

Lake and Peninsula Borough



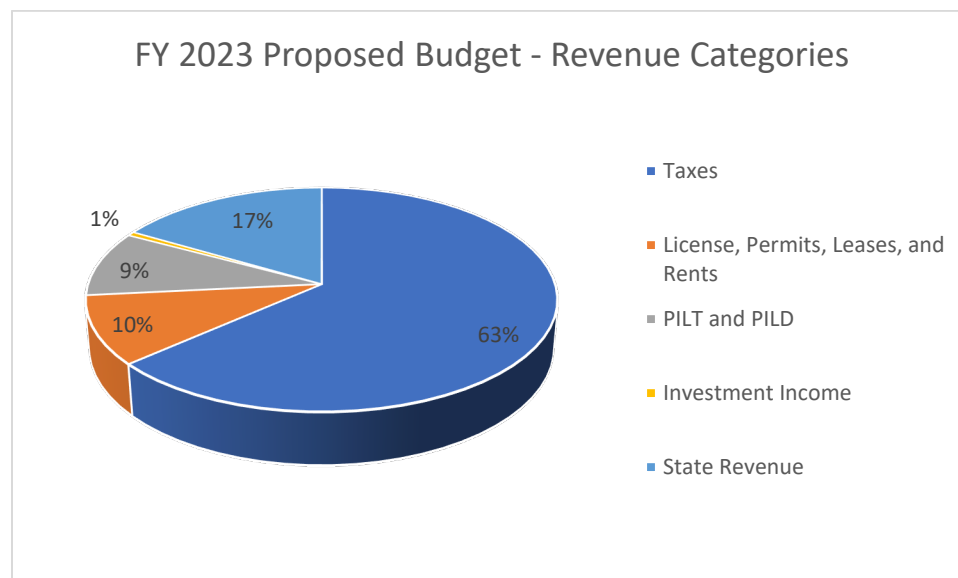
Proposed Annual Budget
Fiscal Year 2023

Introduction

Lake and Peninsula Borough is the size of the country of Ireland with seventeen communities and a total population of approximately 1604. The Borough was established in April 1989.

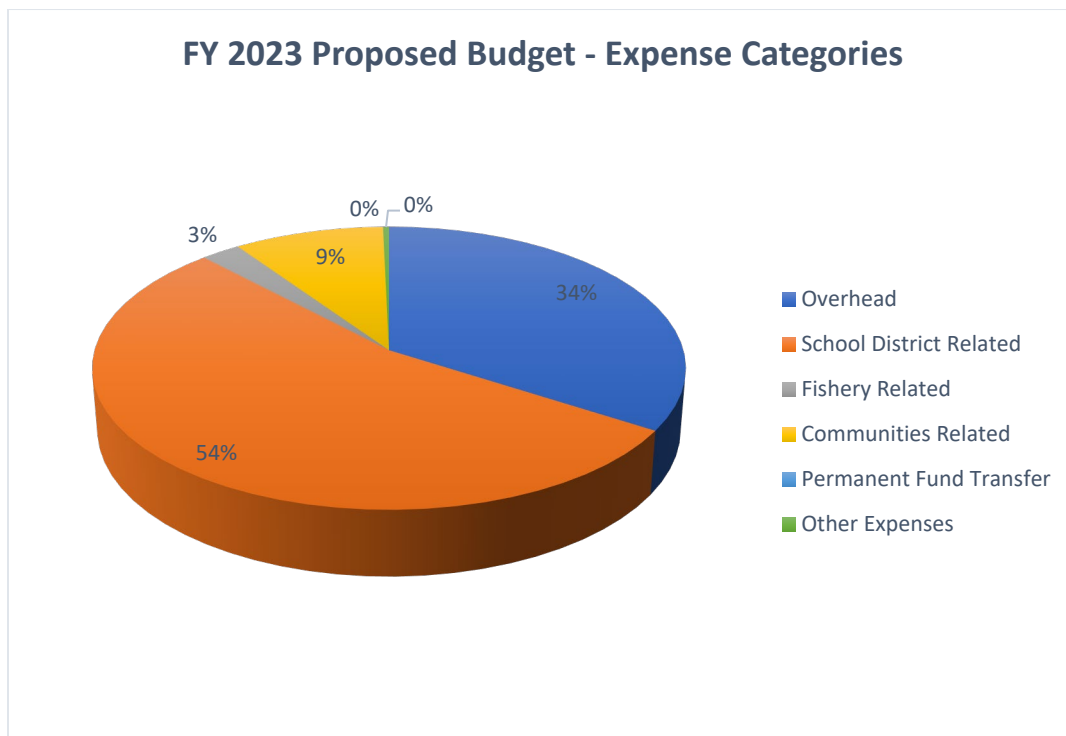
The revenue for the Borough is derived from five main areas. Those areas are:

