Exhibit 12: Chugach Regional Borough Budget

3 AAC 110.420(b)(13) and 3 AAC 110.055(1)(E) Budget Review

This exhibit consolidates the Budget tables and division-level details into a single standalone municipal budget. It extends the numbers through the transition and post-transition regulatory period, adds the AS 29.05.190 organization grants, and includes a capital-improvements schedule concentrated in FY3 through FY5.

Purpose

This anticipated budget is designed as one municipal budget beginning in the first year of transition, with revenue, operating expenditures, capital expenditures, organization grants, service assumptions, and notes sufficient for Local Boundary Commission review and extended for 4 more fiscal years.

3 AAC 110.420(b)(13) requires projections of revenue, operating expenditures, and capital expenditures for the proposed municipality through the period extending one full fiscal year beyond the reasonably anticipated date for receipt of the final organization grant under AS 29.05.190. Related budget feasibility review under 3 AAC 110.055(1)(E) also requires the anticipated operating and capital budgets to extend one full fiscal year beyond the reasonably anticipated date for receipt of the final organization grant under AS 29.05.190, completion of transition under AS 29.05.130 -.140 and 3 AAC 110.900, and the first full local school contribution under AS 14.17.410(b)(2).

Accordingly, this budget is a complete baseline with a five-year transition and post-transition budget. FY1 is the organization/startup year, FY2 is the transition year, FY3 assumes full service assumption and receipt of the final organization grant, FY4 is the required post-benchmark year, and FY5 is an additional stability year if election or transition timing shifts.

A four-year budget may be technically sufficient only if the final organization grant, transition completion, and first full local school contribution all occur by FY3. A five-year budget is safer because it demonstrates feasibility through the required post-benchmark period even if the election date, effective date, service-transfer schedule, or school-transition schedule shifts.

Planning Assumptions

Table A. Core Planning Assumptions

Issue	Budget Treatment
Base model	Uses 2025 MOA Revised Budget-derived property tax and service assumptions to produce efficient tax district aligned revenue production.
Service phase-in	FY1 assumes 35% service responsibility; FY2 assumes 70%; FY3-FY5 assume full service responsibility. This is a planning structure and should be shifted to match the final effective date and transition schedule.
Inflation / financial cycles	Recurring revenue capacity and operating costs are escalated at 3% per year.
Organization grants	AS 29.05.190 organization grants are shown as $300,000 in FY1, $200,000 in FY2, and $100,000 in FY3. They are treated as one-time startup/reserve support, not recurring operating revenue.
Capital budget	The capital-improvements schedule is added separately from operating expenses. Major capital improvements are concentrated in FY3 through FY5, after full service responsibility, transition completion, and clearer asset ownership. FY1 and FY2 remain transition-heavy years focused on organization, tax administration, mortgage/escrow setup, asset inventory, service-continuity agreements, engineering review, facility assessment, and limited startup capital.
Asset Transfers	Upon transfer of assets they will be available to support transition, future operations, reserves, capital improvements, or debt transfers.

Table 1. Timeline Tied to 3 AAC 110.420(b)(13) and 3 AAC 110.055(1)(E)

Fiscal year / period	Legal or practical event	Budget issue to show	Treatment in this budget
FY1 Organization / Startup	Election certification; borough organization begins; first AS 29.05.190 grant assumed.	Startup, initial staffing, legal/finance setup, records, insurance, transition work.	Service phase-in 35%; 3% escalation factor 1.0000; organization grant $300,000; limited startup capital only.
FY2 Transition	Transition continues under AS 29.05.130-.140 and 3 AAC 110.900; services transfer by schedule.	Service transfers, contracts, assets/liabilities, tax administration, capital planning.	Service phase-in 70%; 3% escalation factor 1.0300; organization grant $200,000; limited transition capital only.
FY3 Full Assumption / Final Grant	Final AS 29.05.190 grant assumed received; transition complete; first full local school contribution budgeted.	Full service budget, final organization grant, first full local school contribution.	Service phase-in 100%; 3% escalation factor 1.0609; organization grant $100,000; main capital-improvements program begins.
FY4 Required Post-Benchmark Year	One full fiscal year beyond the latest assumed 3 AAC 110.055(1)(E) benchmark.	Required year showing feasibility after the latest benchmark.	Service phase-in 100%; 3% escalation factor 1.0927; organization grant $0.
FY5 Extended Stability	Additional post-compliance planning year to protect against shifted timing.	Additional stability year if timing shifts or phase-in extends.	Service phase-in 100%; 3% escalation factor 1.1255; organization grant $0.

