

FY 2026 Budget

Petersburg Borough



Work Session Overview

- General Fund
- School Funding
- Fund Balance
 - Secure Rural Schools Fund
 - General Fund
- Balancing the General Fund Budget
- Borough Debt
- Aquatic Center Project
- Road Maintenance
- Enterprise Funds
- Motor Pool

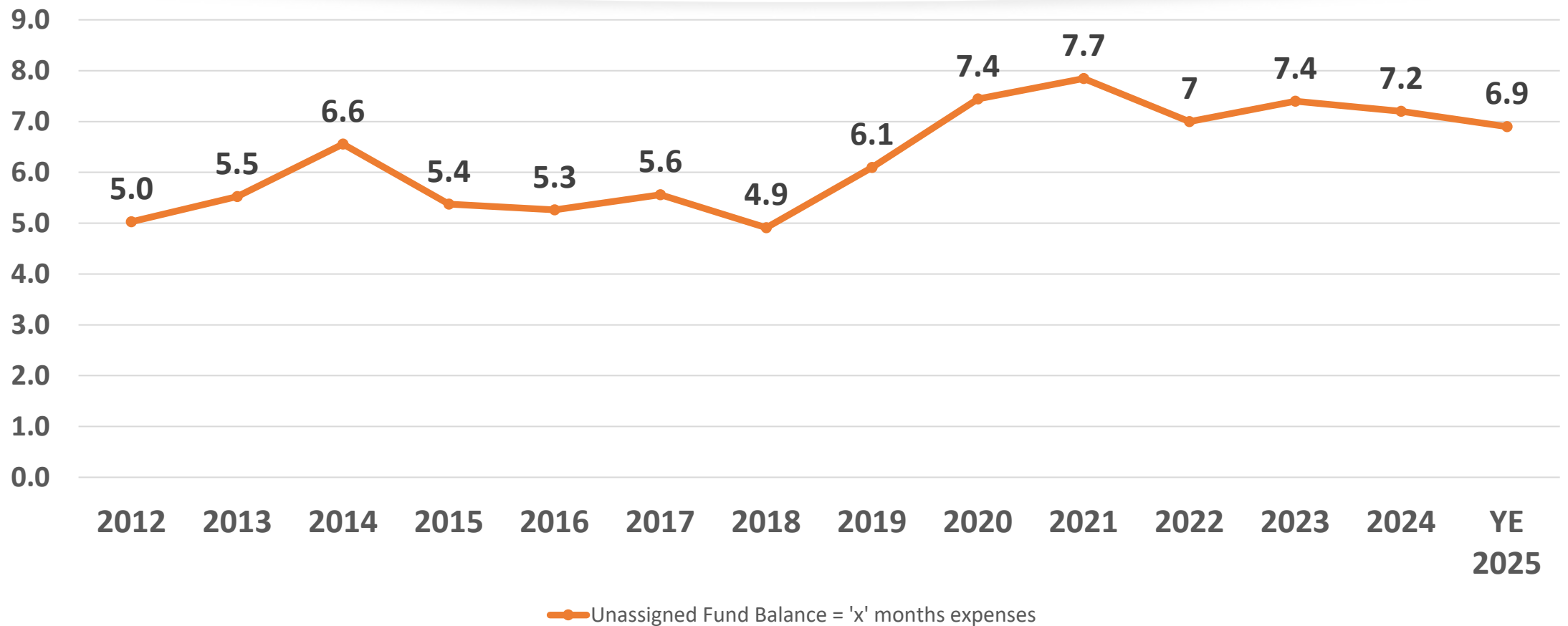
General Fund Balanced Budget

- Proposed General Fund Budget is balanced with a \$24,168 Surplus.
- Total FY26 expenses are 1% higher than the original FY25 budget expenses.
- How was the Budget balanced?
 - Increased Property Tax Revenue
 - Departments kept expenses as low as possible
 - Decreased School Funding from prior year.