1. **Taxes** – Raw Fish Tax, Bed Tax, and Guide Tax. These taxes represent **63.5% (\$2,704,000)** of the Borough's total revenue on an annual basis.
2. **License, Permits, Leases, and Rents** – These areas of revenue come from Business License, Permits, Development Permits, Land Use Permits, Teacher Housing Rents, and Land Leases. These areas of revenue represent **9.9% (\$422,222)** of the total Borough revenue on an annual basis.
3. **Payment in Lieu of Taxes (PILT) and Payment in Lieu of Development (PILD)** – These categories are in place of taxes that could be or could have been received. These revenue streams represent **9.4% (\$402,000)** of the Borough's total revenue on an annual basis.
4. **Investment Income** – This income is derived from interest and market gain/(loss) on the investment portfolio. This revenue represents **0.6% (\$25,000)** of the total annual revenue.
5. **State Revenue** – This is funds from the State of Alaska for community assistance (formerly Community Revenue Share), business tax, and fish tax. This revenue represents **16.6% (\$705,000)** of the Borough's total annual revenue. A portion of these funds (\$142,101) are pass through funds. The Borough receives the funds pass on to the unincorporated communities.

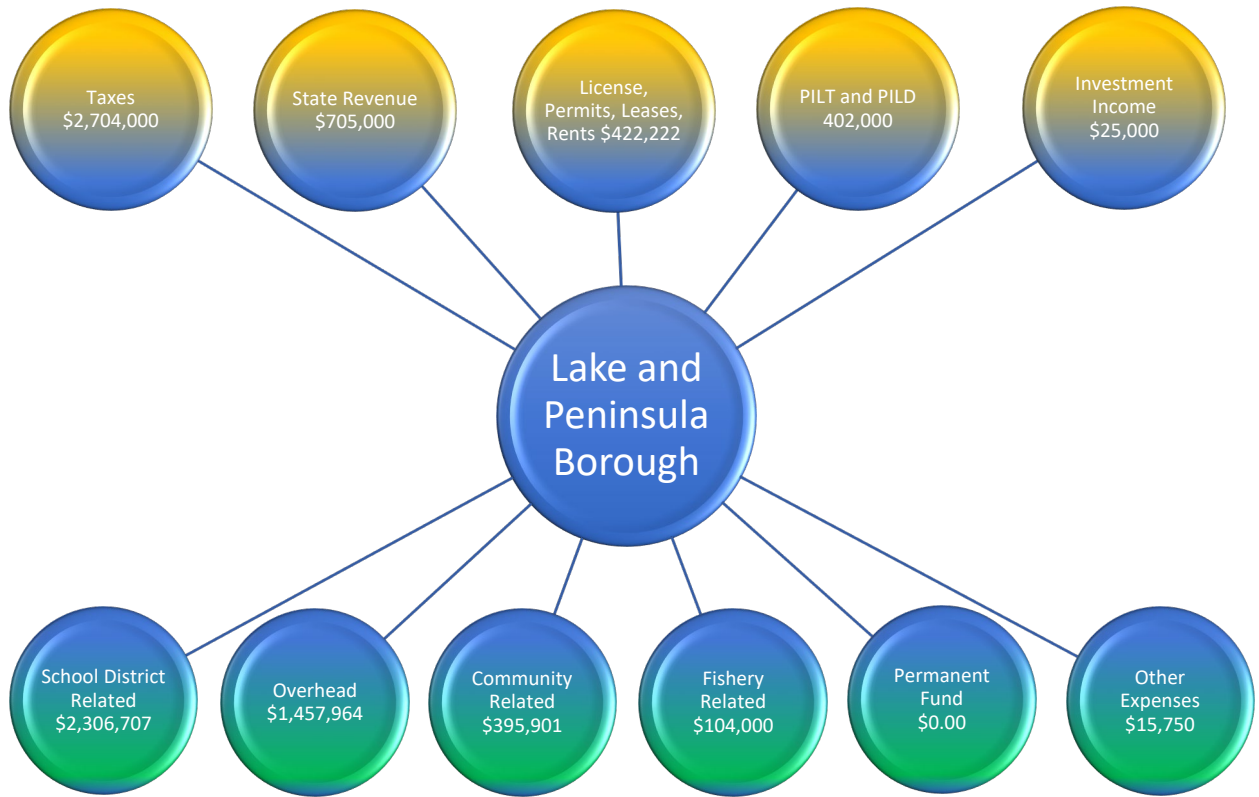


The Expenses of the Borough mainly go into six categories. These categories consist of:

