

FY2027 Mayor Proposed Budget

Finance Department

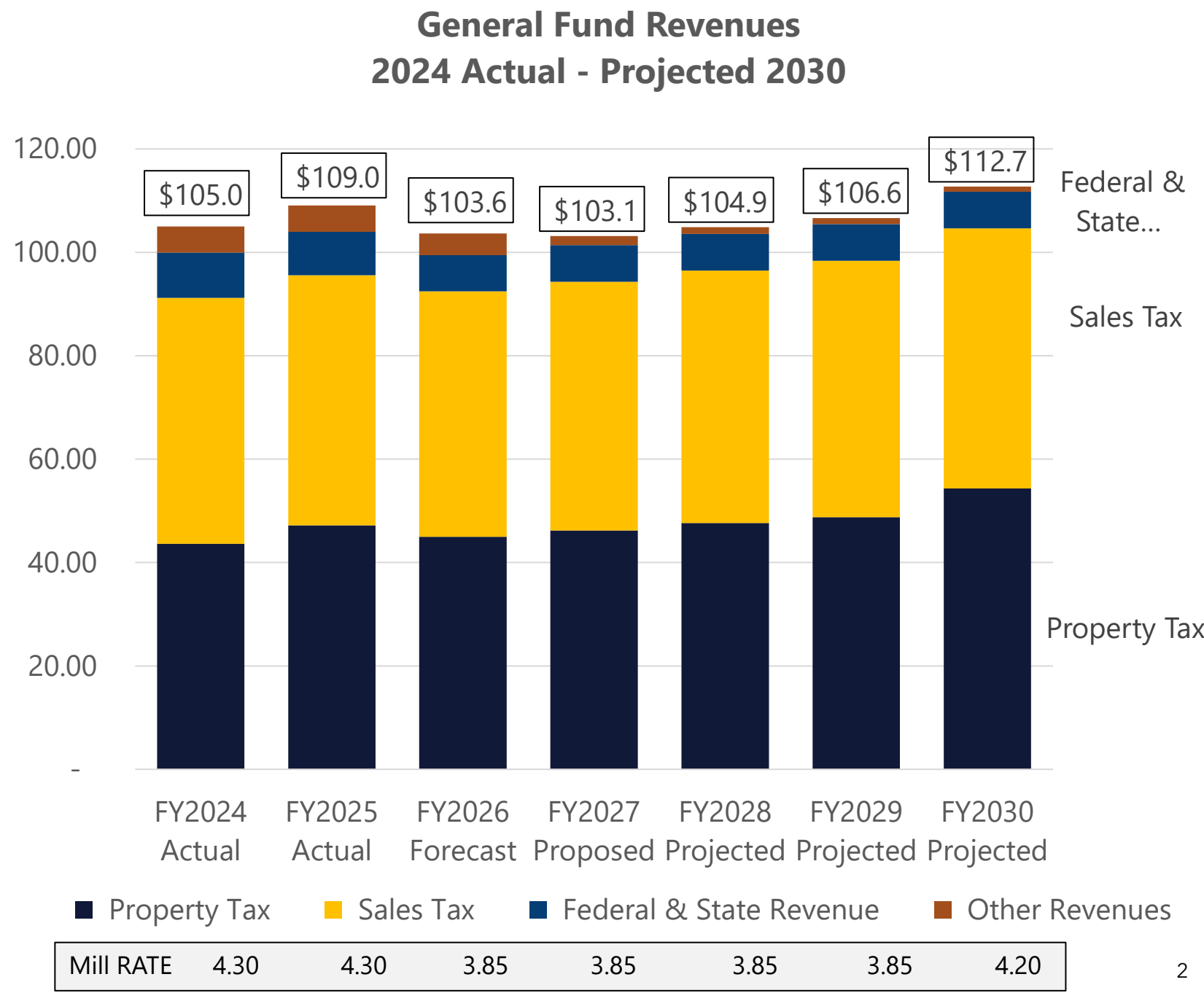
May 5, 2026



General Fund Revenues are Increasing 1.3% from FY2026 to 2027

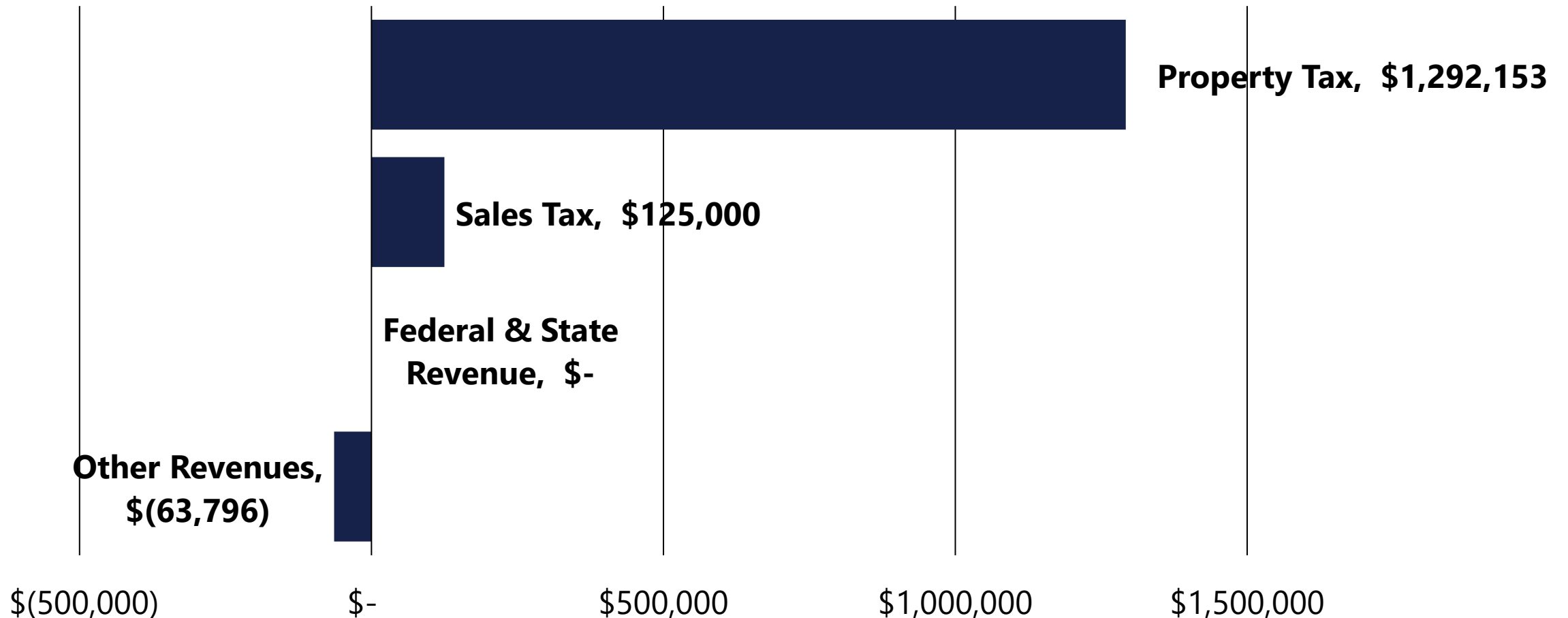
Assessed Values Increase 2.7%

Mill Rate stayed at 3.85

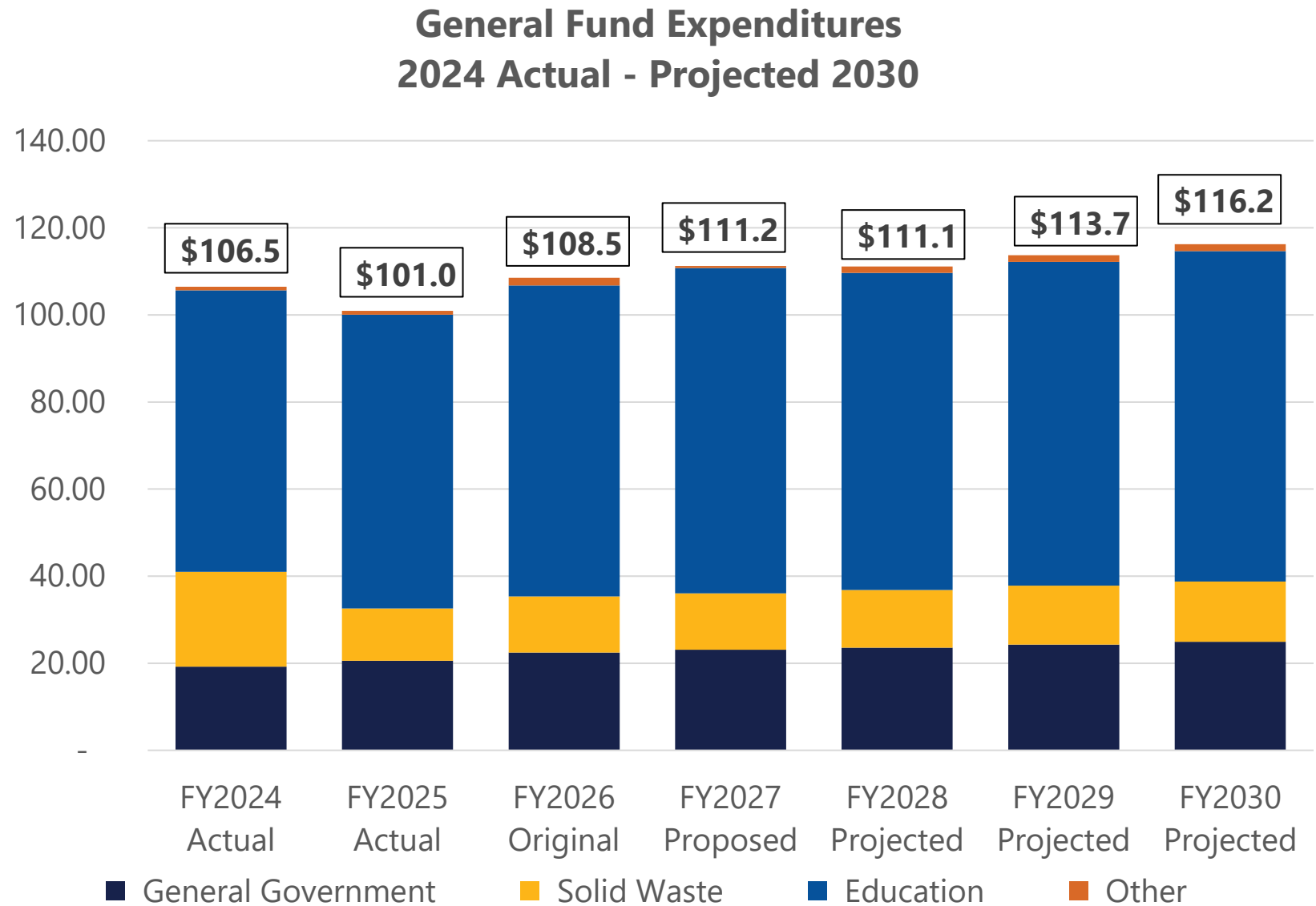




General Fund Change by Revenue Type

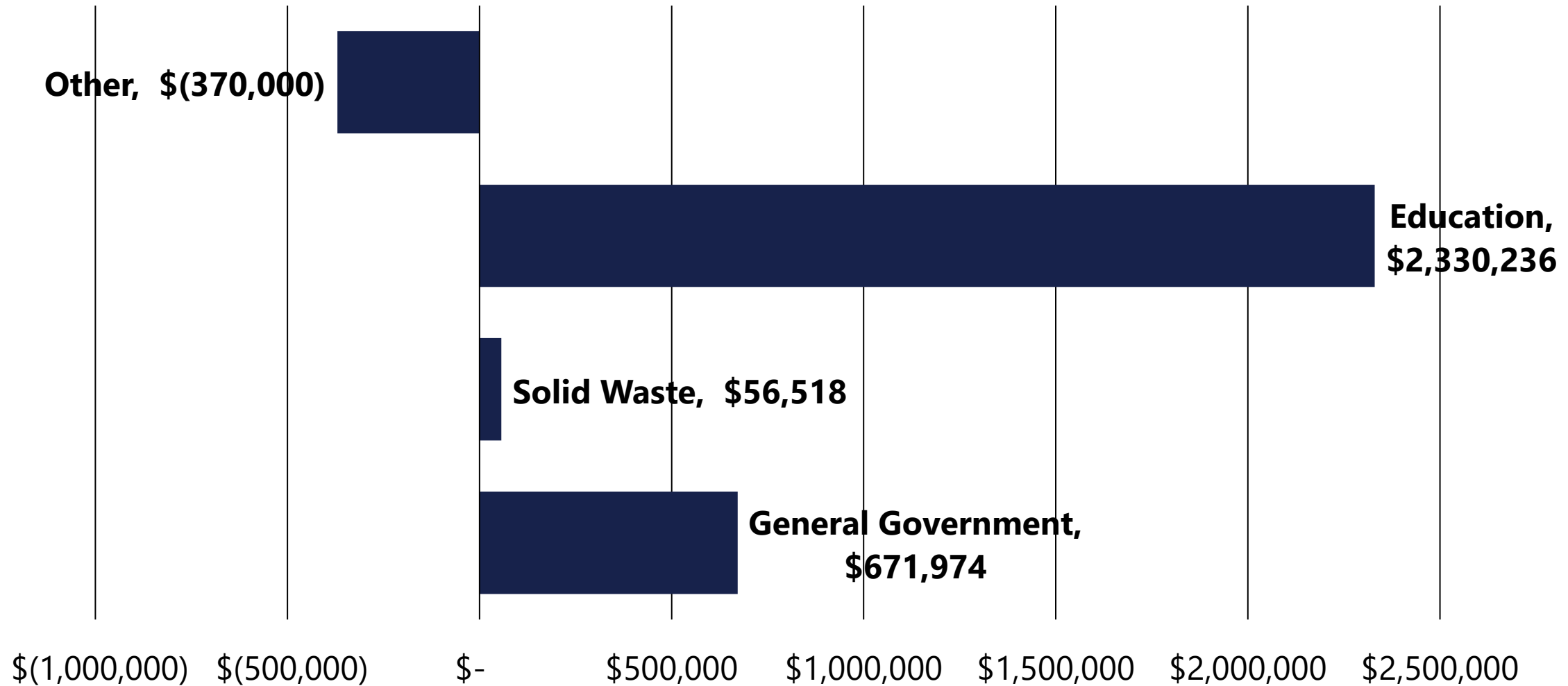


General Fund Expenditures are Increasing 2.5% from FY2026 to 2027



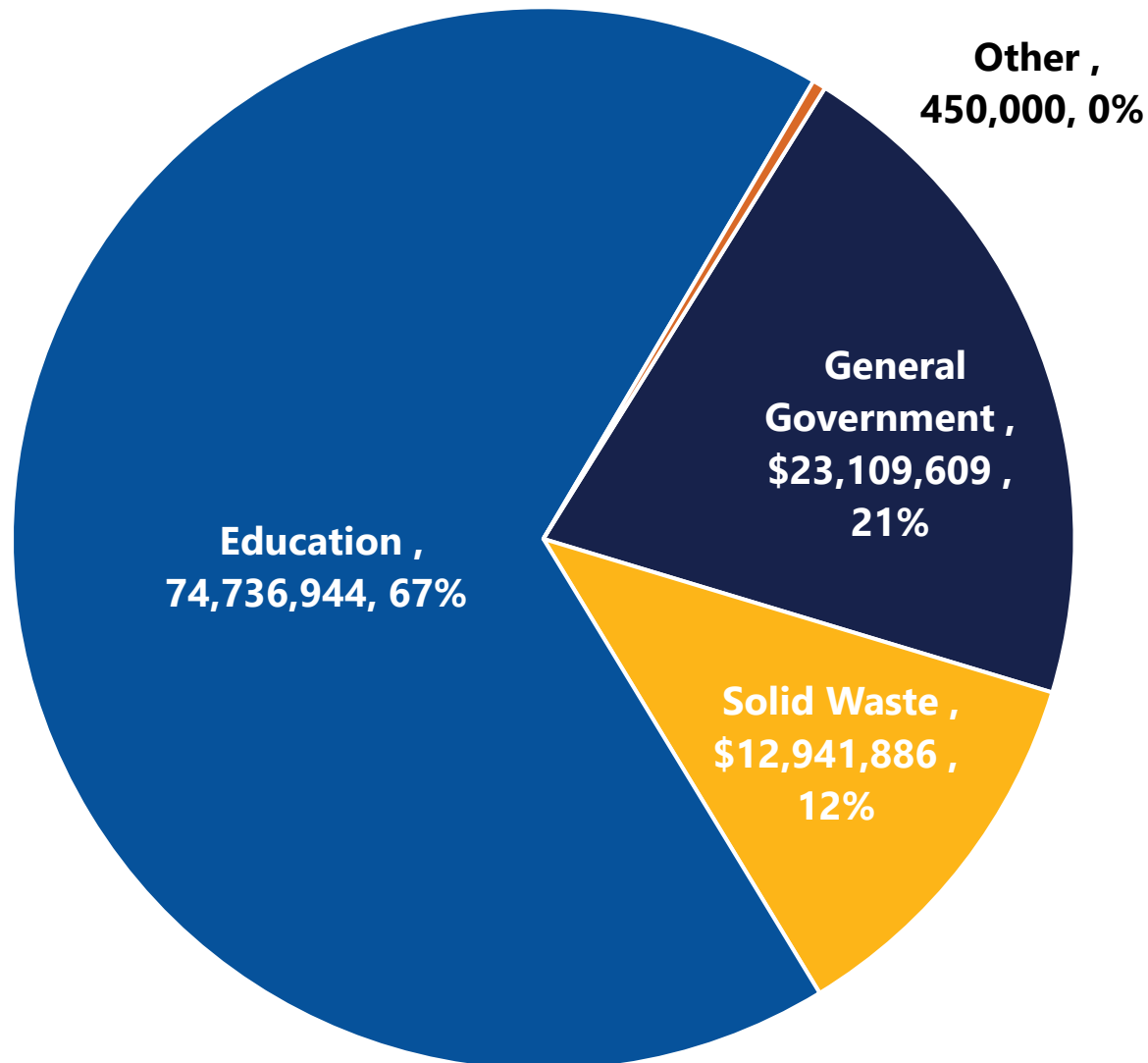


General Fund: Change in Expenditure by Function

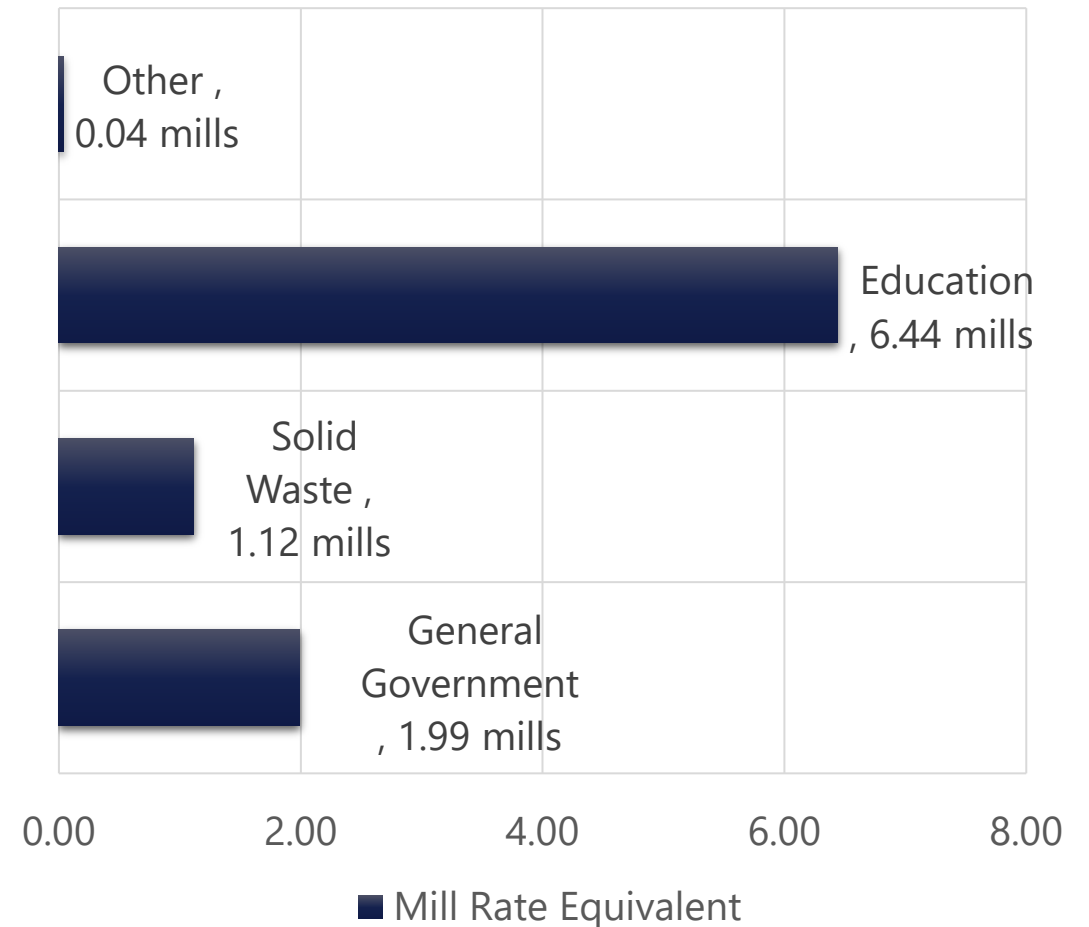




General Fund: Expenditure and Mill Rate Equivalent



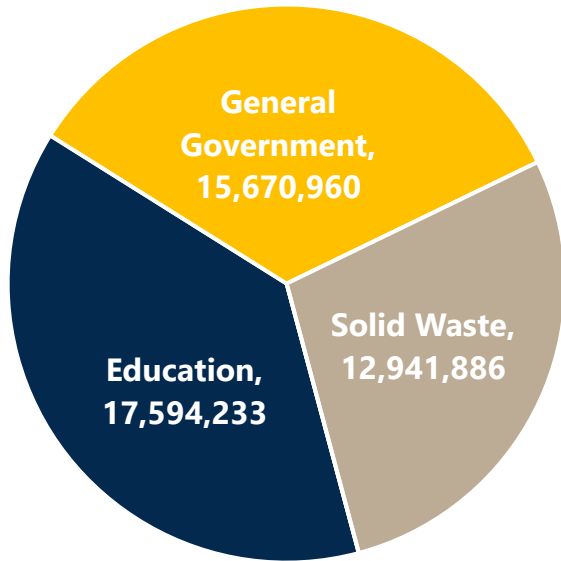
General Fund Expenditures by Mill Equivalent





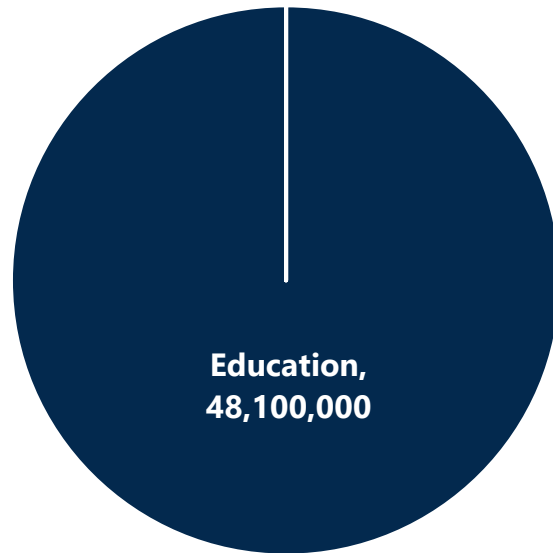
How is the General Fund paying for each Function?

