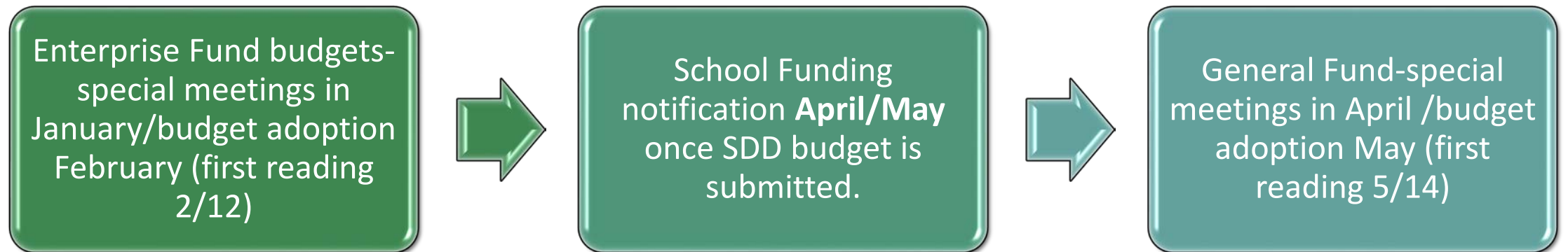


January 10th, 2019 Work Session

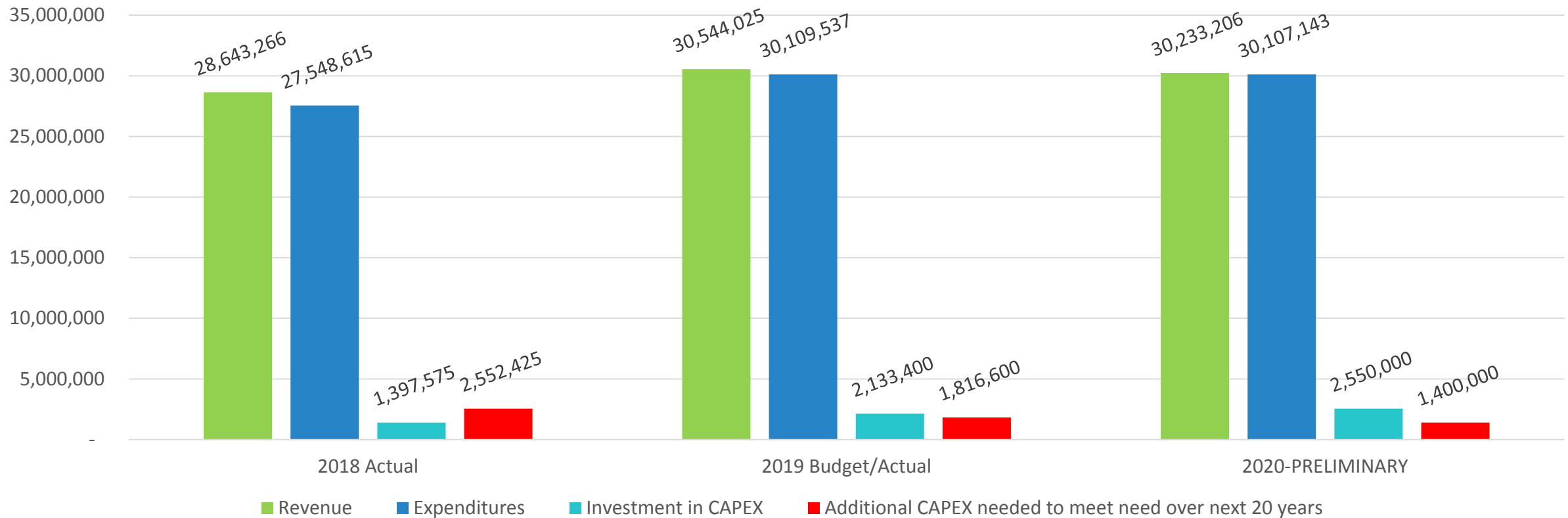
FY2020 PRE-BUDGET DISCUSSION-(PRELIMINARY DISCUSSION OF
GENERAL FUND FY2020 BUDGET DIRECTION)

