

EXHIBIT D—PROJECTED XUNAA BOROUGH BUDGET

Xunaa Borough Budget	Calendar Fiscal Year 2023	Year 1	Year 2	Year 3	Year 4
EXPENDITURES		3.1% interest	2.5% interest	2.1% interest	2.0% interest
Elected Officials	\$ 60,441.00	\$ 62,315	\$ 63,873	\$ 65,214	\$ 66,518
Administration	\$ 995,435.00	\$ 1,026,293	\$ 1,051,951	\$ 1,074,042	\$ 1,095,523
Public Works	\$ 450,850.00	\$ 464,826	\$ 476,447	\$ 486,452	\$ 496,181
Police	\$ 1,022,760.00	\$ 1,054,466	\$ 1,080,827	\$ 1,103,525	\$ 1,125,595
Fire/EMS	\$ 150,000.00	\$ 154,650	\$ 158,516	\$ 161,845	\$ 165,082
Parks & Recreation	\$ 457,704.00	\$ 471,893	\$ 483,690	\$ 493,848	\$ 503,725
Youth Center	\$ 438,782.00	\$ 452,384	\$ 463,694	\$ 473,431	\$ 482,900
Bond Payment	\$ 89,500.00	\$ 92,275	\$ 94,581	\$ 96,568	\$ 98,499
Local Effort (cash) for education	\$ 608,000	\$ 626,848	\$ 642,519	\$ 656,012	\$ 669,132
*** New Borough					
Travel	\$ -	\$ 6,000	\$ 6,150	\$ 6,279	\$ 6,405
Salaries - Planner		\$ 117,240	\$ 120,171	\$ 122,695	\$ 125,148
Travel		\$ 4,000	\$ 4,100	\$ 4,186	\$ 4,270
Legal		\$ 40,000	\$ 41,000	\$ 41,861	\$ 42,698
		\$ -			
TRANSITION EXPENDITURES					
GIS/Mapping professional services	\$ -	\$ 5,000			
Legal assistance for transition	\$ -	\$ 60,000			
Other (enforcement of fish tax, school transition etc)	\$ -	\$ 40,000			
TOTAL EXPENDITURES	\$ 4,273,472	\$ 4,678,190	\$ 4,687,519	\$ 4,785,957	\$ 4,881,676
REVENUE					
All Revenues					
Hoonah Townsite 3.5% General Sales Tax	\$ 1,550,500	\$ 1,598,566	\$ 1,638,530	\$ 1,672,939	\$ 1,706,398
Fish Tax	\$ 25,000.00	\$ 25,775.00	\$ 26,419.38	\$ 26,974.18	\$ 27,513.67
PILT	\$ 170,000.00	\$ 175,270.00	\$ 179,651.75	\$ 183,424.44	\$ 187,092.93
Rentals	\$ 9,600.00	\$ 9,897.60	\$ 10,145.04	\$ 10,358.09	\$ 10,565.25
Tideland Leases	\$ 81,000.00	\$ 83,511.00	\$ 85,598.78	\$ 87,396.35	\$ 89,144.28
State Revenue Sharing	\$ 75,000.00	\$ 77,325.00	\$ 79,258.13	\$ 80,922.55	\$ 82,541.00
Liquor License Refund	\$ 4,100.00	\$ 4,227.10	\$ 4,332.78	\$ 4,423.77	\$ 4,512.24
Secure Rural Schools	\$ 190,000.00	\$ 195,890.00	\$ 200,787.25	\$ 205,003.78	\$ 209,103.86
CPV Excise Tax Admin Fee	\$ 87,000.00	\$ 89,697.00	\$ 91,939.43	\$ 93,870.15	\$ 95,747.56
Individual Funds Administration Support	\$ 238,000.00	\$ 245,378.00	\$ 251,512.45	\$ 256,794.21	\$ 261,930.10
Alcohol/Tobacco Excise Tax	\$ 190,000.00	\$ 195,890.00	\$ 200,787.25	\$ 205,003.78	\$ 209,103.86
E-911	\$ 10,500.00	\$ 10,825.50	\$ 11,096.14	\$ 11,329.16	\$ 11,555.74
Ambulance	\$ 55,000.00	\$ 56,705.00	\$ 58,122.63	\$ 59,343.20	\$ 60,530.06
Youth Center 1% sales tax - Changed to Seasonal Tax Year 2	\$ 443,000.00	\$ 456,733	\$ 374,520	\$ 382,386	\$ 390,336
Pool/Gym 1% sales tax	\$ 443,000.00	\$ 456,733	\$ 468,151	\$ 477,983	\$ 487,542
Hoonah Townsite Enterprise Funds	\$ 238,000.00	\$ 245,378.00	\$ 251,512.45	\$ 256,794.21	\$ 261,930
General Fund Support - CPV Excise Tax	\$ 562,000	\$ 567,620	\$ 573,296	\$ 579,029	\$ 584,819
Public Works Support from YC and Pool	\$ 30,000.00	\$ 30,930.00	\$ 31,703.25	\$ 32,369.02	\$ 33,016.40
Miscellaneous	\$ 20,200.00	\$ 20,826.20	\$ 21,346.86	\$ 21,795.14	\$ 22,231.04
Borough Formation Grant (SB234)	\$ -	\$ 300,000	\$ 200,000	\$ 100,000	\$ -
Community Assistance (State)	\$ -	\$ 215,000	\$ 215,000	\$ 215,000	\$ 215,000
		\$ -	\$ -	\$ -	\$ -
1% Seasonal Sales Tax - May to October	\$ -	\$ -	\$ 374,520	\$ 382,386	\$ 390,336
		\$ -			
TOTAL REVENUES	\$ 4,421,900	\$ 5,062,177	\$ 5,348,230	\$ 5,345,524	\$ 5,340,949