Property Tax



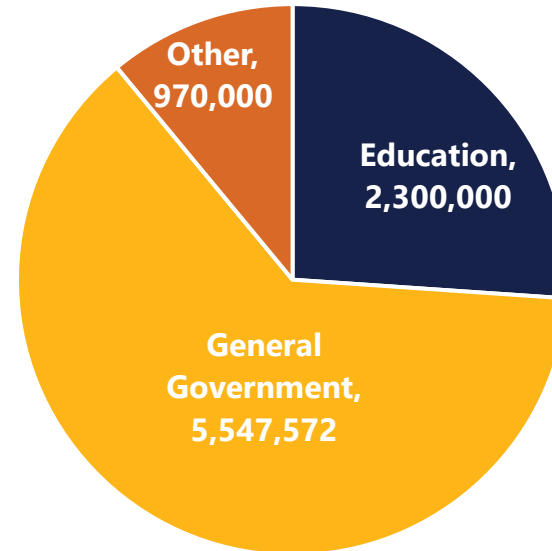
\$ 46,207,079

Sales Tax



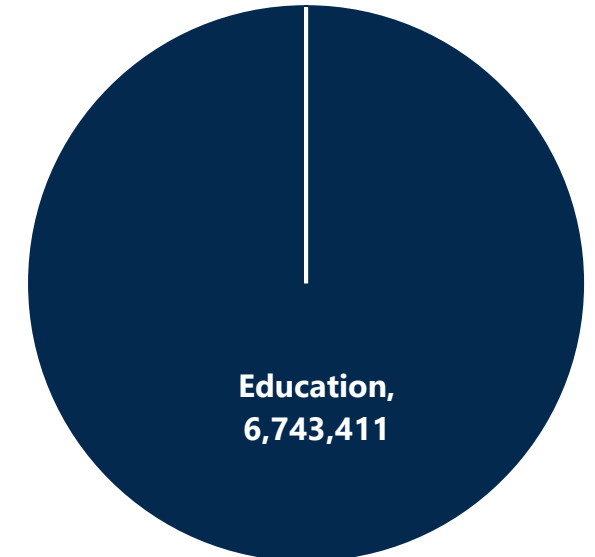
\$ 48,100,000

Other Revenues



\$ 8,817,572

Fund Balance

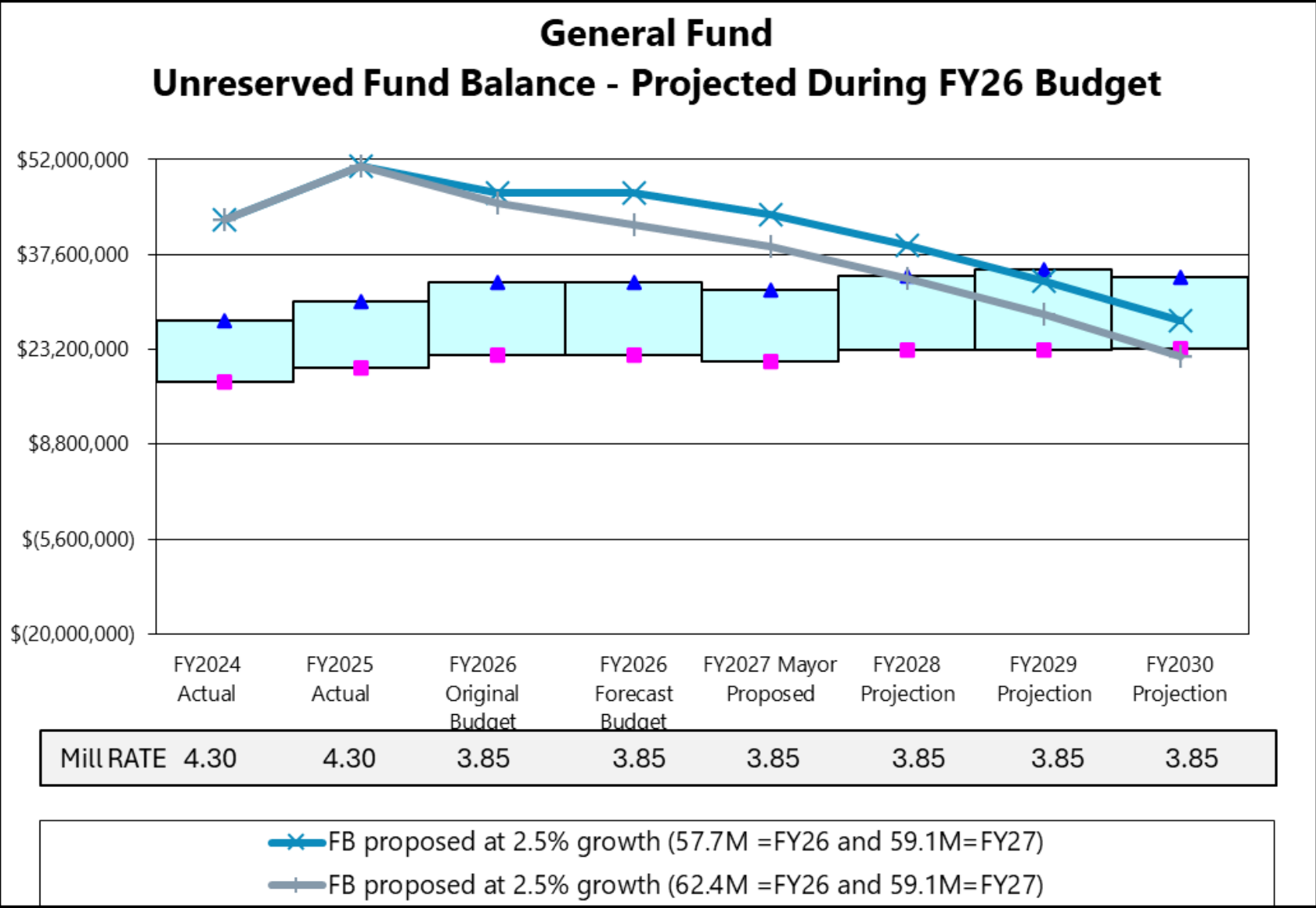


\$ 6,743,411

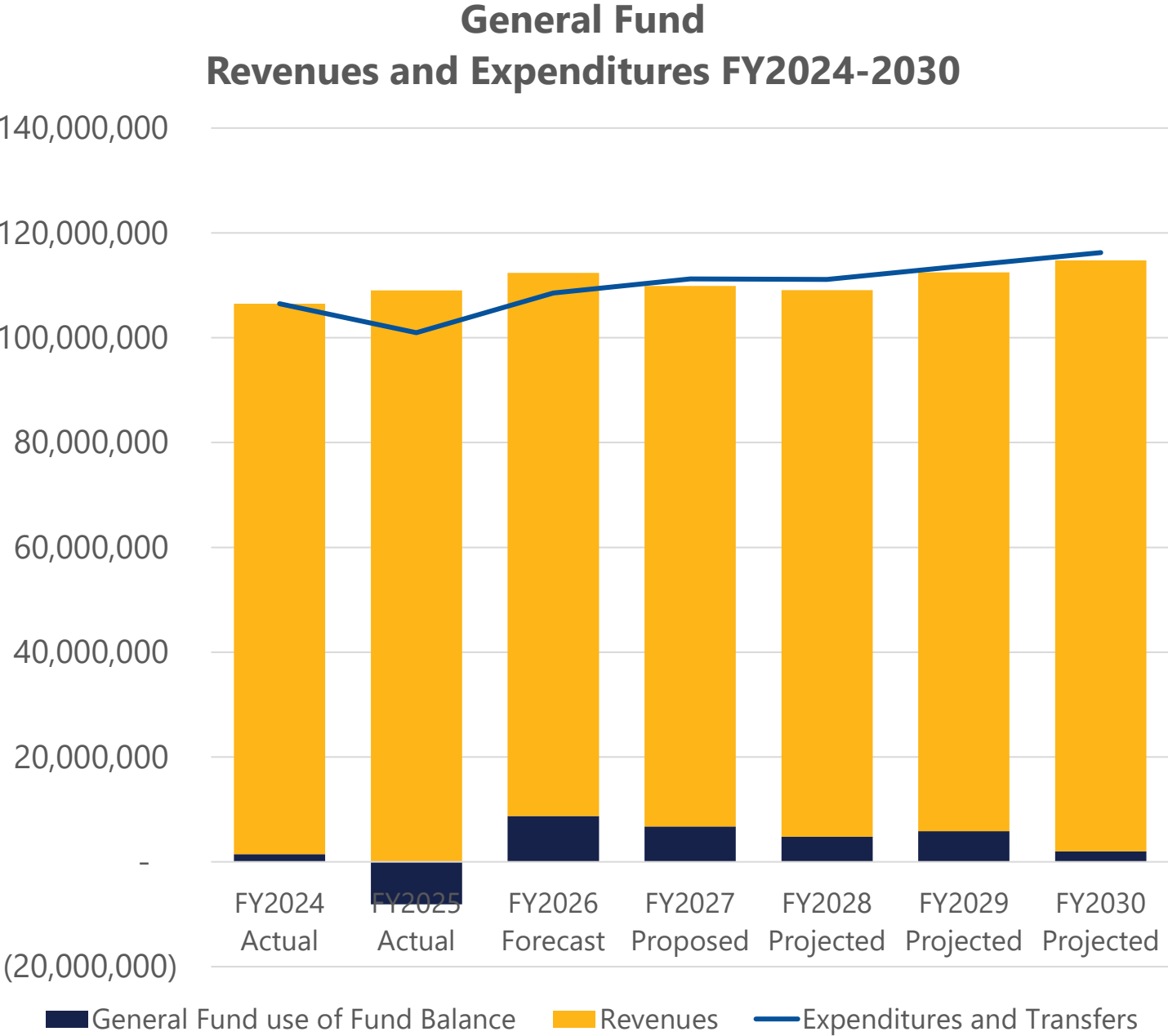
General Fund

School Funding Scenarios

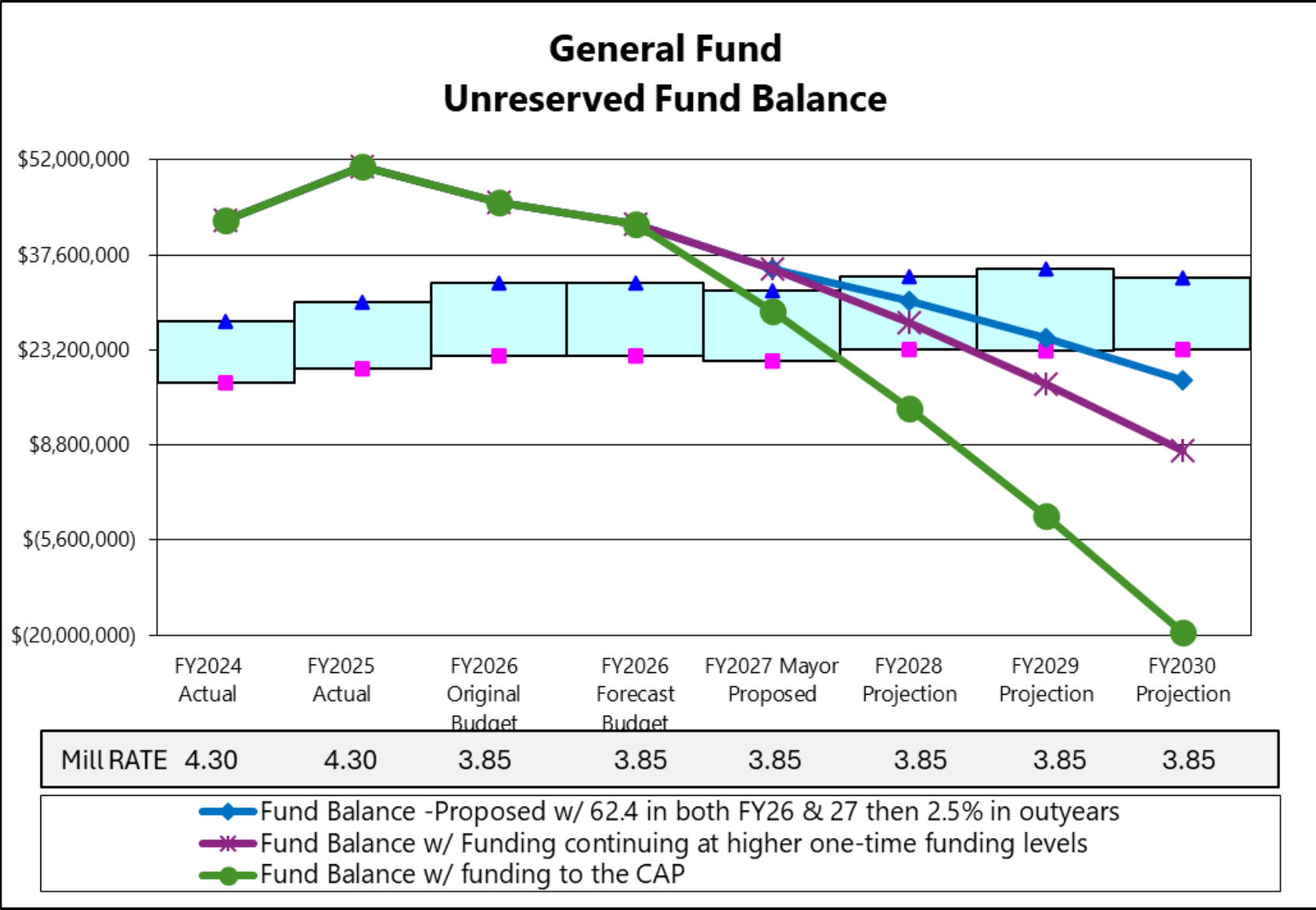
Impact on Fund Balance



Continuous use of Fund Balance to meet Reoccurring Operational costs such as funding for local education



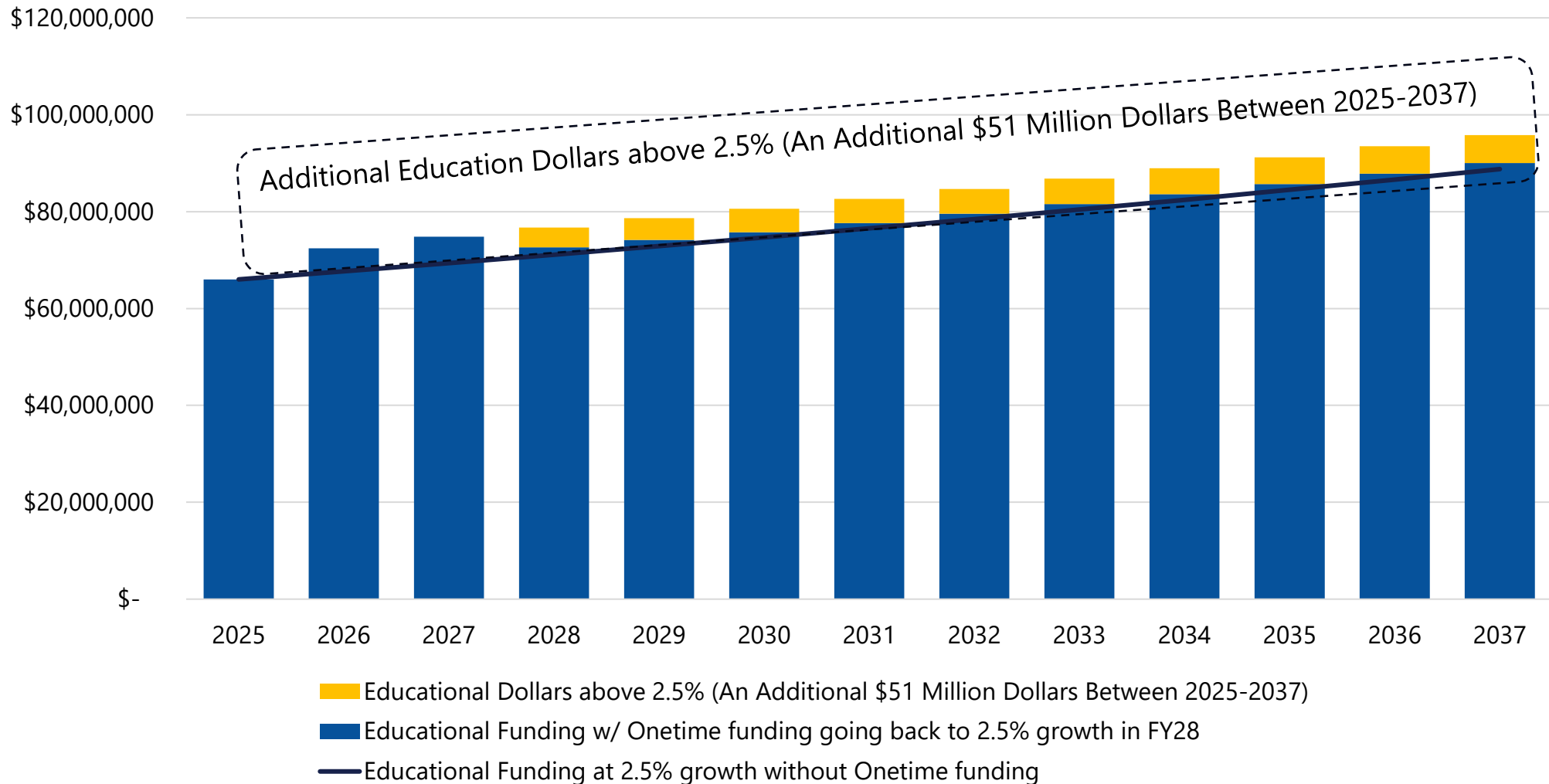
General Fund
School Funding
Scenarios
Impact on Fund
Balance





Education Funding Impact of Continuing Onetime Funding in FY26 and FY27

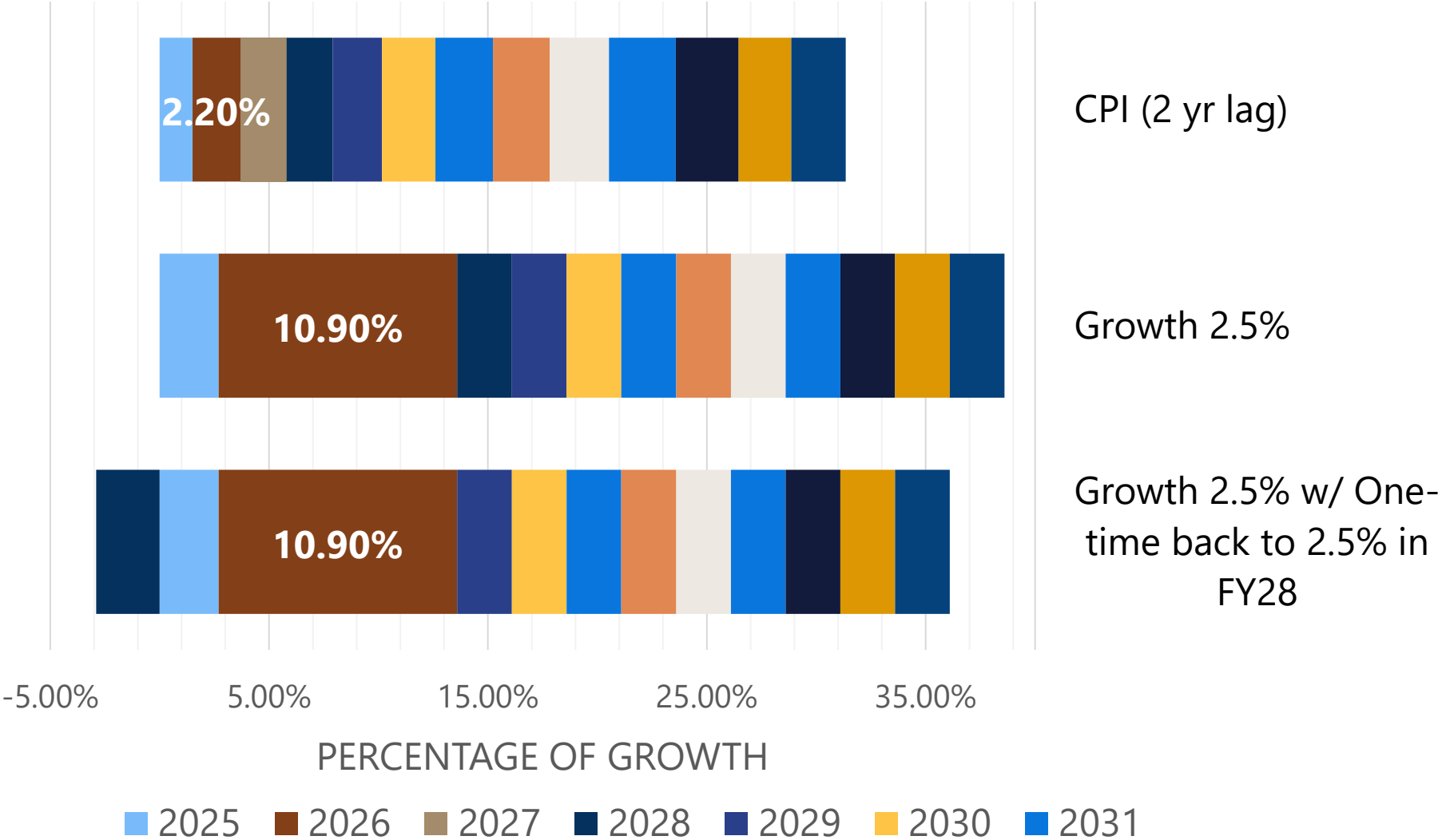
Educational Funding
Impact of one-time funding FY2025-FY2037



Education increased 10.9% from FY25 to FY26

Returning to the 2.5% philosophy and providing \$60.55 million as the local education contribution in FY2028, will help the KPB remain sustainable.

Local Education Contribution Comparison - Recapturing the 10% increase in FY26, getting back to 2.5% growth





Fund Balance Categories

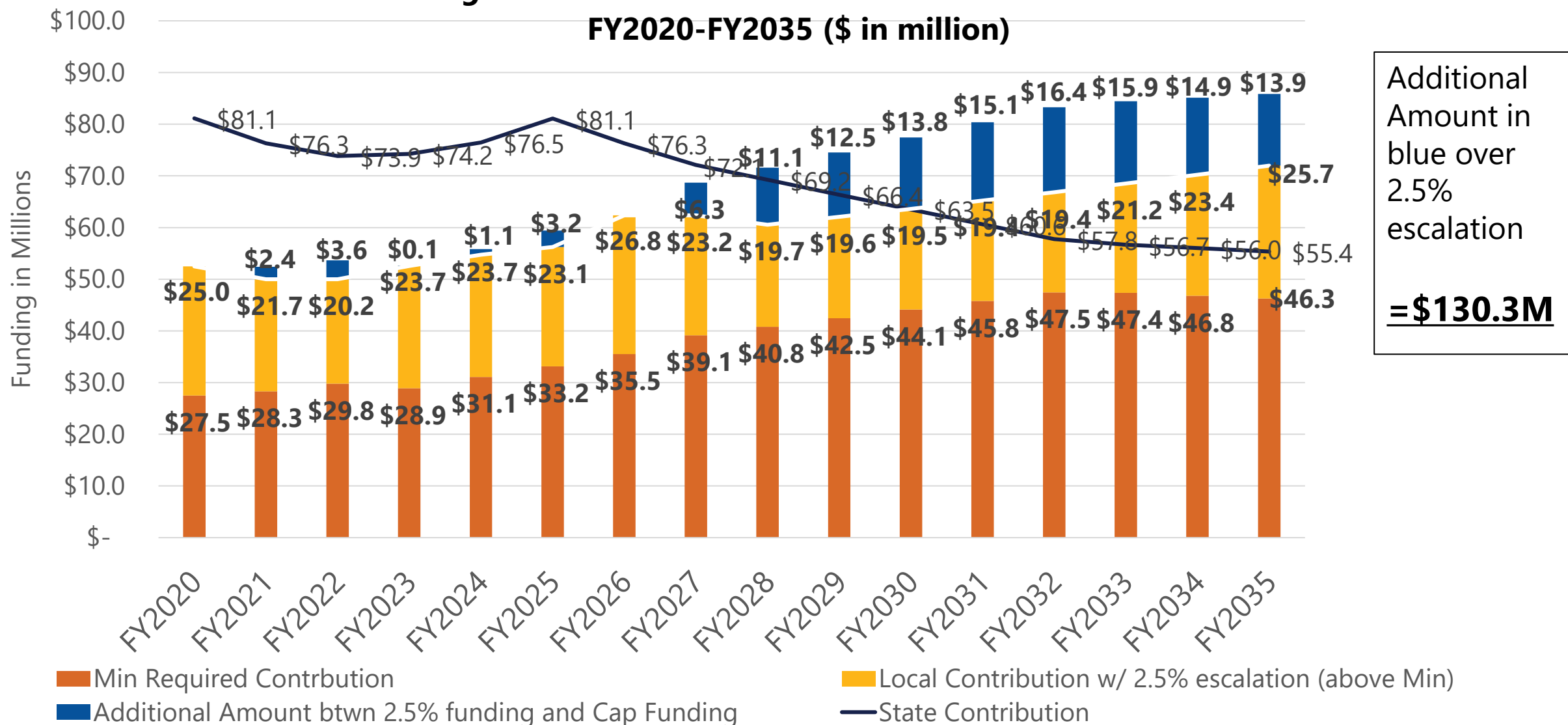
Fund Budget:	FY2024 Actual	FY2025 Actual	FY2026 Original Budget	FY2026 Forecast Budget	FY2027 Mayor Proposed	FY2028 Projection	FY2029 Projection	FY2030 Projection
Mill Rate	4.30	4.30	3.85	3.85	3.85	3.85	3.85	4.20