Schedule for FY2020 budget

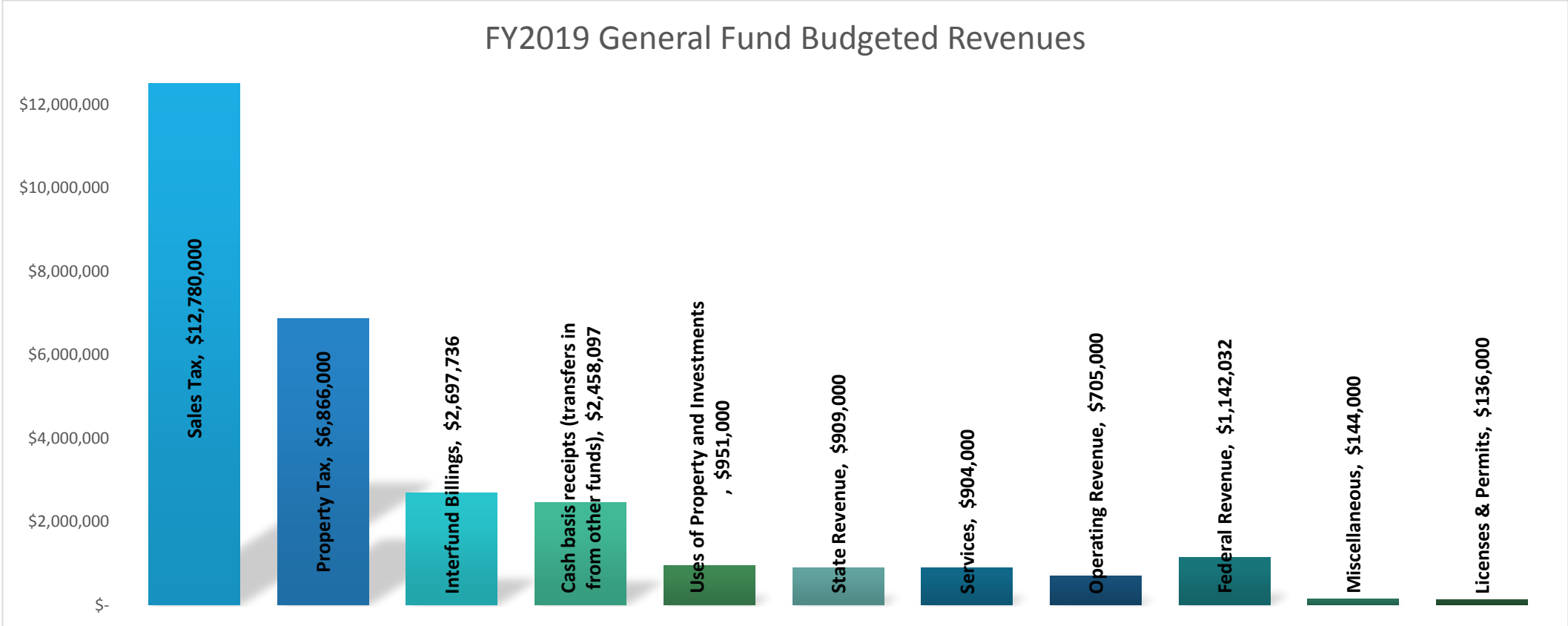


General Fund FY2018 to FY2020 (Preliminary)