1. **Overhead** – This includes Assembly, Planning Commission, Administration, and Election Expenses. Most consultants are expensed in the Administrative portion of the category. These expenses total **34.1%** of all expenses on an annual basis.
2. **School District** – These expenses include the annual allocation, Preschool transfer, CTE Program, and School Construction Bond Payment (Borough's Portion Only). This constitutes **53.9%** of all expenses.
3. **Fishery Related** – These expenses include a fishery consultant and an annual budget for the Board of Fish annual meetings. These expenses constitute **2.4%** of the total expenses.
4. **Communities Related** – These expenses include State Revenue passed through the Borough, Borough Revenue Share, Capital Project Fund, and Iliamna Barge Landing Maintenance. This constitutes **9.3%** of the total expenses.
5. **Permanent Fund Transfer** – There is a goal of the Borough to set aside 20% of the Raw Fish Tax on an annual basis to put into investments to generate a Permanent Fund for the residents of the borough. Due to not enough projected revenue this fiscal year, there is not a planned distribution to the transfer. This constitutes **0.0%** of the total expenses.
6. **Other Expenses** – This consists of contingency funds, donations, and other miscellaneous expenses. These expenses constitute **0.4%** of the total expenses.



Revenues

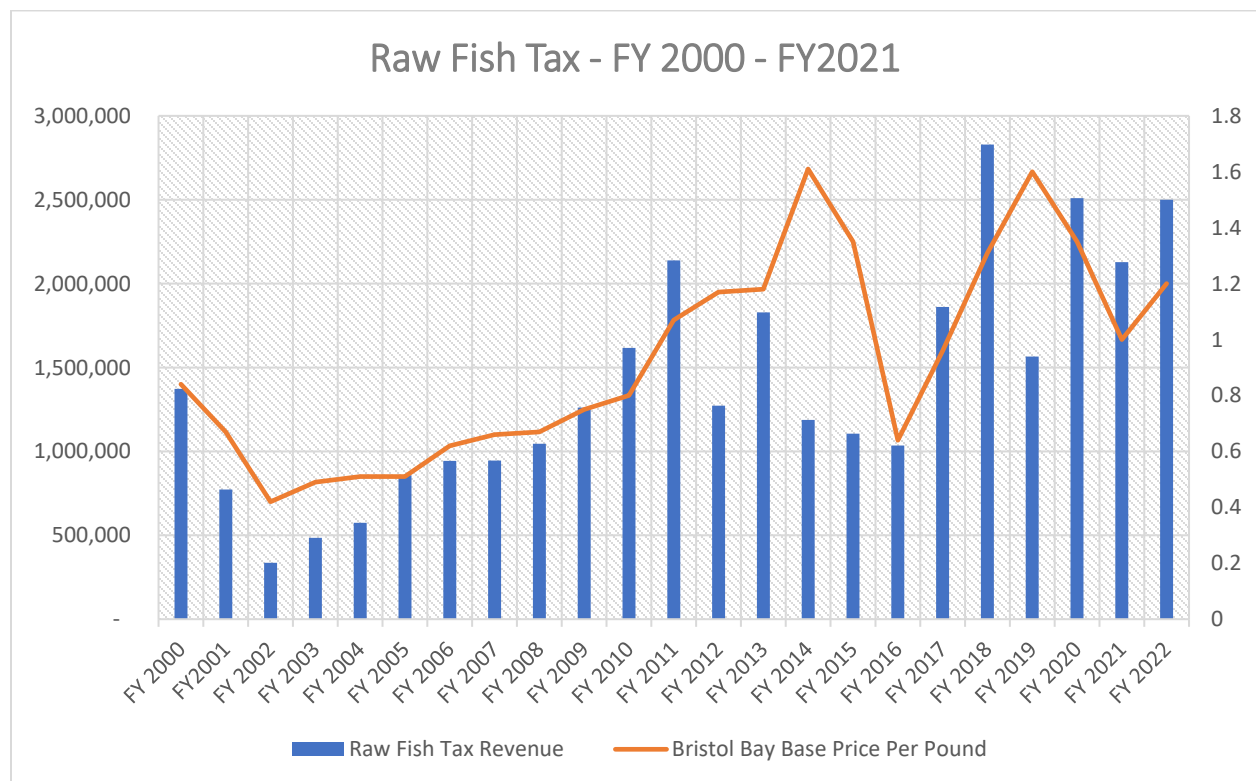


Expenses

Assumptions

Revenue

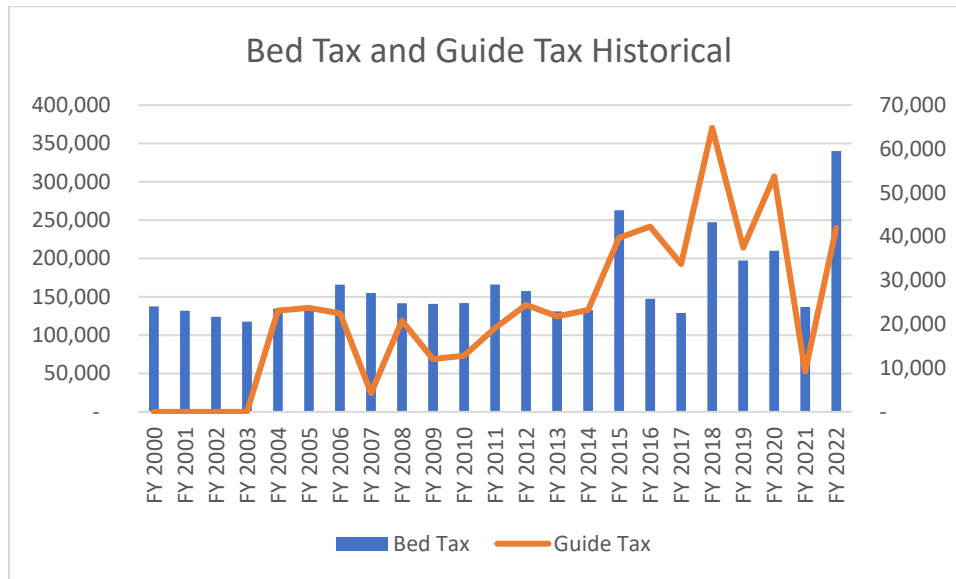
Raw Fish Tax: The assumption for the budget regarding Raw Fish Tax is that it will **Decrease** 8% (\$200,000) in revenue this year. The projection from the State of Alaska's Department of Fish and Game, Division of Commercial Fisheries is that the 2022 fishing season will be significantly larger than the 2021 fishing season for our areas. The projection is 47.4% higher than 2021. The income from the 2022 fishing season is what is collected in the 2023 Fiscal Year (July 1, 2022 – June 30, 2023). When factoring in the increase in the total fish and base price in FY 2022 (2021 season) and the fact that it is projected that the revenue from fish tax will meet the \$2.3MM budget, the increase in FY 2023 projected revenue is probable.



