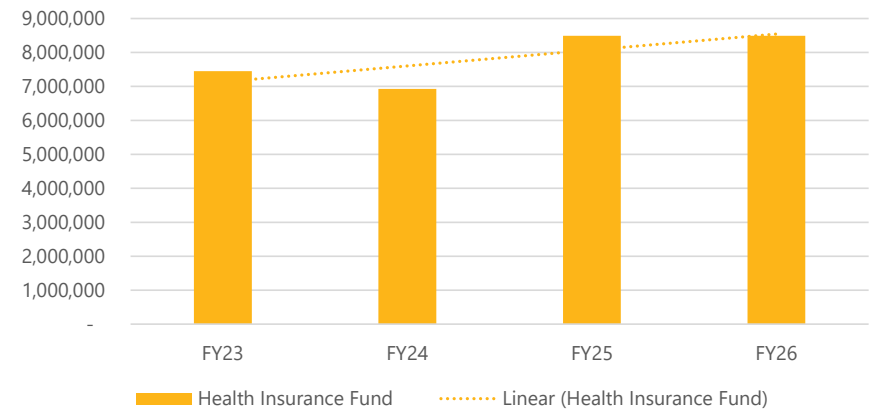


Internal Service Funds

**Insurance and Litigation Fund
FY2023-FY2026 Expenditures**

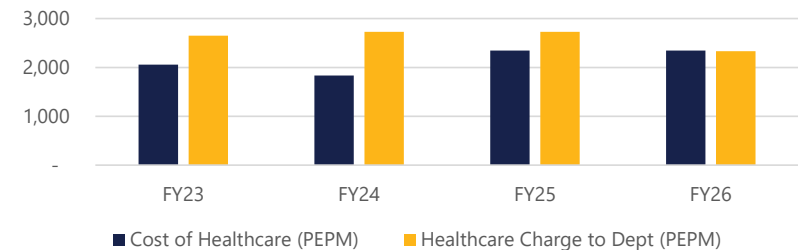


**Health Insurance Fund
FY2023-FY2026 Expenditures**



The KPB has been a legacy member of the AMLJIA Insurance Pool since inception in 1988. In 2025, AK Municipal League Joint Insurance Association "AMLJIA" and Alaska Public Entity Insurance "APEI" Merged to create one Pool for all public entities, municipalities and School Districts. On July 1st the KPB/SD will purchase reinsurance from APRA.

**Healthcare Fund
Cost and Charge-Out
FY2023-FY2026**





Positions (FTEs) Boroughwide

General Fund

Human Resources
Decreased 0.25 FTE

.25 FTE Seward Annex
Administrative
Assistance combined
with .75 FTE Seward
Bear Creek Flood
Administrative Assistant
to be 1 Full-Time
Position 25/75%

Central Emergency Services

CES increased 4 FTE

CES reclassified 1 Fire
Tech to be a
Engineer/Paramedic
and Added 4
Engineer/Paramedics,
for total staffing of 53
FTEs

Maintenance

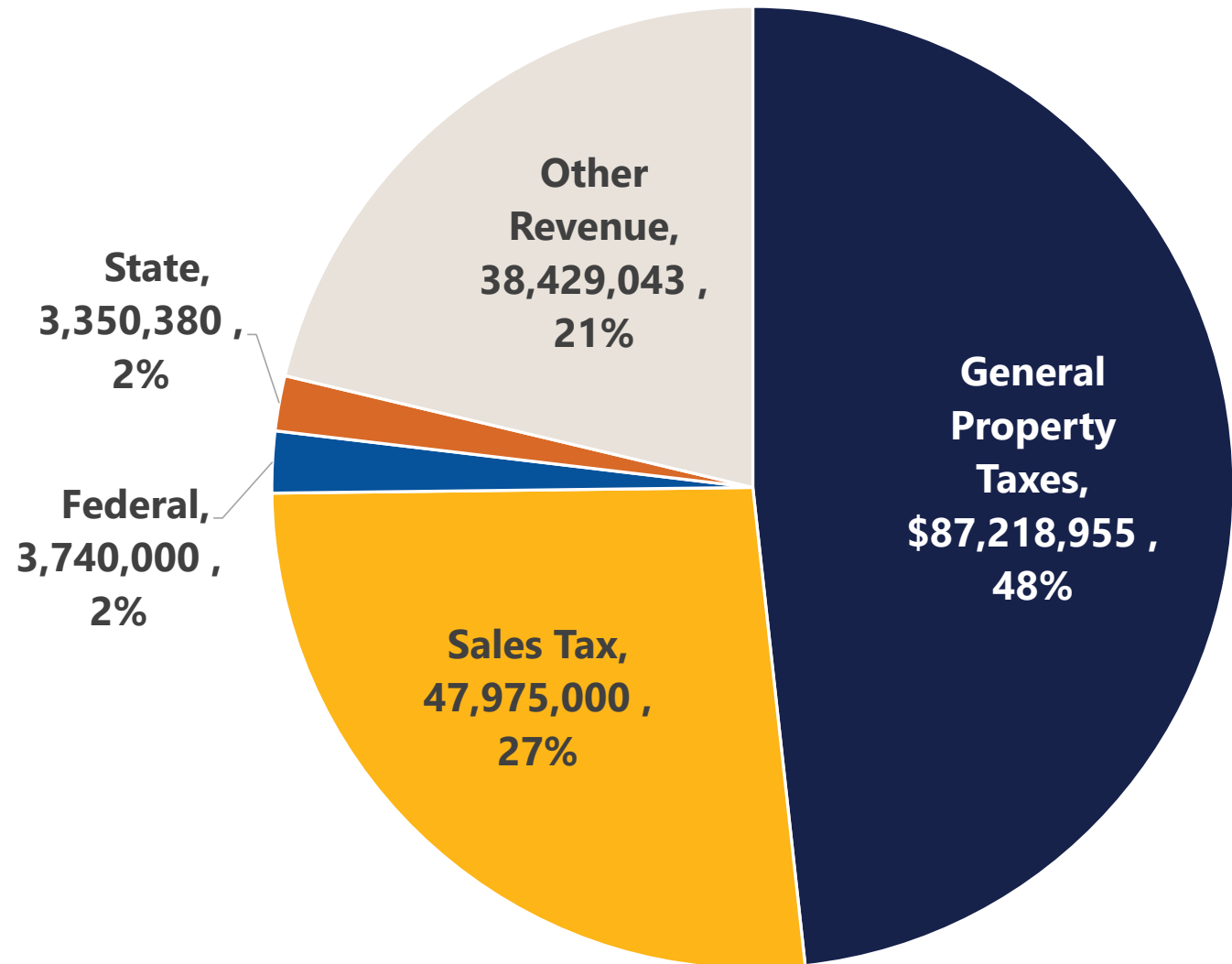
Maintenance increased
0.5 FTE

Maintenance decreased
Overtime and
associated taxes to
offset the increase of a
Half-time position