Total Revenues and Other Financing Sources	105,011,358	109,043,354	101,771,294	103,620,274	103,124,651	104,873,872	106,598,548	112,712,581
Total Expenditures and Operating Transfers	106,473,126	100,955,663	108,549,711	113,346,567	111,238,439	111,101,010	113,686,328	116,234,357
Net Results From Operations	(1,461,768)	8,087,691	(6,778,417)	(9,726,293)	(8,113,788)	(6,227,138)	(7,087,780)	(3,521,776)
Projected Lapse	-	-	1,337,258	977,899	1,370,377	1,402,149	1,445,379	1,489,929
Change in Fund Balance	(1,461,768)	8,087,691	(5,441,159)	(8,748,394)	(6,743,411)	(4,824,989)	(5,642,401)	(2,031,847)
Beginning Fund Balance	44,305,506	42,843,738	50,931,429	50,931,429	42,183,035	35,439,624	30,614,635	24,972,234
Ending Fund Balance	\$ 42,843,738	\$ 50,931,429	\$ 45,490,270	\$ 42,183,035	\$ 35,439,624	\$ 30,614,635	\$ 24,972,234	\$ 22,940,387
Nonspendable Fund Balance	69,458	1,127,518	1,127,518	1,127,518	1,127,518	1,127,518	1,127,518	1,127,518
Restricted Fund Balance	-	-	-	-	-	-	-	-
Committed Fund Balance	642,107	357,218	357,218	357,218	357,218	357,218	357,218	357,218
Assigned Fund Balance	22,381,078	27,562,263	27,804,370	27,804,370	27,804,370	25,726,813	26,129,161	26,210,239
Unassigned Fund Balance	19,751,095	21,884,430	16,201,164	12,893,929	6,150,518	3,403,086	(2,641,663)	(4,754,588)
Ending Fund Balance	42,843,738	50,931,429	45,490,270	42,183,035	35,439,624	30,614,635	24,972,234	22,940,387