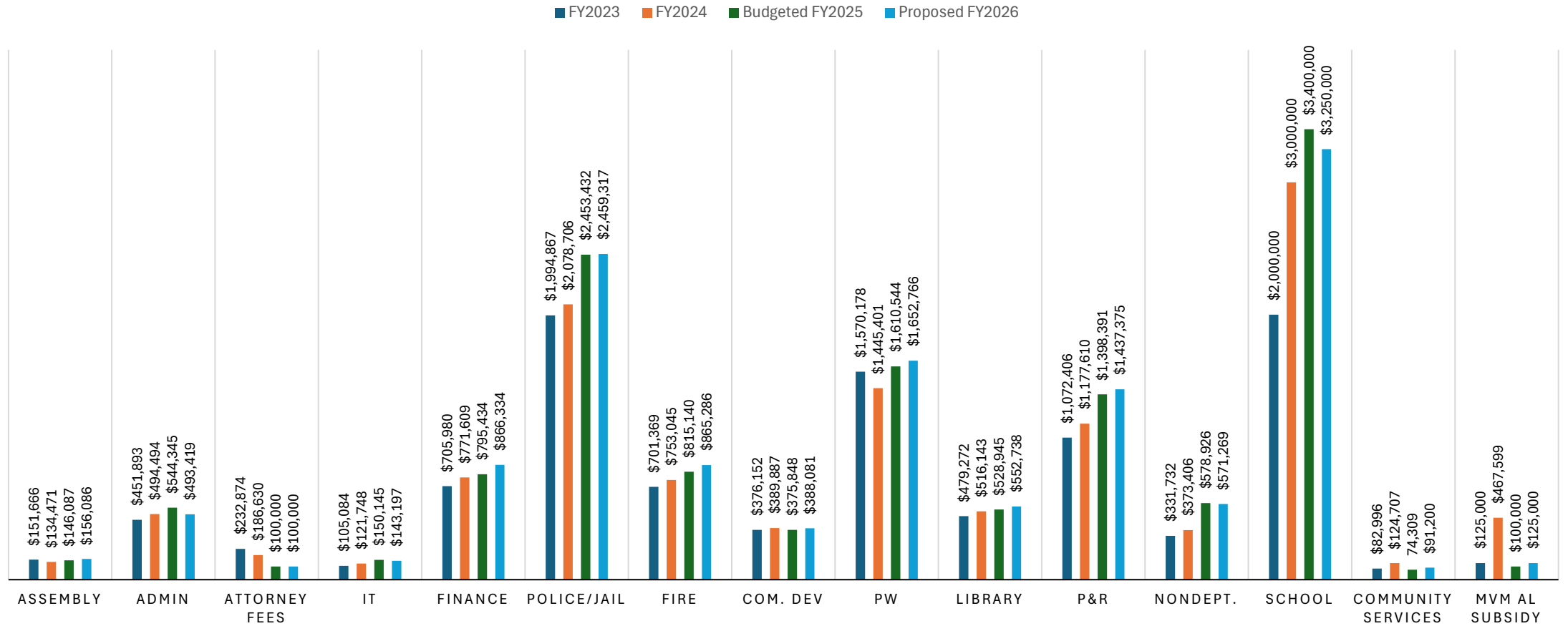
General Fund Challenges

- Sales tax revenue growth slowing down.
- Sales tax proposition did not pass last fall to help increase sale tax revenue.
- All sales tax exemption changes must be voted on by the public
- Secure rural schools funding ended
- Property Tax is near the 10 mill cap
- Inflation and increasing labor contract costs

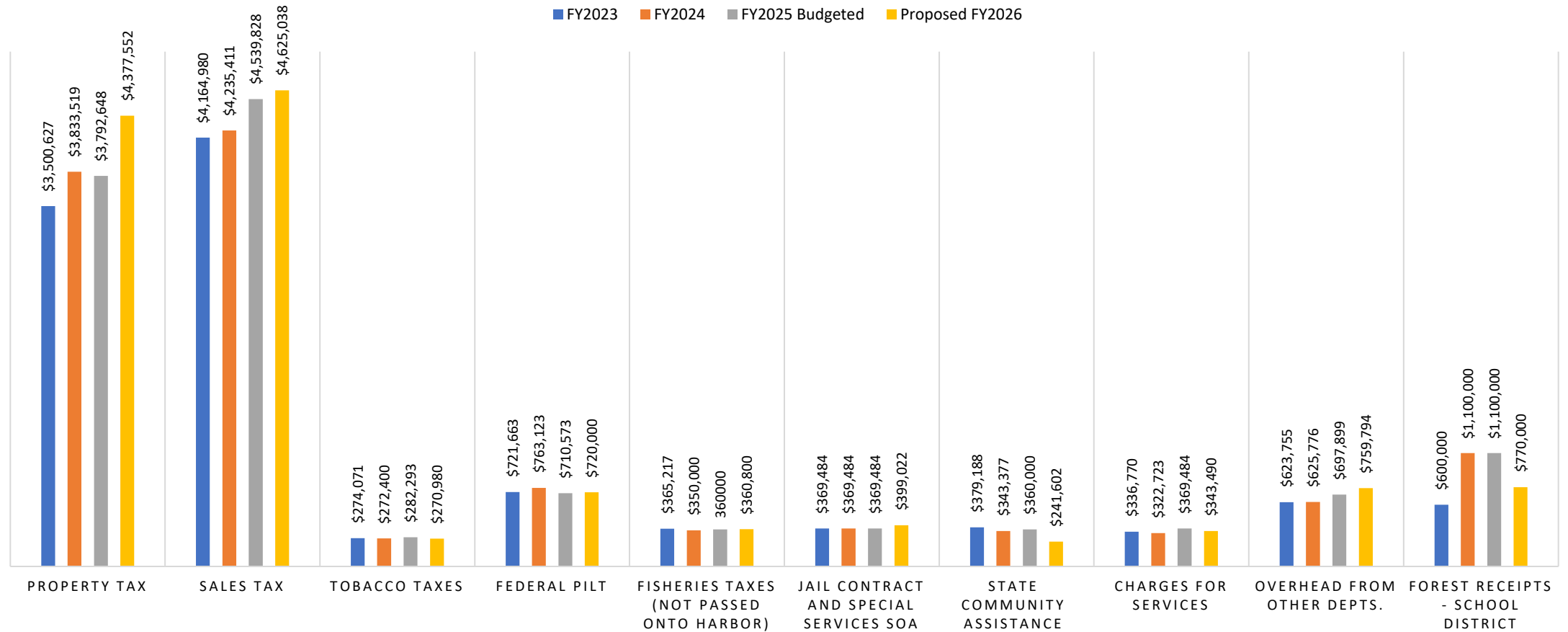
General Fund Balance Policy – Retain unassigned reserves between 4-6 months of operating expenses.