Budget Snapshot 2018-2020



FY2019 Revenue by Source



CBS Expenditures by Area

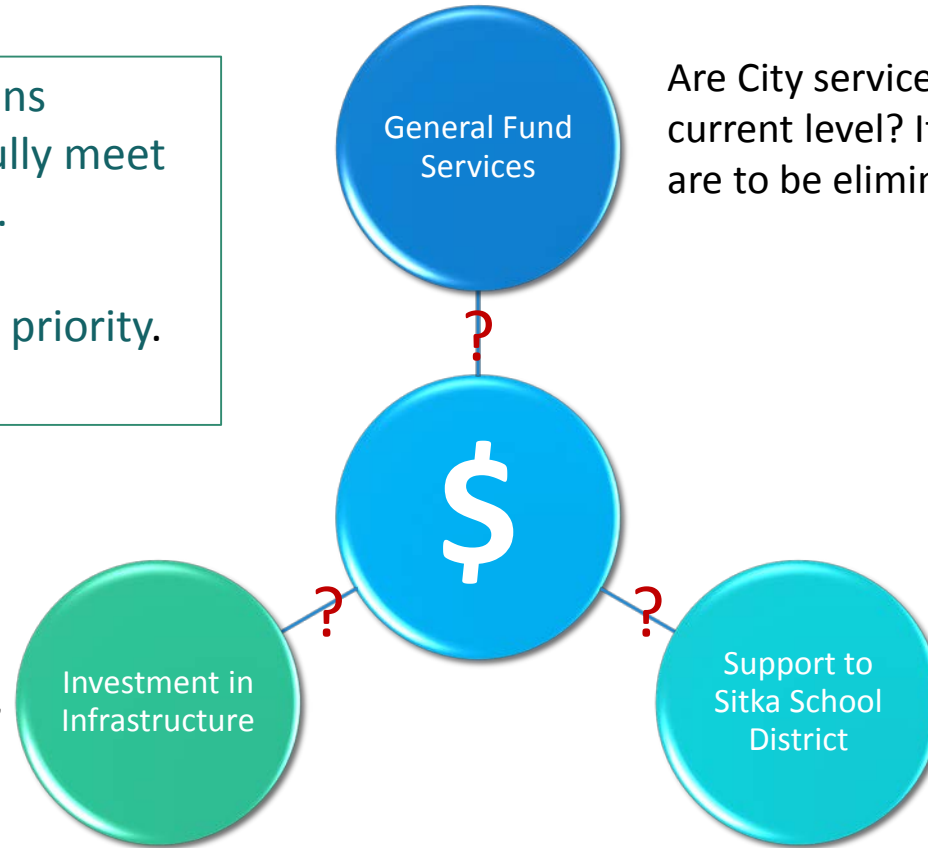
FY2019 Budget by Functional Area



Key decision points

- Current revenue projections indicate that we cannot fully meet the needs across all areas.
- We must decide what has priority.

How much do we spend to maintain Sitka's roads, buildings, parks, and other infrastructure? Do we choose not to maintain everything, or delay some projects?

