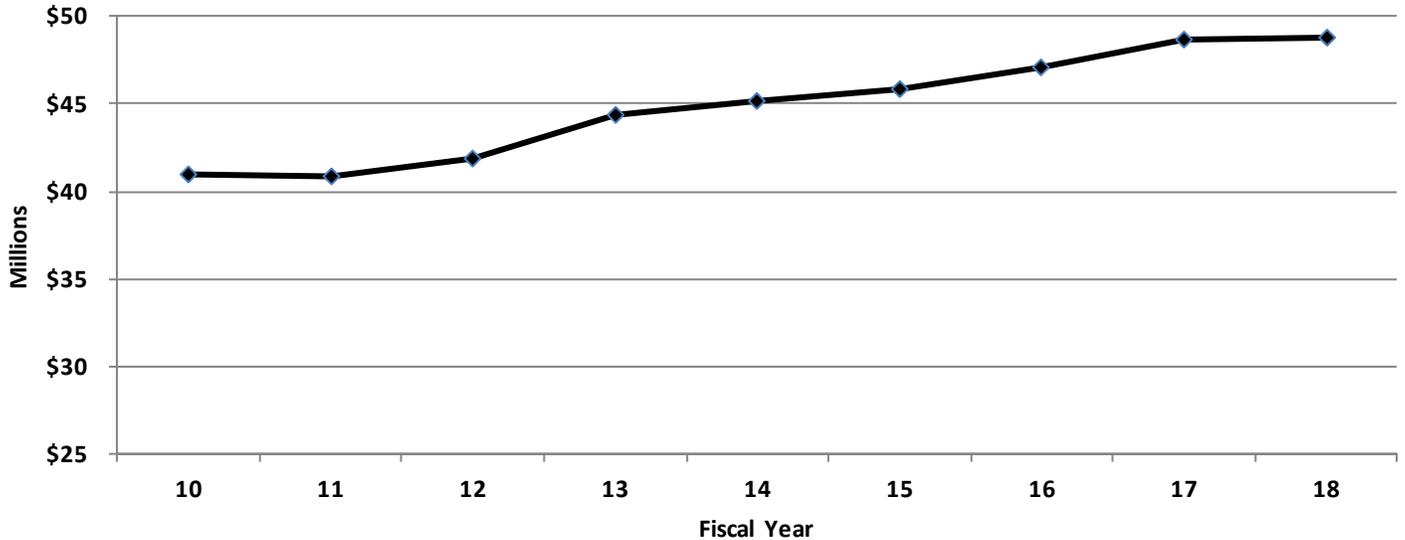


MAJOR REVENUES

REVENUE FROM LOCAL SOURCES

PROPERTY TAX REVENUES

Property taxes for FY15 were \$45.9M and are projected to increase in FY16 to \$47.1M, up \$1.2M or 2.6%. The FY17 projection for property tax revenue is \$48.7M, up \$1.6M or 3.4%. The projection for FY18 is \$48.7M, an increase of \$14K or 0.03%. The mill rate in FY16 is 10.76 mills, unchanged from FY15. The mill rates for FY17 and FY18 are 10.66 and 10.66 respectively.



FY10-15 are based on actual collections
FY16-18 are based on budget projections

For more information regarding property tax revenues, please see section entitled "Property Assessment and Taxation".

MAJOR REVENUES

SALES TAX REVENUES

General Sales Tax Revenues for FY15 were \$43.8M. FY16 revenues are expected to be \$44.8M, an increase of \$1.0M or 2.2%. The FY17 and 18 projected sales taxes are \$44.3M and \$42.9M. There is a net decrease in revenue of \$450,000 (1%) in FY17 and further decrease of \$1.45M (3.3%) in FY18. There are several factors (tourism growing 2%, limiting tax exemptions, & marijuana sales) that should increase revenue in FY17. This is being offset by an estimated reduction in retail spending as a result of the uncertainty associated with the State of Alaska's budget reduction actions. The impact of the State's \$3 billion deficit is expected to result in additional decreased retail spending for FY18.

Information on each type of sales tax is listed below.

GENERAL SALES TAX

CBJ voters have imposed a general sales tax as allowed by Alaska Statute 29.53.415. The general sales tax is to be collected on all retail sales, rentals (except long-term residential) and services performed within CBJ boundaries, with certain exceptions as listed in Code Section 69.05.040.

PERMANENT SALES TAX

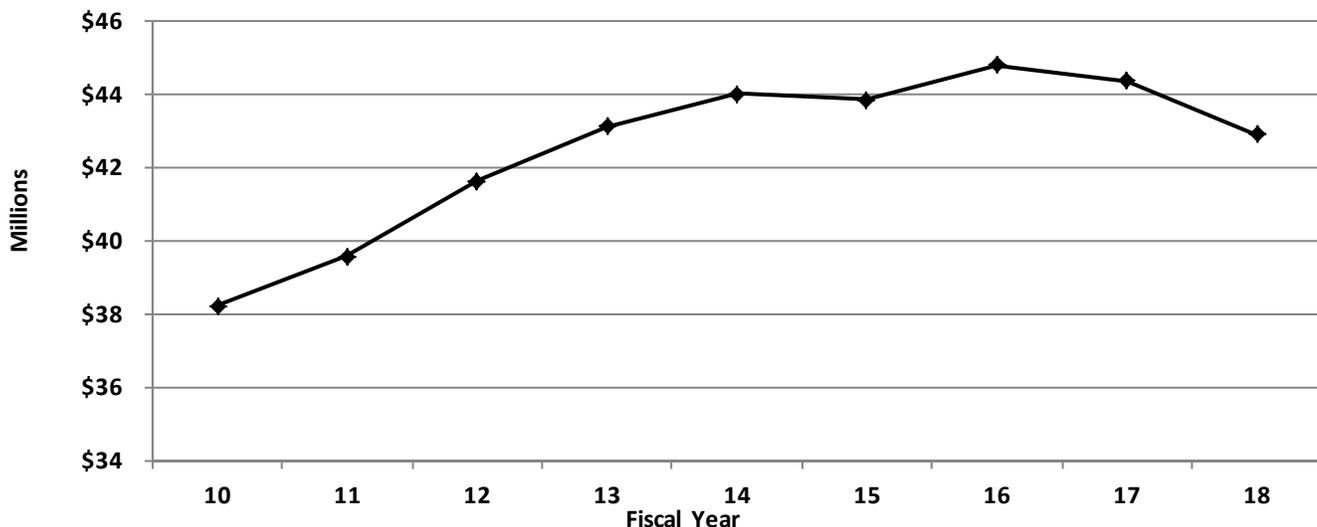
- The permanent area wide sales tax rate is 1%. This funding source is used to support general government operations.

