

# Assembly Work Session

## How To Pay For Government Services

Tuesday October 25, 3 pm, DSJ Assembly Chambers



### Overview

One day prior to the commencement of the 2017 Matanuska-Susitna Borough Fiscal year we received word that Governor Walker reduced bond reimbursements by 25%. What this meant for the Matanuska-Susitna Borough is a revenue loss of \$5.7 million. In addition, the MSB School District also lost \$2.8 million in revenue. This is our new normal.

The purpose of the work session is to discuss and debate how the Matanuska-Susitna Borough deals with this “new normal.” Provided are historical financial documents for your review to set the stage for this discussion. In February 2017 a second work session is scheduled to discuss and debate the level of service provided by the Matanuska-Susitna Borough and the Matanuska-Susitna Borough School District.

Discussion topics:

What can we do about it?

What are we willing to do about it?

What is the balance between long term and short term strategy?

Does that Matanuska-Susitna Borough need to re-think itself?



---

John M. Moosey \* Borough Manager \* 350 E. Dahlia Avenue \* Palmer, AK 99645  
907.861.8689 \* john.moosey@matsugov.us

**ADOPTED BUDGETS: FOR EXPENDITURES & REVENUES**  
**AREAWIDE FUND**  
**Matanuska Susitna Borough**

Fiscal Year	Budgeted Expenditures (adopted budget)	Budgeted Revenue (adopted budget)	Difference: (-Shortage) or + Surplus	Planned Use of Fund Balance to Balance Budget
2007	\$90,766,033	\$93,715,195	\$2,949,162	\$0
2008	\$104,899,977	\$103,594,131	-\$1,305,846	\$1,305,846
2009	\$108,237,589	\$110,506,291	\$2,268,702	\$0
2010	\$109,600,587	\$105,108,566	-\$4,492,021	\$4,492,021
2011	\$116,775,469	\$107,186,449	-\$9,589,020	\$9,589,020
2012	\$132,929,306	\$112,792,297	-\$20,137,009	\$20,137,009
2013	\$129,588,049	\$119,142,238	-\$10,445,811	\$10,445,811
2014	\$134,919,802	\$122,216,733	-\$12,703,069	\$12,703,069
2015	\$138,710,092	\$125,589,331	-\$13,120,761	\$13,120,761
2016	\$146,928,353	\$133,718,584	-\$13,209,769	\$13,209,769
2017	\$147,637,948	\$135,653,672	-\$11,984,276	\$11,984,276

**ADOPTED BUDGETS COMPARED TO ACTUALS**  
**AREAWIDE FUND**  
**Matanuska Susitna Borough**

Fiscal Year	BUDGET		REVENUE		Difference: (-Shortage) or + Surplus	Use of Fund Balance to Balance Budget
	Adopted Budget/ Actual Expenditures	Adopted Revenue/ Actual Revenue	Adopted Revenue/ Actual Revenue	Difference: (-Shortage) or + Surplus		
2007	Adopted: \$90,766,033 Actual: \$87,696,323	\$93,715,195 \$99,336,587	\$2,949,162 \$11,640,264	\$0 \$0		
2008	Adopted: \$104,899,977 Actual: \$99,327,000	\$103,594,131 \$106,311,730	-\$1,305,846 \$6,984,730	\$1,305,846 \$0		
2009	Adopted: \$108,237,589 Actual: \$105,085,763	\$110,506,291 \$115,213,211	\$2,268,702 \$10,127,448	\$0 \$0		
2010	Adopted: \$109,600,587 Actual: \$102,467,132	\$105,108,566 \$109,507,195	-\$4,492,021 \$7,040,063	\$4,492,021 \$0		
2011	Adopted: \$116,775,469 Actual: \$109,697,893	\$107,186,449 \$117,722,220	-\$9,589,020 \$8,024,327	\$9,589,020 \$0		
2012	Adopted: \$132,929,306 Actual: \$131,378,286	\$112,792,297 \$120,445,589	-\$20,137,009 -\$10,932,697	\$20,137,009 \$10,932,697		
2013	Adopted: \$129,588,049 Actual: \$123,746,901	\$119,142,238 \$128,310,808	-\$10,445,811 \$4,563,907	\$10,445,811 \$0		
2014	Adopted: \$134,919,802 Actual: \$128,768,685	\$122,216,733 \$129,957,551	-\$12,703,069 \$1,188,866	\$12,703,069 \$0		
2015	Adopted: \$138,710,092 Actual: \$141,028,174	\$125,589,331 \$140,560,515	-\$13,120,761 -\$467,659	\$13,120,761 \$467,659		
2016	Adopted: \$146,928,353 Actual: pending	\$133,718,584 pending	-\$13,209,769 pending	\$0 \$0		
2017	Adopted: \$147,637,948 Actual: pending	\$135,653,672 pending	-\$11,984,276 pending	\$0 \$0		