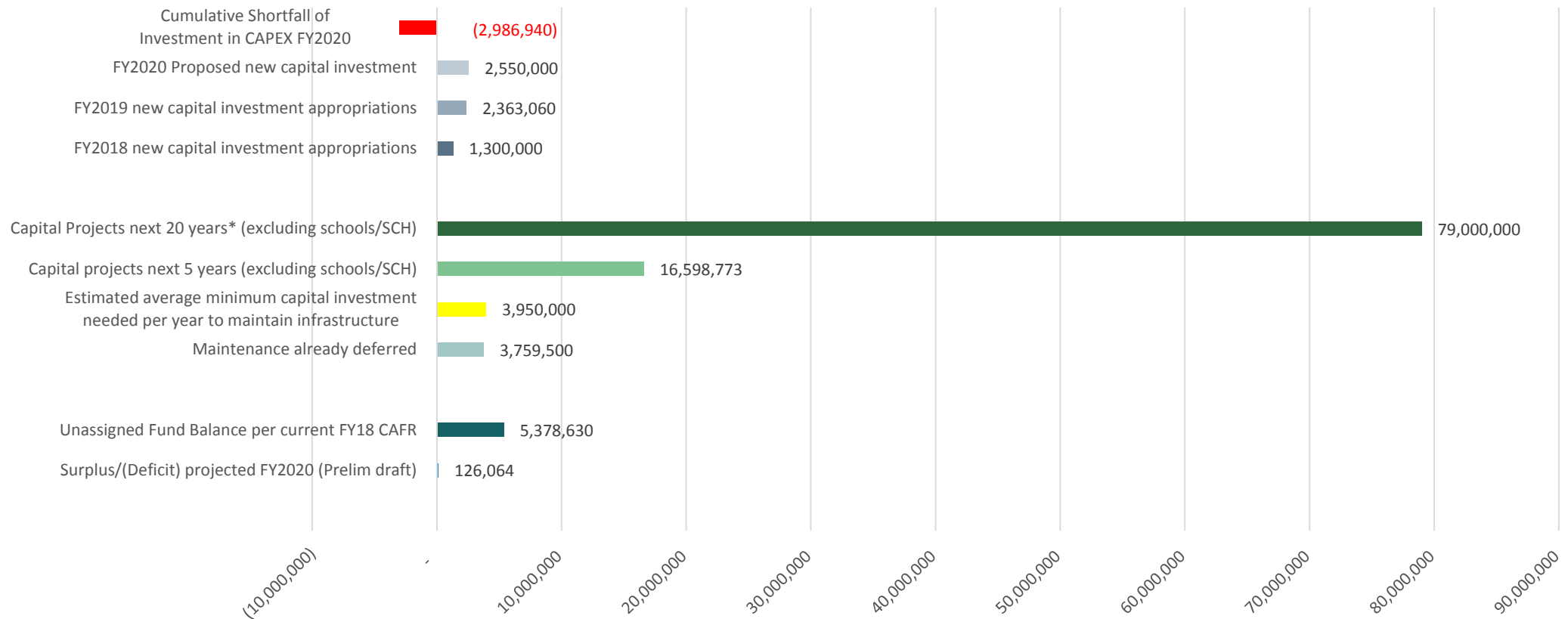


Are City services maintained at current level? If not, what services are to be eliminated/changed?

At what level do we support local schools?

Primary challenge for General Fund— Investing in City Infrastructure

General Fund-Capital Needs vs. Availability of Resources



Local contribution to Sitka School District

Citizens' Task Force Recommendation:

School Funding @ 92% of Maximum allowable local contribution

Minimum Allowed by law FY2020: **\$3,404,173**

Maximum allowed by law FY2020: **\$7,100,517**

Both minimum and maximum **DROPPED** from 2019

What counts towards local contribution?

Differences between what counts as local support

- Historically municipality counts all outlays (less building maintenance)
- School district counts all instructional moneys (less community schools, part of the pool, and part of the PAC)

Unknowns: State funding base student allocation has been flat since 2017-will there be any change?

Historical

	2020 (Prelim)	2019 (Budgeted)	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Maximum Annual Contribution	\$7,100,517	\$7,209,815	\$7,054,570	\$6,984,523	\$6,984,078	\$7,064,612	\$6,839,617	\$6,791,975	\$7,099,880	\$7,035,364	\$6,851,117	\$6,430,959
Funding as % of Cap	92%	100%	97%	95%	96%	86%	87%	82%	82%	85%	94%	90%
Minimum Annual Contribution	\$3,404,173	\$3,493,854	\$3,299,264	\$3,168,072	\$3,174,144	\$3,081,916	\$3,051,149	\$3,054,025	\$3,517,143	\$3,628,338	\$3,604,320	\$3,403,806
Full Value Determination (FVD) ⁽¹⁾	\$1,284,593,700	\$1,318,435,400	\$1,245,005,400	\$1,195,498,800	\$1,197,790,200	\$1,162,987,200	\$1,151,376,900	\$1,152,462,400	\$1,194,784,900	\$1,178,401,100	\$1,166,392,200	\$1,066,134,900
Average Daily Membership (ADM) ⁽²⁾	1187	1225	1257	1275	1315	1315	1338	1313	1312	1299	1315	1316
Sitka Population	8,689	8,748	8,748	8,748	8,914	8,922	9,085	9,051	9,065	9,023	8,881	8,747
Local Funding (Governed by the Cap)												
General Fund Revenue	\$ 6,532,476	\$ 6,678,292	\$ 6,578,292	\$ 6,617,521	\$ 6,717,521	\$ 5,717,520	\$ 5,527,521	\$ 5,320,344	\$ 5,320,342	\$ 5,428,920	\$ 5,731,484	\$ 4,976,490
One time transfers from other funds	\$ -	\$ 300,000										
Secure Rural Schools-Per AAC 3 AAC 132.100 (SRS) ⁽³⁾	\$ -	\$ 245,916	\$ 258,859	\$ -	\$ -	\$ 376,042	\$ 400,254	\$ 226,799	\$ 536,675	\$ 575,457	\$ 719,861	\$ 809,778
City & Borough of Sitka Annual Contribution (RLC)⁽⁴⁾	\$ 6,532,476	\$ 7,224,208	\$ 6,837,151	\$ 6,617,521	\$ 6,717,521	\$ 6,093,562	\$ 5,927,775	\$ 5,547,143	\$ 5,857,017	\$ 6,004,377	\$ 6,451,345	\$ 5,786,268
Other School Expenditures Outside the Required Local Contribution												
Contracted Services (Community Schools, Student Travel, Pool)	\$ -	\$ -	\$ -	\$ -	\$ 272,483	\$ -	\$ -	\$ 140,392	\$ 140,392	\$ 143,257	\$ 150,796	\$ 146,400
Major Maintenance Reimbursement	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 139,956	\$ 138,802
Total Expenditures	\$ 6,682,476	\$ 7,374,208	\$ 6,728,292	\$ 6,767,521	\$ 7,140,004	\$ 6,243,562	\$ 6,077,775	\$ 5,837,535	\$ 6,147,409	\$ 6,297,634	\$ 6,742,097	\$ 6,071,470
Total Expenditure Per-Student (\$/Student)	\$ 5,630	\$ 6,020	\$ 5,353	\$ 5,308	\$ 5,430	\$ 4,748	\$ 4,542	\$ 4,446	\$ 4,684	\$ 4,847	\$ 5,127	\$ 4,613
Additional in-kind services provided to S	\$ 100,000	\$ 100,000	\$ 77,067									