TEMPORARY 1% SALES TAX

- October 1, 2013 – September 30, 2018. This 1% tax was voter approved to fund the cost of renovations, construction and capital improvements to the facilities of the CBJ, including the airport terminal, Aurora Harbor, Capital Transit maintenance shop, Eaglecrest Learning Center, Centennial Hall, and other parks, and recreation facilities.

TEMPORARY 3% SALES TAX

- Effective July 1, 2012, voters approved a continuation of the 3% temporary tax for an additional five years, ending June 30, 2017. The additional tax levy is allocated as follows: 1% to general government operations; 1% to capital improvements; and 1% to the three following areas: emergency budget reserve, capital improvements, and youth activities.



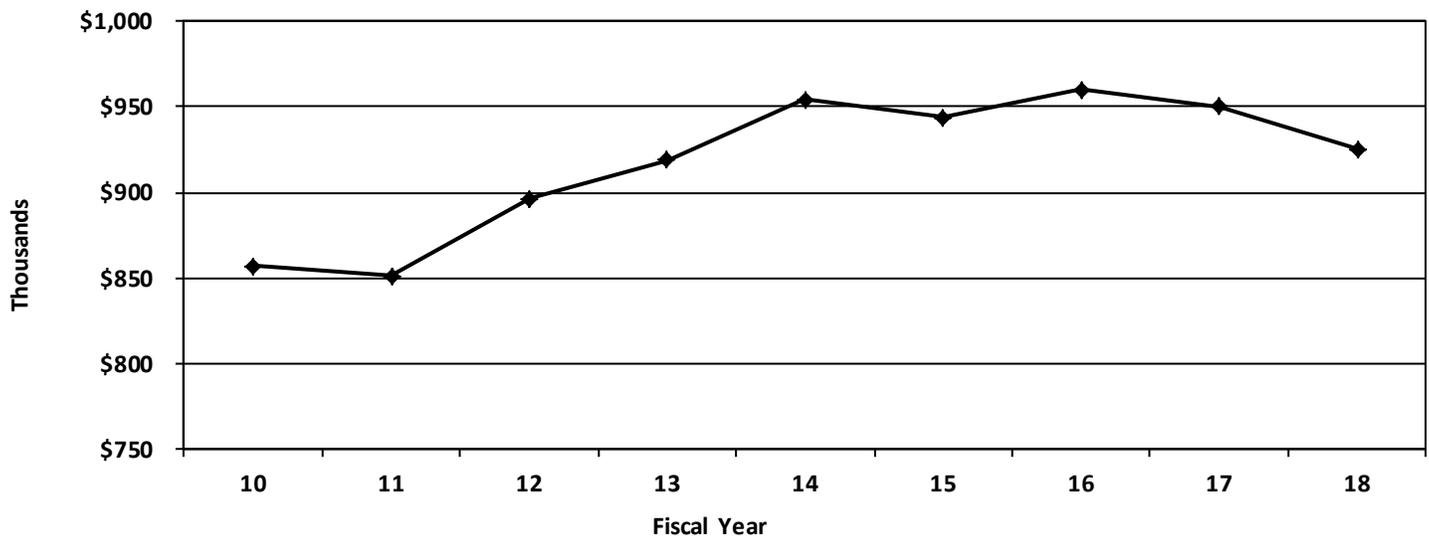
FY10-15 are based on actual revenue collected
FY16-18 are based on estimated collections

MAJOR REVENUES

LIQUOR SALES TAX

On January 1, 1985, CBJ voters imposed a 3% tax on the retail sales of alcoholic beverages within CBJ boundaries (CBJ Code 69.05.020). The liquor sales tax is an additional tax on top of the general sales tax, created to generate revenue to provide support to local social service programs.

Liquor Tax Revenues for FY15 were \$944K and in FY16 are forecast to increase to \$960K, up \$16K or 1.7%. FY17 projections for liquor tax revenues are \$950K, down \$10K or 1% with a further decrease of \$25K or 2.6% to \$925K in FY18.



FY10-15 are based on actual revenue collected
FY16-18 are based on estimated collections