There are many factors that are uncontrollable when it comes to the actual Raw Fish Tax Revenue. Not only do the fish need to show up, they need to show up in the right places for Lake and Peninsula Borough's tax to be collectable. When the fish arrive, the other factor is what the processors are paying for the fish. As you can see in the chart above there is no controlled trend. Total revenues are up and down and not always correlating to price per pound.

Bed and Guide Tax: The assumption for Bed and Guide Tax for FY 2023 is to **Increase** 5.8% (\$22,000) from FY 2022 budget total. For the most part, these

taxes have increased systematically over the last few years, except in FY 2021, as the lodges and guides build their clientele base.



License and Permits: The budget assumes a **Hold** for the Licensing and Permitting.

Land Leases: Land Leases are assumed to **Decrease** this fiscal year. This is to reflect the leases that we have on hand.

Teacher Housing: Teacher Housing Rents are assumed to **Increase** by 3.6% (\$12,642) in FY 2023 due to the housing in Igiugig being completed and calculated into the rent amount. This rent is based on square footage of teacher housing. These funds are passed on to the School District in the calculation of the Borough's annual School Allocation.

Investment Portfolio: The assumption for income, both interest and market gain or loss, is an **Increase** of \$25,000. The interest is expected to decrease substantially due to the portfolio maturing and being rolled into investments with much lower returns. The interest income is projected at \$35,000 for the fiscal year.

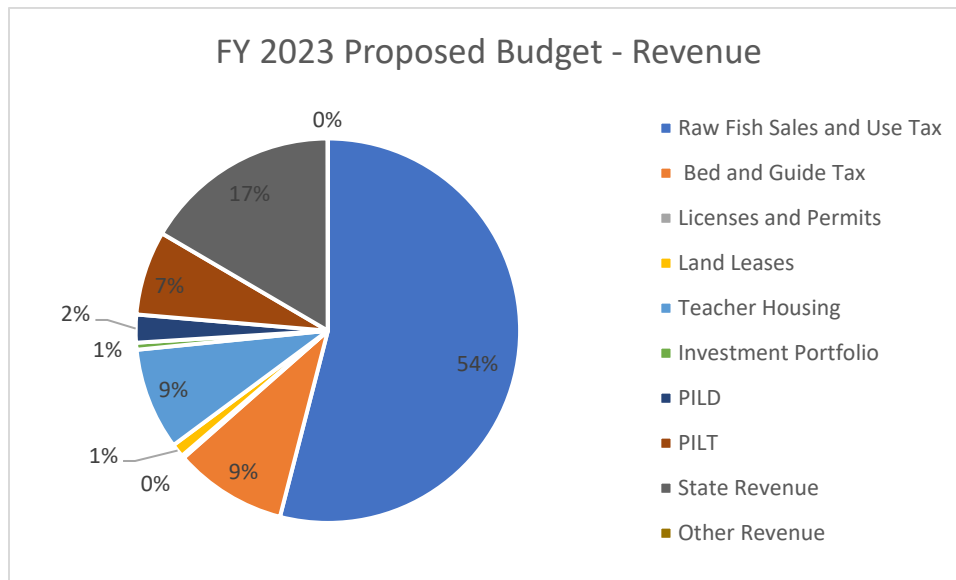
The other side of this equation is Market Gains and Losses. The assumption is that the Borough will lose \$10,000 of the market gains held inside of the Fixed Income investments (Certificates of Deposit and Government Agencies). This will continue as the investments reach their maturity and zero out all market gains.