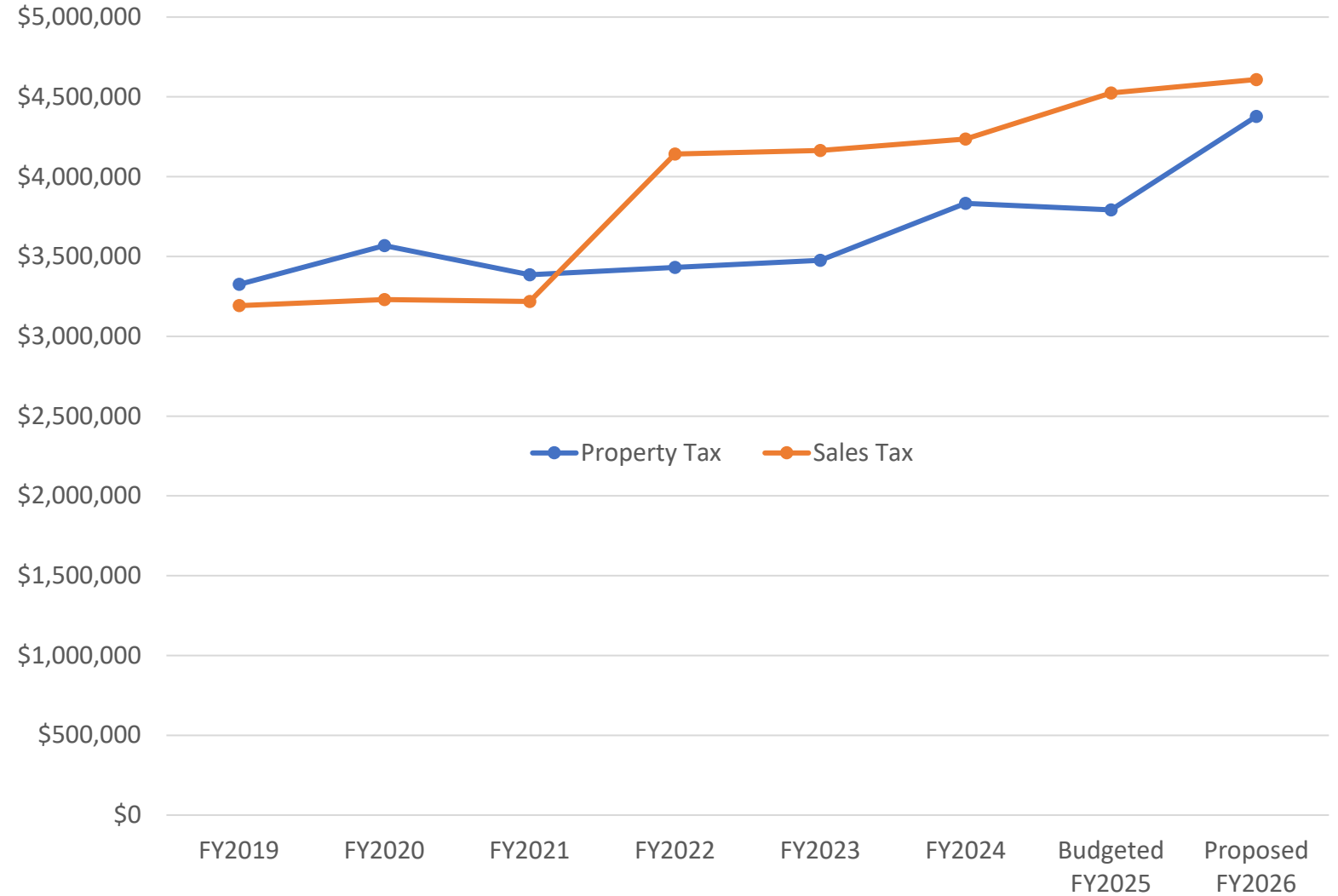
General Fund Expenses



General Fund – Main Revenues



Property & Sales Tax Revenue



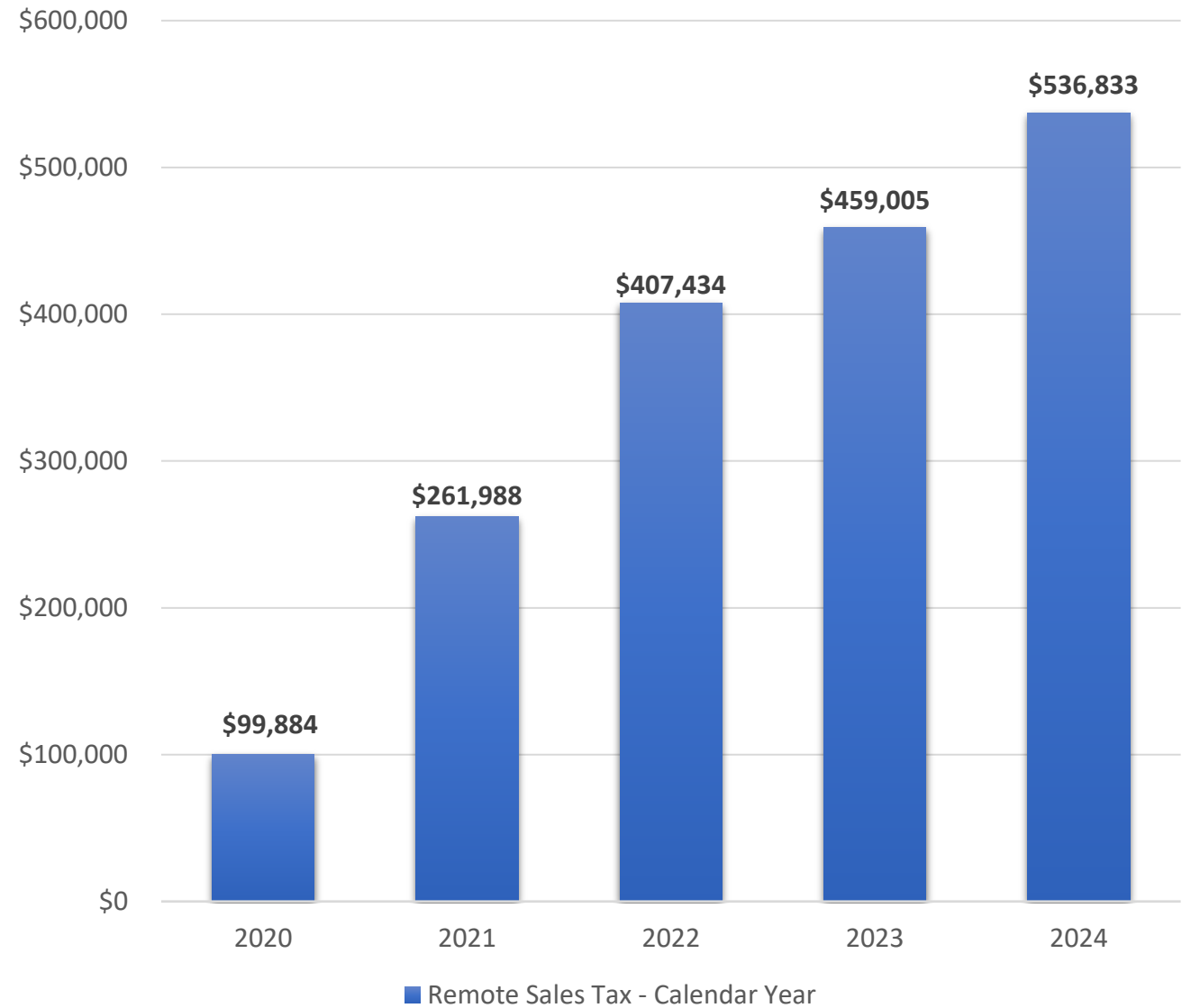
Property Tax – Areawide

	2024 Mill Rate	2025 Mill Rate		
Areawide – Education	4.2 mills	4.4 mills	This will generate approx. \$1,957,926 in property tax revenue that will go directly to the School District	
Areawide – Debt Service - School Project Bond	N/A	.6 mills	This will generate approx. \$267,000 that will pay for the bond payments in FY2026 for the new school bond.	
Total Areawide Mill Rate	4.2 Mills	5 Mills		