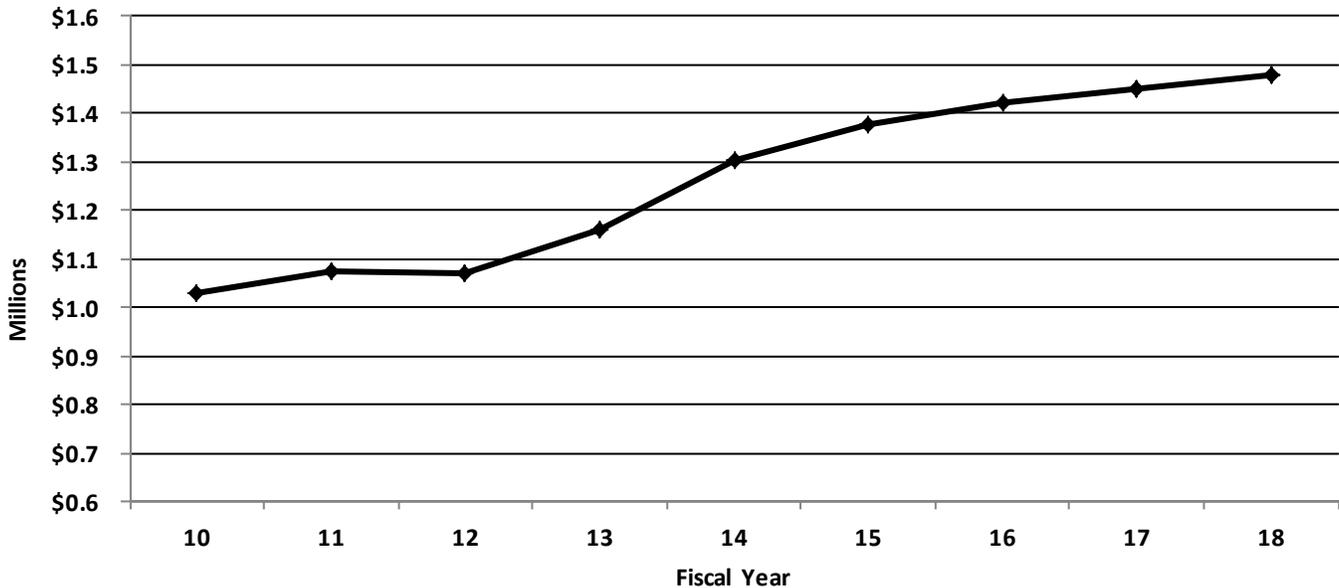
MAJOR REVENUES

HOTEL-MOTEL ROOM TAX

On January 1, 1981, CBJ voters imposed a tax on transient room rental under CBJ Code 69.07.010 through 69.07.140. The original tax imposed was 3% of gross receipts on room rents to persons occupying rooms for less than 30 days.

Effective January 1, 1985, and 1989, voters approved additional permanent 2% increases in the hotel-motel room tax. This brought the total hotel-motel room tax to 7% of gross room receipts

Hotel-Motel room tax revenues for FY15 were \$1.38M and are forecast to increase in FY16 to \$1.42M an increase of \$41.6K or 3.0% over FY15 actuals. FY17 projections for Hotel-Motel room tax revenues are anticipated to increase an additional \$30K over FY16 or 2.1%. There is an additional 2.1% (\$30K) increase anticipated for FY18 for a total of \$1.48M.



FY10-15 are based on actual revenue collected.

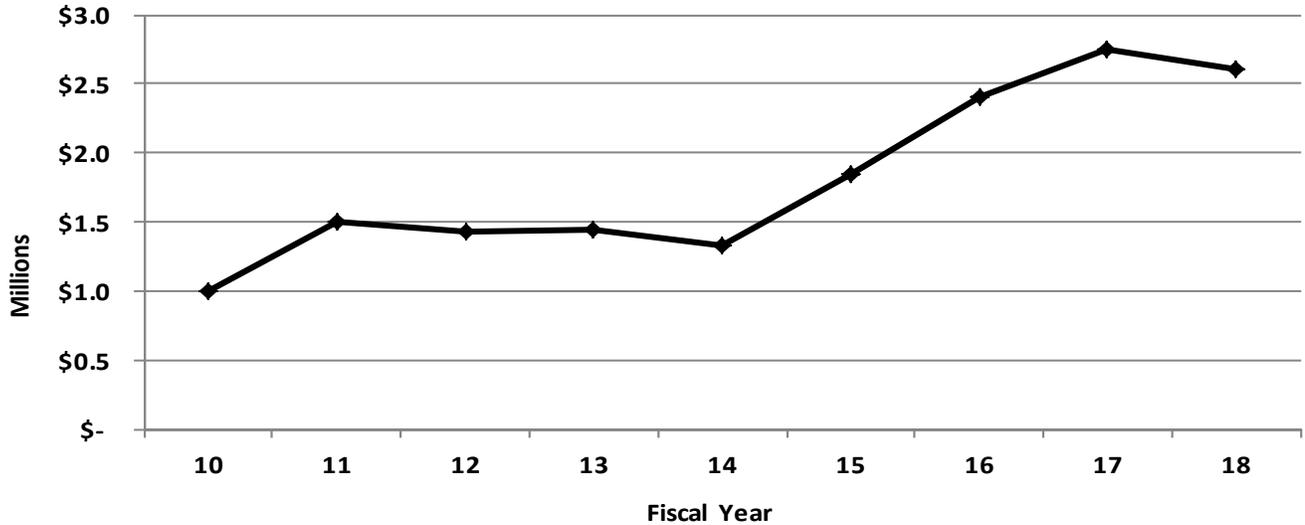
FY16-18 are based on estimated collections.

MAJOR REVENUES

TOBACCO EXCISE

Legislation to increase the tobacco excise tax on cigarettes from \$1 to \$3 per pack was adopted on February 2, 2015, effective April 1, 2015 (Ordinance 2015-01(b)). The excise tax on “other tobacco products” remains at 45% of the wholesale price, but the definition was expanded to cover e-c igarettes effective April 1, 2015.

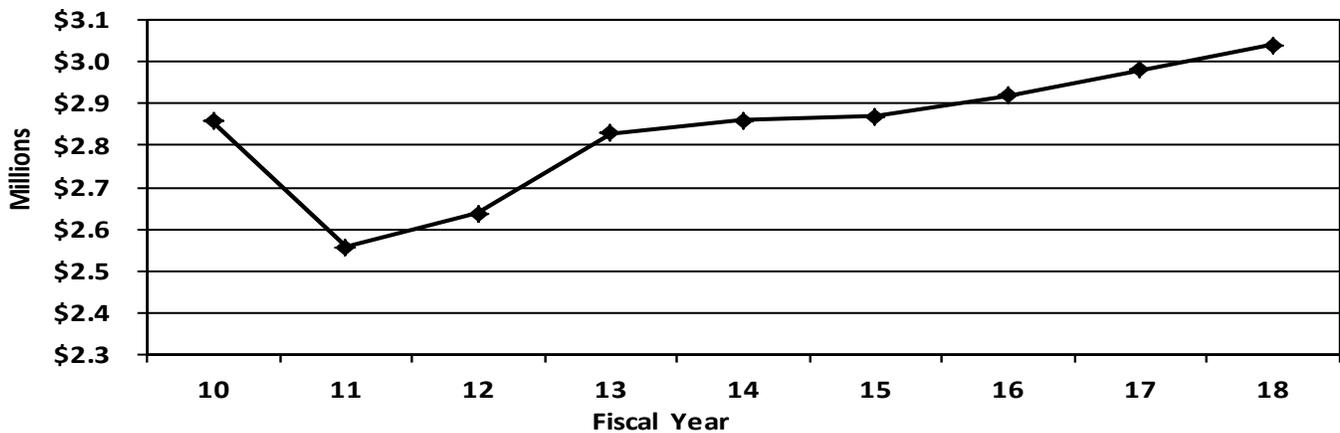
FY15 tax revenues were \$1.8M and are projected to increase in FY16 to \$2.4M, an increase of \$554K (38.7%). FY17 projections are \$2.75M an increase of \$350K or (14.6%) over FY15. FY18 revenues are projected to decline to \$2.6M, a decrease of \$150K or 5.5% as the impact of increased taxes reduces purchases of tobacco products.