Payment in Lieu of Development: Payment in Lieu of Development (PILD) is assumed to **Hold** for FY 2023. This is income from Pebble Limited Partnership to offset the costs incurred by the Borough for their presence in the Borough.

Payment in Lieu of Tax: The assumption for Payment in Lieu of Tax (PILT) by the Federal Government is to **Hold** in FY 2023. This is based on actual past payment levels.

State Revenue: The assumption for State Revenue is to **Decrease** 14.8% (122,900) for FY 2023. This will bring State Revenue back in line with its normal annual amount.

Total Revenue: Revenue is assumed to **Decrease** 5.9% (\$268,558) from FY 2022 to FY 2023.



Expenses

Assembly: The Assembly direct expenses are projected to **Increase** 20.4% (\$53,100) from the FY 2022 Budget. This is due to bringing back the pre-pandemic budget with more travel, per diem, and lodging for in person meetings.

Planning Commission: The Planning Commission direct expenses are projected to **Increase** 45.4% (\$7,988) from FY 2022. This is due to more in person meetings, causing an increase in transportation, per diem, and lodging.

Administration: The Administration direct expenses are projected to **Increase** by 4.3% (\$45,327). This is due to increases in payroll, travel, training, lodging, and per diem.

Elections: The direct expenses for Elections are projected to **Increase** 16.9% (\$1,021) from FY 2022.

School District: The projected expenses for the Lake and Peninsula School District (LPSD) are broken down into the following four areas:

1. Allocation – The annual allocation to the LPSD is projected to **Increase** 0.9% (\$12,642) in FY 2023 due to additional school housing lease payments. The total Allocation from the Borough is 52.3% of the Maximum Local Contribution allowed. This is up from 51.7% last fiscal year. The way the Allocation is calculated is as follows:

Required Amount (based on Property Value and Mil Rate)	409,178
Max Local Effort (based on Property Value and Mil Rate)	308,814
School Housing (paid to the Borough by the School District and the same amount is then added to the calculation for School District)	364,722
Extra (Used to be an amount that the Borough passed to the School District, and they passed back to the Borough. This was deemed not allowable by the State. The Borough continued funding this amount.)	271,021
Additional funding (Required and Max levels dropped but same amount of funding kept in place)	18,972
Total Allocation	1,372,707
<i>Maximum Local Contribution (maximum amount that can be contributed before state funding is decreased)</i>	2,623,481

2. Bond Payments – The annual portion of the School Construction Bond Payments the Borough is responsible for is projected to **Decrease** 7.4% (\$70,000). This is due to the budgeting a 50% reimbursement payment from the State of Alaska for FY 2023 along with a much lower interest rate on the bond.
3. CTE – The annual payment for the CTE Program is projected to **Hold** for FY 2023.

Iliamna Barge Landing Maintenance: The projected maintenance costs for the Iliamna Barge Landing is \$3,800. This is to be offset on the revenue side by the barge license fees in the Licenses and Permits category once land usage issues are worked out.

Borough Fisheries and Board of Fish: Borough Fisheries expense and Board of Fish Expense is projected to **Increase** 50.7% (\$35,000) for FY 2023 due to there being two Board of Fishery Meetings this year.

Donations: Donations are projected to **Hold**. The planned donations for FY 2023 are to King Salmon Visitor Center (\$5,000) and Southwest Alaska Municipal Conference (SWAMC) (\$750).

Manager's Contingency: The Manager's Contingency expense is projected to **Hold** for the FY 2023.