Boroughwide

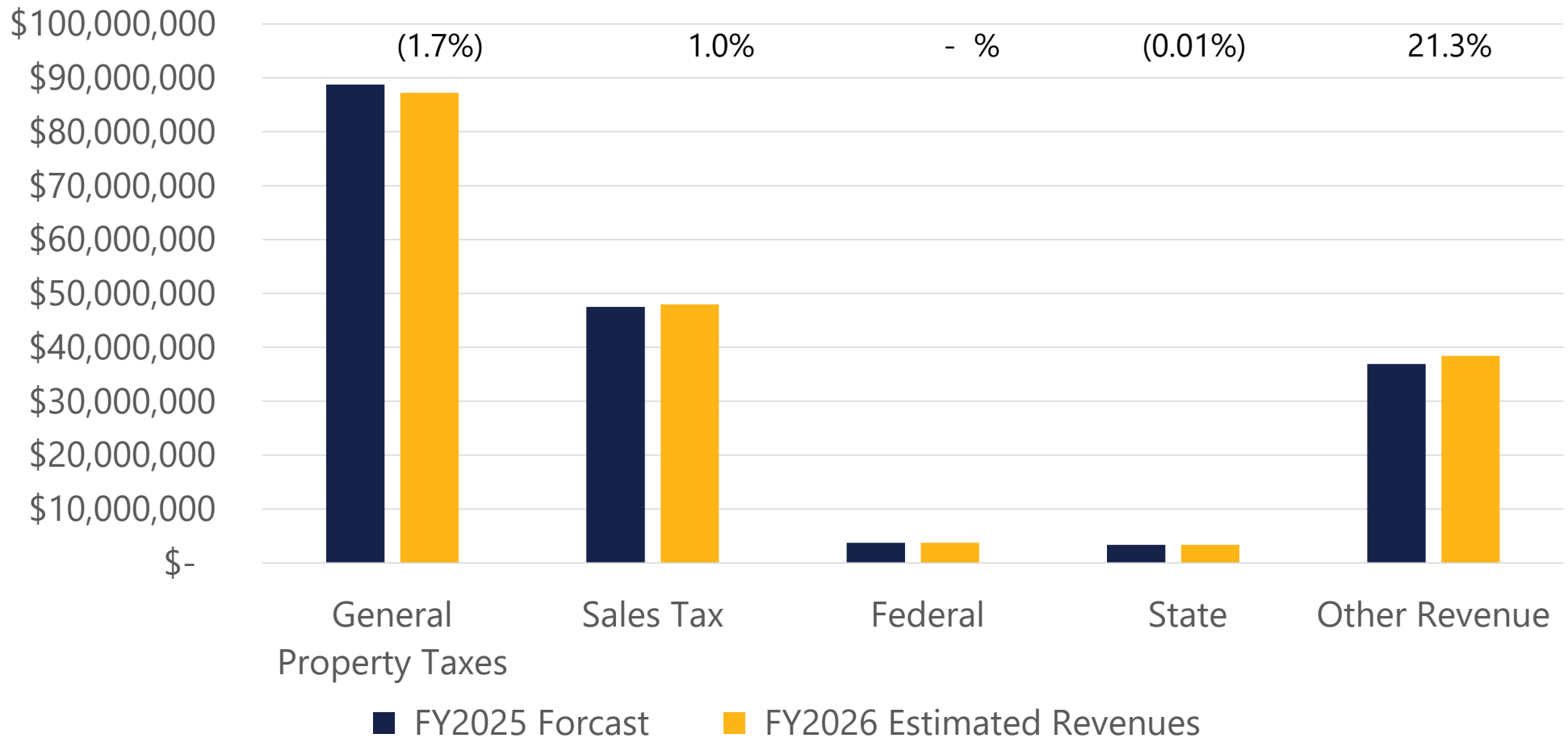
Boroughwide Revenues

FY2026



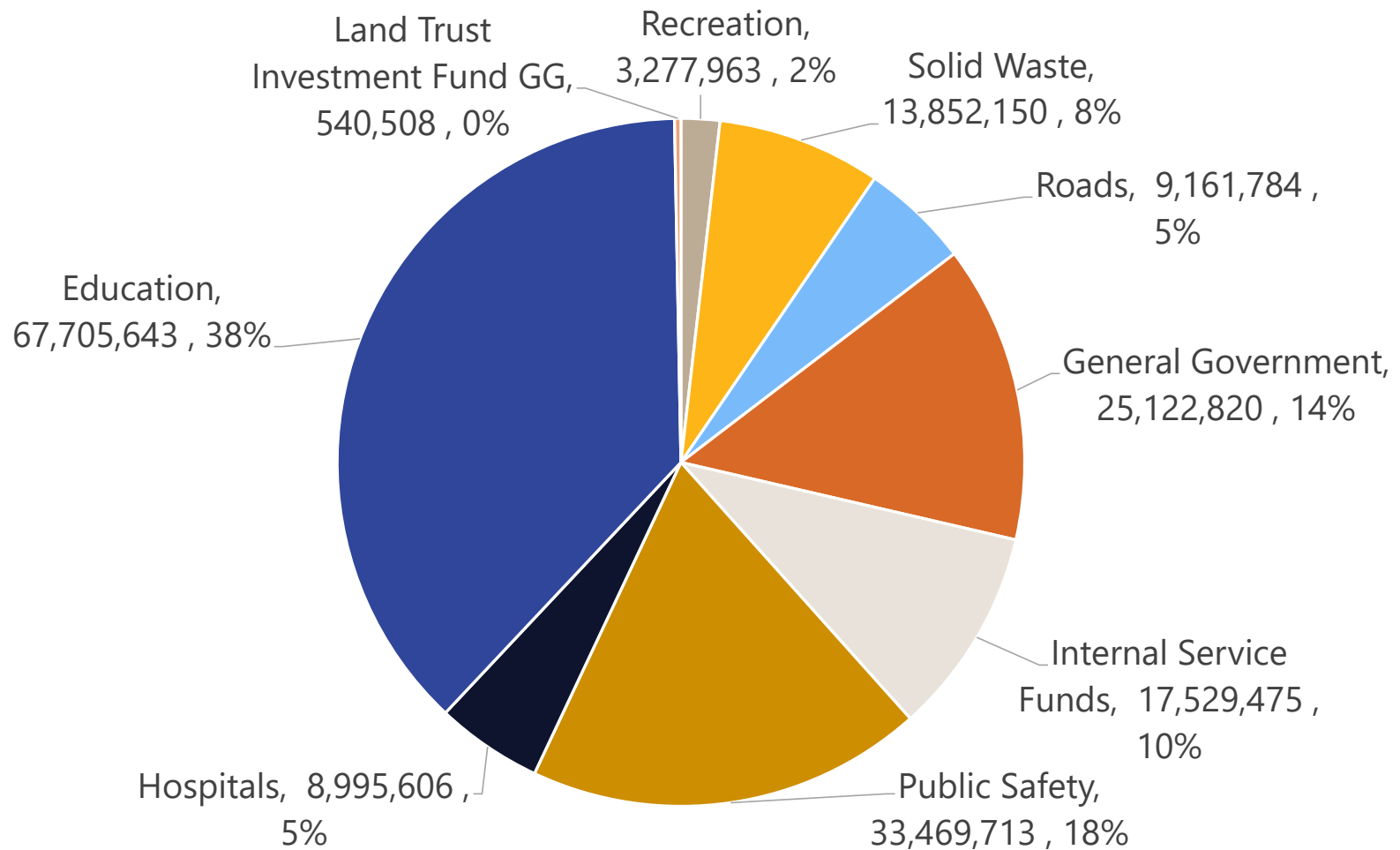


Boroughwide Revenues FY2025 to FY2026 Change



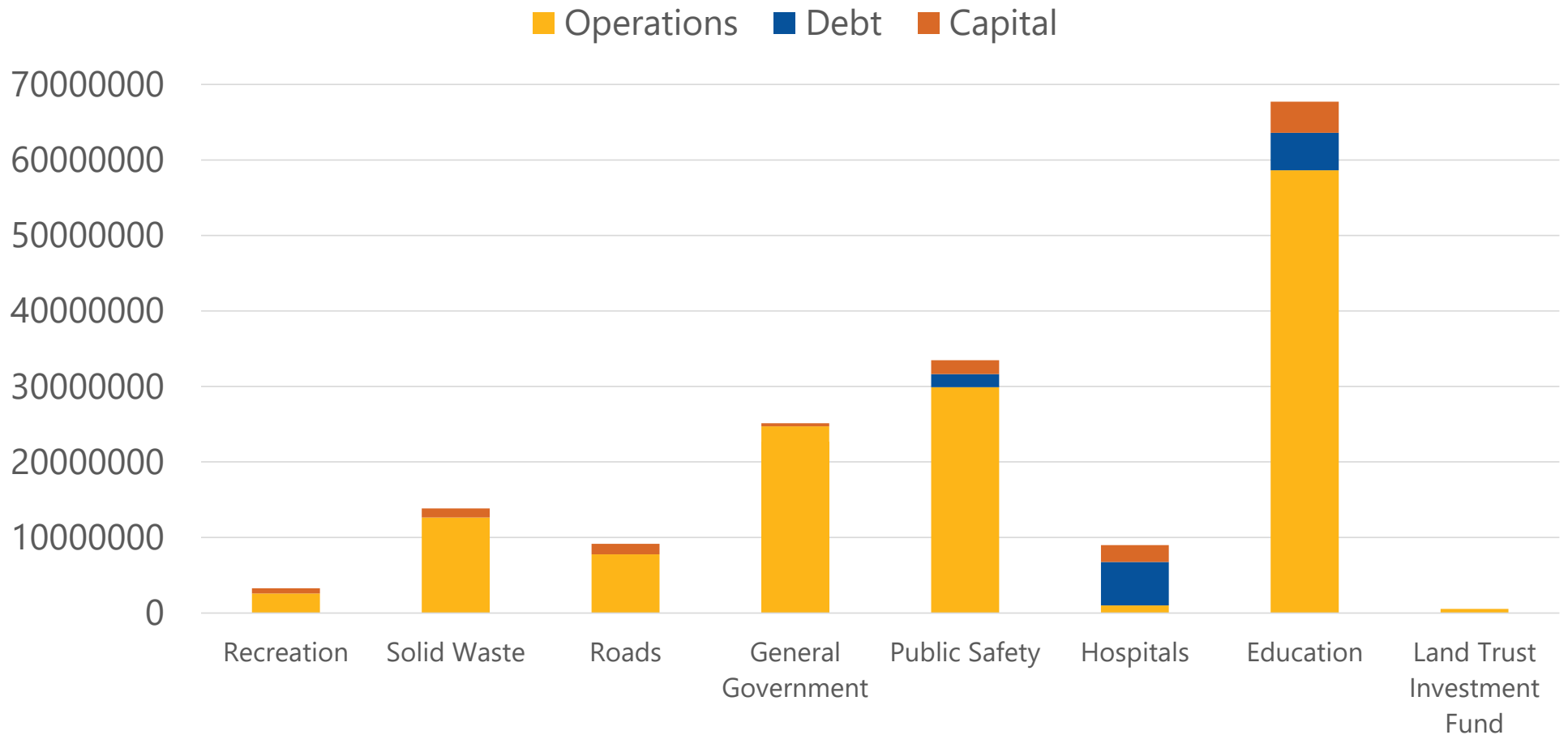


Boroughwide Expenditures



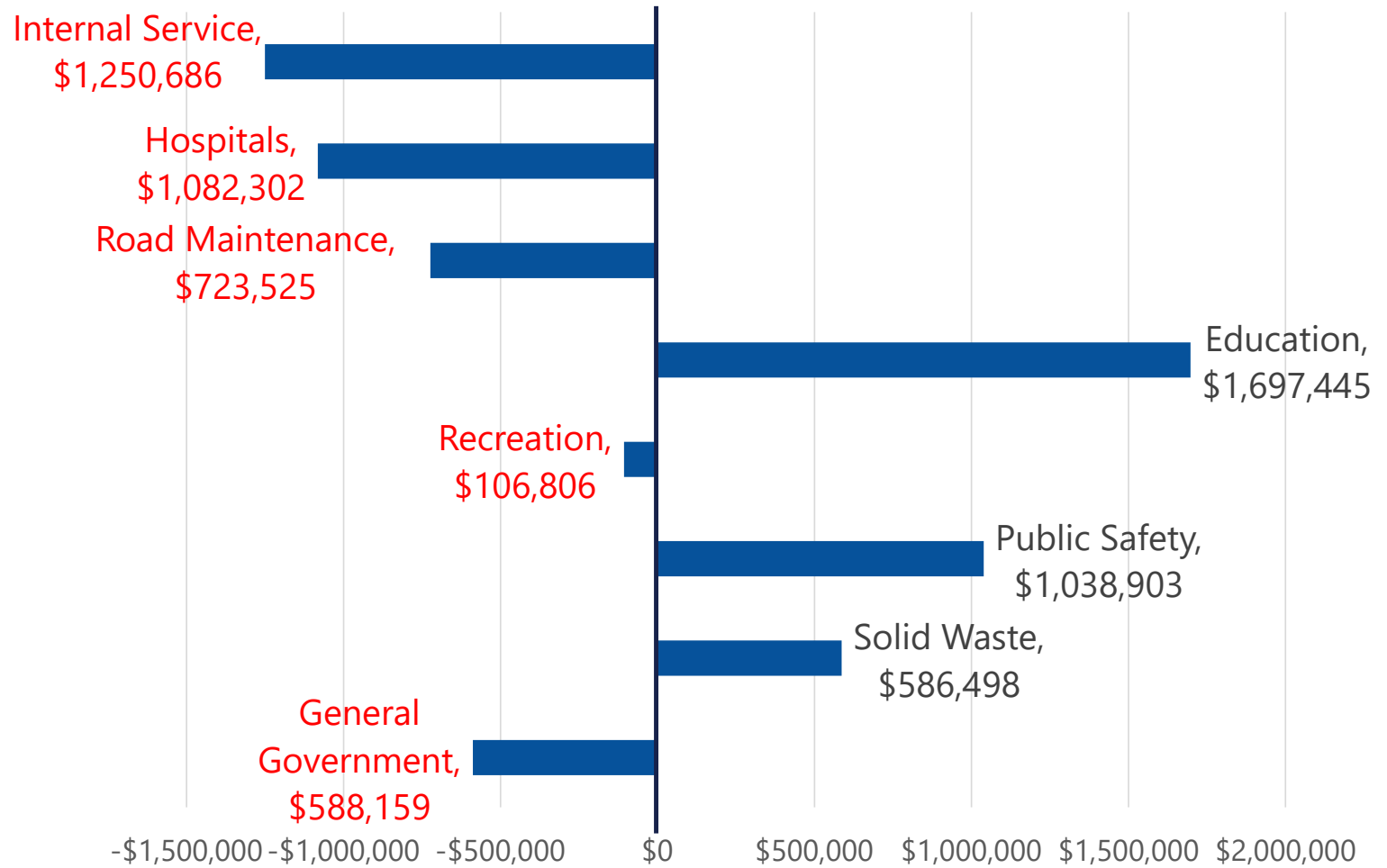


Boroughwide Expenditures: Type of Expenditure by Function



Change in Boroughwide Expenditures

From FY2025 to
FY2026



(\$3,751,478)

+

\$3,322,846

=

(\$428,632)

Impact to the Taxpayer



What is the Impact to the Taxpayer?

Parcel in Nikiski:

FY2025

**Assessed Value
\$249,200**

**Total Mill Rate:
9.98**

**Total Tax Bill
\$2,487.02**

**FY2026 w/ Mill
Reductions**

**Assessed Value
\$273,700**

**Total Mill Rate:
9.16**

**Total Tax Bill
\$2,507.09**

**Increase of
\$20.07 or .81%**

**FY2026 w/o Mill
Reductions**

**Assessed Value
\$273,700**

**Total Mill Rate:
9.98**

**Total Tax Bill
\$2,731.53**

**Increase of
\$244.51 or 10%**



What is the Impact to the Taxpayer?

Parcel in Sterling:

FY2025

**Assessed Value
\$443,300**

**Total Mill Rate:
8.92**

**Total Tax Bill
\$3,954.24**

**FY2026 w/ Mill
Reductions**

**Assessed Value
\$478,600**

**Total Mill Rate:
8.11**

**Total Tax Bill
\$3,881.45**

**Decrease of
(\$72.79) or (2%)**

**FY2026 w/o Mill
Reductions**

**Assessed Value
478,600**

**Total Mill Rate:
8.92**

**Total Tax Bill
\$4,269.11**

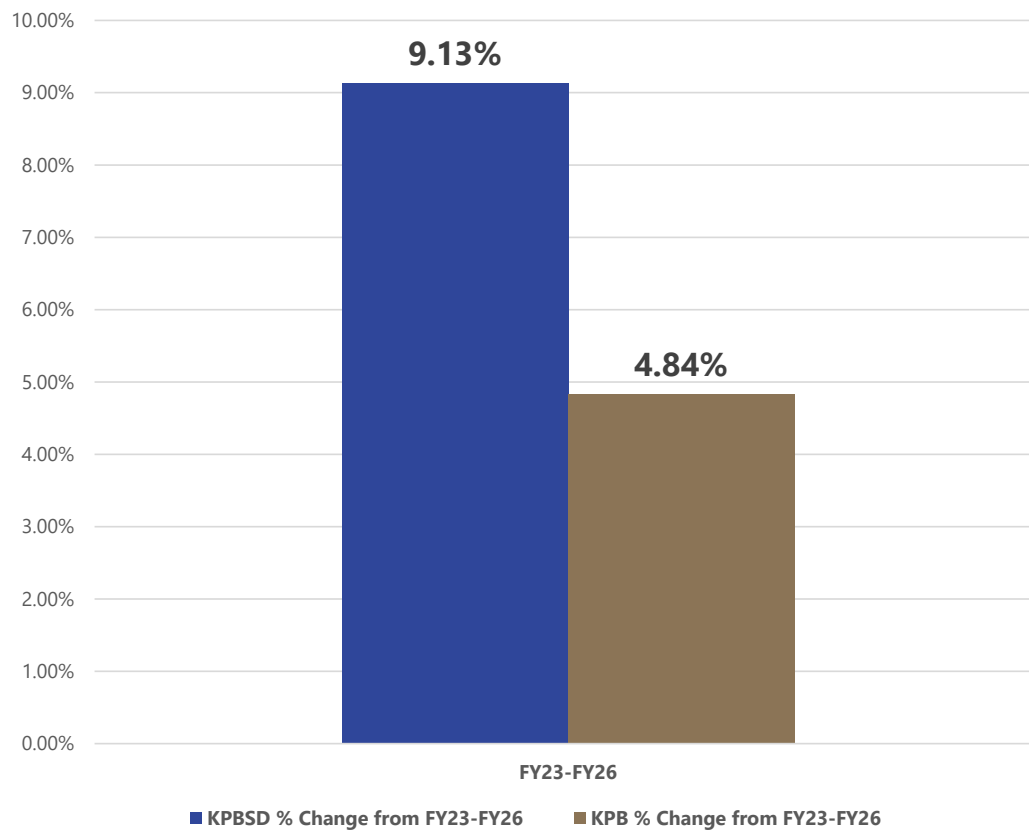
**Increase of
\$314.88 or 8%**

Education Funding

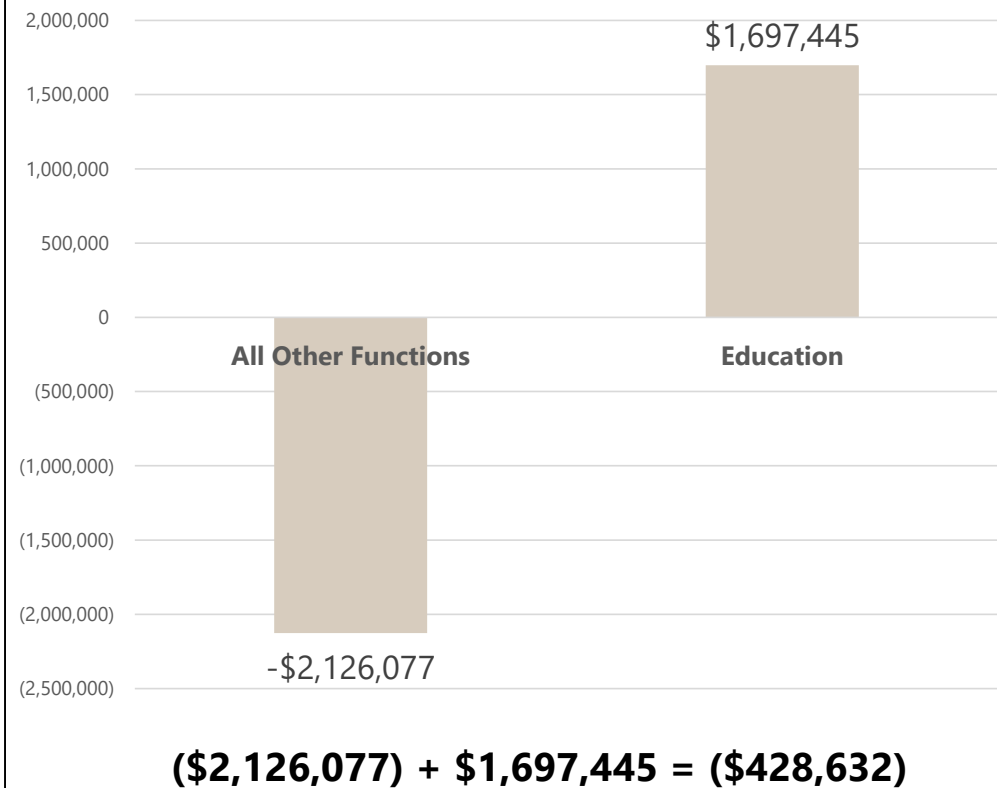


Education Funding

Percentage Change in Total Expenditure Budget for KPBS and KPBSD from FY23-FY26



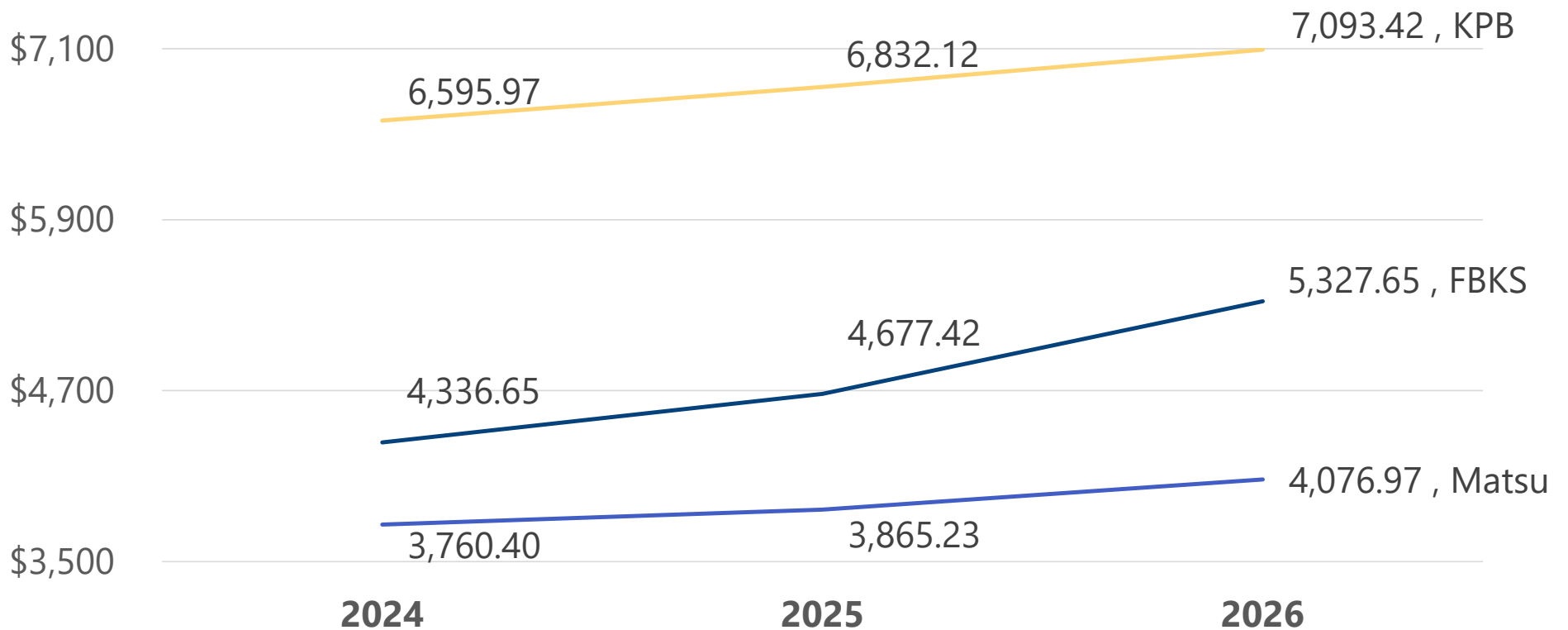
Increase (Decrease) in Boroughwide Expenditures from FY2025 to FY2026