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Planner costs		Individual Fund Support for General Fund		
	40.00	72,000.00	YC	40,000
8% FICA		5,760.00	Pool	40,000
2% ESC		1,440.00	Harbor	25,000
22% Pers		15,840.00	Water	40,000
10% workers		7,200.00	sewer	40,000
medical		15,000.00	garbage	21,000
		117,240.00	Land	<u>32,000</u>
				238,000
Enterprise funds		Enterprise funds		
Revenue		Expense		
Harbor	643,200	Harbor	639,626	
Water	263,588	Water	262,803	
Sewer	327,000	Sewer	325,924	
<u>garbage</u>	<u>327,000</u>	<u>garbage</u>	<u>326,077</u>	
	1,560,788		1,554,430	

NOTES ON PROPOSED XUNAA BOROUGH BUDGET (EXHIBIT D)

- In projecting future revenues and expenditures, Exhibit D uses the most-current inflation projections issued by the Federal Reserve's Federal Open Market Committee. <https://knoema.com/kyaewad/us-inflation-forecast-2022-2023-and-long-term-to-2030-data-and-charts> In most cases, there seems no reasonably-predictable intervening event that would likely cause the amount to materially vary from projected inflation rates. There are two exceptions:
 - On the revenue side, sales tax revenues (ls. 25, 38 and 39), as well as the alcohol excise tax (line 35) may well exceed inflation because of the continued growth of the Icy Strait Point ("ICP") destination tourism facility. However, because the extent of that future growth depends on an array of external factors, the magnitude of that growth is speculative. As a result, petitioner has chosen the conservative option of assuming stagnant revenues from ICP (adjusted for inflation): and
 - On the expenditure side, the borough's mandatory (and actual) local contribution to education will increase because of the increase in municipal property valuation caused by borough incorporation. AS 14.17.410(b)(2). Based on the property valuation estimates set out in Section 11(A) of the Petition, \$40,000/yr. in additional local educational contribution (inflated annually) is added to the portion of the budget that sets out additional expenditures attributable to borough incorporation;
- Subject to voter approval, the Xunaa Borough will be imposing a 1% areawide seasonal sales tax. Revenue from that was estimated in the following manner:
 - Because of a deferred effective date until the calendar year after borough formation, it is assumed that no revenue would be received until fiscal (calendar) year 2025;
 - Estimated revenues from businesses within the former City of Hoonah (to become the Hoonah Townsite Service Area) were taken from the currently budgeted revenues from the existing youth center 1% city sales tax. Eighty percent of those revenues were included, this being the estimated share of sales tax revenues generated during the summer months (in which the seasonal tax would be applied);
 - There are no sales figures available for Elfin Cove. In consultation with the Alaska State Assessor, Exhibit D begins the estimate of Elfin Cove sales taxes by taking the "Tax Base Per Capita" from the neighboring city of Pelican (which does assess a sales tax) for the most recent reported pre-COVID year. *Alaska Taxable 2020* at 19 (\$19,412). That

number is then multiplied by 80% (see above), by Elfin Cove's population (24) and then by 1% to yield projected 2026 tax revenues of \$3727--a number marginally increased in future years by Exhibit D's inflation assumption; and

- There is only one business license current in Game Creek. That business has offices in the City of Hoonah and currently pays city sales taxes (and thus is already included in the city estimate described above). To the best of Petitioner's knowledge, there are no commercial enterprises in Funter Bay.
- Upon voter approval of the seasonal areawide sales tax, and in the first year following borough incorporation (assumed to be 2025), the existing 1% sales tax utilized to fund the Hoonah Youth Center will become a seasonal tax applicable to sales occurring between May 1 and October 31.
- Enterprise funds (water, sewer, harbor and garbage) are self-sustaining. As a result, their full balances are reported separately. However, these funds do produce some excess, which is transferred to the general fund and included as general fund revenue (line 40).