FY10-15 are based on actual collections
 FY16-18 are based on budget projections

PORT DEVELOPMENT FEE

Port Development Fee revenue for FY15 was \$2.87M and is forecast to increase in FY16 to \$2.92M, up \$50K or 1.8% from FY15 actuals. The FY17 projection for Port Development Fees is \$2.98M an increase of \$60K or 2.1% over FY16 projections. The FY18 Port Development Fees projection is \$3.04M, an increase of \$60K or 2.0% over FY17.



The proceeds from this fee are to be used to fund Capital Improvements to the downtown waterfront.

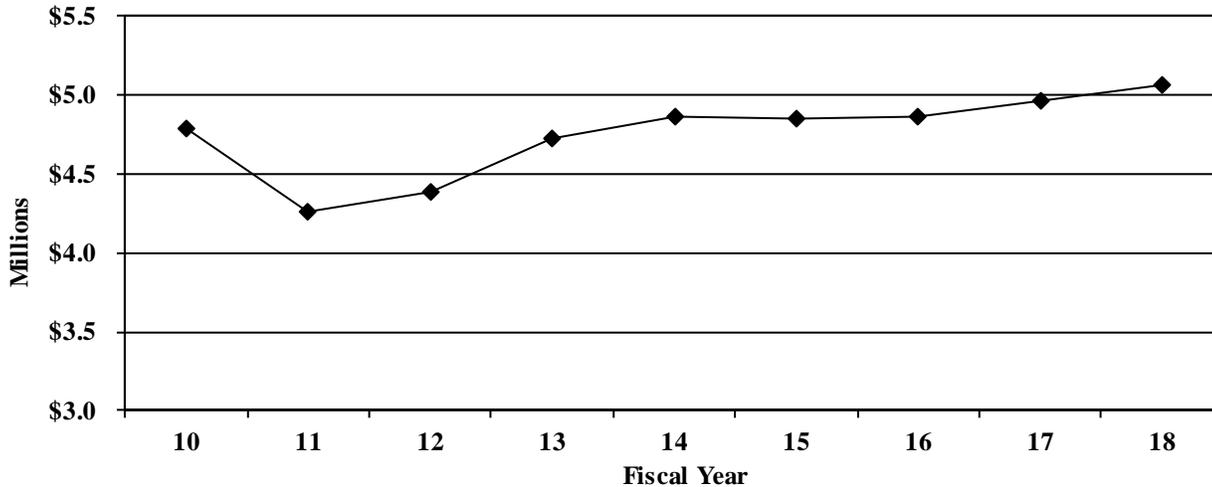
FY10-15 are based on actual collections
 FY16-18 are based on budget projections

MAJOR REVENUES

CBJ MARINE PASSENGER FEE

On October 5, 1999, the CBJ voters in a general election adopted an initiative establishing a \$5 per passenger marine passenger fee. This fee was to become effective February 23, 2000 with no expiration date set.

Marine Passenger Fees' for FY15 were \$4.85M and are forecast to increase in FY16 to \$4.87M (\$20K, 0.4%) over FY15 actuals. FY17 projections are \$4.97M, an increase of \$100K or 2.0% over FY16 projections. Projections for FY18 are \$5.06M, an increase of \$90K or 1.9%



FY10-15 are based on actual collections
FY16-18 are based on budget projections

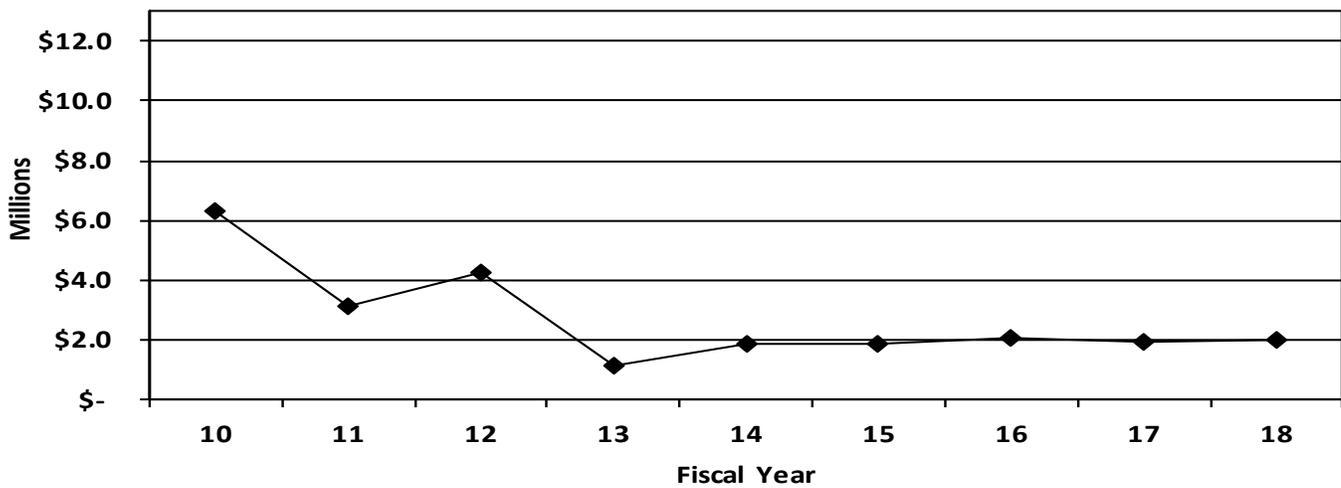
MAJOR REVENUES

INVESTMENT INTEREST INCOME

The CBJ receives interest income from Central Treasury Investments, Local Improvement Districts (LID) and various delinquent accounts receivable. Interest income from Central Treasury investments represents the largest interest income source. Investments are made in accordance with CBJ Code 57.25.010 through 57.25.140. Investment selection places security of the principal as the prime objective with liquidity and yield as important secondary considerations.

For FY17 and FY18 the federal funds rate is expected to gradually increase. This will continue the overall low interest rate environment but we anticipate a slight increase in portfolio yields/income of 0.2% (from 0.9% to 1.1%) for FY17 and slightly more for FY18.