Education Funding



GAP Between Local Funding and CAP

Funding to the CAP vs 2.5% escalation in Local Contribution
FY2020-FY2035 (\$ in million)





Sustainable Future Funding for Education

Fiscal Year	<u>Mayor's Proposed Budget</u> ED Funding returning to 2.5% from \$59.1M	ED Funding		<u>Mayor's Proposed Budget</u> Taxes on 350,000 txbl value @ 2.5% growth from \$59.1M	Taxes on 350,000 txbl value @ 2.5% growth above \$62.4M	Taxes on 350,000 txbl value @ CAP
		continuing 2.5% above \$62.4M	ED Funding at CAP			
26	\$ 71,407,408	\$ 71,407,408	\$ 71,407,408	3,381.00	3,381.00	3,381.00
27	\$ 73,737,644	\$ 73,737,644	\$ 80,063,587	3,491.33	3,491.33	3,790.85
28	\$ 71,827,129	\$ 75,193,449	\$ 82,878,247	3,400.87	3,560.26	3,924.12
29	\$ 73,341,674	\$ 76,792,152	\$ 85,796,830	3,472.58	3,635.96	4,062.31
30	\$ 74,888,415	\$ 78,425,155	\$ 88,709,765	3,545.82	3,713.28	4,200.23
Total Change 2026-2030				4.9%	9.8%	24.2%
Average Annual Change				1.2%	2.5%	6.1%
				Sustainable		



Local Education Funding – Required vs Additional Allowable Contribution

BASIC NEED	Base Student Allocation	AADM	26 BASIC NEED	BASIC NEED	Base Student Allocation	AADM	27 BASIC NEED	CHANGE from FY26 to FY27	
	Per AK DEED	Per AK DEED			Per AK DEED	Per AK DEED			
	\$6,660	x 16,819.85	= \$ 112,020,201		\$6,660	x 16,662.32	= \$ 110,971,051		\$ (1,049,150)
	KPB Minimum REQUIRED Contribution		\$ 35,537,970		KPB Minimum REQUIRED Contribution		\$ 39,143,078		\$ 3,605,108
	Based on 2.65 mills of Full and True of 13.4B				Based on 2.65 mills of Full and True of 14.77B				
	Remaining Amount due by State of ALASKA		\$ 76,482,231		Remaining Amount due by State of ALASKA		\$ 71,827,973	\$ (2,555,958)	
ADDITIONAL ALLOWABLE				ADDITIONAL ALLOWABLE					
	KPB OPTIONAL Contribution		\$ 26,821,110		KPB OPTIONAL Contribution		\$ 29,541,946	\$ 2,720,836	
	Based on 2.00 mills of Full and True of 13.4B				Based on 2.00 mills of Full and True of 14.77B				
	KPB Minimum REQUIRED	\$ 35,537,970			KPB Minimum REQUIRED	\$ 39,143,078	\$ 3,605,108		
	KPB Additional ALLOWABLE	\$ 26,821,110			KPB Additional ALLOWABLE	\$ 29,541,946	\$ 2,720,836		
	Funding to the CAP	\$ 62,359,080			Funding to the CAP	\$ 68,685,024	\$ 6,325,944		

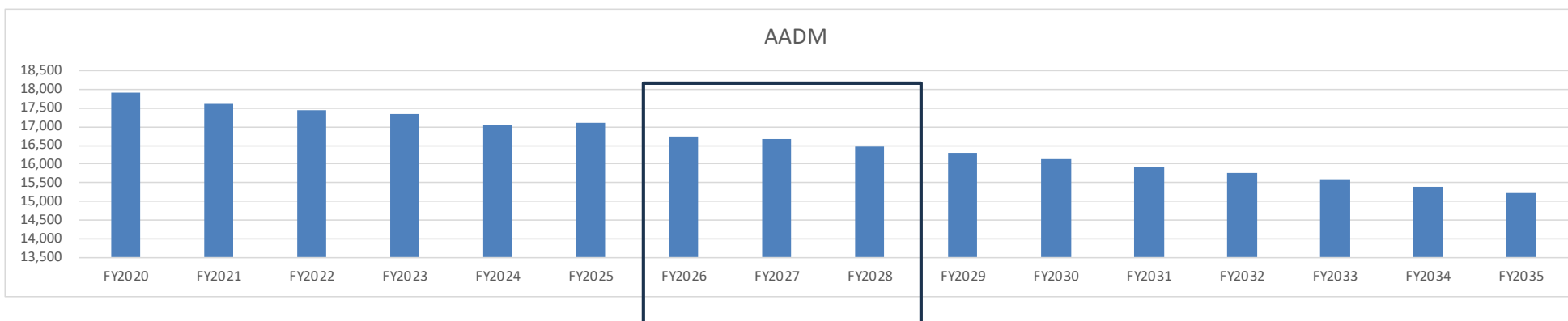
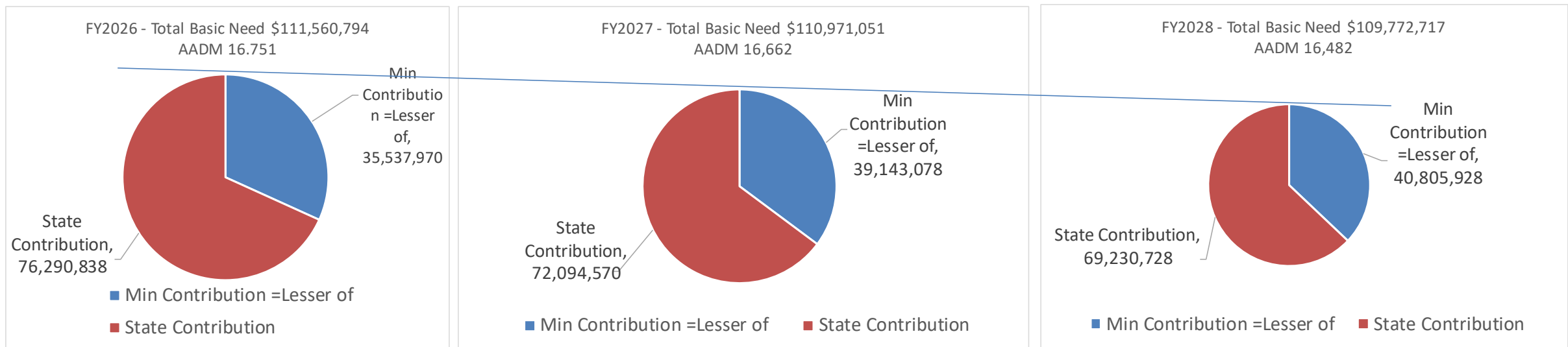


Local Education Funding – Required vs Additional Allowable Contribution

BASIC NEED	Base Student Allocation	AADM	27 BASIC NEED	CHANGE from FY26 to FY27		ADJUSTED 27 BASIC NEED
	Per AK DEED	Per AK DEED				
	\$6,660	x 16,662.32	= \$ 110,971,051	\$ (1,049,150)	Reduction in enrollment REDUCES overall BASIC NEED for the KPBSD	\$ 110,971,051
	KPBS Minimum REQUIRED Contribution		\$ 39,143,078	\$ 3,605,108	KPB Taxable value is 78% of the Full and True, reduced through OPTIONAL EXEMPTIONS (11.6B / 14.77B = 78%)	\$ 30,744,733
	Based on 2.65 mills of Full and True of 14.77B				Based on 2.65 mills of TXBL Assesseed Value of 11.6B	
	Remaining Amount due by State of ALASKA		\$ 71,827,973	\$ (2,555,958)	REDUCTION in State Funding	\$ 80,226,318
ADDITIONAL ALLOWABLE						
	KPBS OPTIONAL Contribution		\$ 29,541,946	\$ 2,720,836	KPB Taxable value is 78% of the Full and True, reduced through OPTIONAL EXEMPTIONS (11.6B / 14.77B = 78%)	\$ 23,203,572
	Based on 2.00 mills of Full and True of 14.77B				Based on 2 mills of TXBL Assesseed Value of 11.6B	
KPBS Minimum REQUIRED			\$ 39,143,078	\$ 3,605,108	KPB ADJUSTED Minimum REQUIRED	\$ 30,744,733
KPBS Additional ALLOWABLE			\$ 29,541,946	\$ 2,720,836	KPB ADJUSTED Additional ALLOWABLE	\$ 23,203,572
Funding to the CAP			\$ 68,685,024	\$ 6,325,944	ADJUSTED Funding to the CAP	\$ 53,948,305