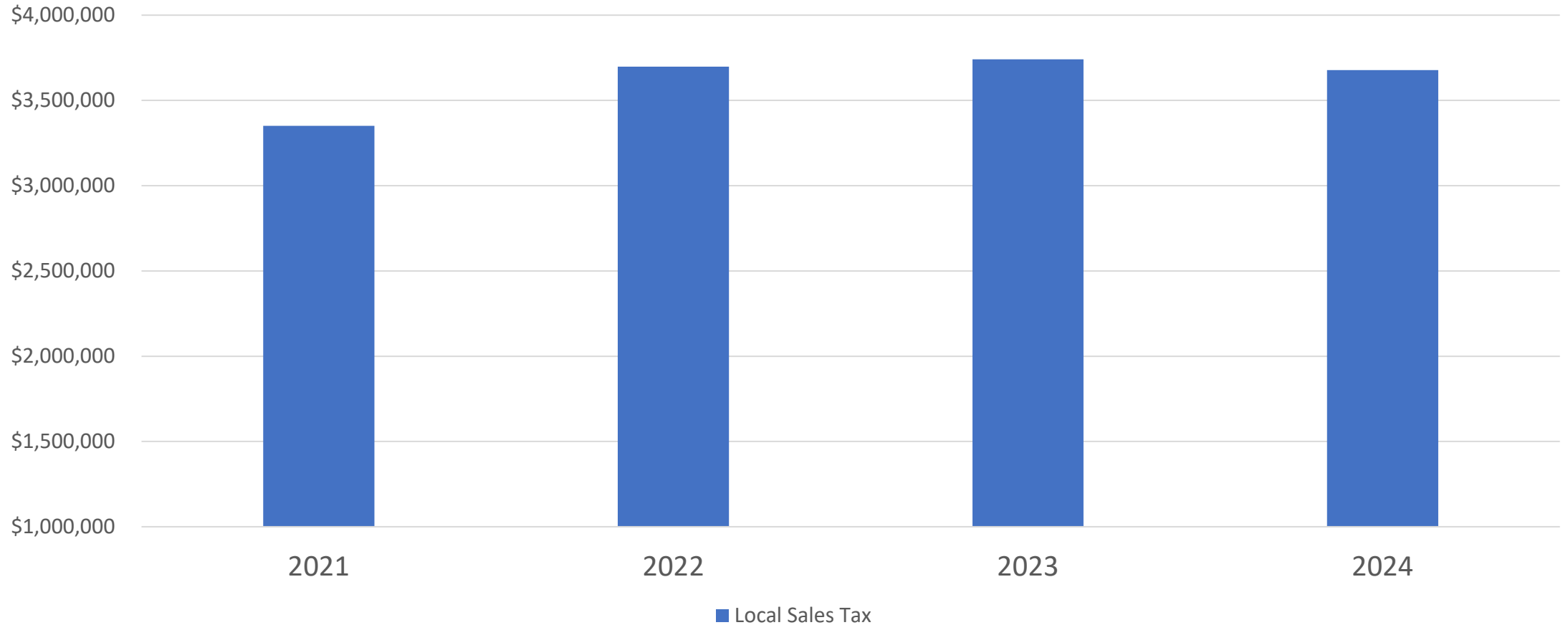
Property Tax – Service Area 1

	2024 Mill Rate	2025 Mill Rate	
Areawide – Education	4.2 mills	4.4 mills	This will generate approx. \$1,980,000 in property tax revenue that will go directly to the School District
Areawide – Debt Service – New School Capital Project GO Bond	N/A	.6 mills	This will generate approx. \$267,000 that will pay for the bond payments in FY2026 for the new school bond.
Service Area 1 Other Expenses	4.7 mills	5.4 mills	Other General Fund Expenses
Service Area 1 Debt Service	1.1 mills	.4 mills	GO Bonds for Aquatic Center, Voc. Ed Building, and Library
Total Service Area 1 Mill Rate	10 Mills	10.8 Mills	