Interest Income for FY15 was \$1.84M and is expected to increase in FY16 to \$2.08M, up \$240K or 24% from FY15 actuals. The FY16 increase is due to the investment of an additional \$36M in cash. The FY17 projection is \$1.96M, a decrease of \$120K or 5.6% from the FY16 projection. The FY18 projection is a slight increase to \$1.99M or 1.8% over FY17. The changes in FY17 are a net effect of projecting increased yields but lower investment amounts.



FY10-15 are based on actual collections

FY16-18 are based on budget projections

MAJOR REVENUES

REVENUE FROM STATE SOURCES

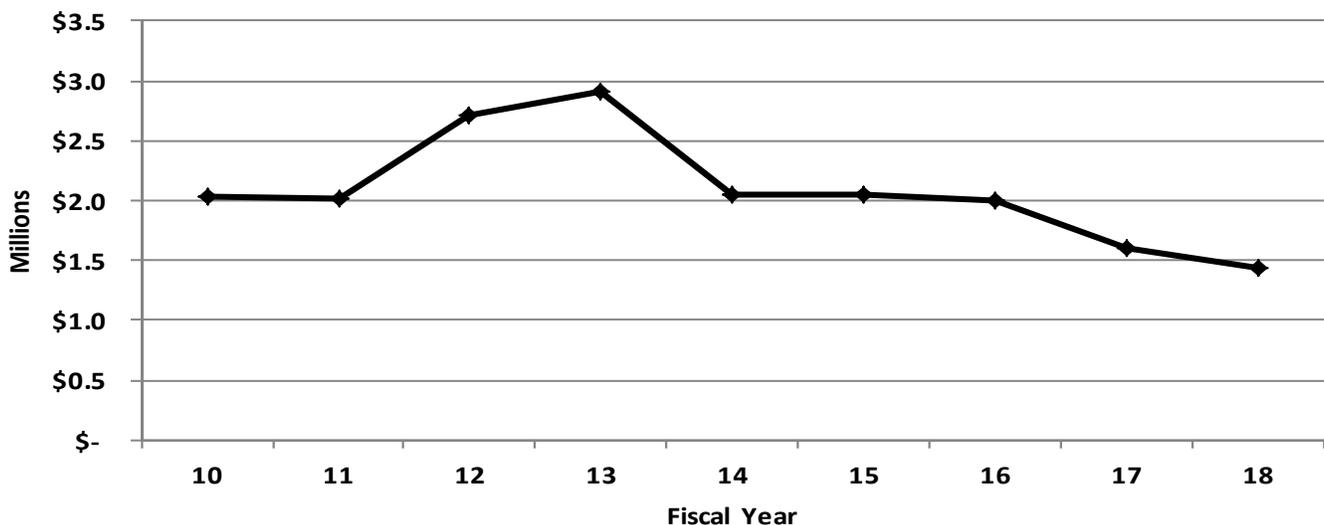
COMMUNITY REVENUE SHARING

In March, 2008, the State Legislature adopted legislation to bring some stability to municipal revenue sharing. The adopted legislation changed the name from “Municipal Tax Resource Equalization Assistance and Priority Revenue Sharing for Municipal Services” to “Community Revenue Sharing” (CRS). The legislation additionally established a “Community Revenue Sharing Fund” for the purpose of making community revenue sharing payments and a formula to calculate the payments to be distributed to each community. Each fiscal year, the legislature may appropriate to the community revenue sharing fund an amount equal to 20 percent of the money received by the state during the previous calendar year under AS 43.55.011(g) – the Oil and Gas Production Tax. The amount may not exceed (1) \$60M; or (2) the amount that, when added to the fund balance on June 30 of the previous fiscal year, equals \$180M. The balance in the fund shall be determined on June 30 of each year. If the fund balance is at least \$60M, without further appropriation, 1/3 of that amount can be distributed as community revenue sharing payments for the immediately following fiscal year. Otherwise, no payments may be made. The FY17 deposit to CRS fund has not been determined by the State Legislature.

COMMUNITY REVENUE SHARING PAYMENTS

The basic community revenue sharing payment will be based on the following formula: the amount available for payments in the fund, minus \$60M, divided by \$60M, plus one, multiplied by \$384K. If the amount calculated is less than \$220K, the basic amount would be \$220K. The basic amount is then prorated, depending on the type of community (e.g. borough, city), to get the final payment amount. If the amount available for distribution exceeds the amount needed to fully fund all the basic community revenue sharing payments, the balance will be distributed on a per capita basis.

Based on the formula, the CBJ received \$2.1M in FY15 and is projected to receive \$2.0M in FY16 and \$1.6M and \$1.3M in FY17 and FY18, respectively. The final FY16 payment amount will not be known until May 2016.



FY10-15 are based on actual revenue collected
FY16-18 are based on budget projections

MAJOR REVENUES

SCHOOL FOUNDATION FUNDING

State aid to local school districts is provided in accordance with Alaska Statutes 14.17.400 through 14.17.990. The formula used to calculate state aid for the local school districts has evolved over time, with several components being added, deleted or modified. The current formula adjusts the student count, or average daily membership (ADM), with factors based on school size, district costs, special needs, intensive needs and correspondence studies to provide the total district adjusted ADM. This adjusted ADM is then applied to the base student allocation to arrive at the total basic need for each district. The total basic need is funded by both state and local contributions. This graph represents the state's contributions since FY10.

The FY11 foundation funding was \$37.2M an increase of \$2.2M or 6.3% over FY10.