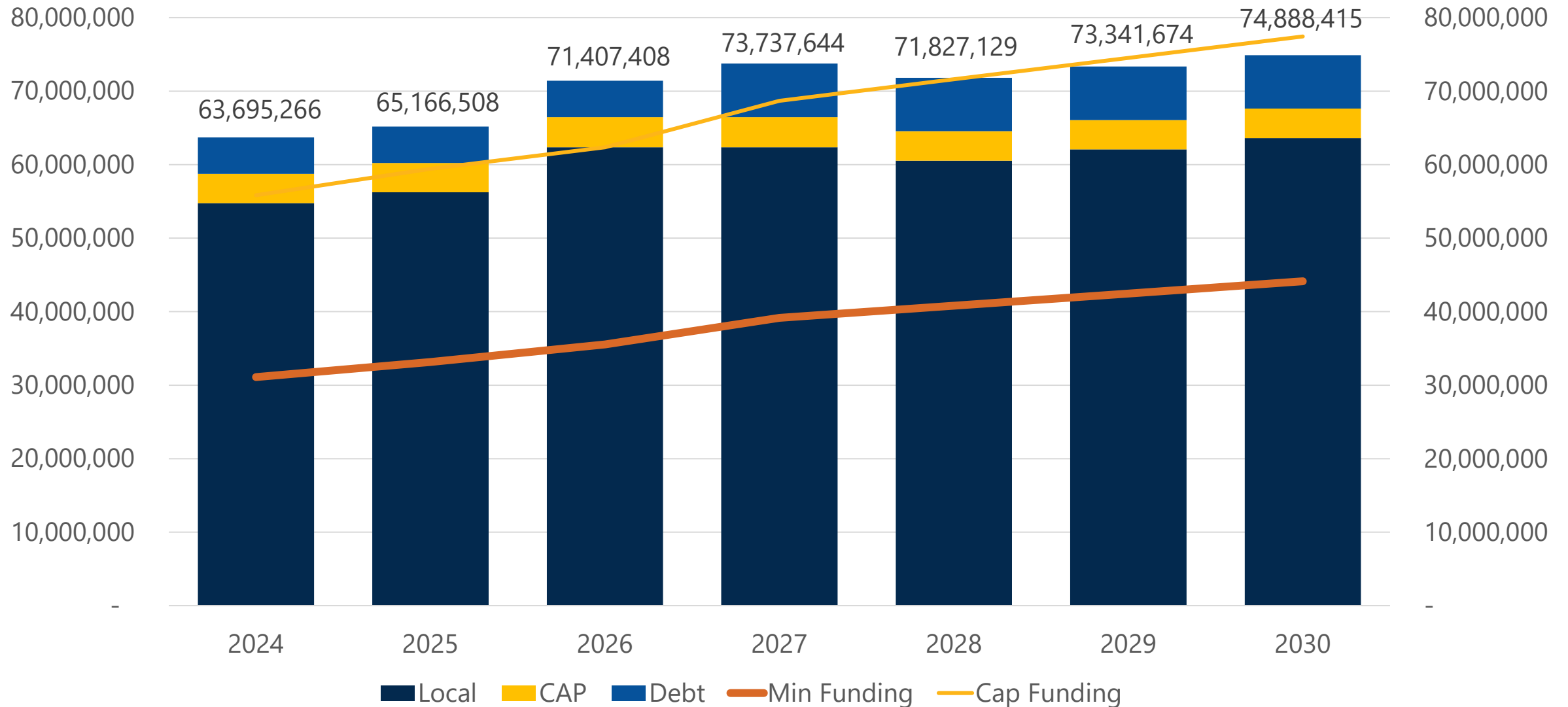


Basic Need





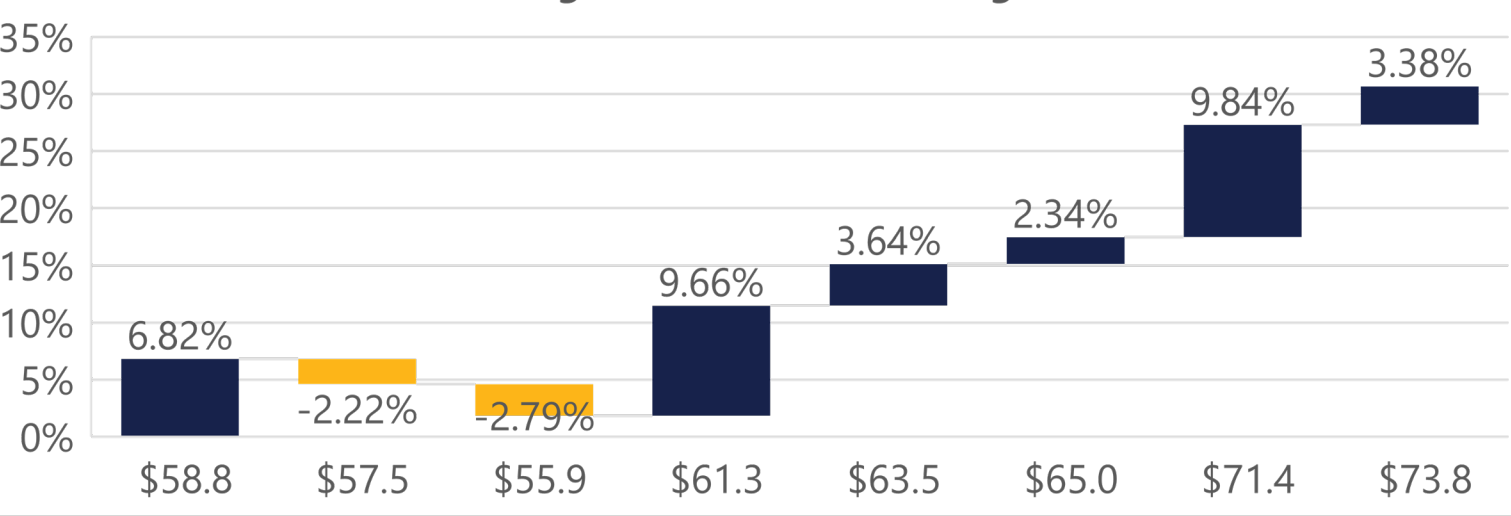
Education Funding Breakdown



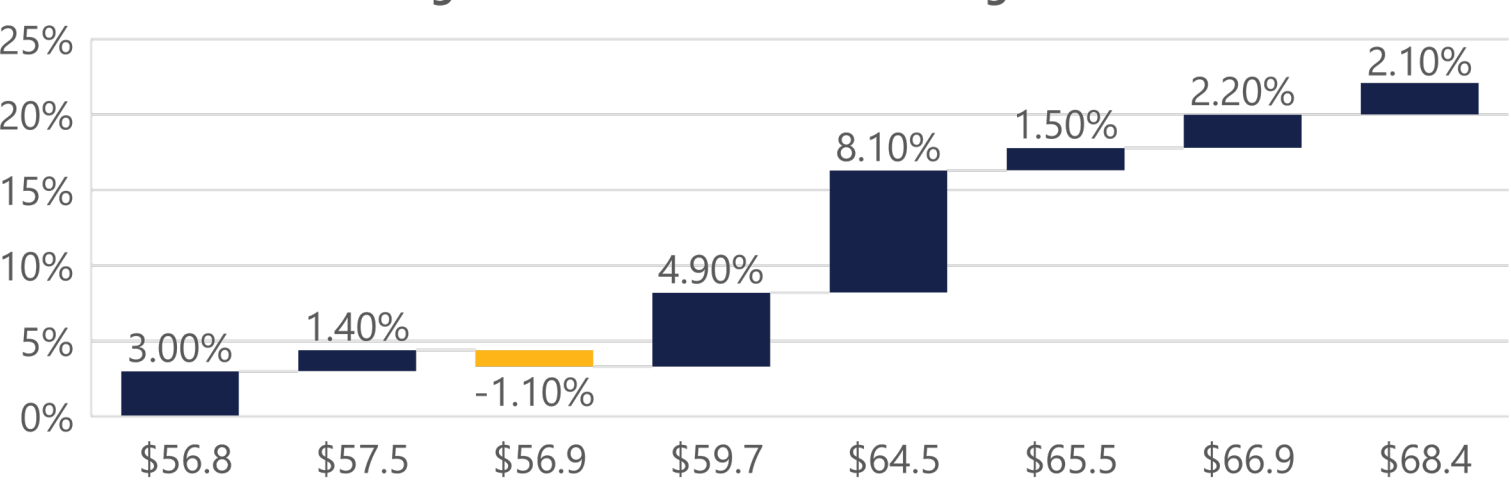


Education Funding Compared to CPI

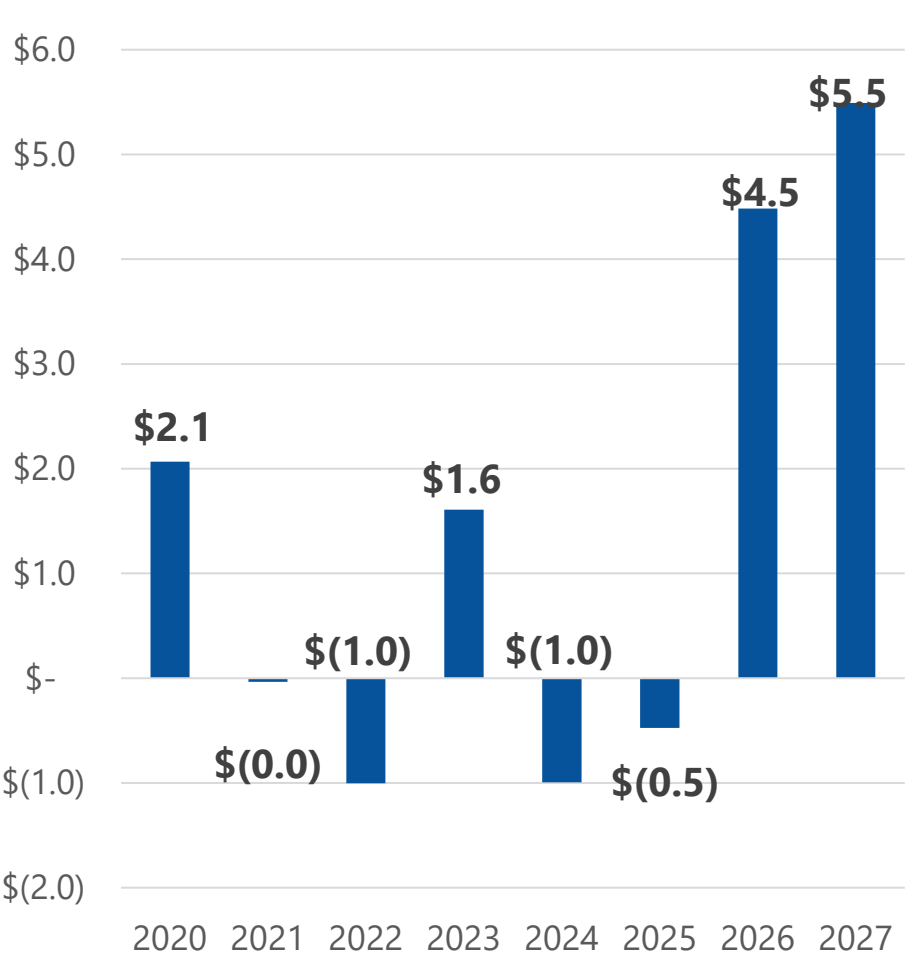
Actual % Change in Education Funding FY20-FY27



% Change at CPI in Education Funding FY20-FY27



Difference in Funding Between Actual and CPI rate FY20-FY27

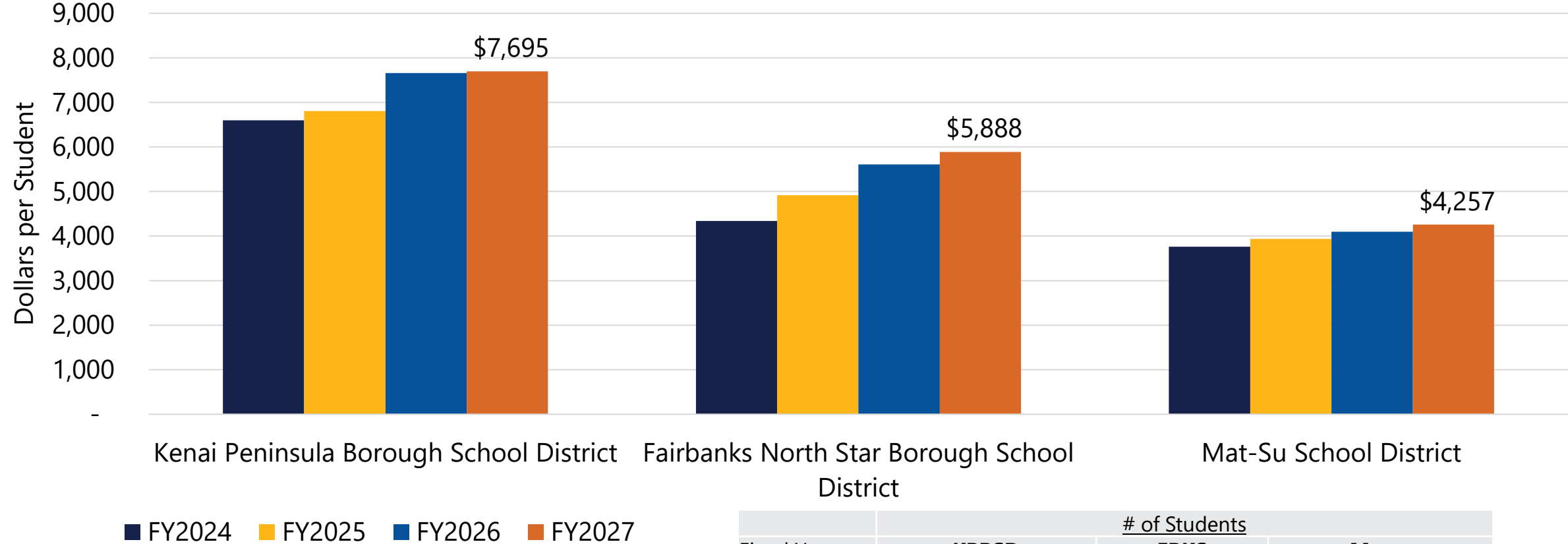


Total Difference FY20- to FY27 = \$11.1M



Education Funding

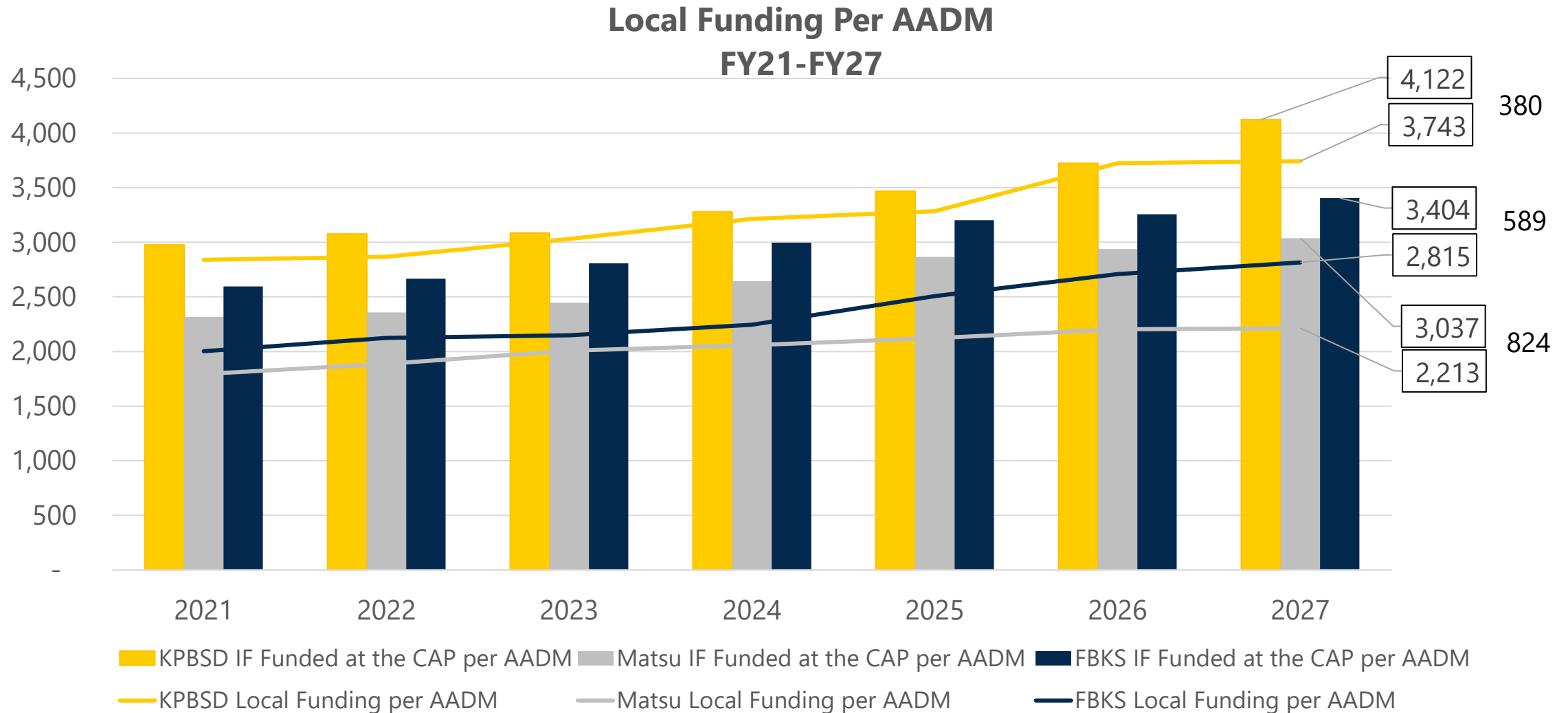
Local Contribution Dollars Per Student,
FY2024-FY2027



Fiscal Year	# of Students		
	KPBSD	FBKS	Matsu
2024	8,301	12,452	19,372
2025	8,230	12,400	19,412
2026	8,125	11,626	19,140
2027	8,104	10,920	18,737



Local Funding per Adjusted Average Daily Membership (AADM)



Special Revenue Funds

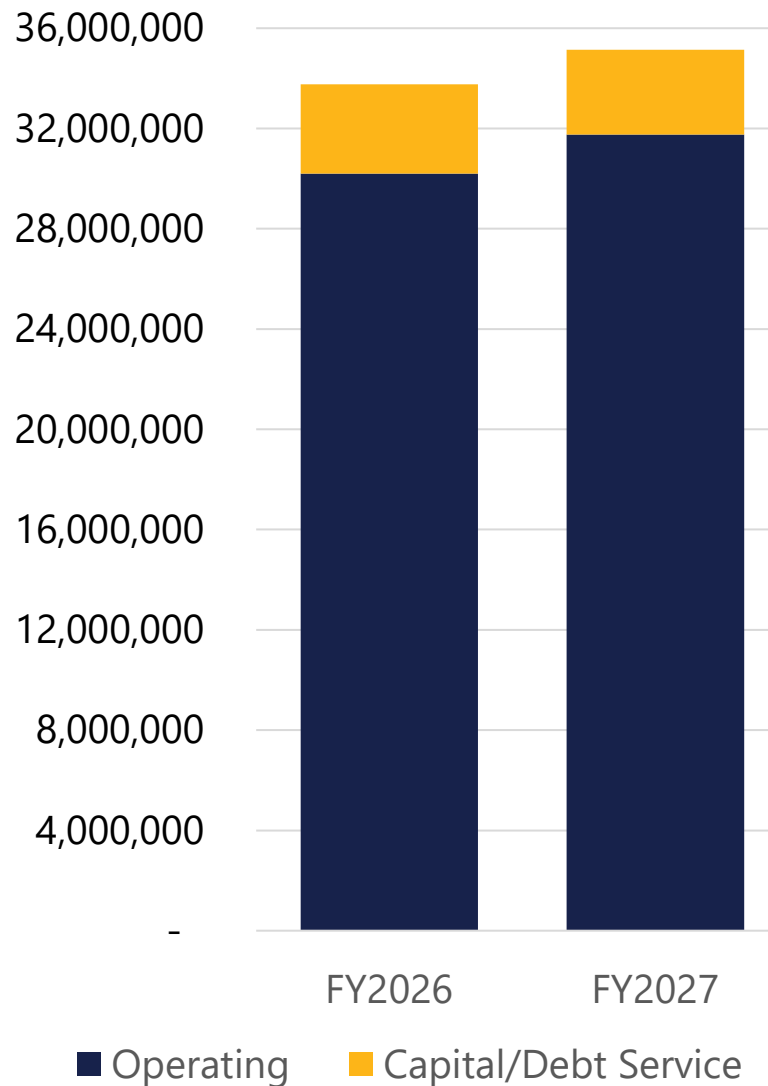
Fire and EMS:

Revenues are
Increasing 2.2%
from FY26 to
FY27

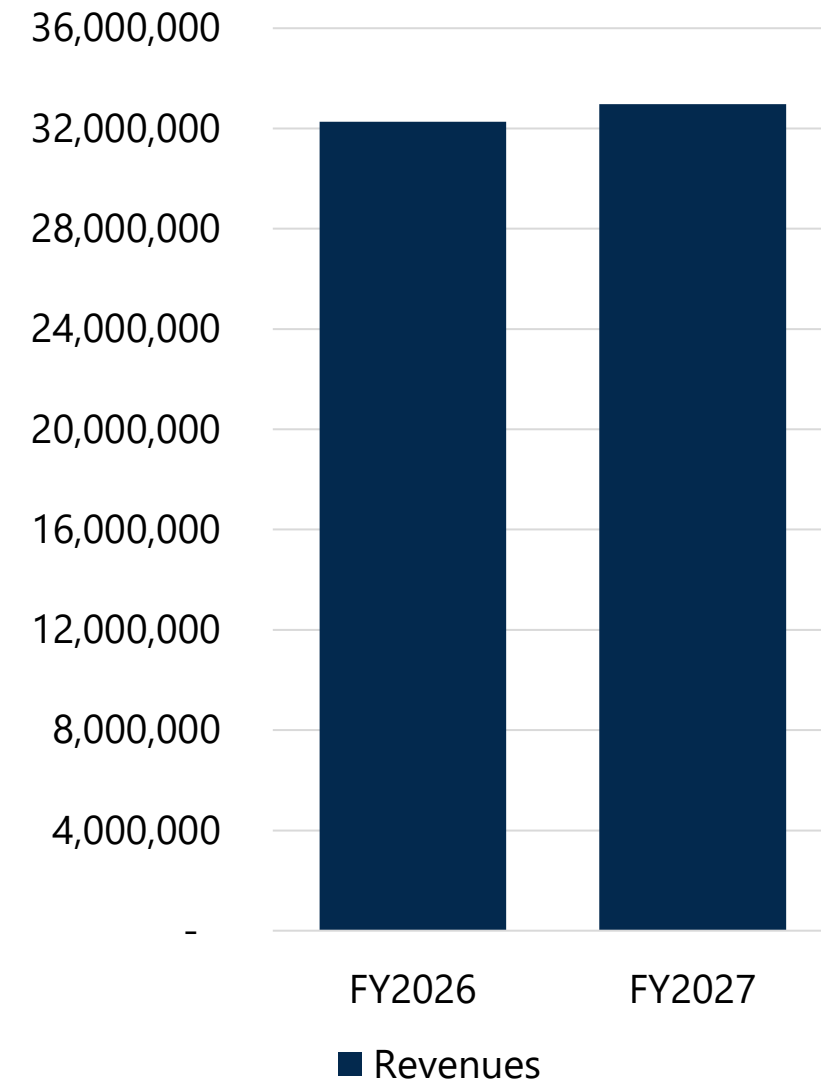
Expenditures are
increasing 4%
from FY26 to
FY27