Remote Sales Tax Collection



Local Sales Tax Collected

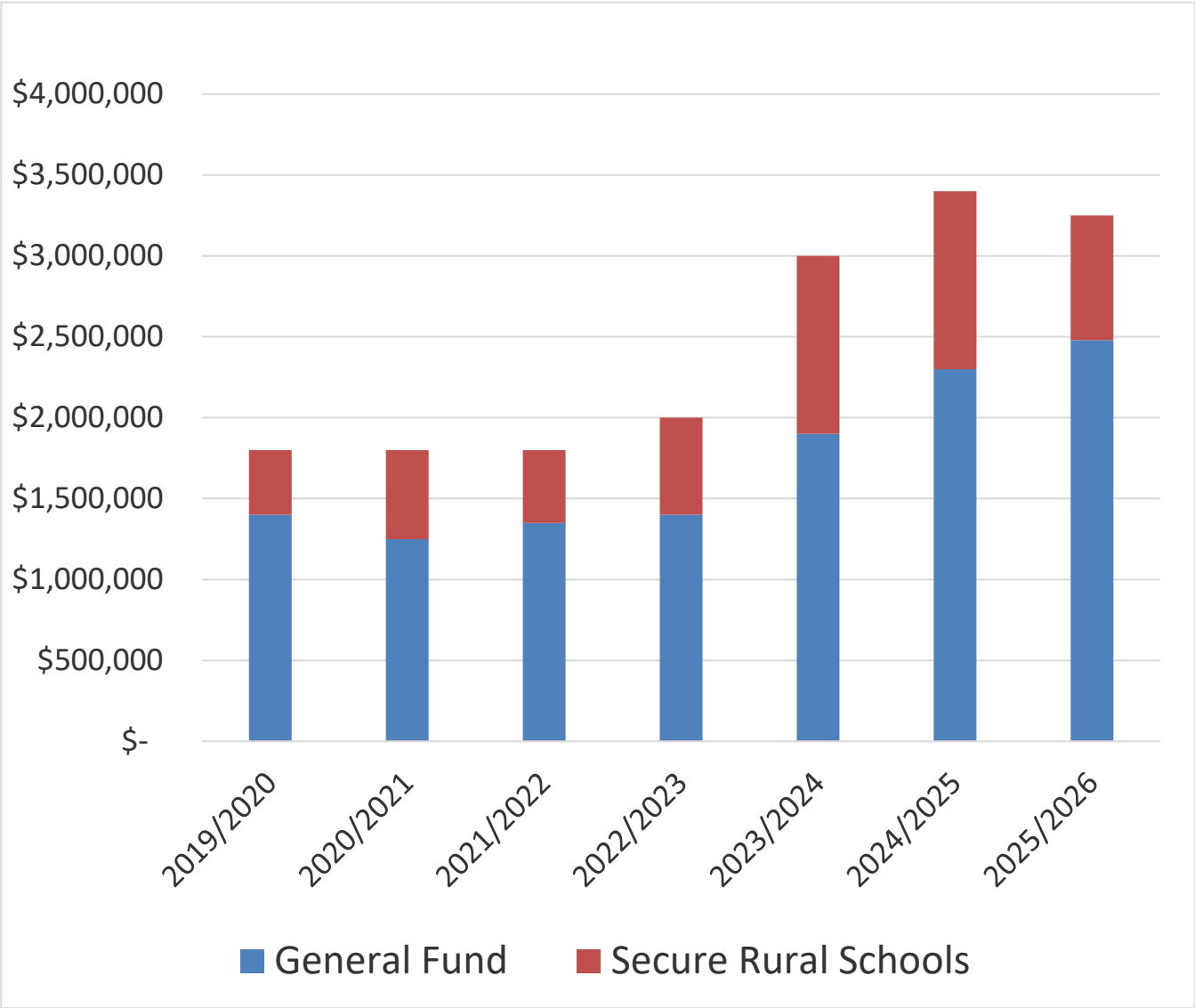


Community Services

	Organization	FY 2022	FY 2023	FY 2024	FY 2025	Included in FY26 Proposed Budget
General Fund	KFSK Radio	\$35,000	\$35,000	\$35,000.	\$31,500.	\$31,500
	Mountain View Food Services	\$10,500	\$11,500	\$42,800.	\$38,509.	\$42,800.
	Humanity in Progress	0	\$17,000 (ARPA Grant)	0	\$0	\$12,000.