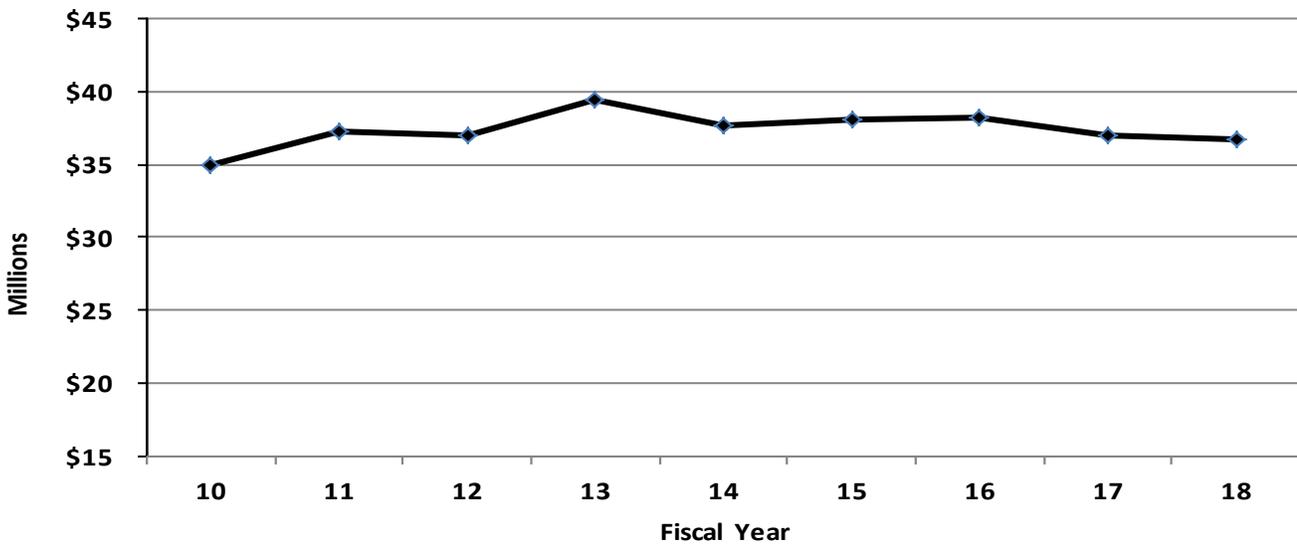
The FY12 foundation funding was \$36.9M a decrease of \$300K or 0.8% from FY11.

The FY13 foundation funding was \$39.4M an increase of \$2.5M or 6.8% over FY12.

The FY14 foundation funding was \$37.7M a decrease of \$1.8M or 4.5% from FY13.

The FY15 foundation funding was \$38.0M an increase of \$0.34M or 0.9% over FY14.

The foundation funding projection for FY16 is \$38.3M. The base student allocation is set at \$5,880 for FY16, increasing to \$5,930 in FY17. The actual student population (based on October student counts) for FY16 is 4,644 and the FY17 projection is 4,527.



FY10-15 are based on actual revenue collected
FY16-18 are based on budget projections

MAJOR REVENUES

SCHOOL PERS/TRS FUNDING

Starting in FY08, the State has been providing funding assistance to local governments and school districts to help defray the increased costs of the PERS and TRS retirement systems. The School District has received the following from this funding source:

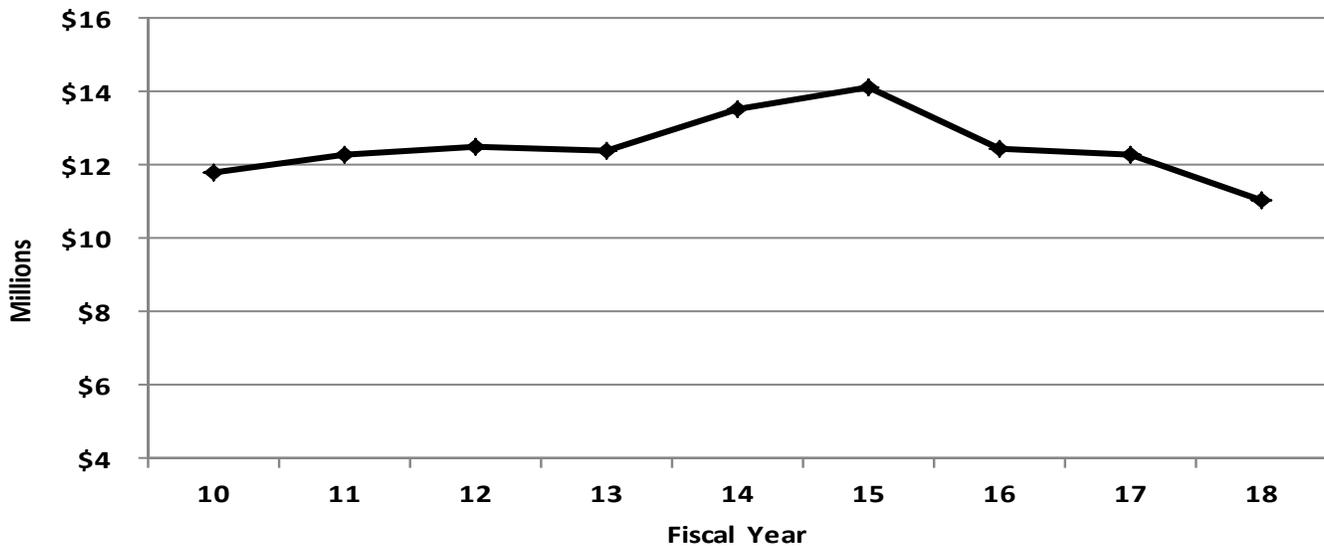
FY11 Actual	\$8.39M
FY12 Actual	\$10.5M
FY13 Actual	\$12.9M
FY14 Actual	\$13.2M
FY15 Actual	\$77.4M
FY16 Projected	\$ 5.5M
FY17 & 18 Projected	\$ 4.9M

SCHOOL CONSTRUCTION BOND DEBT REIMBURSEMENT

Alaska Statute 14.11.100 provides for state aid to assist in funding the costs of school construction debt incurred by local government units. Originally established to reimburse payments made after July 1, 1975, several changes and modifications have been made to the program over the years, such as extending the deadline for voter authorization of qualifying debt and changing the reimbursable percentage rates.

The actual percentage of reimbursement and the time frame for reimbursement vary under the program depending upon the date the debt or expense was incurred.

CBJ receives 60% or 70% reimbursement from the State of Alaska for debt payments made on eligible school-related construction bonds. The actual reimbursements received in FY09-FY15 reflect payments received from State of Alaska on debt issued for school construction projects between 1998 and 2014. In FY 17, CBJ will make final debt service payments for: Glacier Valley Elementary School Renovations (\$5.995M bonds issued in FY07), and Refunding Bonds (\$5.685M issued in FY12, which refunded 2000B Floyd Dryden Middle School Renovations, as well as other area school repairs, and the 2002 JDHS High School Renovation bonds). The FY18 reflects a reduction of school debt reimbursement of \$1.3 million as a result of the extinguished bonds. In CY15, the State of Alaska implemented a 5-year moratorium on school construction debt reimbursement. No additional school construction debt has been budgeted in FY17 or FY18.