No mill rate
changes

**Fire and EMS
Expenditure FY2026-FY2027**



**Fire and EMS
Revenues FY2026-FY2027**



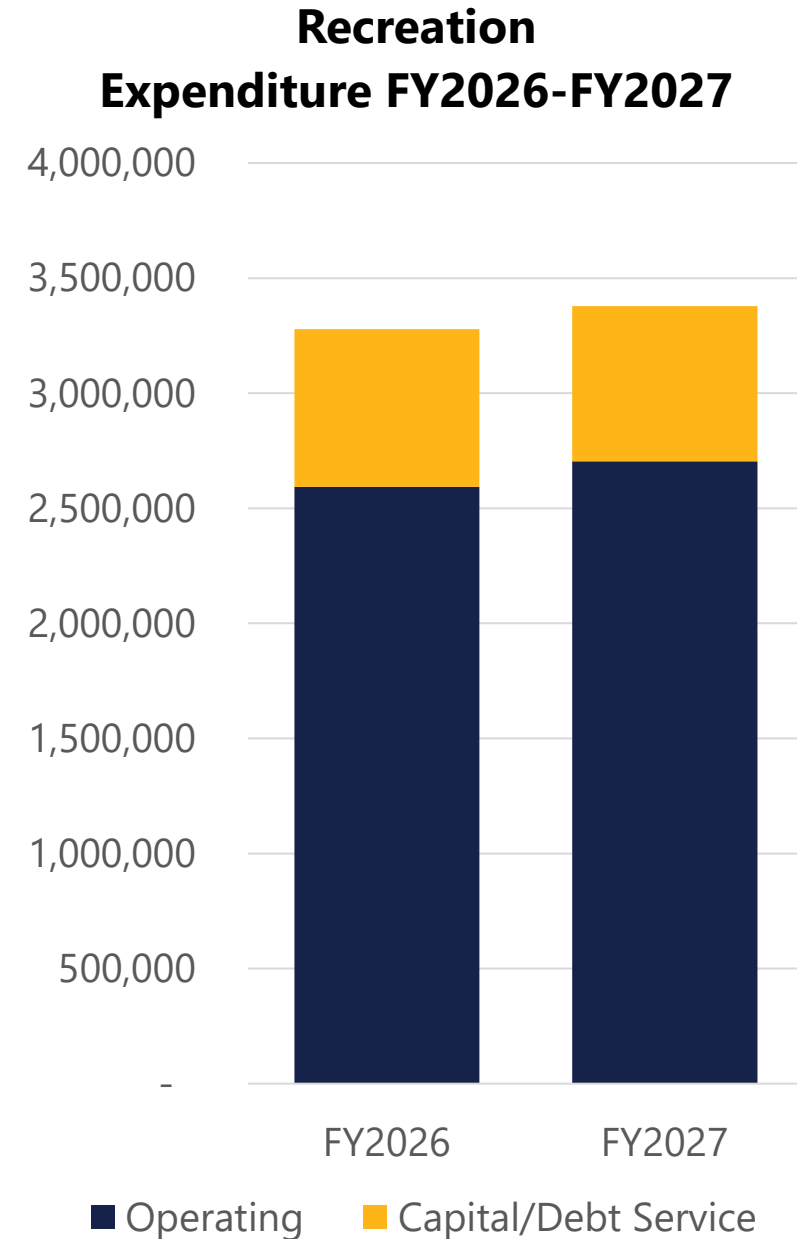
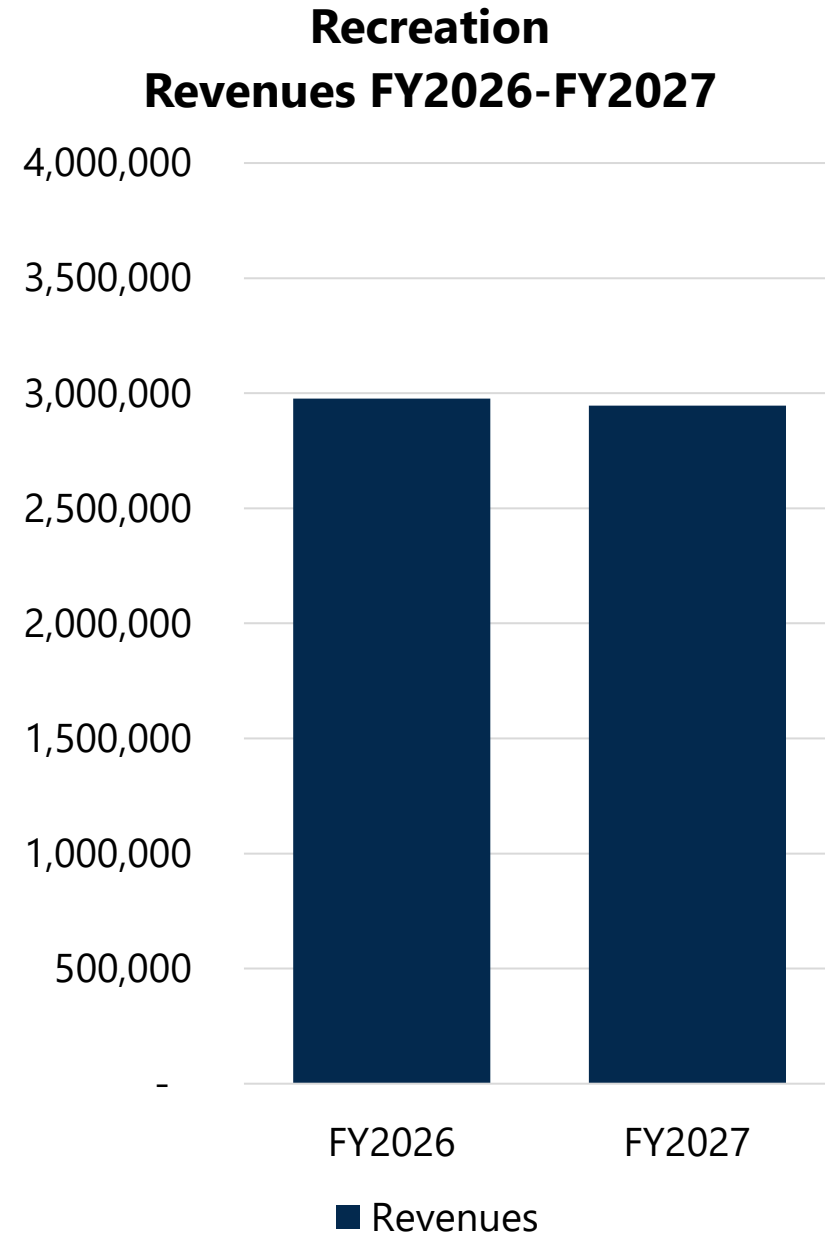
Recreation:

Revenues are decreasing 1.0% from FY26 to FY27

Expenditures are increasing 3% from FY26 to FY27

NPR decreased mill rate from 1.15 to 1.0

SRSA increased mill rate 1.0 to 1.75

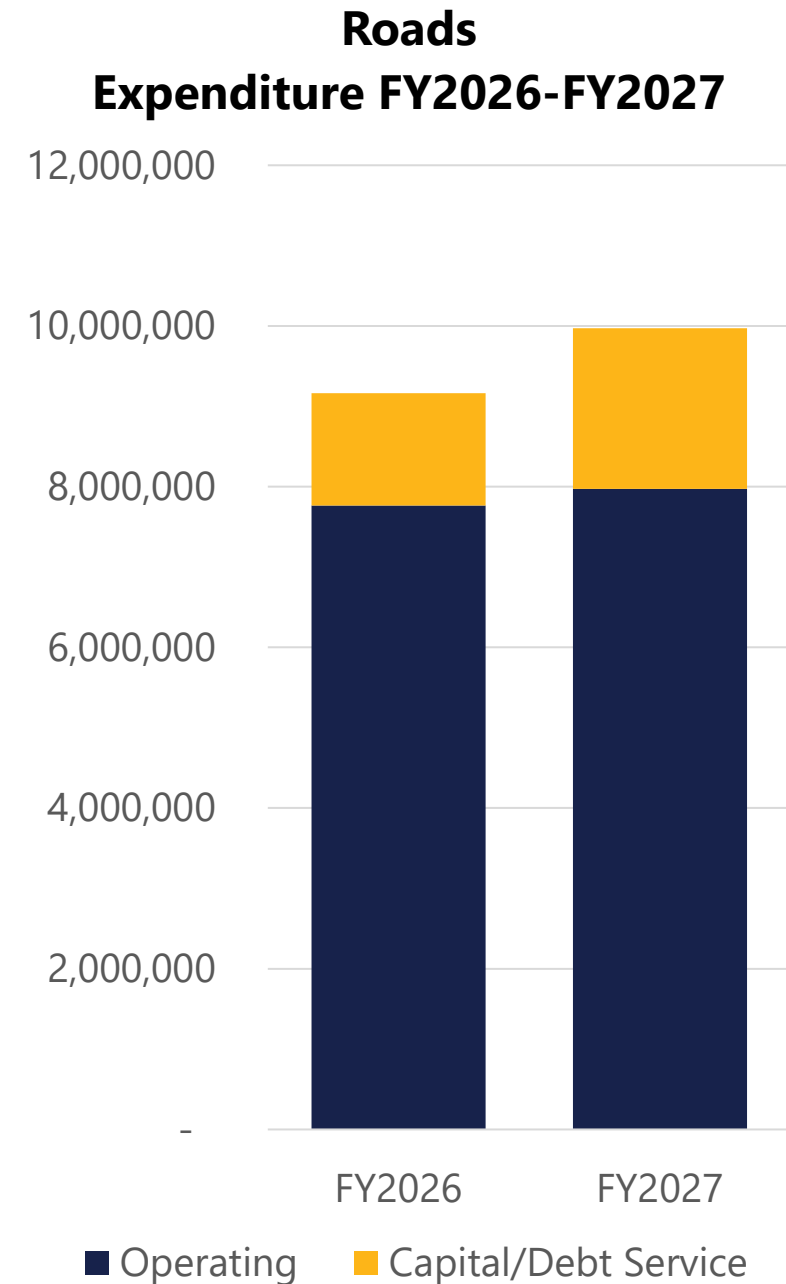
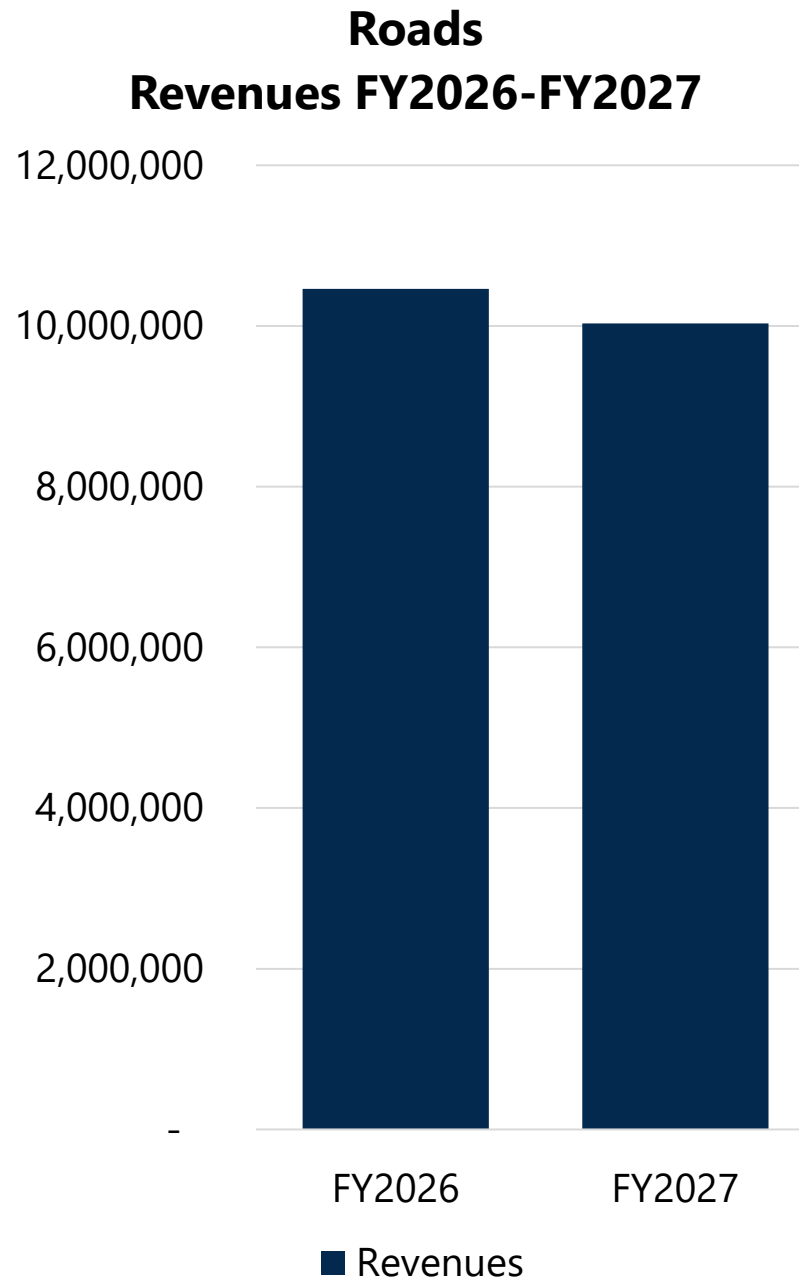


Roads:

Revenues are decreasing 4.1% from FY26 to FY27

Expenditures are increasing 9% from FY26 to FY27

Roads decreased mill rate 1.3 to 1.2

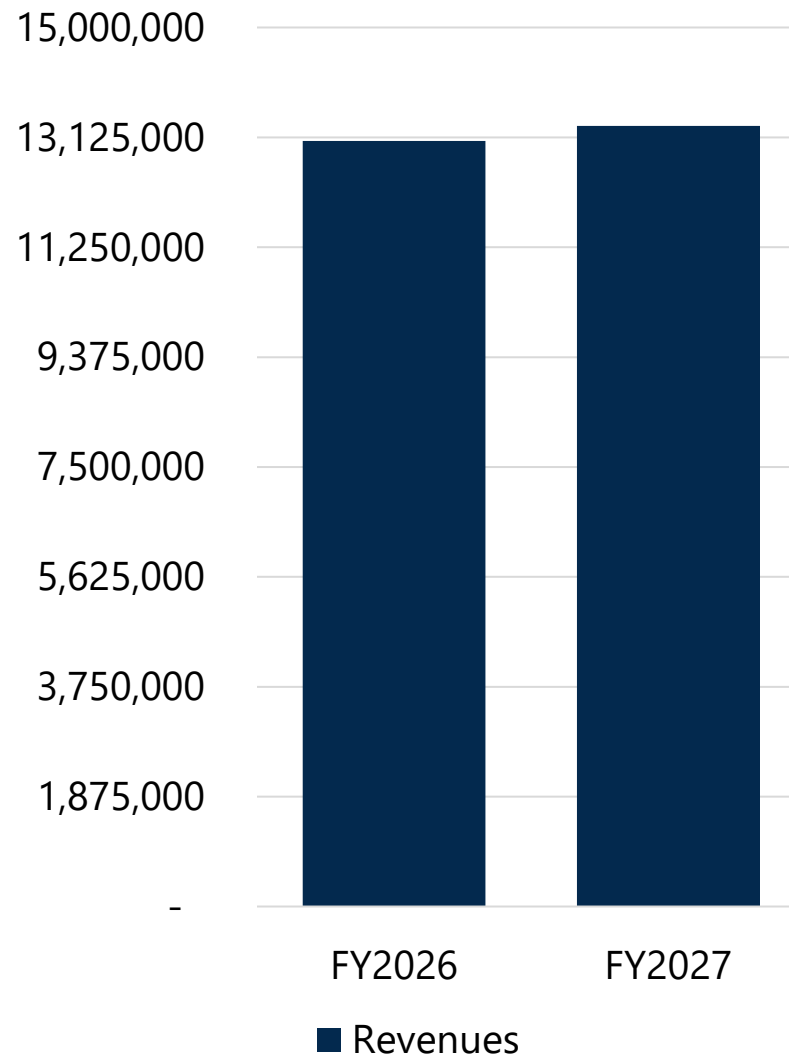


Solid Waste:

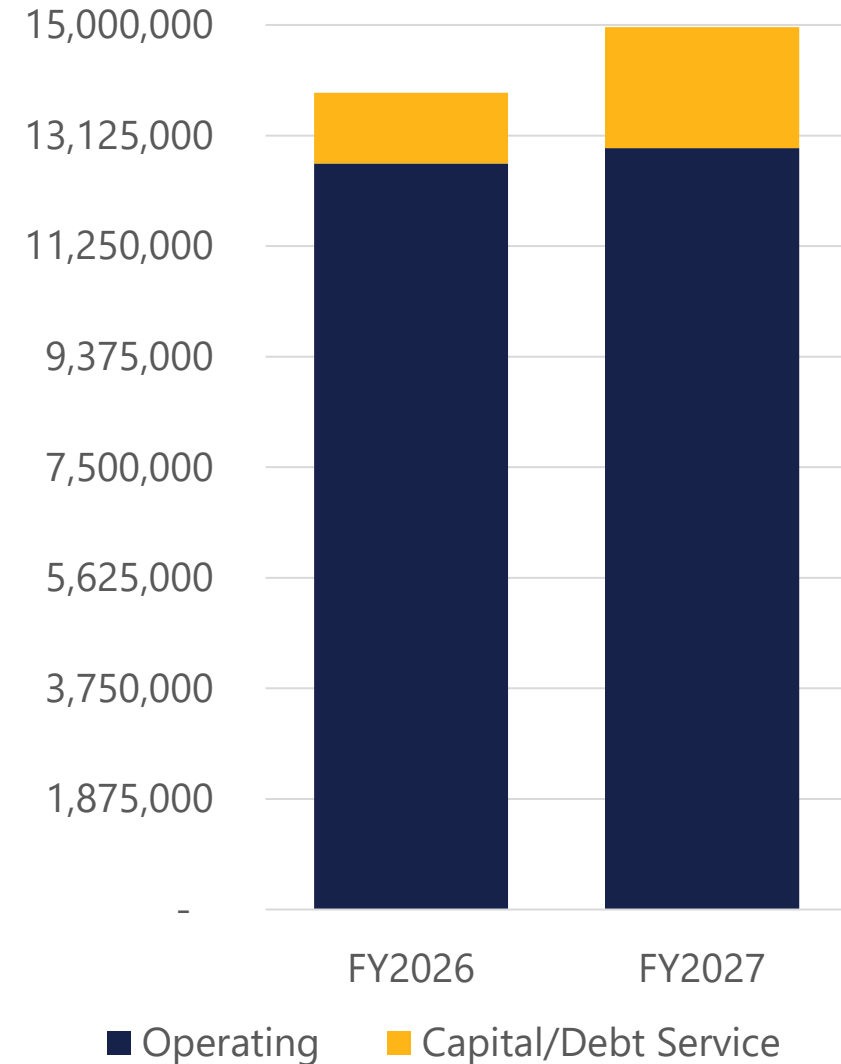
Revenues are increasing 2% from FY26 to FY27