(1) FVD – is the total taxable real and personal property taxbase for the City and Borough of Sitka for the fiscal year, two years prior to the current fiscal year.

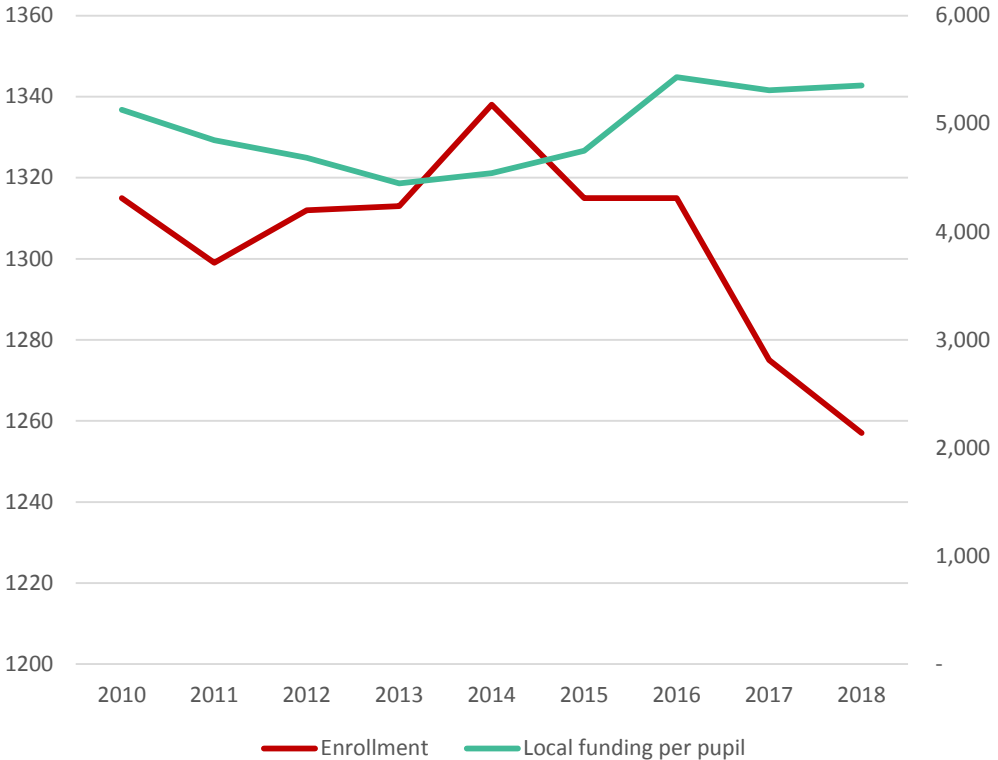
(2) ADM – is the average number of enrolled students during the 20-school day count period. The 20-school day count ends the fourth Friday of October. Reports are due within two weeks after the end of the 20-school day count period.

(3) SRS – Secure Rural Schools funding is also known as National Forest Receipts and has historically been appropriated by Congress; these funds must be appropriated by Congress and therefore are not included for FY20