Education Funding

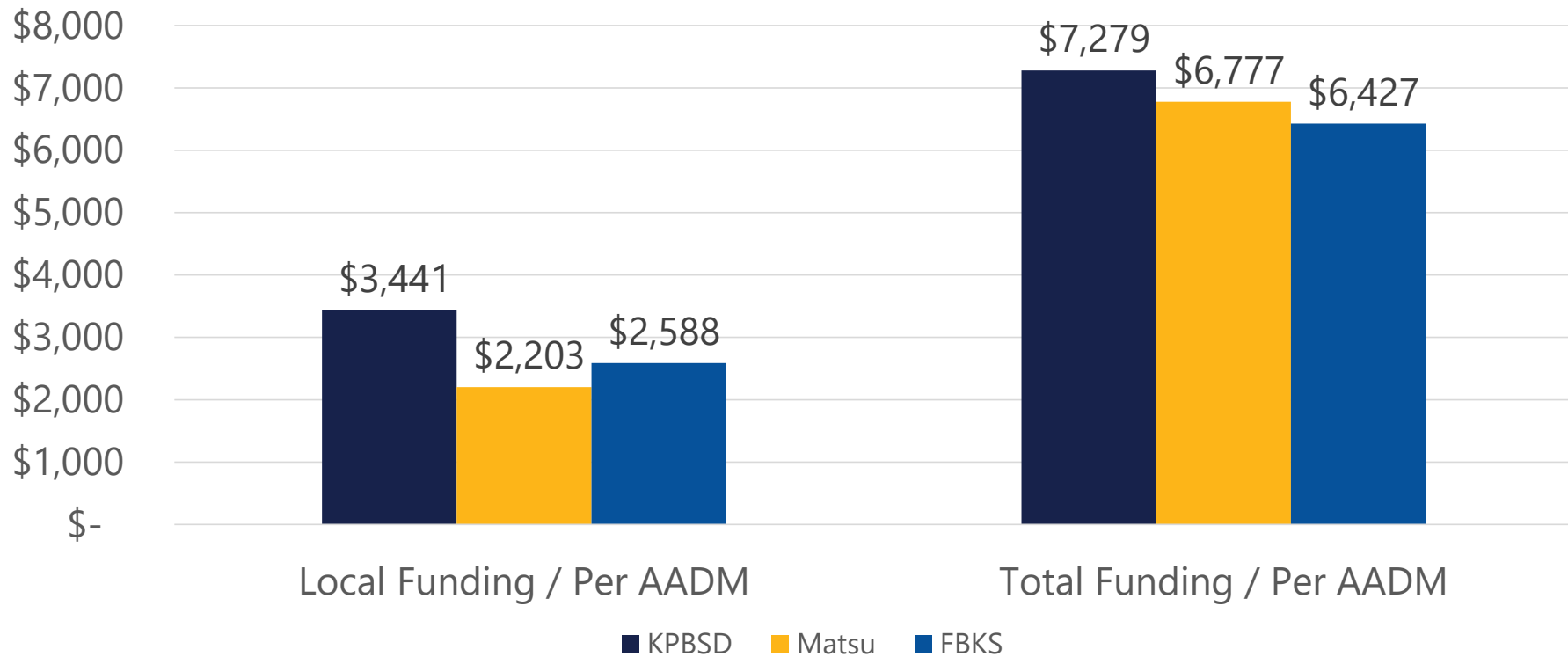
Local Funding Per Student - FY2024-2026





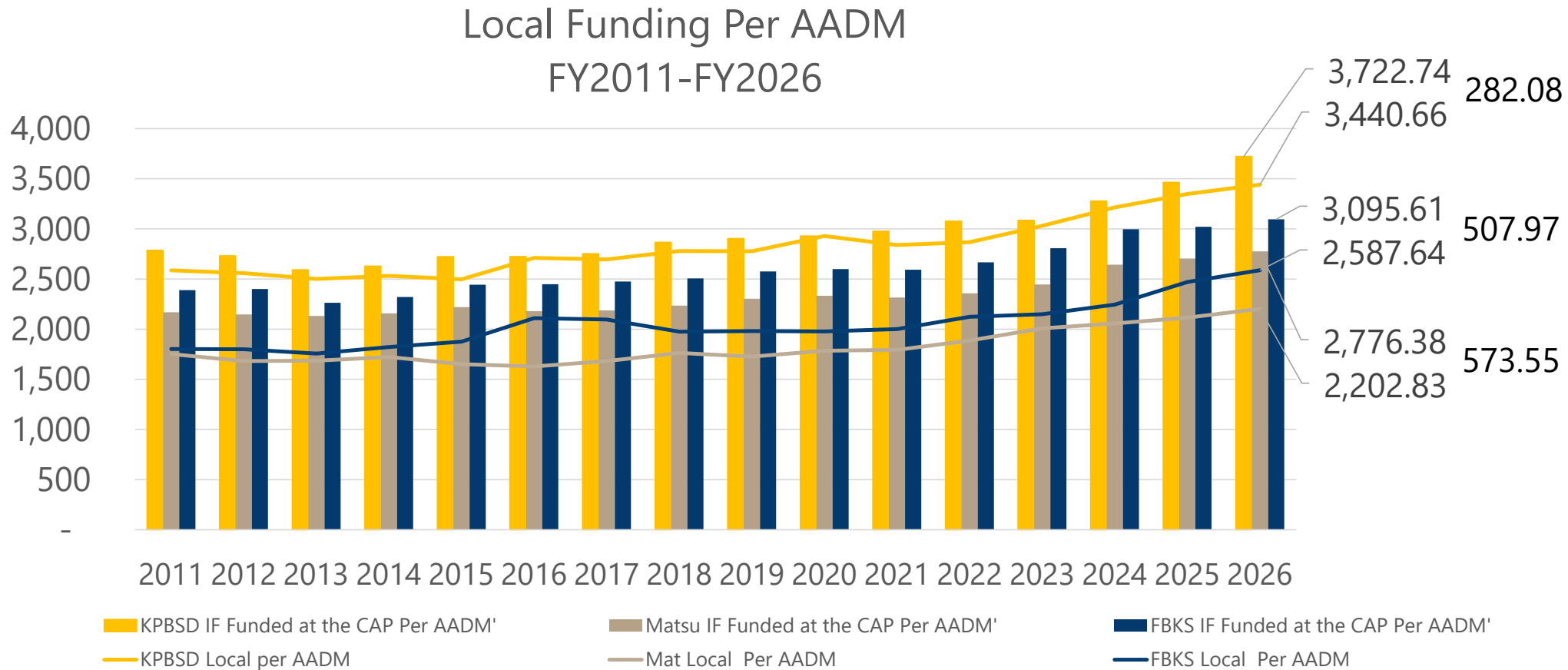
Education Funding

State and Local Funding Per AADM per the Alaska Department of Education
-Fiscal Year 2026 Projections





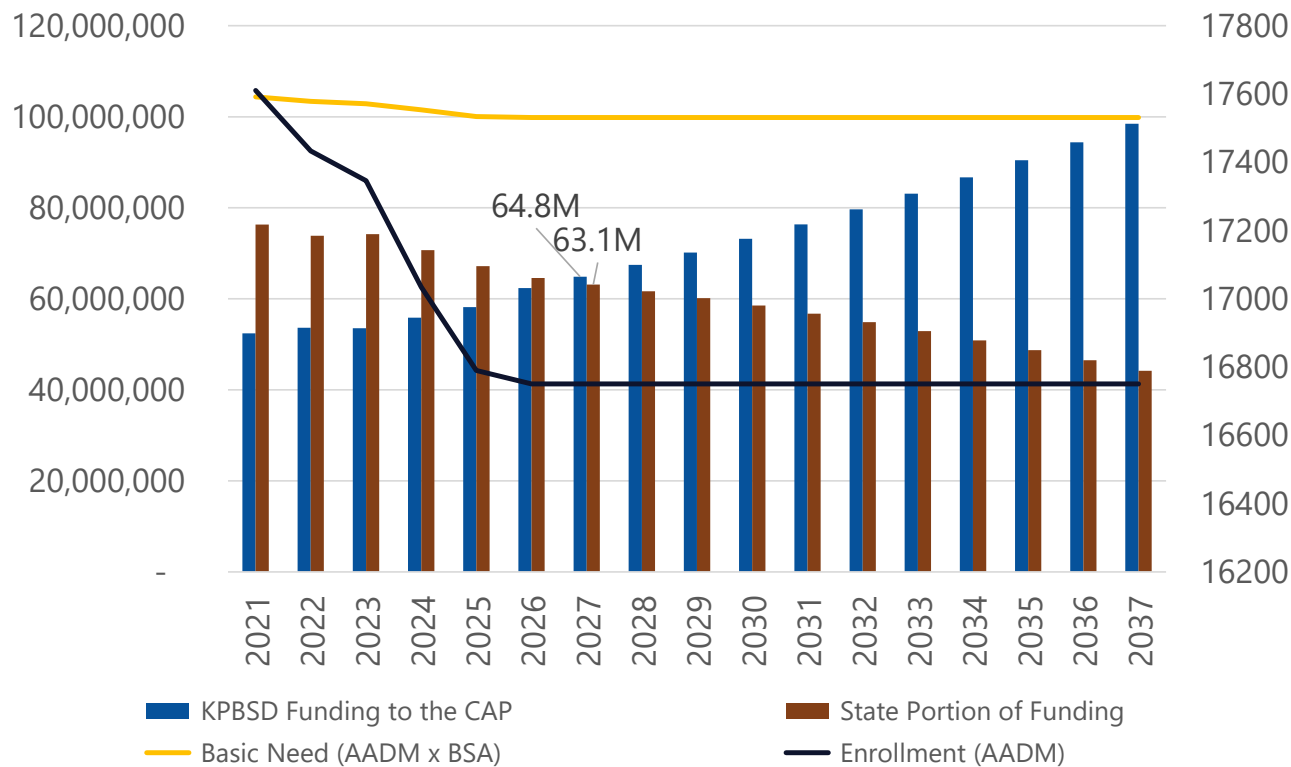
GAP Between Local Funding and Local CAP Funding