Expenditures are increasing 8% from FY26 to FY27

**Solid Waste
Revenues FY2026-FY2027**



**Solid Waste
Expenditure FY2026-FY2027**

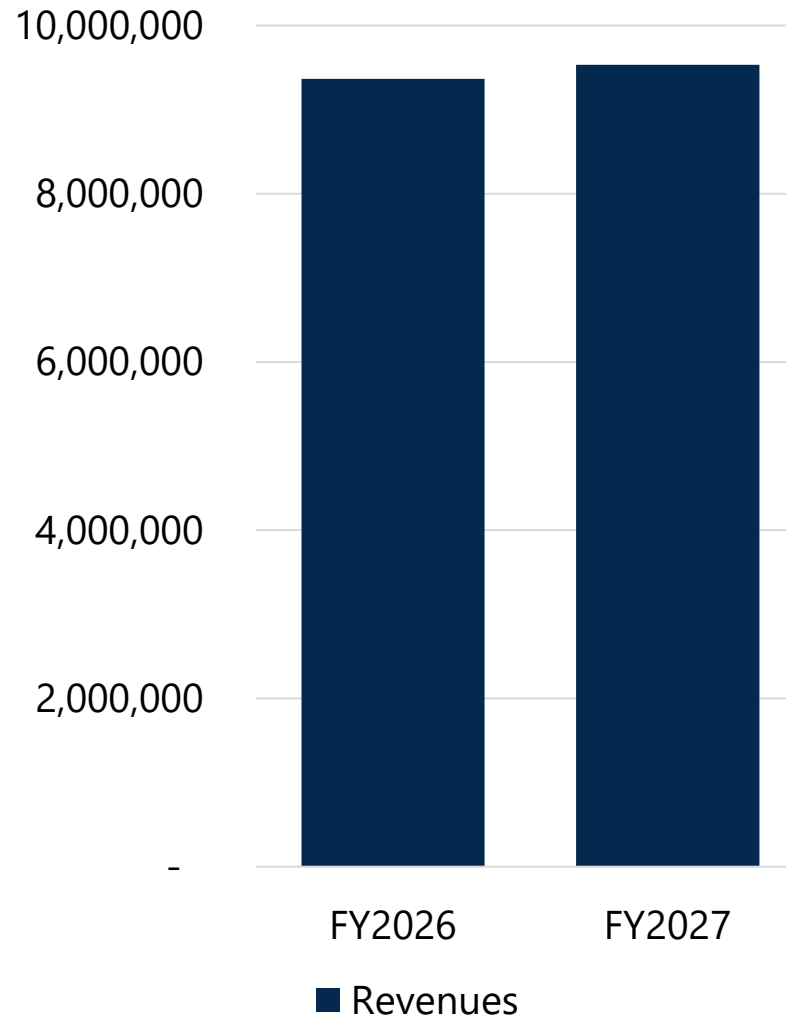


Hospitals:

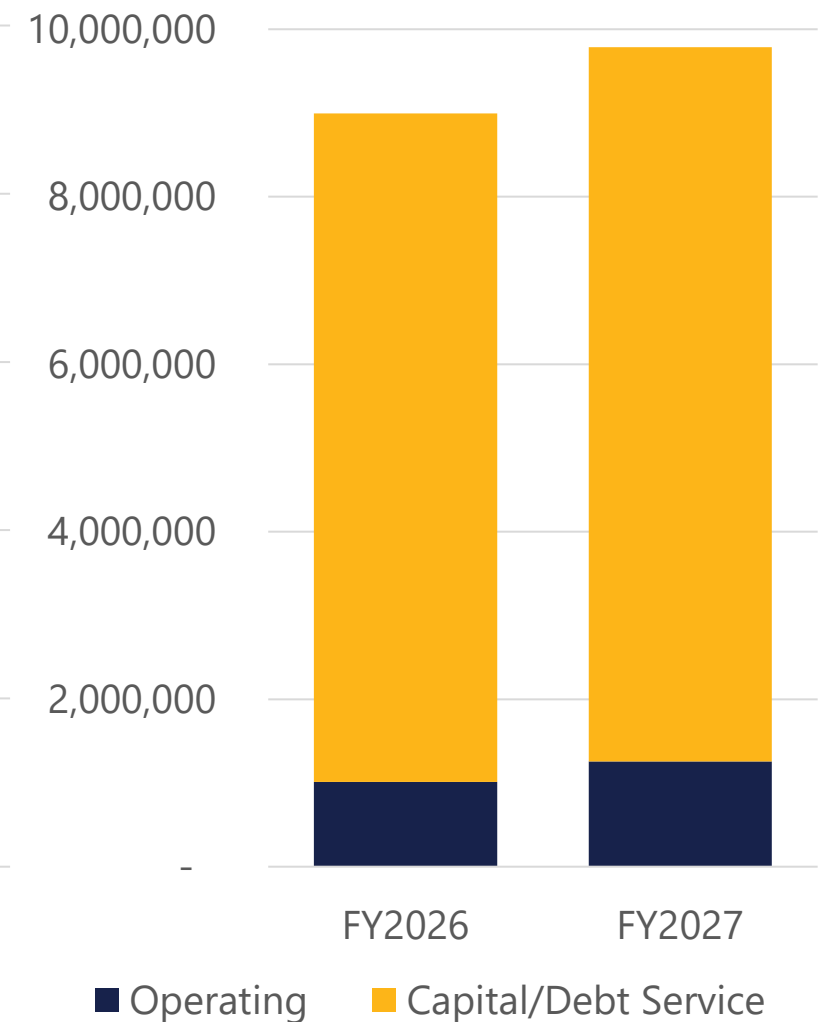
Revenues are increasing 1.8% from FY26 to FY27

Expenditures are increasing 9% from FY26 to FY27

**Hospitals
Revenues FY2026-FY2027**



**Hospitals
Expenditure FY2026-FY2027**

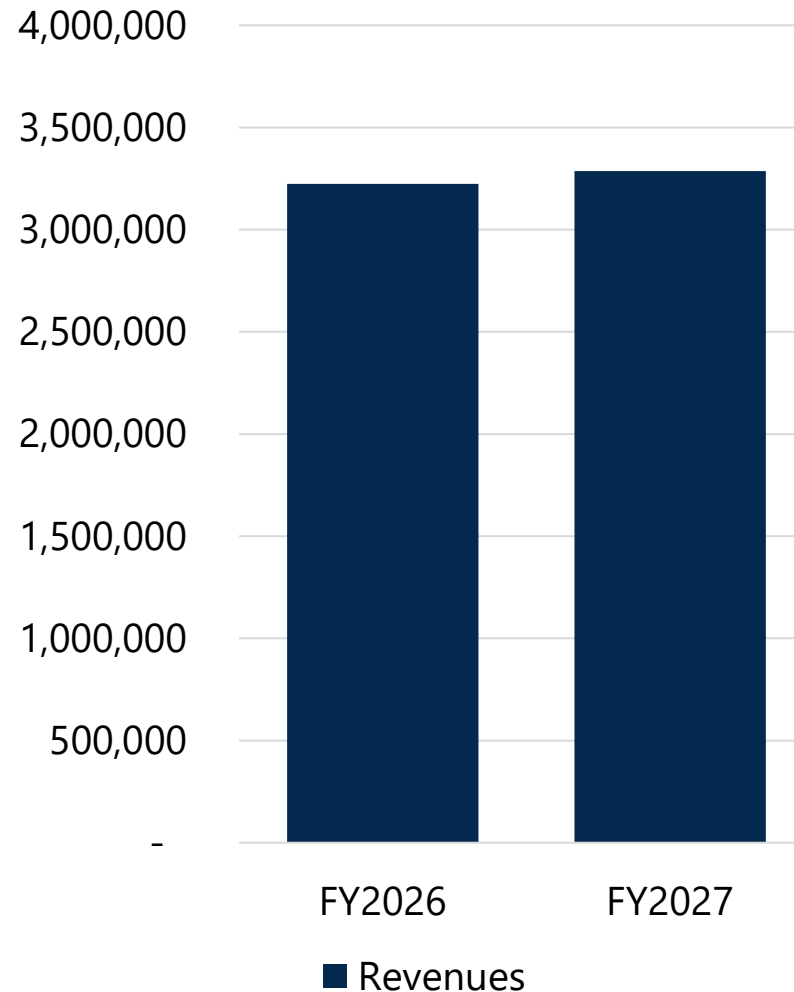


General Government:
Land Management and Nikiski Senior SA

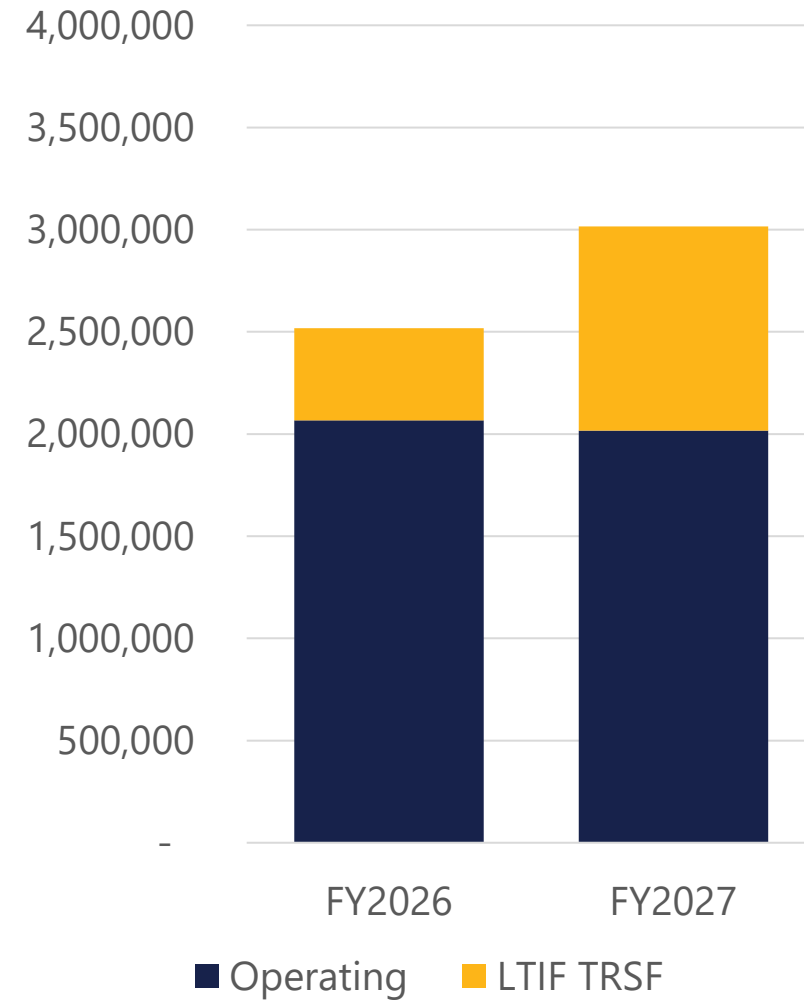
Revenues are increasing 2% from FY26 to FY27

Expenditures are increasing 20% from FY26 to FY27

**General Government
Revenues FY2026-FY2027**



**General Government
Expenditure FY2026-FY2027**

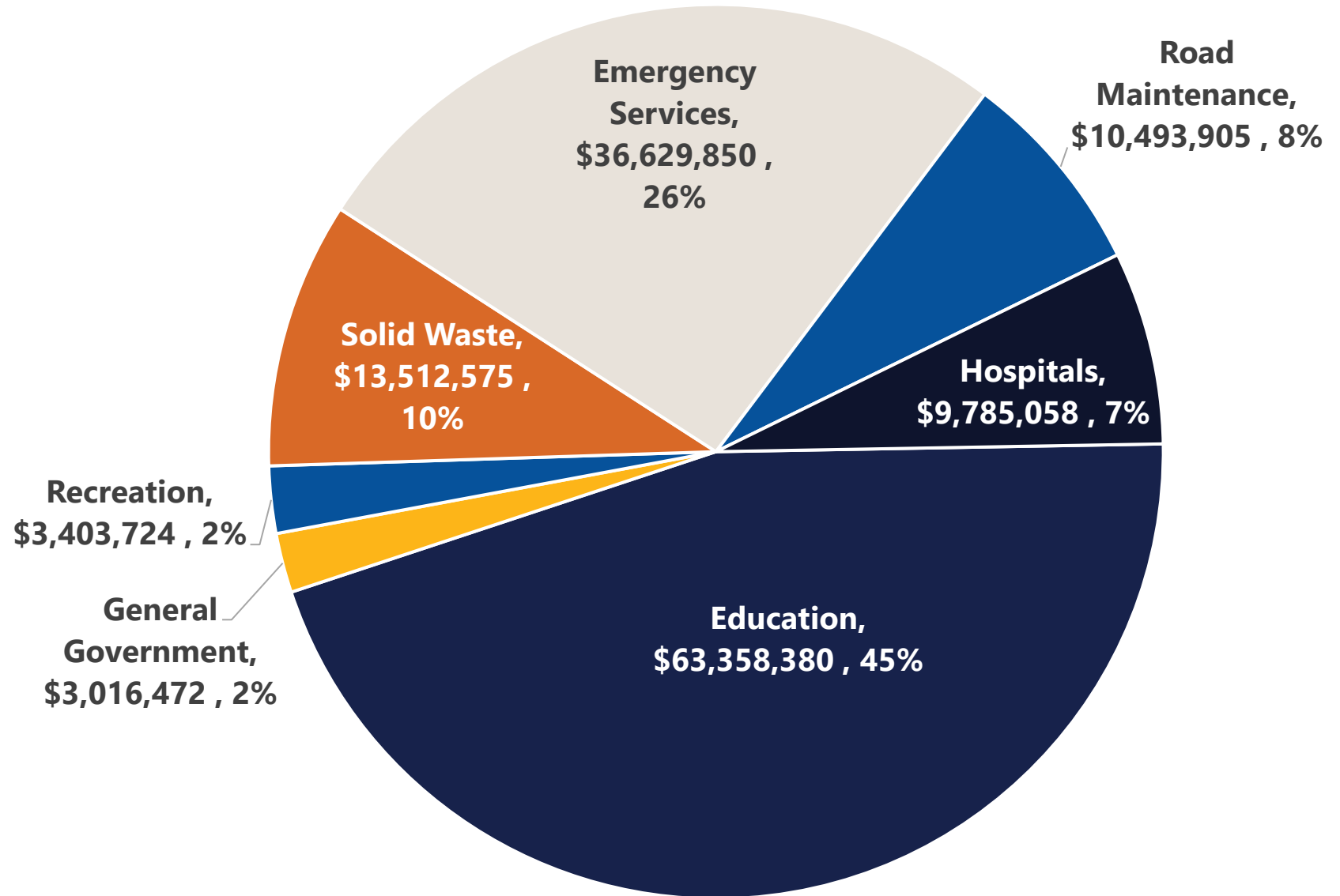


Special Revenue Funds –

Expenditures and Transfers by Function

Expenditures are Increasing **2.77%** and Revenues are increasing **1%** from FY2026 to 2027

Special Revenue Funds – Expenditures and Transfers by Function



Capital Project Funds

Schools

- Original request was far more than available, only \$4.1M is being transferred from the General Fund to fund current year projects of \$4.21M. Largest project being drainage systems, interior renovations and boilers/HVAC systems.

Solid Waste

- Larger projects consist of \$700,000 for frontend loader and \$800,000 for Shredder.

General Government

- Larger projects consist of \$166,717 for year two of Pictometry project and \$62,110 for tech equipment related to incident command inventory.

Central Emergency Services:

- Two large projects to provide \$500,000 for phase II of fire training props/buildings and \$400,000 for an ambulance placement.

Nikiski Fire:

- Largest project being replacement of Medic Ambulance for \$400,000.