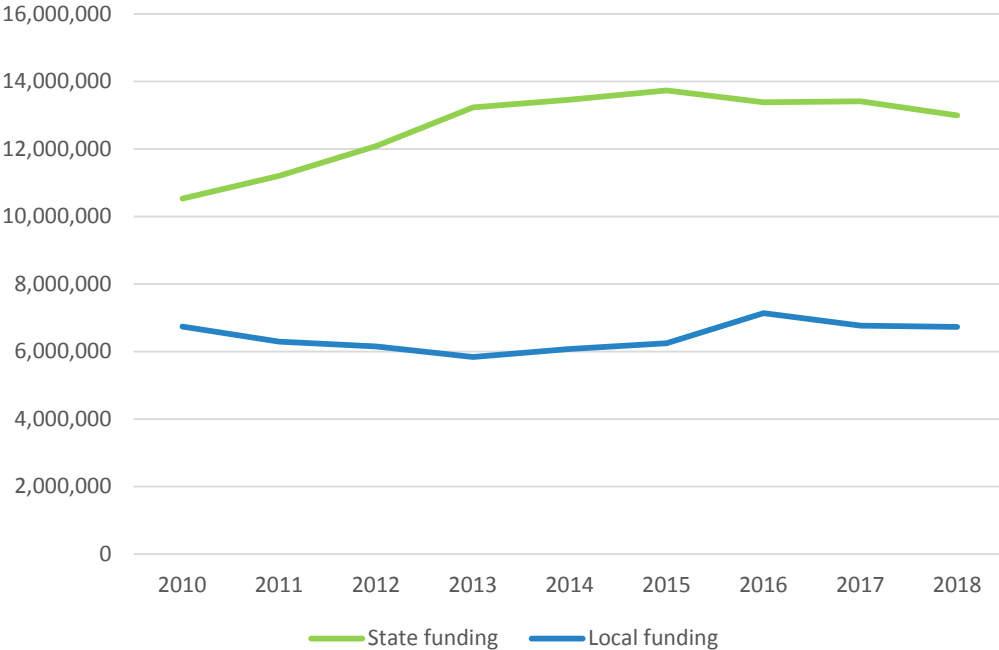
(4) RLC – is the school funding required local contribution, subject to the Maximum and the Minimum Annual Contribution Limits