Correlation of Assessed Values to Basic Need

KPB Full and True Values Correlated to Enrollment,
State Funding and Basic Need



Assumptions:

- Enrollment (AADM) stays at FY26 Level through FY2037
- BSA stays at 5,960 through FY2037
- Assessed Values grows at a rate of 4.33% ea. yr from FY2026 to FY2037

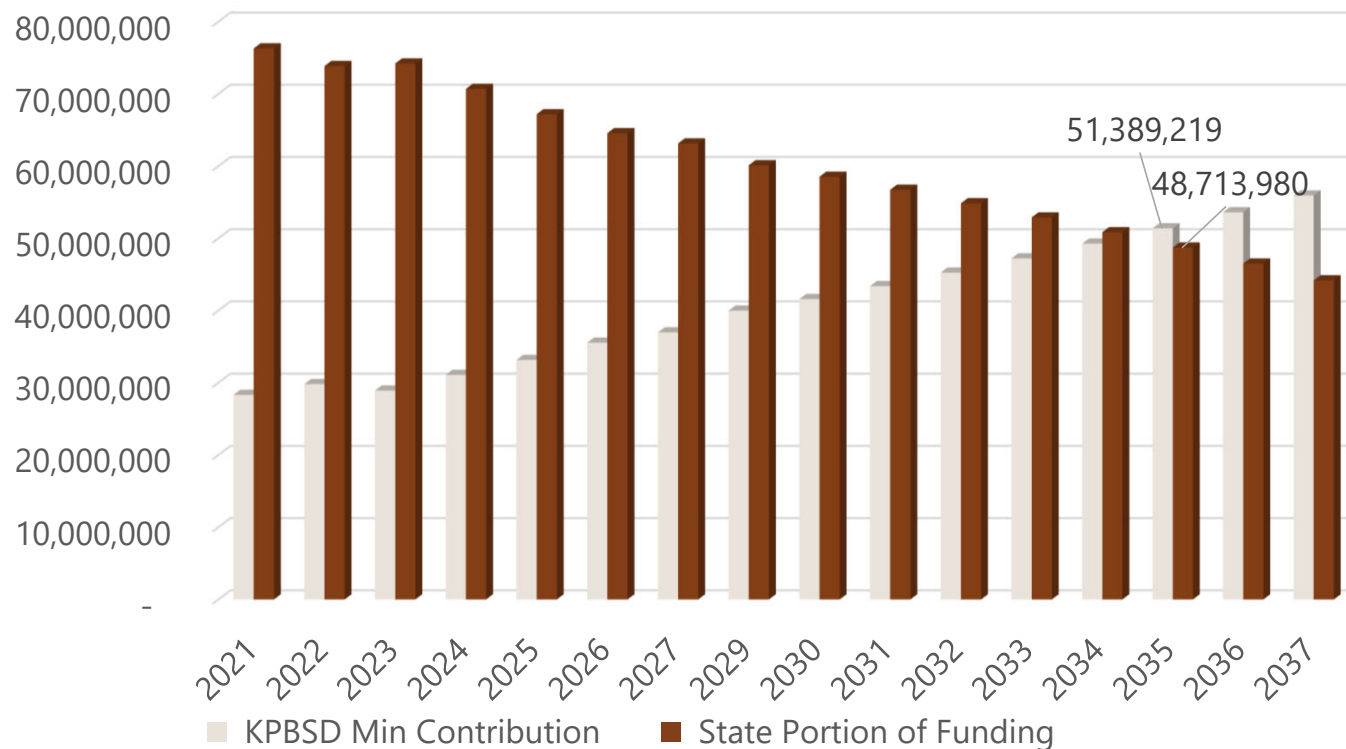
Why is this important?

Because State portion of the pie declines as the KPB's Contribution and Assessed Values increase. In this model the KPB will pay more than the State by 2027