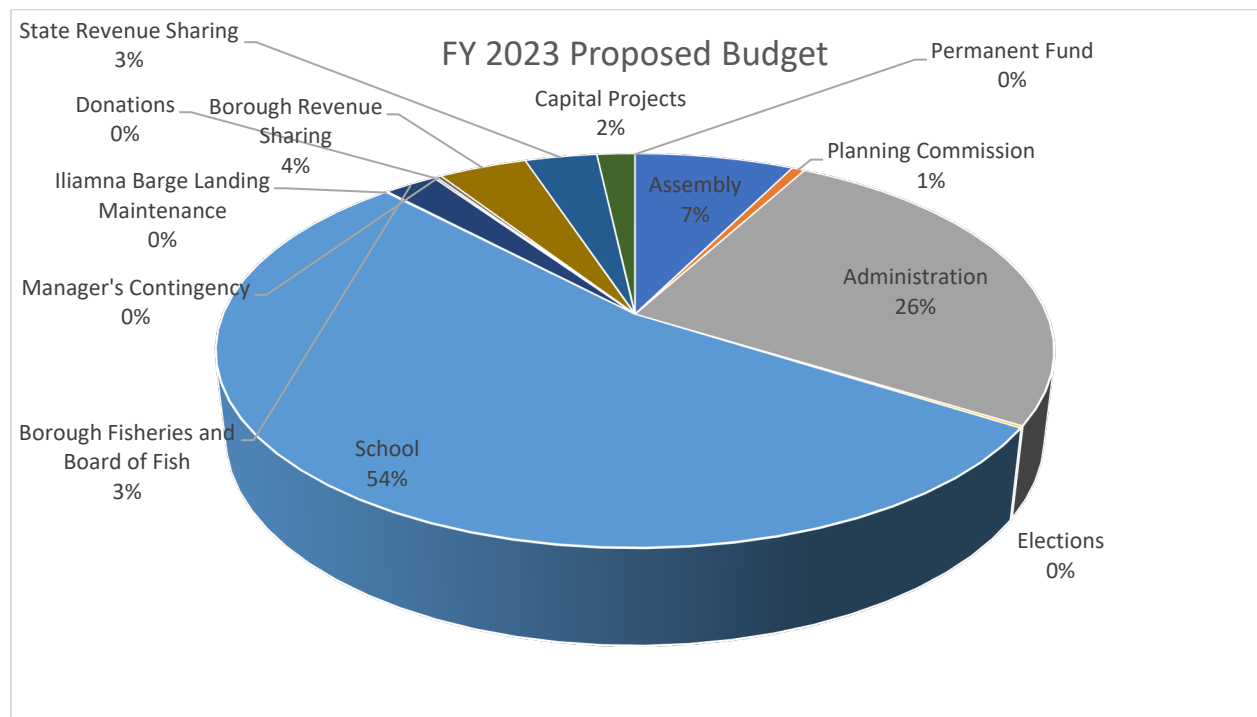
State Revenue Sharing: State Revenue Sharing is projected to **Hold** for FY 2023. This is a pass-through expense. The borough receives a revenue designated for the unincorporated communities typically in September.

Borough Revenue Sharing: Borough Revenue Sharing is projected to **Hold** for FY 2023.

Capital Projects: Capital Project Fund transfer is projected to **Increase** 7.1% (\$5,000) for FY 2023. These are the funds that are transferred to the Capital Project Fund (Fund 21) on an annual basis. This year's transfer is based on the number of communities in the borough that have not maxed out their held funds. There are currently 15 communities that are currently eligible to receive this transfer for FY 2023.

Permanent Fund: The Permanent Fund transfer is projected to **Decrease** for FY 2023 to \$0. The goal is to transfer 20% of the Raw Fish Tax collected to the Permanent Fund (Fund 61) on an annual basis. The actual amount is transferred after all calculations for amended returns are completed in the Year End Postings.

Total Expenses: Expenses are assumed to **Decrease** 5.0% (\$223,222) from FY 2022 to FY 2023. The main decrease is not budgeting for a transfer to the Permanent Fund which decreases the expenses in the amount of \$325,000.



Net Income/(Loss): The FY 2023 Budget is showing a loss of \$22,100.

Contingency

The Borough currently has \$5.6 Million (MM) in reserve held in the investment portfolio and Money Market Investment Account for liquidity needs.

Proposed Budget - Summary

	FY 2023 Proposed Budget	FY 2022 Approved Budget	Change \$	Change %
Revenue				
Taxes	2,704,000	2,882,000	(178,000)	-6.2%
License, Permits, Leases, and Rents	422,222	414,880	7,342	1.8%
PILT and PILD	402,000	402,000	-	0.0%
Investment Income	25,000	-	25,000	
State Revenue	705,000	827,900	(122,900)	-14.8%
Total Revenue	4,258,222	4,526,780	(268,558)	-5.9%
Expenses				
Assembly	314,000	260,900	53,100	20.4%
Planning Commission	25,577	9,689	15,888	164.0%
Administration	1,111,317	1,065,990	45,327	4.3%
Elections	7,070	6,049	1,021	16.9%
Total Expenses	1,457,964	1,342,628	115,336	8.6%
Other Expenses				
Maintenance	3,800	-	3,800	
Borough Fisheries	104,000	69,000	35,000	50.7%
Donations	5,750	5,750	-	0.0%
Contingency	10,000	10,000	-	0.0%
Community Related	392,101	387,101	5,000	1.3%
School Related	2,306,707	2,364,065	(57,358)	-2.4%
Transfer to Permanent Fund	0	325,000	(325,000)	-100%
Total Other Expenses	2,822,358	3,160,916	(338,558)	-10.7%
Net Gain/(Loss)	(22,100)	15,336	(37,436)	