Transient Room Tax Fund	Chamber of Commerce/Visit or Center	\$45,000	\$50,000	\$50,000.	\$75,000. – includes \$20,500 for building repairs.	\$55,000.
	Clausen Museum	\$32,000	\$32,000	\$42,000.	\$42,000.	\$42,000.

School Funding for FY26 Currently in Proposed Budget

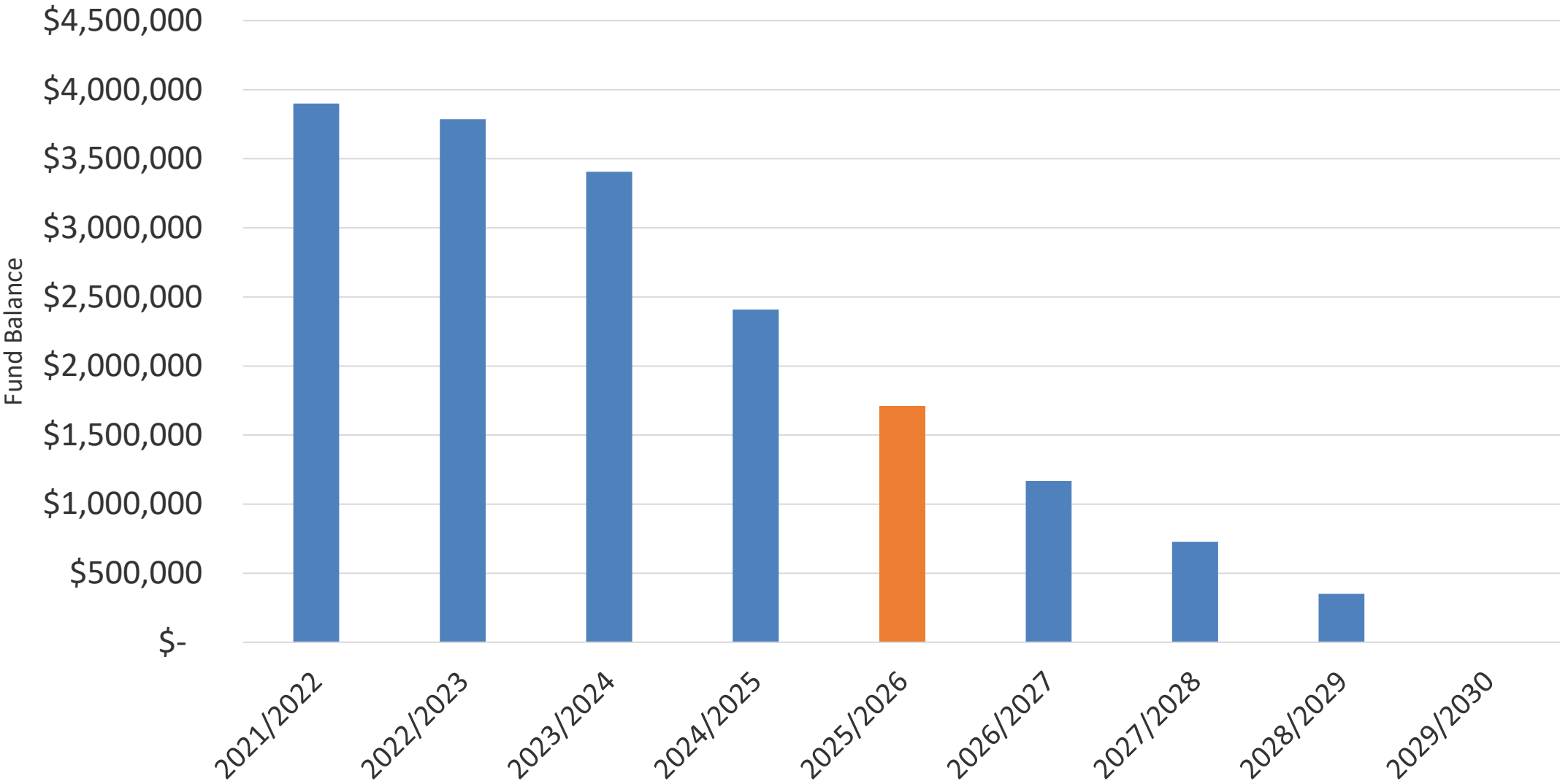
- \$3,250,000 Local Contribution
- \$90,000 – Parks and Recreation is continuing to budget from prior year half of the School District’s electric expense at the Aquatic Center for the Boilers