The exact fiscal-year labels should be shifted after election certification and adoption of the final transition schedule. The compliance point is the sequence and coverage period.

Table 2. 2025 MOA Property Tax Baseline

Tax District	Tax District Name	2025 Existing Real Property Taxable Less State Credit and Residential Exemption	2025 Real Property New Construction	2025 Personal Property / Business Inventory Assessment Actuals	2025 Tax Assessment Total	2025 Tax District Mill Rates in Decimal Cents	2025 Actual Tax Revenue
10	Eagle River	$1,453,530,469	$24,462,700	$38,518,546	$1,516,511,715	0.01550	$23,505,932
22	Chugiak	$1,186,562,389	$4,621,200	$38,215,609	$1,229,399,198	0.01432	$17,604,997
30	Eagle River Valley	$219,032,082	$5,155,700	$2,180,754	$226,368,536	0.01332	$3,015,229
46	Eaglewood Cont. RSA	$319,499,883		$7,105,198	$326,605,081	0.01382	$4,513,682
47	Gateway Cont. RSA	$7,636,712	$143,400	$38,124	$7,818,236	0.01154	$90,222
50	Eagle River St Lights	$1,255,421,547	$2,352,400	$20,070,375	$1,277,844,322	0.01570	$20,062,156
51	ER St Lights / CVFRD	$294,826,099	$933,400	$737,166	$296,496,665	0.01452	$4,305,132
58	ER St Lights / no Fire	$15,935,340		$71,893	$16,007,233	0.01352	$216,418
Totals		$4,752,444,521	$37,668,800	$106,937,665	$4,897,050,986		$73,313,767

MOA Tax Districts 0, 1, 2, 11, 16, and 60 may have still to be determined components in the affected area to be detached but do not have appreciable property tax included in the table.

Table 3. Proposed CRB Property Tax

Tax District	Tax District Name	2025 Existing Real Property Taxable Less State Credit and Residential Exemption	2025 Real Property New Construction	2025 Tax Assessment Total	2025 Based Mill Rate	2025 Based Actual Tax on 90% Assessment
10	Eagle River	$1,773,030,352	$24,462,700	$1,797,493,052	0.01199	$19,396,748
22	Chugiak	$1,186,562,389	$4,621,200	$1,191,183,589	0.01096	$11,749,835
30	Eagle River Valley	$226,668,794	$5,299,100	$231,967,894	0.00981	$2,048,045
50	Eagle River St Lights	$1,255,421,547	$2,352,400	$1,257,773,947	0.01219	$13,799,038
51	ER St Lights / CVFRD	$294,826,099	$933,400	$295,759,499	0.01116	$2,970,608
58	ER St Lights / no Fire	$15,935,340	$0	$15,935,340	0.01001	$143,561
Totals		$4,752,444,521	$37,668,800	$4,790,113,321		$50,107,835

Tax District 50 is shown at $13,799,038, matching the division-level row total in Table 4. The district-row total is $50,107,833. For multi-year revenue, this exhibit uses $50,107,835 as the recurring property-tax/service revenue capacity and treats small differences as rounding.

Table 4. Proposed CRB Mill Rate by Division

Tax District	Tax District Name	Admin Mill	Police Mill	Roads Mill	Streetlight Mill	Parks Mill	Fire Mill	Education Mill	Total Mill
10	Eagle River	0.00240	0.00120	0.00220	0.00000	0.00101	0.00218	0.00300	0.01199
22	Chugiak	0.00240	0.00120	0.00220	0.00000	0.00101	0.00115	0.00300	0.01096
30	Eagle River Valley	0.00240	0.00120	0.00220	0.00000	0.00101	0.00000	0.00300	0.00981
50	Eagle River St Lights	0.00240	0.00120	0.00220	0.00020	0.00101	0.00218	0.00300	0.01219
51	ER St Lights / CVFRD	0.00240	0.00120	0.00220	0.00020	0.00101	0.00115	0.00300	0.01116
58	ER St Lights / no Fire	0.00240	0.00120	0.00220	0.00020	0.00101	0.00000	0.00300	0.01001

Mill rates are planning assumptions. Final filing values will be reconciled to the final boundary, service areas, taxable value, exemptions, and adopted transition timing.