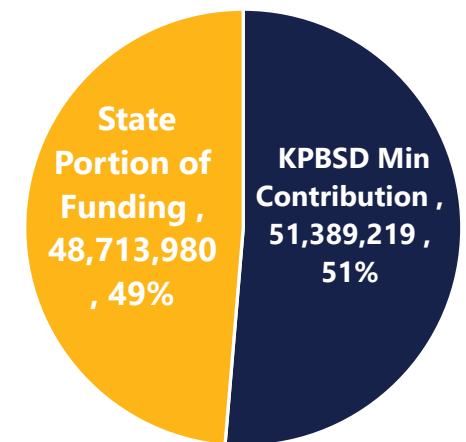


Funding of Basic Need FY2021-FY2037

Funding Sources for Basic Need Funding FY2021-FY2037



FY2035 Projected Basic Need Split Between State and Local Funding Sources

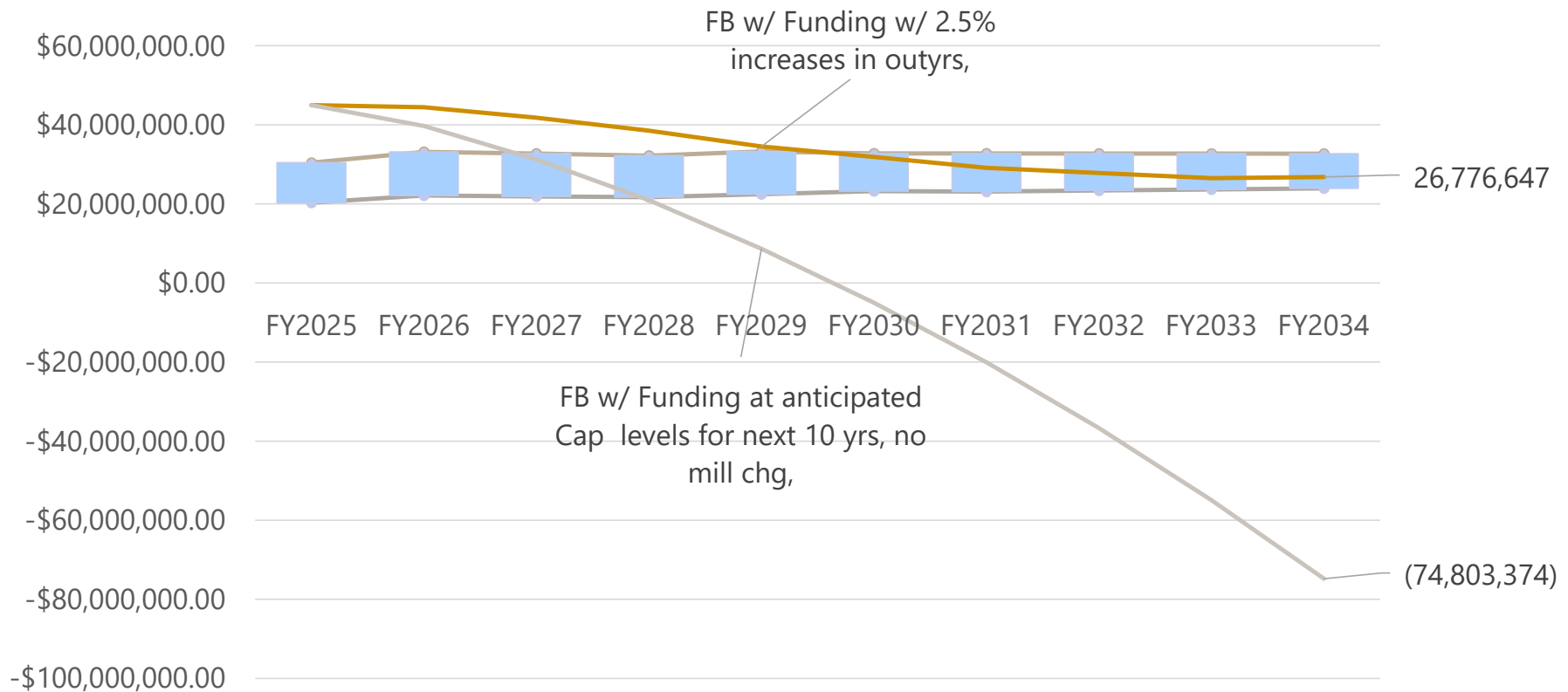


In FY2035, the amount of Minimum Local funding will exceed the State Portion of Basic Need, due to growth in Full and True Assessed Values for the KPBS and reductions in enrollment.



Education Funding Impact on FB FY25-34

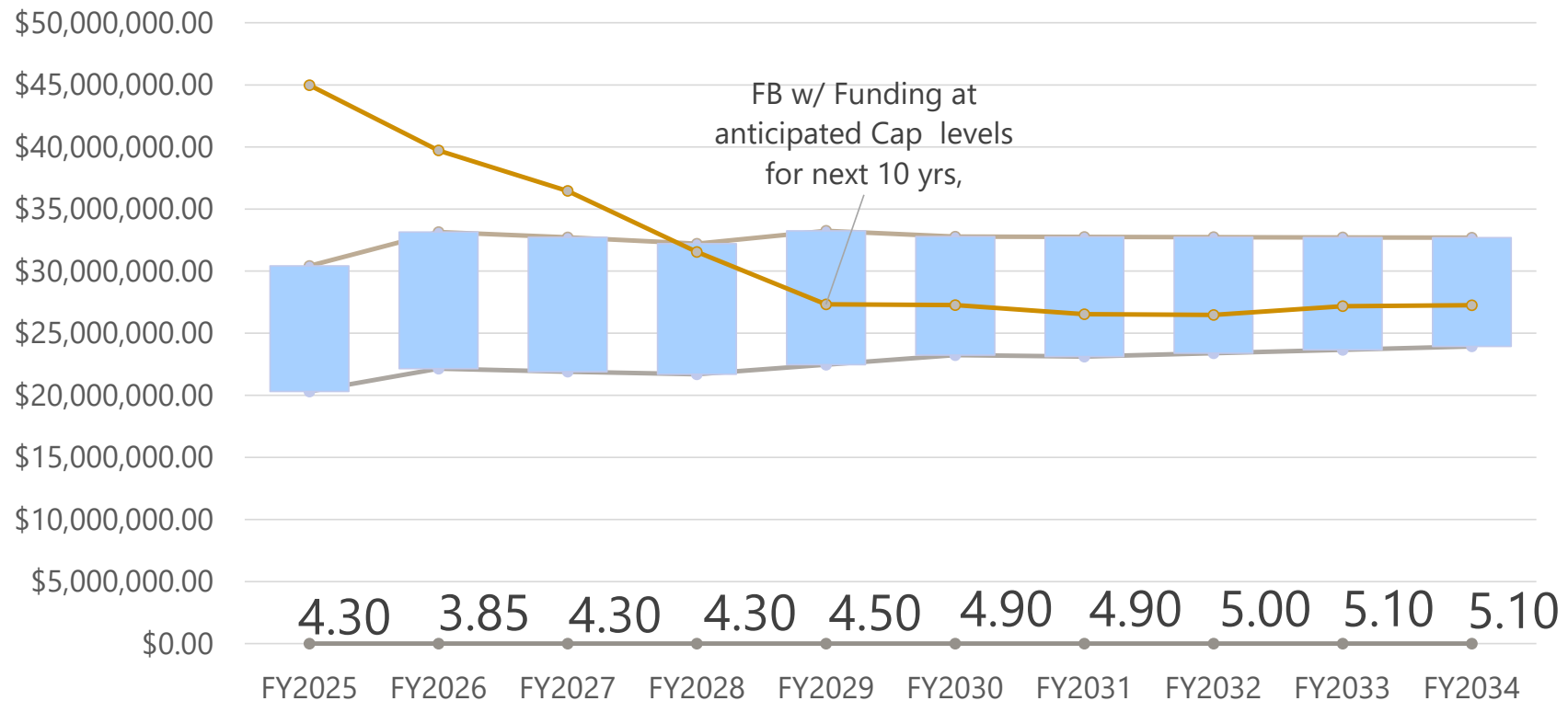
General Fund, Fund Balance with SD Funding Scenarios FY2025-FY2034





Education Funding to the CAP, Mill Required

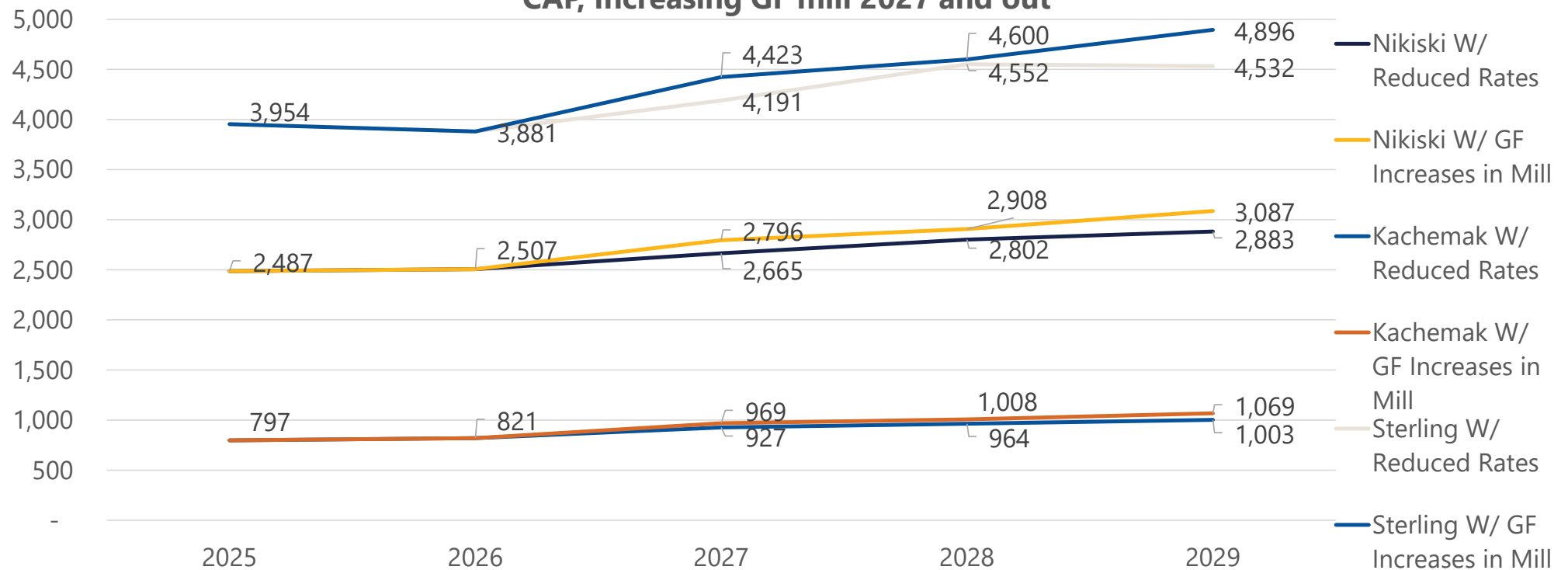
**General Fund, Fund Balance with SD Funding Scenarios
Funding to the CAP and Anticipated Mill Rate FY2025-FY2034**