Proposed Budget – Revenue Detail

Revenue	FY 2022 Approved Budget	Change from Year Prior Amount	Change from Year Prior Percentage	FY 2023 Proposed Budget
30011 Raw Fish Sales and Use Tax	2,500,000	(200,000)	-8.0%	2,300,000
30012 Bed Tax	340,000	20,000	5.9%	360,000
30019 Penalty and Interest (Tax)	-	-	0.0%	-
30021 Federal PILT	302,000	-	0.0%	302,000
30030 Licenses and Permits	9,000	-	0.0%	9,000
30031 Professional Guides	42,000	2,000	4.8%	44,000
30032 Development Permits	250	-		250
30033 Land Use Permits	250	-	0.0%	250
30039 Penalties and Interest (Permits)	300	(300)		-
30041 Teacher Housing Rents	352,080	12,642	3.6%	364,722
30044 Land Lease	53,000	(5,000)	-9.4%	48,000
30071 Interest (Investments)	45,000	(10,000)	-22.2%	35,000
30072 Market Gain/(Loss)	(45,000)	35,000	-77.8%	(10,000)
30090 Other Local Revenues	500	-	0.0%	500
30092 Payment in Lieu of Development	100,000	-	0.0%	100,000
30104 State Community Revenue Share	446,000	(21,000)	-4.7%	425,000
30115 State Fisheries Business Tax	332,000	(102,000)	-30.7%	230,000
30016 State Shared Fish Tax	10,000	-	0.0%	10,000
30120 Electric and Telephone COOP	400	100	25.0%	500
30139 Other State Revenue	39,000	-	0.0%	39,000
30159 Other Direct Federal Revenue	-	-	0.0%	-
Total Revenue	4,526,780	(268,558)	-5.9%	4,258,222

Proposed Budget – Expense Detail

	FY 2022 Approved Budget	Change from Year Prior Amount	Change from Year Prior Percentage	FY 2023 Proposed Budget
41100 Assembly				
351 Insurance - Life and Health	210,000	6,300	3.0%	216,300
354 Medicare Contribution	150	50	33.3%	200
355 PERS Retirement	700	700	100.0%	1,400
356 SBS Contribution	750	50	6.7%	800
435 Communications - Telecom	1,000	-	0.0%	1,000
441 Rentals	500	-	0.0%	500
454 Freight	100	-	0.0%	100
470 Food	1,000	7,500	750.0%	8,500
481 Transportation	18,000	32,000	177.8%	50,000
482 Registration/Tuition	200	-	0.0%	200
484 Stipends	11,000	2,000	18.2%	13,000
485 Per Diem	9,000	3,000	33.3%	12,000
486 Lodging	8,000	1,500	18.8%	9,500
491 Dues and Fees	500	-	0.0%	500
Total Assembly	260,900	53,100	20.4%	314,000

	FY 2022 Approved Budget	Change from Year Prior Amount	Change from Year Prior Percentage	FY 2023 Proposed Budget
41300 Planning Commission				
354 Medicare Contribution	62	-	0.0%	62
356 SBS Contribution	265	-	0.0%	265
455 Postage	62			50
470 Food	100	1,100	1100.0%	1,200
481 Transportation	5,600	6,400	114.3%	12,000
484 Stipends	4,100	(600)	14.6%	3,500
485 Per Diem	4,000	500	12.5%	4,500
486 Lodging	3,400	600	17.6%	4,000
Total Planning Commission	9,689	7,988	45.4%	25,577