Table 5. Proposed CRB Tax by Division

Tax District	Tax District Name	Admin	Police	Roads	Streetlights	Parks	Fire	Education	Row Total
10	Eagle River	$3,882,585	$1,941,292	$3,559,036	$0	$1,633,921	$3,526,681	$4,853,231	$19,396,746
22	Chugiak	$2,572,957	$1,286,478	$2,358,544	$0	$1,082,786	$1,232,875	$3,216,196	$11,749,836
30	Eagle River Valley	$501,051	$250,525	$459,296	$0	$210,859	$0	$626,313	$2,048,044
50	Eagle River St Lights	$2,716,792	$1,358,396	$2,490,392	$226,399	$1,143,317	$2,467,752	$3,395,990	$13,799,038
51	ER St Lights / CVFRD	$638,841	$319,420	$585,604	$53,237	$268,845	$306,111	$798,551	$2,970,609
58	ER St Lights / no Fire	$34,420	$17,210	$31,552	$2,868	$14,485	$0	$43,025	$143,560
Totals		$10,346,646	$5,173,321	$9,484,424	$282,504	$4,354,213	$7,533,419	$12,933,306	$50,107,833

Row totals are calculated from the listed division amounts. Column totals are rounded planning values. The table supports the operating budget model. It will be reconciled to final assessed value and service-area treatment.

Table 6. Operating Model by Function

Operating function / division	Operating cost / required revenue
General government and administration	$10,346,646
Police / public safety	$5,173,322
Fire and EMS, including CVFRD service area	$7,533,419
Public works: roads, parks, drainage, street lighting	$14,121,142
Education local contribution	$12,933,306
Total corrected recurring operating cost	$50,107,835
Recurring property tax / service revenue capacity	$50,107,835

Table 7. Complete Division-Level Operating Budget Details

Department	Division / service area	Salaries & Benefits	Facilities & Utilities	Supplies	Travel & Training	Equipment	Vehicle Maintenance	Professional / Outside / Contract Fees	Direct Cost Total	FTEs	Treatment note
Admin	Borough Manager	$910,800	$305,722	$20,000	$20,000			$750,004	$2,006,526	5	Includes mayoral salary; non-labor large contract fees shown as contract capacity.
Admin	Borough Clerk	$552,000		$30,000	$6,000			$250,000	$838,000	4	Supports elections, records, assembly support, and public notice functions.
Admin	Finance	$1,794,000		$60,000	$10,000			$18,000	$1,882,000	13	Supports budget, accounting, payroll, revenue, treasury, grants, and audit functions.
Admin	Legal	$897,000		$20,000	$10,000			$250,000	$1,177,000	4	Supports borough counsel and specialized outside counsel during transition.
Admin	Assessment	$828,000		$6,000	$8,000				$842,000	5	Supports property assessment and tax administration.
Admin	Information Technology	$828,000		$6,000	$10,000				$844,000	4	Supports systems, records, cybersecurity, and transition technology.
Admin	Land Use	$745,200		$40,000	$10,000			$25,000	$820,200	5	Supports planning, zoning, platting, permitting, and code administration.

Department	Division / service area	Salaries & Benefits	Facilities & Utilities	Supplies	Travel & Training	Equipment	Vehicle Maintenance	Professional / Outside / Contract Fees	Direct Cost Total	FTEs	Treatment note
Admin	Animal Control	$855,600		$8,000	$6,000			$35,000	$904,600	6	Model for animal-control service delivery and contracts.
Admin	Public Library	$985,320		$17,000	$10,000			$20,000	$1,032,320	7	Model for library staffing, supplies, and service support.
Police	Police Department	$3,049,800		$50,000	$100,000	$20,000	$550,000	$1,403,522	$5,173,322	17	Model; final service may be direct, contracted, intergovernmental, or blended.
Fire	Fire Department (non-CVFRD)	$4,968,000		$50,000	$40,000	$136,433	$800,000		$5,994,433	30	Model for non-CVFRD fire/EMS responsibility. Math corrected to $5,994,433 from listed line items; R1 total showed $5,994,434 due rounding.
Fire	CVFRD Service Area							$1,538,986	$1,538,986		Contractual-services model for CVFRD service-area continuity.
Public Works	CBERRRSA, ER Parks & Rec, ER Street Light SA combined	$3,312,000		$323,142	$20,000	$16,000		$10,450,000	$14,121,142	35	Combines roads, drainage, parks, recreation, and street-light costs.
Education	Local Contribution							$12,933,306	$12,933,306	30	Local contribution amount; final version should reconcile AS 14.17.410(b)(2), full-value determination, and

Department	Division / service area	Salaries & Benefits	Facilities & Utilities	Supplies	Travel & Training	Equipment	Vehicle Maintenance	Professional / Outside / Contract Fees	Direct Cost Total	FTEs	Treatment note
											allowable in-kind services under AS 14.17.990(6).