FY10-15 are based on actual revenue collected

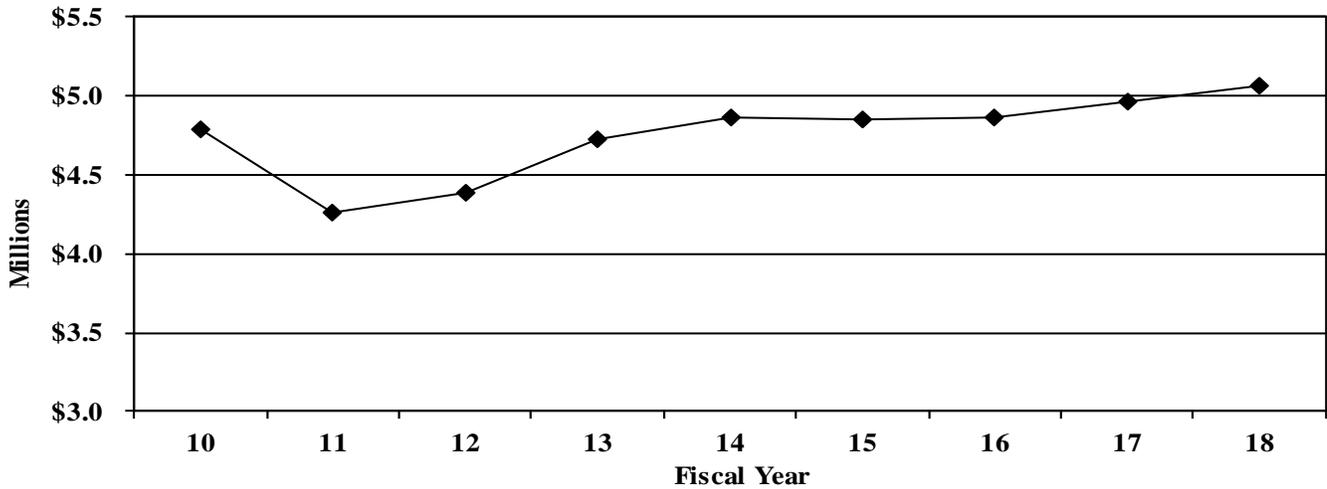
FY16-18 are based on budget projections

MAJOR REVENUES

STATE MARINE PASSENGER FEE

The State of Alaska instituted a State marine passenger fee to be collected beginning in 2011, with the CBJ receiving the first payment from the State in FY12. The CBJ receives \$5 per passenger of the amount collected by the State.

State Marine Passenger Fees' for FY15 were \$4.1M and are projected to increase in FY16 to \$4.5M, up \$400K or 8.8%. FY17 revenue projections total \$4.6M an increase of \$90K or 2.0% greater than FY16 projections. An additional 2% increase is expected in FY18 for a total of \$4.6M.



FY10-15 are based on actual revenue collected
FY16-18 are based on budget projections

MAJOR REVENUES

REVENUE FROM FEDERAL SOURCES

Revenues from Federal Sources in FY15 were \$3.43M and are forecast to increase slightly in FY16 to \$3.48M, up \$50K or 1.5%. FY17 projections are \$2.14M, a decrease of \$1.34M or 3.9% below FY16. The major components of federal revenue sources are grants to the Juneau School District (\$4.97M projected for both FY17 and FY18) and PILT (\$2.0M projected for both FY17 and FY18).

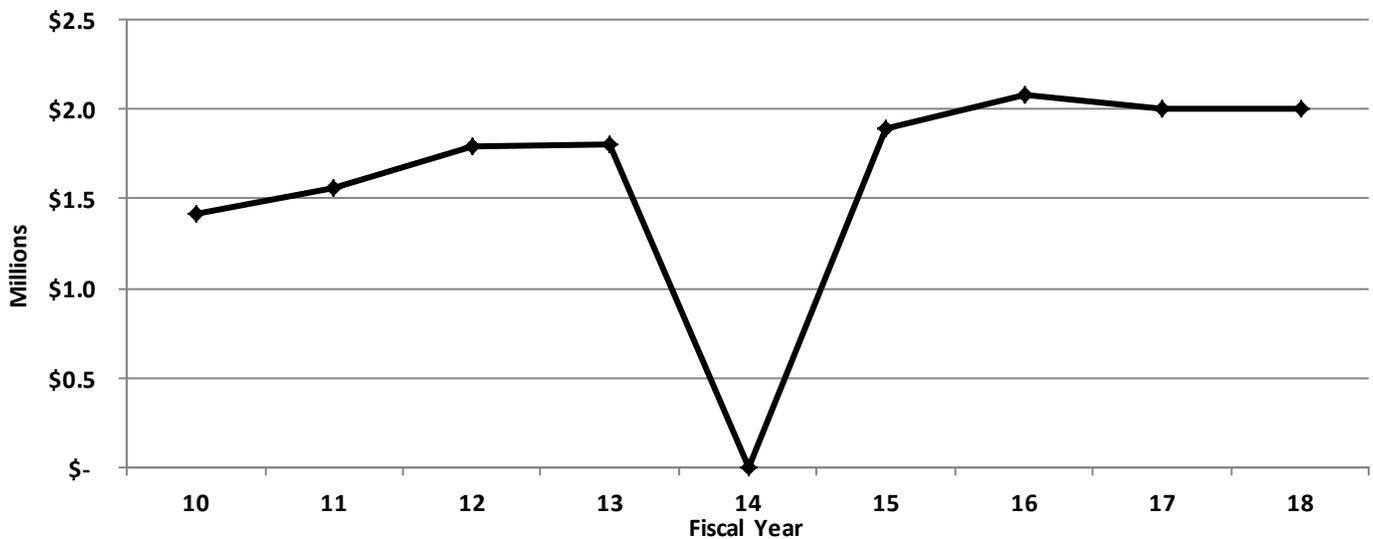
FEDERAL PAYMENTS IN LIEU OF TAXES (PILT)

The Federal Payment-in-Lieu-of-Taxes Act of 1976 was enacted to compensate local governments for lost taxes on land held by the federal government. The federal government would provide payments in lieu of taxes on federally owned land within the local government's administrative boundaries.