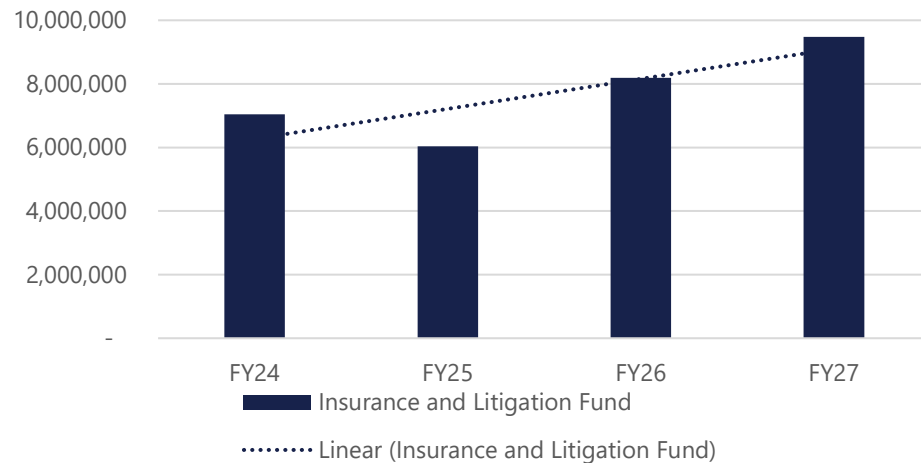
North Peninsula Recreation:

- Largest project being \$500,000 for the parking lot expansion at rink/pool.

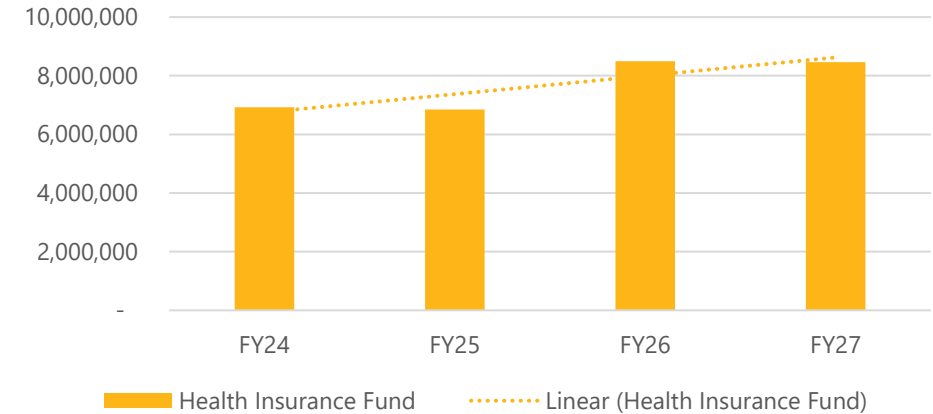


Internal Service Funds Pages 433-453

**Insurance and Litigation Fund
FY2024-FY2027 Expenditures**

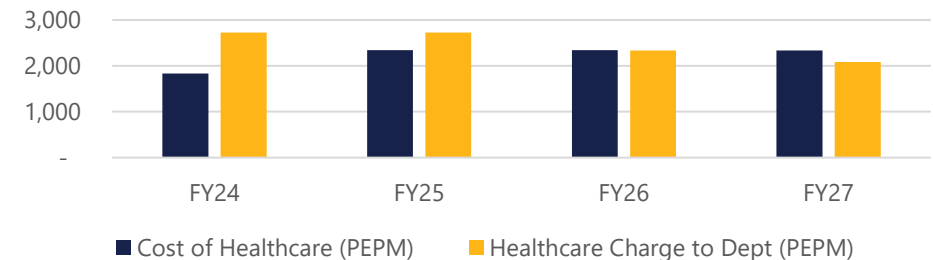


**Health Insurance Fund
FY2024-FY2027 Expenditures**



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. The KPB/SD purchases reinsurance from APRA.

**Healthcare Fund
Cost and Charge-Out
FY2024-FY2027**





Positions (FTEs) Boroughwide

General Fund

911

Risk

Maintenance

Human Resources
Decreased (0.50 FTE)

Seward and Homer
Annex Administrative
Assistances removed
and will be charged
through
interdepartmental, hour
for hour at Maintenance
and SBCFSA

911 Communications
increased 1.0 FTE

911 Communications
added 1.0 FTE Radio
Technician

Risk decreased
(1.0 FTE)

Removed Safety
Specialist in Risk
Department, will utilize
Safety Specialist in
Maintenance for
needed tasks and
charge through
interdepartmental

Maintenance decreased
(0.75 FTE)

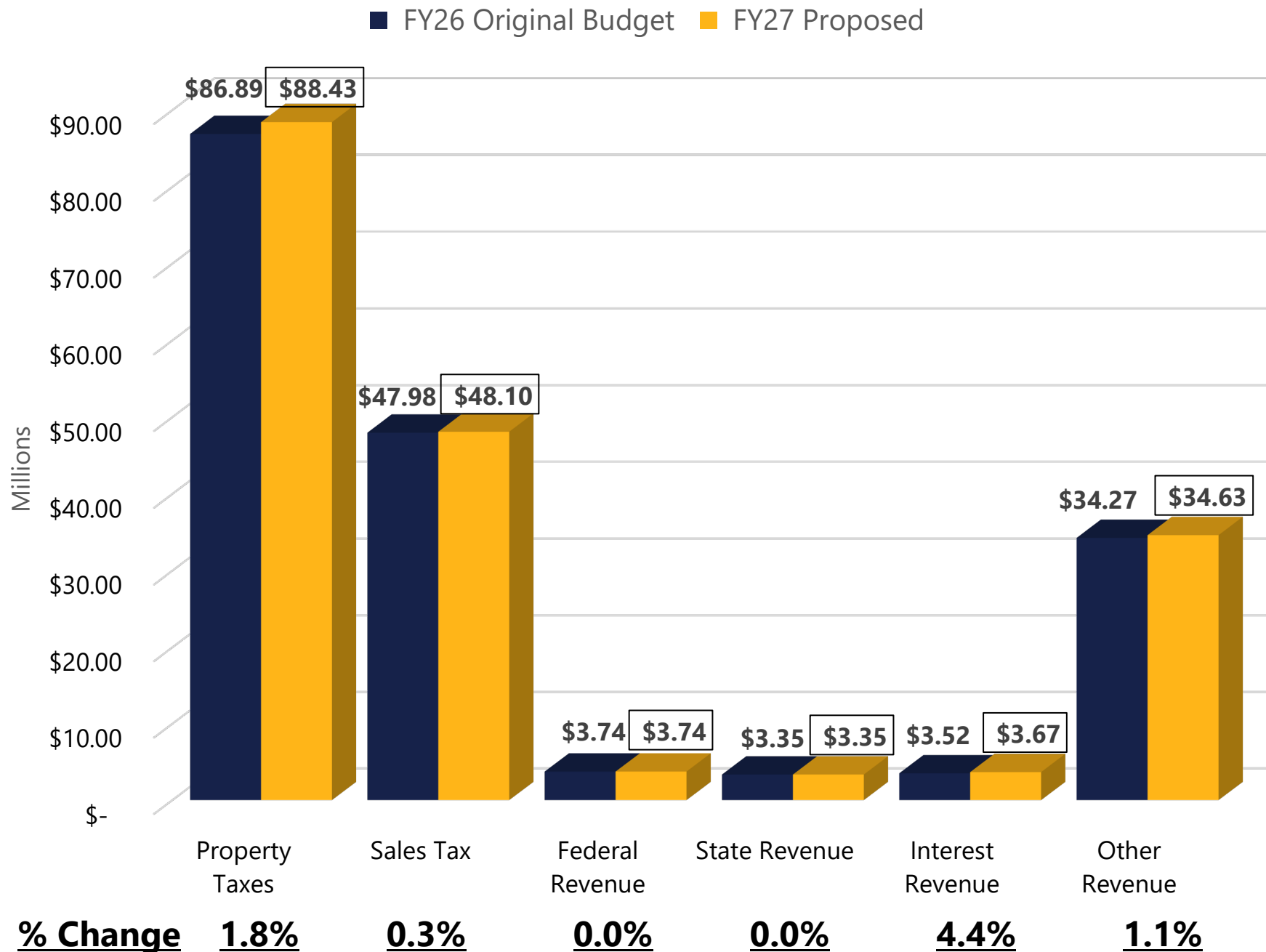
Maintenance removed
Homer Administrative
Assistant

Boroughwide

Boroughwide Revenues

Comparing FY2026 and FY2027

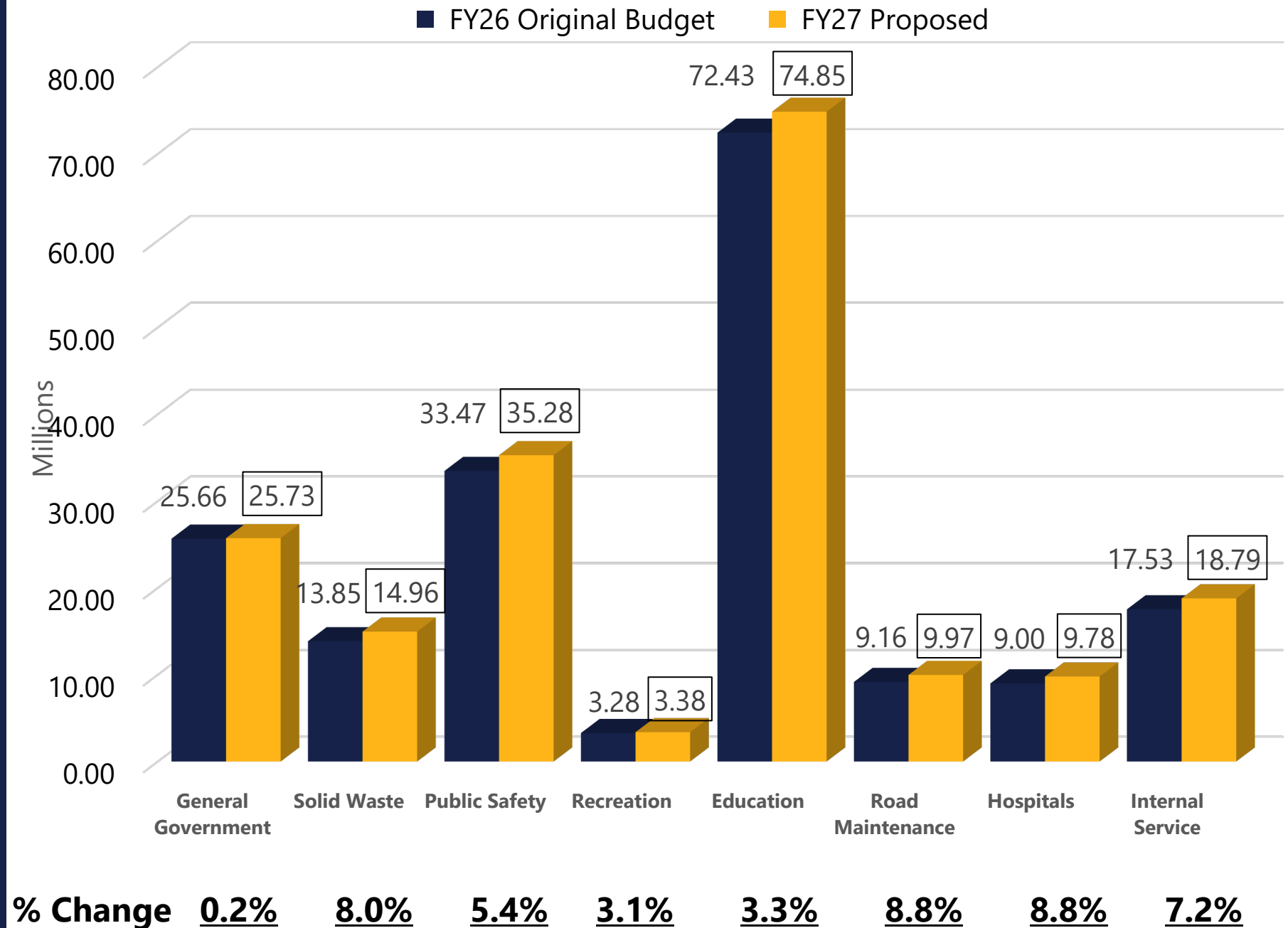
Revenues are Increasing 1.21% over FY2026, combined with usage of \$10.2M in Fund balance. The use of fund balance use increased 155% over FY26



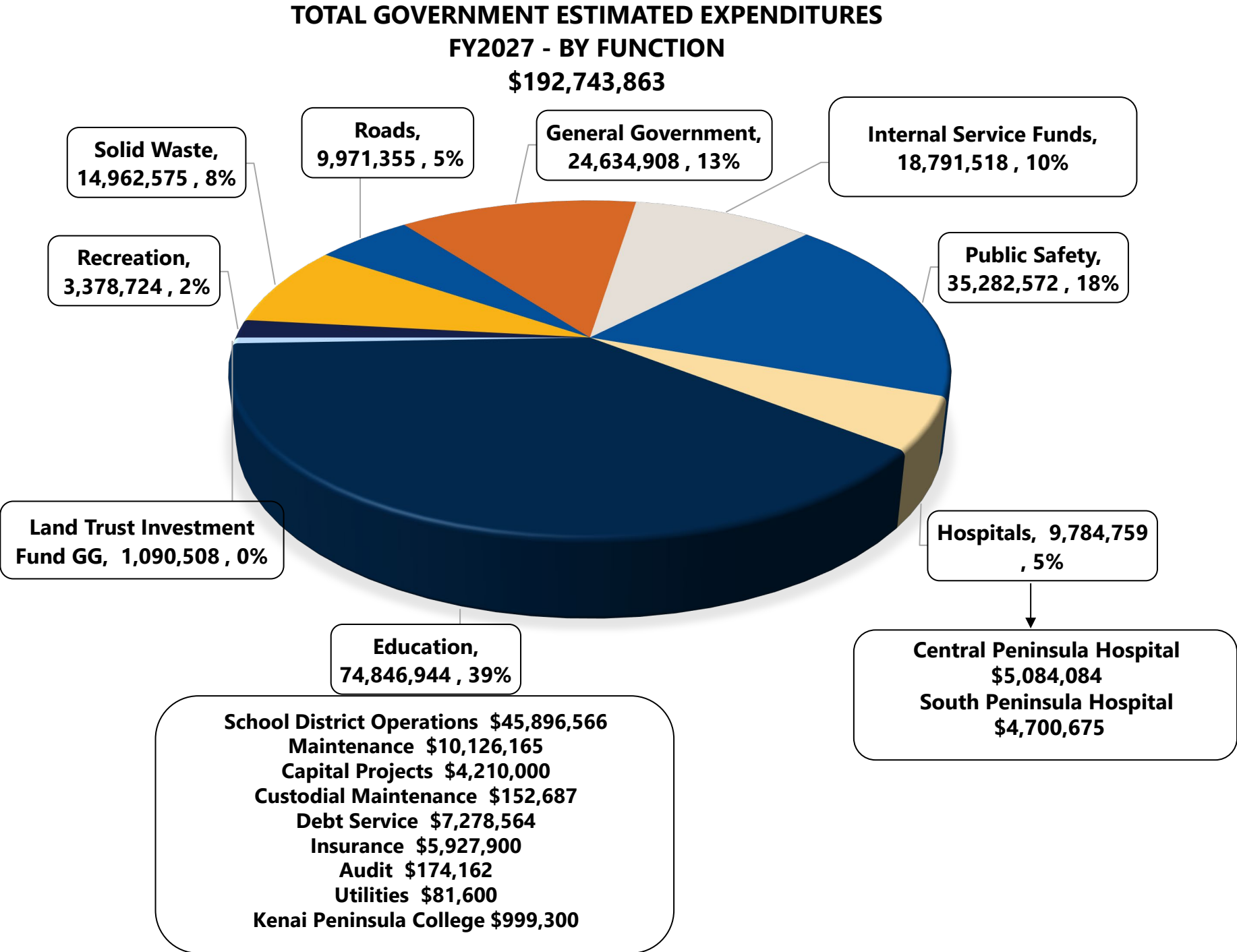
Boroughwide Expenditures

Comparing
FY2026
and
FY2027

Expenditures are
increasing 4.5%
over FY2026.



Total Government Estimated Expenditures for FY2027





Summary

- There are **3 Proposed mill rates decreases** in FY2027; North Peninsula Recreations, Nikiski Senior, and Roads
- There is **1 Proposed mill rate increase** in FY2027 for Seldovia Recreation
- Assessed values have increased 19% since FY2024 (TY2023)
- Education consumes 100% of sales tax revenues, 38% of property tax revenues, 26% of other revenues, and 100% of the \$6.7M use of fund balance in FY27
- **The KPB Boroughwide budget was scheduled to increase 2.75%** over FY26, and with the continuation of onetime education funding from FY26 to FY27 the boroughwide budget increases now 4.5%
- Proposed school funding is **\$23.2M** more than the min required contribution and only \$6.3M less than the Max allowable
- The Kenai Peninsula Borough provides more funding per student than other similar boroughs, such as Matsu and Fairbanks NorthStar. We fund about \$380 under the CAP per AADM and others fund \$589-\$824 under the CAP per AADM.