# FUND BALANCE HISTORY FOR AREAWIDE FUND

Matanuska Susitna Borough

Fiscal Year	Fund Balance at Year End	End of Year - Fund Balance Change
2006	\$18,170,022	NA
2007	\$22,969,835	\$4,799,813
2008	\$25,220,790	\$2,250,955
2009	\$36,916,917	\$11,696,127
2010	\$56,569,091	\$19,652,174
2011	\$64,354,554	\$7,785,463
2012	\$53,278,010	-\$11,076,544
2013	\$57,908,358	\$4,630,348
2014	\$58,470,931	\$562,573
2015	\$57,942,399	-\$528,532
2016	pending	pending
2017	pending	pending

**ACTUAL EXPENDITURES & ACTUAL REVENUES FOR AREAWIDE FUND**  
**Matanuska Susitna Borough**

Fiscal Year	Actual Expenditures	Actual Revenues	Difference -	
			Impact on Fund Balance: Increase (Decrease)	Increase (Decrease)
2007	\$87,696,323	\$99,336,587	\$11,640,264	<Increase
2008	\$99,327,000	\$106,311,730	\$6,984,730	<Increase
2009	\$105,085,763	\$115,213,211	\$10,127,448	<Increase
2010	\$102,467,132	\$109,507,195	\$7,040,063	<Increase
2011	\$109,697,893	\$117,722,220	\$8,024,327	<Increase
2012	\$131,378,286	\$120,445,589	-\$10,932,697	<Decrease
2013	\$123,746,901	\$128,310,808	\$4,563,907	<Increase
2014	\$128,768,685	\$129,957,551	\$1,188,866	<Increase
2015	\$141,028,174	\$140,560,515	-\$467,659	<Decrease
2016	pending	pending		
2017	pending	pending		

**EXPENDITURE HISTORY FOR AREAWIDE FUND**  
**Matanuska Susitna Borough**

Fiscal Year	Adopted Budget	Actual Expenditures	Difference -	
			Impact on Fund Balance: Increase (Decrease)	Increase (Decrease)
2007	\$90,766,033	\$87,696,323	\$3,069,710	<Increase
2008	\$104,899,977	\$99,327,000	\$5,572,977	<Increase
2009	\$108,237,589	\$105,085,763	\$3,151,826	<Increase
2010	\$109,600,587	\$102,467,132	\$7,133,455	<Increase
2011	\$116,775,469	\$109,697,893	\$7,077,576	<Increase
2012	\$132,929,306	\$131,378,286	\$1,551,020	<Increase
2013	\$129,588,049	\$123,746,901	\$5,841,148	<Increase
2014	\$134,919,802	\$128,768,685	\$6,151,117	<Increase
2015	\$138,710,092	\$141,028,174	-\$2,318,082	<Decrease
2016	\$146,928,353	pending		
2017	\$147,637,948	pending		

**REVENUE HISTORY FOR AREAWIDE FUND**  
**Matanuska Susitna Borough**

Fiscal Year	Budgeted Revenue	Actual Revenue (at end of year)	Difference - Impact on Fund Balance: Increase (Decrease)
2007	\$93,715,195	\$99,336,587	<Increase \$5,621,392
2008	\$103,594,131	\$106,311,730	<Increase \$2,717,599
2009	\$110,506,291	\$115,213,211	<Increase \$4,706,920
2010	\$105,108,566	\$109,507,195	<Increase \$4,398,629
2011	\$107,186,449	\$117,722,220	<Increase \$10,535,771
2012	\$112,792,297	\$120,445,589	<Increase \$7,653,292
2013	\$119,142,238	\$128,310,808	<Increase \$9,168,570
2014	\$122,216,733	\$129,957,551	<Increase \$7,740,818
2015	\$125,589,331	\$140,560,515	<Increase \$14,971,184
2016	\$133,718,584	pending	
2017	\$135,653,672	pending	