The payment-in-lieu-of-taxes is calculated by multiplying all lands within the boundaries by cents per acre (cents determined by federal law annually) and deducting payments received under other federal programs (e.g. National Forest Timber Receipts). Local governments are currently guaranteed a minimum of at least \$0.29 per acre for all lands within the administrative boundaries. If 100% funding is not available to carry out the program, the funds are distributed on a prorated basis.

CBJ's PILT payments vary from year to year depending on variables such as cents per acre, population, the amount of National Forest Timber Receipts received in prior year and the federal proration factor due to the annual appropriation level.

PILT revenues have increased in the years FY08 through FY12 due to the adoption of the 2008 Federal Stimulus Program. This program increased the prorated funding from 64% to 100% for these 5 years. No Federal PILT revenue was received for FY14 as the program was not reauthorized due to the reduction of the proration factor from 100% to 70%, reflecting the expiration of the 2008 Federal Stimulus Program in FY12. Revenue for FY15 was \$1.89M and the FY16 projection is 2.08M. Projections for FY17 and FY18 are \$2.0M for each year.



FY10-15 are based on actual revenues collected
FY16-18 are based on budgeted projections

MAJOR REVENUES

SECURE RURAL SCHOOLS/ROADS (SRS)

Under the National Forest Management Act and the Acts of May 23, 1908 and March 1, 1911, state governments received 25% of national forest receipts from national forest land within the administrative boundaries of the state. In accordance with the provisions of the AS 41.15.180, the CBJ received a prorated share of the total receipts received by the State from timber production user fees and purchase credits in the Tongass National Forest.

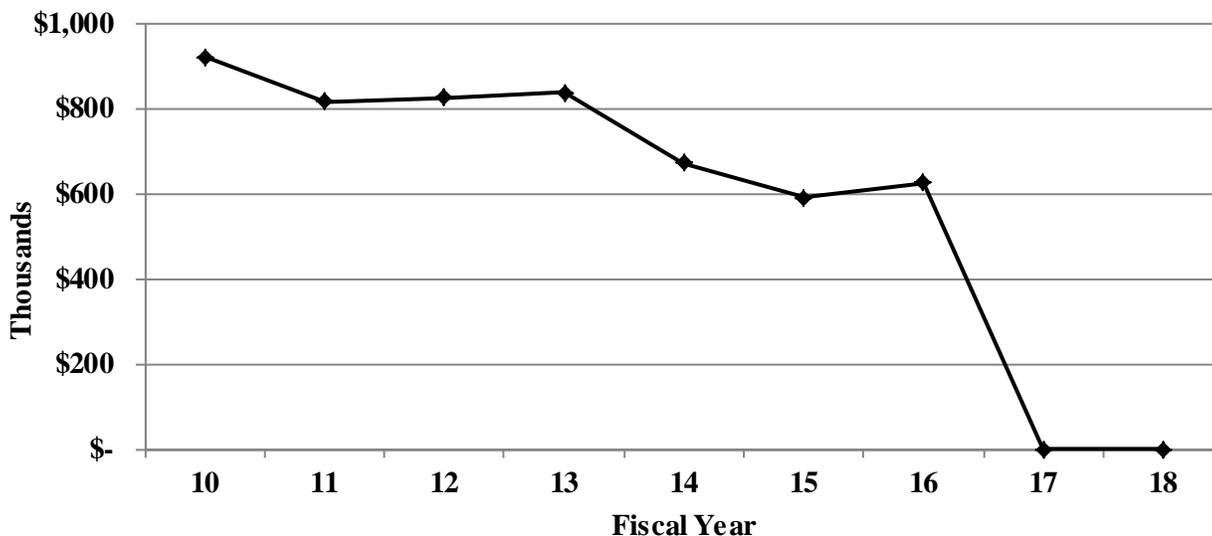
The CBJ's share was based on Tongass National Forest acreage within the City and Borough boundaries. Income from the National Forest Receipts varied widely from year to year. This variation in annual income was due primarily to the health of the timber economy in the Tongass.

In January 2000, a federal bill, The Secure Rural Schools and Community Self-Determination Act of 2000, was passed into law. The primary purpose of the new law was to stabilize education and road maintenance funding through predictable payments. Each State is to receive an amount based on the average of the three highest 25% payments (under the original program) made to that State for the fiscal years 1986 through 1999. The State will distribute the payment among all eligible boroughs in accordance with the Act of May 23, 1909 (16 U.S.C. 500) and section 13 of the Act of March 1, 1911 (36 Stat. 963; 16 U.S.C. 500).

Under this new program, each payment is to be allocated between Public Schools/Roads and Title III projects. The School/Road funds must be expended on the operation, maintenance, repair, or construction of public schools and roads. The Title III funds must be used for a specific approved purpose, one of which is for search, rescue and emergency services on federal lands.

This funding program was again extended for 4 additional years with the adoption of the 2008 Federal Stimulus Bill. The Federal Stimulus Bill funding was reduced by 10% each year for the years FY10-FY12. Subsequent to FY12 there has not been a long term extension of the program and it is a year by year decision by Congress whether to provide SRS funding.

Public School/Roads revenue FY15 was \$589K. For FY16 the funding is expected to be \$625K, an increase of \$36K or 6.2%. For FY17 and beyond, the funding is expected to drop to zero.



FY10-15 are based on actual revenue collected
FY16-18 are based on budget projections

MAJOR REVENUES

The CBJ's Secure Rural School/Roads Revenue (formerly known as National Forest Receipts) under this program are as follows:

	<u>Sch/Road</u>	<u>Title III</u>	<u>Total</u>
FY08 Actual	843,000	148,800	991,800
FY09 Actual	1,020,800	12,000	1,032,800
FY10 Actual	919,400	-	919,400
FY11 Actual	815,900	-	815,900
FY12 Actual	761,500	62,700	824,200
FY13 Actual	772,200	63,600	835,800
FY14 Actual	619,600	51,000	670,600
FY15 Actual	588,700	-	588,700
FY16 Projected	577,400	47,600	625,000