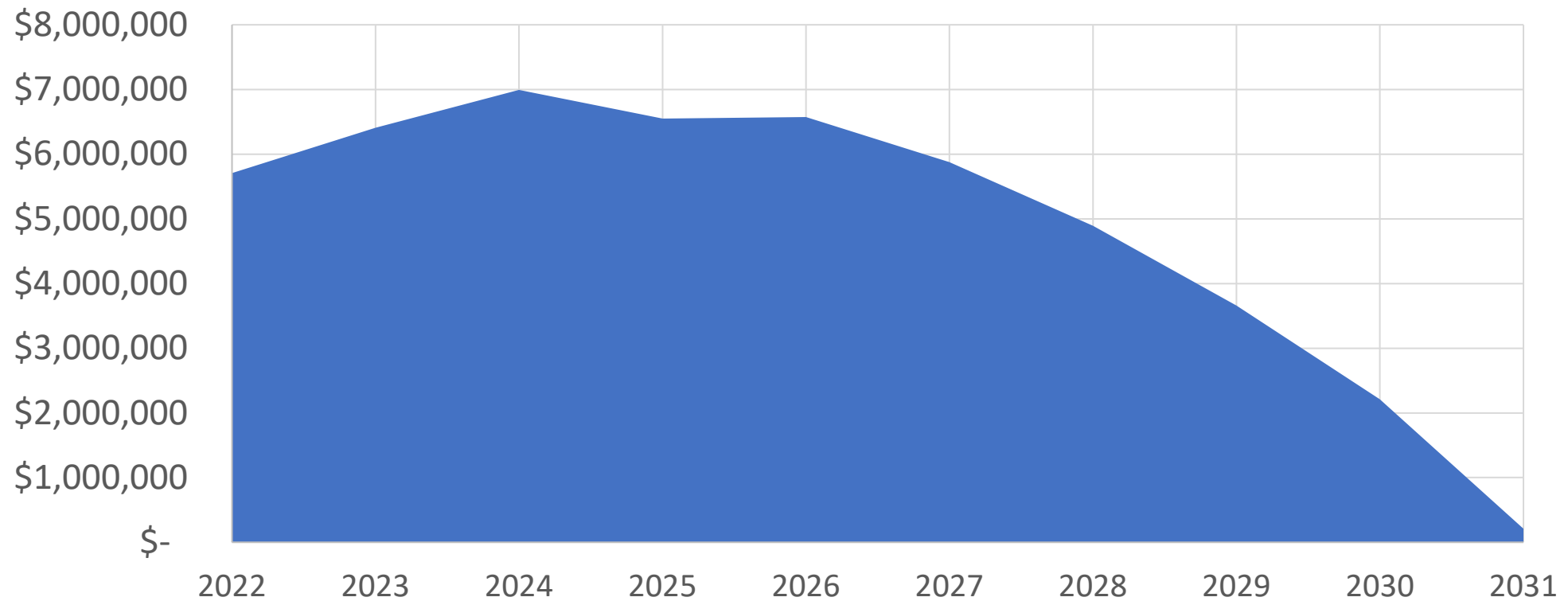
Fiscal Year	Local Contribution to the School District	General Fund	Secure Rural Schools - Forest Receipts	% SRS
2017/2018	\$ 1,800,000	\$ 1,400,000	\$ 400,000	22%
2018/2019	\$ 1,800,000	\$ 1,400,000	\$ 400,000	22%
2019/2020	\$ 1,800,000	\$ 1,400,000	\$ 400,000	22%
2020/2021	\$ 1,800,000	\$ 1,250,000	\$ 550,000	31%
2021/2022	\$ 1,800,000	\$ 1,350,000	\$ 450,000	25%
2022/2023	\$ 2,000,000	\$ 1,400,000	\$ 600,000	30%
2023/2024	\$ 3,000,000	\$ 1,900,000	\$ 1,100,000	37%
2024/2025	\$ 3,400,000	\$ 2,300,000	\$ 1,100,000	32%
2025/2026	\$ 3,250,000	\$ 2,480,000	\$ 770,000	24%

Local Contribution to School District

Secure Rural Schools Fund Balance at end of FY26 - \$1.7 Million



General Fund Balance



Ways to Continue to Balance the General Fund Budget

- Increase Property Taxes (10 mill cap)
- ~~Increase the use of the Secure Rural Schools Fund~~
- Fisheries Business Tax
- Cut Expenses/Personnel/Services
- Use Reserves – not sustainable
- Modify Sales Tax Exemptions (Must go to the voters)
- Areawide charges (limited) for services other than Education.

Petersburg Borough GO Bond Debt

- Per Charter, the Borough can carry up to 10% of assessed value of General Obligation debt. This year the taxable assessed value of the Borough is \$444 million. This means that the Borough (with approval from voters) could bond up to \$38.8 million more.