These are anticipated operating details subject to asset transfers. They do not constitute the final budget ordinance of the future borough and should be reconciled to final contracts, insurance, dispatch, school-district transition, and provider decisions.

Table 8. Multi-Year Operating Revenue and Funding Sources

Revenue / funding source	FY1 Organization / Startup	FY2 Transition	FY3 Full Assumption / Final Grant	FY4 Required Post-Benchmark Year	FY5 Extended Stability
Property tax / service revenue capacity from model, phased and escalated	$17,537,742	$36,127,749	$53,159,402	$54,754,184	$56,396,810
AS 29.05.190 organization grant	$300,000	$200,000	$100,000	$0	$0
Potential asset transfer / fund-balance allocation	Memo only - not recurring revenue	Memo only - not recurring revenue	Memo only - not recurring revenue	Memo only - not recurring revenue	Memo only - not recurring revenue
Total operating resources used for balance test	$17,837,742	$36,327,749	$53,259,402	$54,754,184	$56,396,810

Organization grants are one-time transition resources. Potential asset transfers are excluded from recurring operating revenue and should be used only after legal allocation and restriction analysis. During FY1, the 65 percent not shown as CRB direct operating revenue, and during FY2, the 30 percent not shown as CRB direct operating revenue, should not be treated as automatic surplus, unrestricted cash, or discretionary reserve funding. Those amounts represent potential transition funding capacity only. They may remain unlevied, be needed to fund MOA or other provider service-continuity obligations, or be lawfully restricted for transition, reserve, capital, school, emergency-service, reimbursement, contract, or debt/asset-transfer purposes. To the extent MOA or another provider continues delivering services during transition, that remaining capacity may be needed to fund MOA transition-service charges, reimbursements, contracts, or other service-continuity costs.

Table 9. Table 2 Property-Tax Capacity by District, Phased and Escalated

Tax district	FY1 Organization / Startup	FY2 Transition	FY3 Full Assumption / Final Grant	FY4 Required Post-Benchmark Year	FY5 Extended Stability
10 Eagle River	$6,788,861	$13,985,054	$20,578,008	$21,195,348	$21,831,209
22 Chugiak	$4,112,443	$8,471,632	$12,465,401	$12,839,363	$13,224,544
30 Eagle River Valley	$716,815	$1,476,640	$2,172,770	$2,237,953	$2,305,092
50 Eagle River Street Lights	$4,829,663	$9,949,106	$14,639,399	$15,078,581	$15,530,939
51 ER St Lights / CVFRD	$1,039,713	$2,141,809	$3,151,519	$3,246,065	$3,343,447
58 ER St Lights / no Fire	$50,246	$103,507	$152,303	$156,872	$161,578
District-row subtotal	$17,537,741	$36,127,748	$53,159,400	$54,754,182	$56,396,809
Total used in operating balance	$17,537,742	$36,127,749	$53,159,402	$54,754,184	$56,396,810

This table shows the Table 2 property-tax capacity adjusted for FY1/FY2 transition phase-in and 3% annual escalation.

Table 10. Multi-Year Operating Expenditures by Function

Operating function	FY1 Organization / Startup	FY2 Transition	FY3 Full Assumption / Final Grant	FY4 Required Post-Benchmark Year	FY5 Extended Stability
General government and administration	$3,621,325	$7,459,932	$10,976,757	$11,306,059	$11,645,242
Police / public safety	$1,810,663	$3,729,965	$5,488,377	$5,653,029	$5,822,619
Fire and EMS, including CVFRD service area	$2,636,697	$5,431,595	$7,992,204	$8,231,970	$8,478,929
Public works: roads, parks, drainage, street lighting	$4,942,400	$10,181,343	$14,981,120	$15,430,553	$15,893,470
Education local contribution	$4,526,657	$9,324,914	$13,720,944	$14,132,573	$14,556,550
Total recurring operating expenditures	$17,537,742	$36,127,749	$53,159,402	$54,754,184	$56,396,810

Operating expenditures include the service functions. Capital improvements are shown separately so the Commission can review operating and capital feasibility under the same benchmark period.