Historical

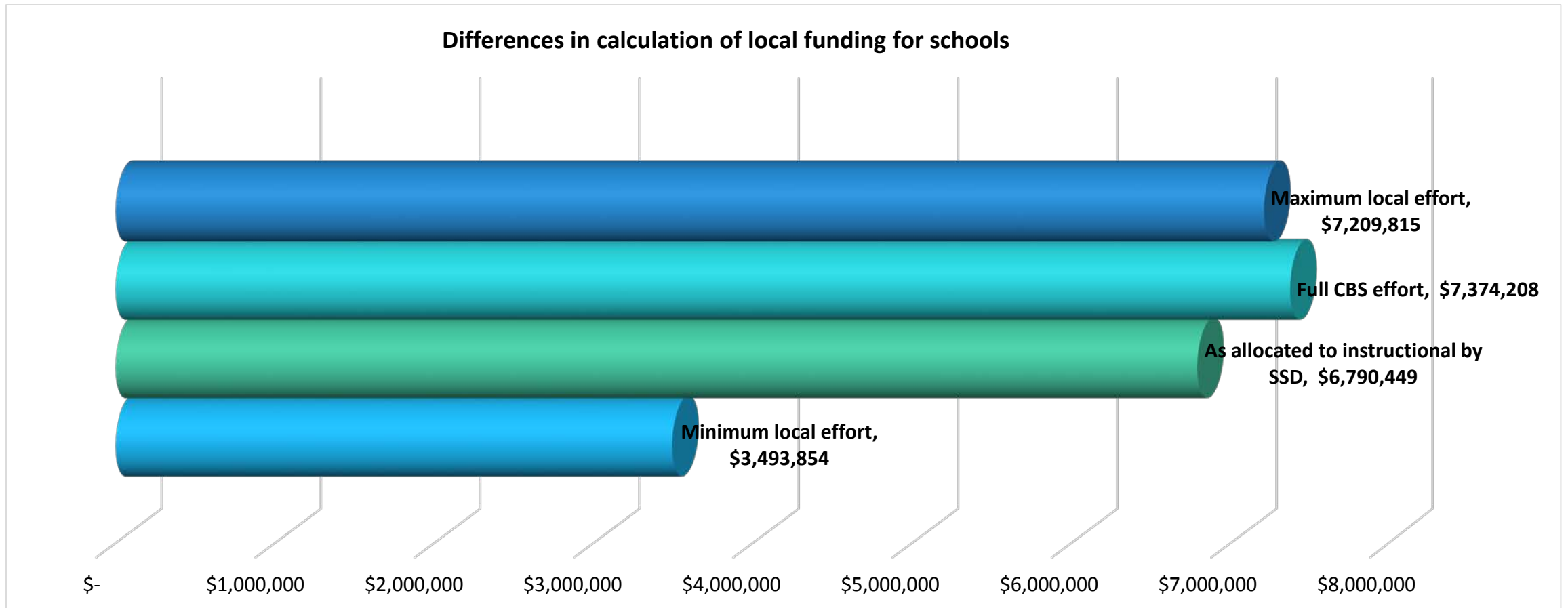
Local funding per pupil



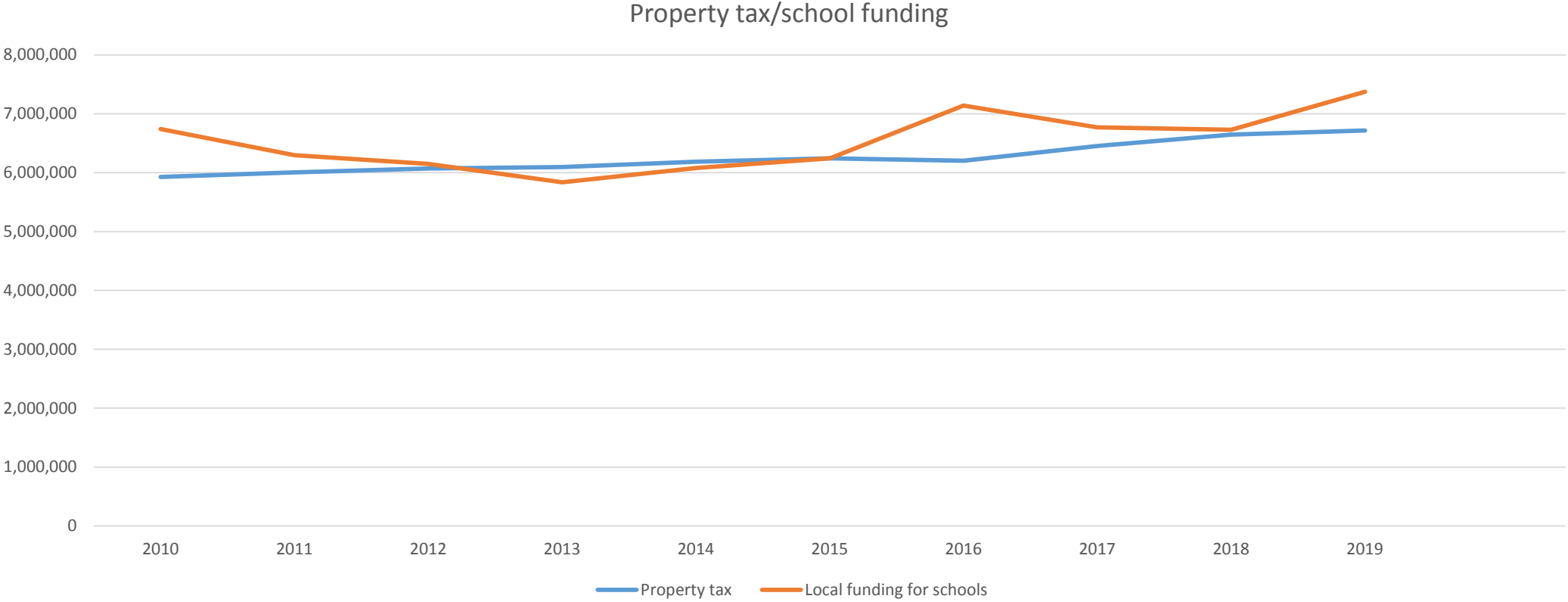
Local and state funding trends



Varying views of FY2019 Funding



Property tax



Possible future direction

As the single largest area of outlay, the level of school funding greatly impacts the General Fund budget. Early and clear direction on this matter can greatly facilitate the budget process for both the City and the School District:

An example is:

We direct the administrator to include school funding to be set at **92%** of the FY2020 maximum allowable local contribution (**\$6,532,476**) plus **\$150,000** to maintain the schools for a total outlay of **\$6,682,476**.

Other Options:

- The assembly could direct that all CBS funding aside from the \$150,000 be designated as instructional (which would preclude the use of this funding for Community Schools, the pool, and the PAC).
- The assembly could choose to include in-kind support as part of the municipality's local contribution as well.
- The assembly could choose to split SRS (if it comes in) with the SSD and provide that funding in addition to the base amount (and the assembly may or may not direct that it be included as part of the local contribution; or
- The assembly could use SRS to cover what is in the commitment above.