Petersburg Borough GO Bond Debt	Maturity Date	Principal Outstanding as of 7/1/2025	
Aquatic Center #2 and Voc. Ed. Building	October 1, 2025	\$ 390,000	60% State reimbursement
Aquatic Center #3	December 1, 2026	\$ 155,000	60% State reimbursement
Library	July 1, 2027	\$ 195,000	
Electric	March 1, 2030	\$ 930,000	
2025 School Deferred Maintenance	December 1, 2044	\$ 3,500,000	Areawide GO Bond
	Total GO Bonds	\$ 5,170,000	

Aquatic Center Repairs

- Sewer repair estimated cost - \$1 million

Aquatic Center Capital Project	
Current Cash in Aquatic Center Project Fund:	\$380,000.
FY26 Transfer In from Property Development Fund:	\$651,594.
Total in Capital Project Fund:	\$1,031,594.

- After the \$651,594 transfer this will leave approximately \$300,000 in the Property Development fund in FY26 for other budgeted expenses.



Road Maintenance

- Secure Rural Roads Fund - \$515,000.
 - Receiving \$80,000-\$90,000 annually.
 - How will we make this lost revenue up?
- Projects this Fund has paid for
 - Rasmus Enge bridge repairs, paving, road resurfacing, crushed rock/shot rock, engineering services.

FY 2026 Borough Enterprise Fund Budgets

	FY 2026 Revenues	FY 2026 Expenses	Net FY 2026	Depreciation and Capital Outlays Added Back In
Electric	\$7,881,909.	\$8,567,878.	(\$685,969)	\$112,031.
Water	\$1,217,405.	\$2,035,957.	(\$818,552)	\$17,448.
Wastewater	\$1,245,132.	\$1,706,538.	(\$461,406)	\$71,794.
Sanitation	\$1,636,753.	\$1,923,816.	(\$287,063)	\$11,687.
Harbor	\$2,155,651.	\$4,105,225.	(\$1,949,574)	\$569,426.
Elderly Housing	\$536,002.	\$547,957.	(\$11,955)	\$154,495.
Assisted Living	\$2,242,394.	\$2,157,304.	\$85,090.	\$270,090.
Motor Pool	\$1,347,089.	\$2,010,826.	(\$663,737)	\$511,263.



Scheduled Rate Increases

- Utility Rate increases on July 1, 2025
 - Electric – 4% in proposed budget
 - Water – 3%
 - Wastewater – 25% in proposed budget
 - Sanitation – 3%
 - Elderly Housing – Rates set by HUD annually
 - Assisted Living – Medicaid rates set by Medicaid annually. Other rates were increased by the Assembly last winter.

Electric Fund Current Capital Projects

Auto Control System

24.9 Electric Rebuild

Pole Yard Shed Roof at Scow Bay

Standby Diesel Generator

Downtown Street Lighting

GIS Mapping

Electric Grid Resiliency

Electric Grid Resiliency Project

Funds Budgeted for Project

- Electric Fund - \$122,000. (Matching Funds)
- PIA Tribal Grid Resiliency Grant - \$406,600.

Goal

- Complete full deployment of AMI electric meters and the radio mesh reporting system in order to improve meter monitoring and management, increase meter reliability and provide local outage management.

Water and Wastewater Major Projects in FY26

Water

- **Water Treatment Plant Clearwell**
- **Lake Street** transite water main on Lake Street
- **Fram Street Water Main Replacement** – Replace failing water main on Fram Street.
- **Sing Lee Alley Main Replacement** that serves customers on Rasmus Enge Bridge.

Wastewater

- **Pumpstation 4 Force Main Replacement** – Replace corroded force main at Hungry Point.
- **Pumpstation 3 Rehabilitation** – Adjacent to OBI Seafoods
- **Lake Street** replacement of failing sewer main

Sanitation



\$40,000-\$60,000 Estimated increase to bale disposal contract with Republic Services.



\$15,000 design and permitting of a dedicated recycling drop off area at the baling facility



\$100,000 Fire Sprinkler System Replacement

Listed on page 46

Harbor/Port Facilities - Capital Outlays

Harbor Capital Projects	
C Float Stall Replacement	\$500,000.
Feasibility Study Scow Bay	\$400,000.
Maintenance Facility	\$60,000.

Mountain View Manor Capital Outlay

Elderly Housing

- Walk in Coolers \$50,000.
- Window Replacements \$23,100.

Assisted Living

- \$18,000 Parking Lot Improvements
- \$45,000 Exterior Power Washing & Painting

Motor Pool

- Four replacement vehicles/equipment are being recommended for purchase.
 - Police Department #86 Truck/SUV
 - Power and Light #32 Flatbed Dump Truck
 - Public Works #100 Loader
 - Parks & Recreation #111 Box Truck



FY2025 Budget Adoption Timeline

May 5, 2025

- **Assembly Meeting - 1st Reading of Budget Ordinance**

May 19, 2025

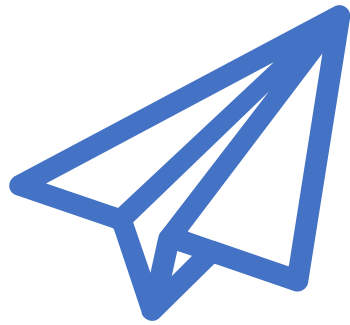
- **Assembly Meeting – 2nd Reading of Budget Ordinance (Public Hearing)**

June 2, 2025

- **Assembly Meeting – 3rd Reading of Budget Ordinance**

Budget must be approved by June 15th

Questions?



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The FY 2026 proposed budget is on the Borough's website.