Proposed Budget – Expense Detail

	FY 2022 Approved Budget	Change from Year Prior Amount	Change from Year Prior Percentage	FY 2023 Proposed Budget
Administration				
310 Salaries - Full Time Staff	475,000	13,000	2.7%	488,000
351 Insurance - Life and Health	136,710	4,101	3.0%	140,811
354 Medicare Contribution	7,000	76	1.1%	7,076
355 PERS Retirement	108,000	-	0.0%	108,000
356 SBS Contribution	30,000	-	0.0%	30,000
357 PERS Salary Floor Contribution	3,500	(1,000)	-28.6%	2,500
399 Other Employee Benefits	1,000	-	0.0%	1,000
412 Auditing and Accounting	27,700	300	1.1%	28,000
414 Legal Services	6,500	500	7.7%	7,000
415 Advertising	100	-	0.0%	100
419 Lobbyist	56,500	-	0.0%	56,500
420 Technical Support	20,500	(10,000)	-48.8%	10,500
422 Consultants	65,000	(15,000)	-23.1%	50,000
431 Electricity	2,600	600	23.1%	3,200
433 Water and Sewage	330	-	0.0%	330
435 Communications - Telecom	12,500	(4,000)	-32.0%	8,500
436 Communications - Internet Services	14,000	2,000	14.3%	16,000
440 Other Purchased Services	4,000	10,400	260.0%	14,400
441 Rentals	3,100	100	3.2%	3,200
443 Office Equipment	3,000	2,000	66.7%	5,000
444 Site Repair and Maintenance	250	250	100.0%	500
445 Insurance and Bond Premiums	14,000	1,500	10.7%	15,500
451 Office Supplies	3,500	1,000	28.6%	4,500
452 Computer Hardware/Software	28,000	-	0.0%	28,000
453 Office Rental	-	500		500
454 Freight	200	100	50.0%	300
455 Postage	1,000	500	50.0%	1,500
465 Vehicle Expense	500	500	100.0%	1,000
470 Food	500	500	100.0%	1,000
481 Transportation	10,000	25,000	250.0%	35,000
482 Registration/Tuition	1,500	3,500	233.3%	5,000
485 Per Diem	6,000	4,000	66.7%	10,000
486 Lodging	7,000	3,000	42.9%	10,000
491 Dues and Fees	4,800	900	18.8%	5,700
496 Bank Fees/Charges	11,500	1,000	8.7%	12,500
499 Miscellaneous Expenses	200	-	0.0%	200
Total Administration	1,065,990	45,327	4.3%	1,111,317

	FY 2022 Approved Budget	Change from Year Prior Amount	Change from Year Prior Percentage	FY 2023 Proposed Budget
41500 Elections				
414 Legal Services	1,050			250
415 Advertising	820	-		820
420 Technical Support	200	-		200
422 Consultants	1,000			1,000
451 Office Supplies	2,300	-		2,300
452 Computer Hardware/Software				750
454 Freight	-	-		-
455 Postage	1,729	71		1,800
470 Food	-	-		-
491 Dues and Fees	-	200		200
Total Elections	6,049	1,021	16.9%	7,070

Proposed Budget - Other Expenses Detail

	FY 2022 Approved Budget	Change from Year Prior Amount	Change from Year Prior Percentage	FY 2023 Proposed Budget
42200 Iliamna Barge Ramp Maint				
458 Construction Services	-	3,800	0.0%	3,800
Total Iliamna Barge Ramp Maint	-	3,800	0.0%	3,800
43100 Borough Fisheries				
422 Consultants	44,000	10,000	22.7%	54,000
Total Borough Fisheries	44,000	10,000	22.7%	54,000
43110 Board of Fish				
440 Other Purchased Services	610	(110)	-18.0%	500
441 Rentals	5,950	(4,950)	-83.2%	1,000
481 Transportation	6,500	13,900	213.8%	20,400
484 Stipends	1,500	1,500	100.0%	3,000
485 Per Diem	-	10,000		10,000
486 Lodging	10,440	4,660	44.6%	15,100
Total Board of Fish	25,000	25,000	100.0%	50,000
44000 Donations				
493 Donations	5,750	-	0.0%	5,750
Total Donations	5,750	-	0.0%	5,750
46000 Manager's Contingency				
549 Managers Contingency	10,000	-	0.0%	10,000
Total Manager's Contingency	10,000	-	0.0%	10,000
49200 State Revenue Sharing				
104 State Revenue Sharing	142,101	-	0.0%	142,101
Total State Revenue Sharing	142,101	-	0.0%	142,101
49400 Borough Revenue Sharing				
106 Borough Revenue Sharing	175,000	-	0.0%	175,000
Total Borough Revenue Sharing	175,000	-	0.0%	175,000
49800 Other Financing Uses				
553 Transfer to Debt Service	950,000	(70,000)	-7.4%	880,000
554 Transfer to Capital Project Fund	70,000	5,000	7.1%	75,000
557 Transfer to Permanent Fund	325,000	(325,000)	-100.0%	-
558 Transfer to Chignik Dock	-	-		-
590 Transfer to Component Unit	1,360,065	12,642	0.9%	1,372,707
591 Transfer to Vo-Tech Program	54,000	-	0.0%	54,000
592 Transfer to PreSchool Fund	-	-		-
Total Other Financing Uses	2,759,065	(377,358)	-13.7%	2,381,707

Total Revenue	4,526,780	(268,558)	-5.9%	4,258,222
Total Operational Expenses	1,350,528	115,336	8.6%	1,457,964
Total Other Revenue	-	-		-
Total Other Expenses	3,160,916	(338,558)		2,822,358
Net Income/(Loss)	15,336	(45,336)	-195.1%	(22,100)