Table 11. Capital Improvements Budget - FY3-FY5 Schedule

Capital-improvements treatment. This capital-improvements schedule is presented separately from operating expenses for petition review. Major capital improvements are concentrated in FY3 through FY5 because FY3 is the first fiscal year in which the budget assumes full CRB service responsibility, transition completion, receipt of the final organization grant, and the first full local school contribution. The schedule remains a planning placeholder and should be reconciled with asset transfers, service-area capital balances, grants, facility inspections, final transition agreements, and any lawful capital reserve or dedicated levy adopted by the future Borough Assembly.

FY1 and FY2 transition treatment. FY1 and FY2 should remain transition-heavy years focused on organization, tax administration, mortgage and escrow remittance setup, asset inventory, service-continuity agreements, engineering review, facility assessment, and limited startup capital. Major capital spending before full service responsibility or confirmed asset ownership may appear premature or duplicative because MOA or other providers may still be delivering services during the transition period. Limited FY1 and FY2 capital-related expenditures may still be appropriate for tax systems, finance systems, records systems, asset inventories, facility inspections, engineering review, emergency equipment needs, and transition planning, but those items should be treated as transition/startup costs rather than the main capital-improvements program.

Capital category	FY3 Full Assumption / Final Grant	FY4 Required Post-Benchmark Year	FY5 Extended Stability
Capital planning, engineering, and asset inventory	$175,000	$200,000	$200,000
Administration, records, finance, and IT systems	$125,000	$125,000	$125,000
Public safety equipment and startup replacement reserve	$250,000	$300,000	$350,000
Roads, drainage, and winter-maintenance capital needs	$500,000	$575,000	$650,000
Parks, recreation, trails, and facility repairs	$200,000	$250,000	$300,000
School facility assessment and minor capital support	$150,000	$200,000	$225,000
Total capital improvements budget	$1,400,000	$1,650,000	$1,850,000

Capital category notes. The FY3-FY5 schedule provides a limited capital program for asset verification, public records and finance systems, public-safety equipment, road and drainage needs, parks and facility repairs, and school facility assessment. These amounts are not final appropriations. They are review-level placeholders intended to demonstrate that capital needs have been identified and separated from recurring operations.

Table 12. Capital Funding Sources and Treatment - Revised FY3-FY5 Schedule

Capital funding source	FY3 Full Assumption / Final Grant	FY4 Required Post-Benchmark Year	FY5 Extended Stability
Legally available asset/fund-balance transfer proceeds or service-area capital balances, if allocated	$1,400,000	$1,650,000	$1,850,000
State/federal/legislative capital grants or reimbursable grants	TBD	TBD	TBD
Lawfully reserved transition funds remaining after MOA/provider service-continuity costs are paid	TBD	TBD	TBD
Annual capital transfer from recurring revenue after final appropriation	TBD	TBD	TBD
Dedicated capital/reserve mill-rate adjustment, if needed	TBD	TBD	TBD
Voter-approved bonds or debt instruments	Not assumed	Not assumed	Not assumed

Capital funding note. The capital budget is shown as a requirement and planning schedule, not as a final appropriation. Capital funding is conditional because it depends on legally available asset transfers, service-area balances, grants, reserves, or future appropriations. It should be funded only from legally available capital balances, service-area capital funds, capital-project balances, grants, asset-transfer proceeds, lawfully restricted transition reserves, or future appropriations. Organization grants may support capital planning and startup systems, but they should not be relied on as the primary source for the FY3-FY5 capital-improvements program. Potential asset transfers and fund balances remain nonrecurring resources and should not be used to prove ordinary operating feasibility.

The CRB Budget should therefore be read as a phased transition budget. During FY1 and FY2, revenue follows service responsibility: MOA and other providers remain funded for services they continue to deliver, while CRB levies for services it assumes directly or for lawful transition obligations. Beginning in FY3, after full-service assumption and transition completion, the CRB tax table becomes the normal operating model. Capital improvements are best concentrated in FY3 through FY5, when ownership, service responsibility, asset condition, and school-transition obligations are clearer. This approach preserves service continuity, avoids double taxation, protects taxpayers, prevents overstated reserve claims, and gives the Local Boundary Commission a realistic budget showing how CRB can organize, transition, operate, fund capital needs, and remain fiscally feasible through the required post-benchmark period.