Education Funding and Taxpayer Impact

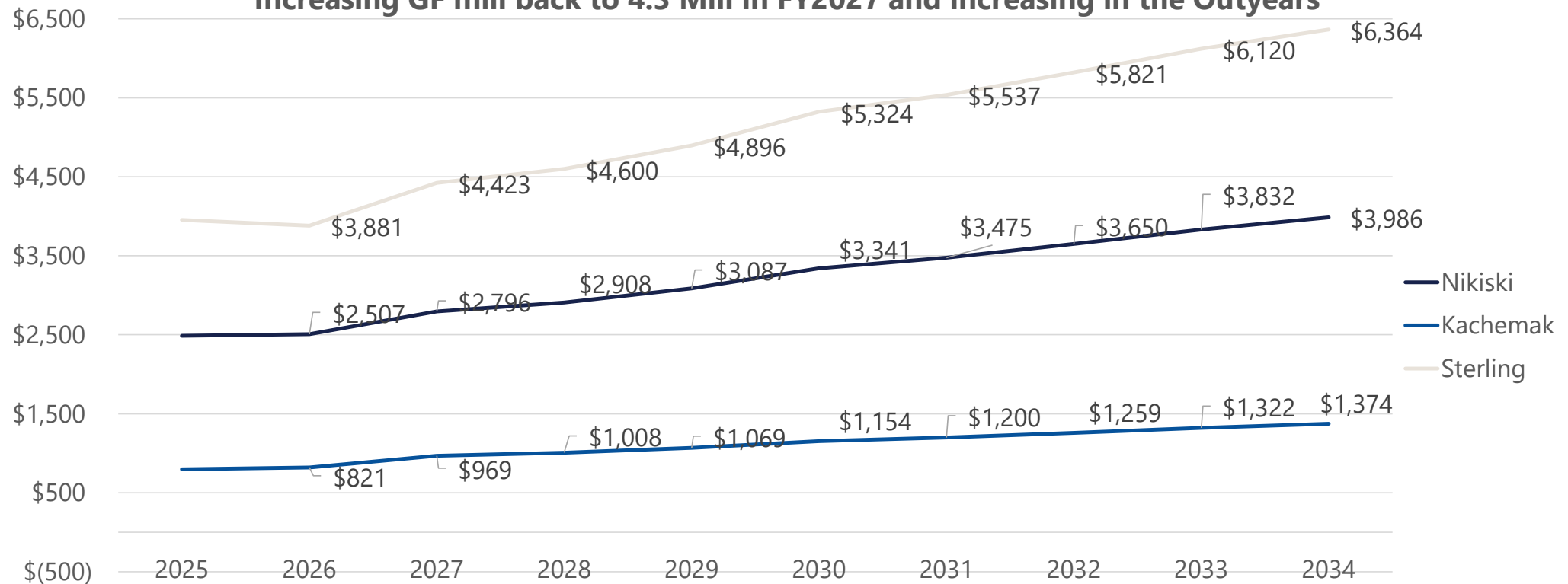
Projected Tax Impact Comparing Local Education Funding at 2.5% vs Funding to the CAP, Increasing GF mill 2027 and out





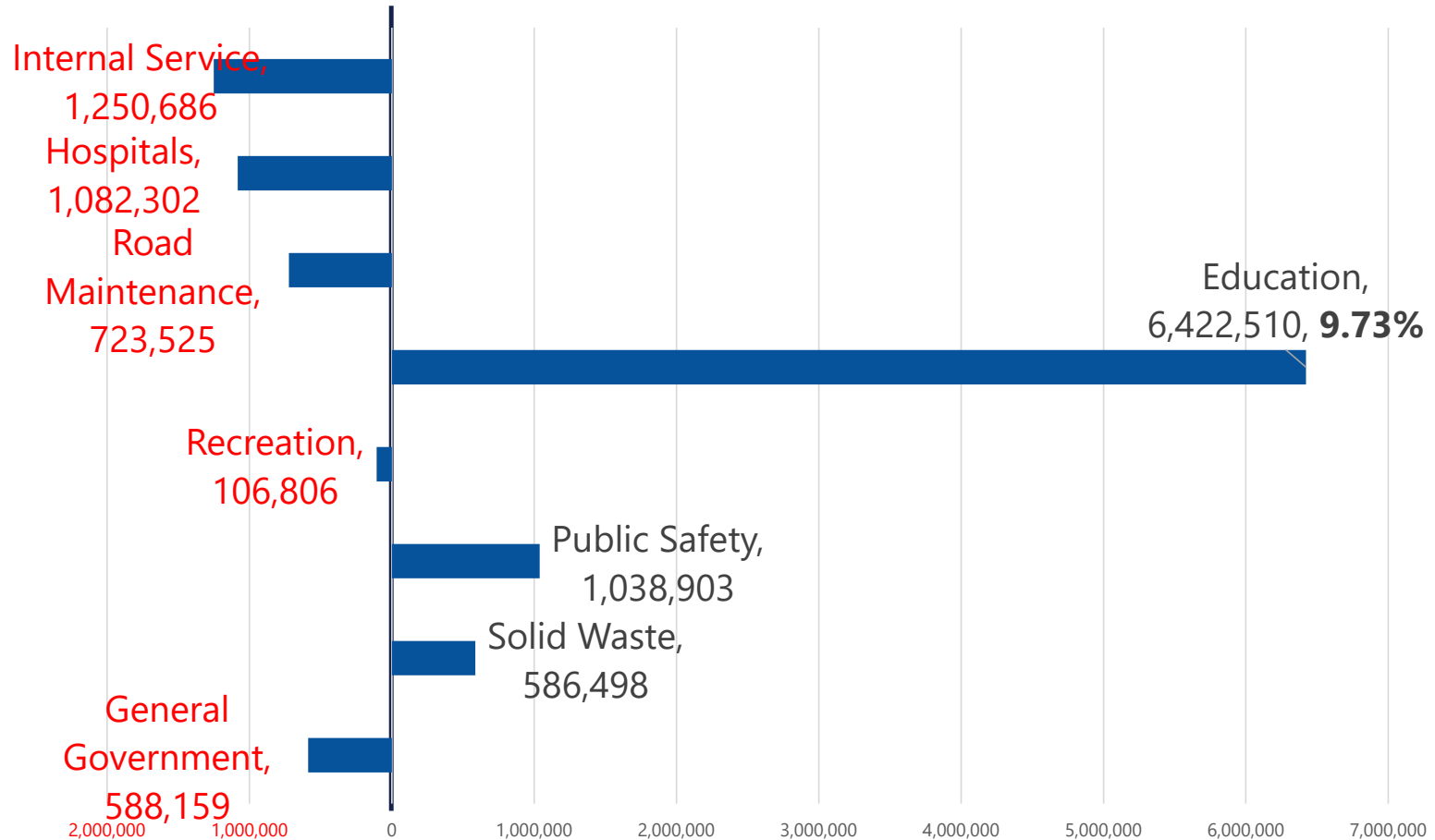
Education Funding and Taxpayer Impact

Projected Tax if Funding to the CAP is Provided in Outyears
Increasing GF mill back to 4.3 Mill in FY2027 and increasing in the Outyears



Change in Boroughwide Expenditures w/ Funding to the CAP for Education

From FY2025 to FY2026



(\$3,751,478)

+

\$8,047,911

=

\$4,296,433



Summary

- There are 7 Proposed mill rates reductions in FY2026.
- Most Taxpayers will see a reduction in their property tax bill as a result of reduced mill rates.
- Assessed values have increased 34% over the past 3 years, proposed reductions in mill rates will reduce the impact to taxpayers.
- Education consumes 100% of sales tax revenues, 38% of property tax revenues and 21% of other revenues.
- The Boroughwide expenditure budget is decreasing \$428,632 or < 1%. Most functions are reducing in spend, while Education, Solid Waste and Public Safety are up.
- Education is proposed to receive \$67.7 million in FY26. This is an increase of 1.67M from FY25.
- The Kenai Peninsula Borough provides more funding per student than other similar boroughs, such as Matsu and Fairbanks NorthStar.
- The Kenai Peninsula Borough will pay more to the KPBSD than the State of Alaska, by 2027 if we continue to provide funding to the CAP.