Summaries of MSB's Services, Revenues and Expenditures

A Revenues	Projected Revenue for FY 2017	Future Possible Changes	Comments
<p>1 Federal: a Federal PILT: FY 2017, computed on approximately 1,910,000 acres of federal land within MSB:</p>	\$3,100,000		Most likely to stay same or decrease.
<p>2 State: a State Shared Revenues Areawide: FY 2017: \$2,745,000</p>	\$2,745,000		Likely to decrease.
<p>b School Debt Service Reimbursement: FY 2017: Change to State allocation: \$22,768,726 -\$5,700,000</p>	\$22,768,726 -\$5,700,000		Likely to decrease again.
<p>3 MSB Property Taxes</p>			
<p>a Assessed Valuation: \$8,842,607,720 b FY 2017 Real Property Tax Revenue: \$85,556,600</p>			
<p>c Possible Changes 2% Increase in assessed values: d 2% Decrease in assessed values:</p>		\$1,711,132 -\$1,711,132	< Increase in possible revenue < Decrease in possible revenue
<p>e Senior Citizens/Veterans -Assessment total: \$829,448,790 f Senior Citizens/Veterans - Exemption totals: \$8,281,200</p>			
<p>4 New and/or increase of fees;</p>			
<p>a sales tax collection-collection costs=net sales tax revenue</p>			
<p>b Marijuana collection-collection costs=net sales tax revenue</p>			
<p>c Tobacco Tax \$7,800,000</p>	\$7,800,000		
<p>d User fees</p>			
<p>User fees can cover a portion or all of the costs to provide a service.</p>			
<p>Ambulance EMS Fees: \$4,004,000</p>	\$4,004,000		
<p>Park &amp; Recreation Fees \$130,500</p>	\$130,500		
<p>Brett Memorial Ice Arena Fees \$480,000</p>	\$480,000		
<p>Community Pool Fees: \$610,000</p>	\$610,000		



e	Transient Accommodation Tax					
f	Vehicle Tax FY 2017 Vehicle Tax/State Collected: (Note: of the \$1,437,748, \$500,000 will be transferred to the Road Dust Control Program and the balance of \$937,748 is a reserve for match for paying projects and calcium chloride.)					\$1,150,000 \$1,437,748
g	Other Fees Plan Specifications, utility permit fees, zoning & subdivision fees, Clerk's Office fees, LID fees, others:					\$336,100
5 All other revenue sources not listed above for FY 2017						
a	Real Property Taxes - Delinquent					\$2,300,000
b	Personal Property Taxes					\$539,300
c	Penalty & Interest on Delinquent Taxes					\$950,000
d	Excise License					\$9,000
e	Federal Grants					\$55,000
f	Miscellaneous PILT					\$9,000
g	Forclosure Fees					\$100,000
h	Liquor License Fees					\$1,500
i	Business License Fees					\$250,000
j	Penalty & Interest					\$5,000
k	Interest on Investments					\$300,000
l	Recovery of Wages & Fringes					\$996,198
Total FY 2017 Revenues: \$129,933,672 FY 2017 Amended: \$129,953,672						

**B Services:**

There are 5 ways Service levels can change:

Service levels can continue at same level, they can be expanded, reduced or eliminated, or combined with other organizations, or transferred to others. In the following examples please note that any revenue generated in a service area must be considered when making changes to that service.

The following is a list of Services, but not all, for discussion purposes.

Some services generate revenue and must be considered in evaluation process.

**EXAMPLES:**

Description	Cost of Operation	Less	Revenue from Operation	=	Net Cost of Operation
a Ice Arena	\$873,437	less	\$480,000	=	\$393,437
b Community Pools	\$1,523,102	less	\$610,000	=	\$913,102
c Recreational Services					
d Parks & Recreation					
e Safety Program					
f Insurance					
g Janitorial Services					
h Landscaping/mowing					
i Others:					

**C DEBT SUMMARY**

This Debt Service table can be used as a guide for all projects.

INTEREST RATE: TERM:	2%		4%		4%	
	30 YEARS	Annual Debt Payment	30 YEARS	Annual Debt Payment	20 YEARS	Annual Debt Payment
Amount of Debt						
\$1,000,000	\$44,354	\$57,290	\$60,706	\$72,718		
\$10,000,000	\$443,543	\$572,898	\$607,060	\$727,176		
\$100,000,000	\$4,435,428	\$5,728,980	\$6,070,596	\$7,271,760		
\$125,000,000	\$5,544,285	\$7,161,225	\$7,588,245	\$9,089,700		

**Examples for using the above Debt Service table:**

**1 Rail Spur**

If you borrow \$125,000,000:

2%		4%		4%	
30 YEARS	Annual Debt Payment	30 YEARS	Annual Debt Payment	20 YEARS	Annual Debt Payment
\$5,544,285	\$7,161,225	\$7,588,245	\$9,089,700		

**2 Typical School**

If you borrow \$30,000,000

\$10,000,000 from chart =  
\$10,000,000 times 3= \$30,000,000:

2%		4%		4%	
30 YEARS	Annual Debt Payment	30 YEARS	Annual Debt Payment	20 YEARS	Annual Debt Payment
\$443,543	\$572,898	\$607,060	\$727,176		
\$1,330,628	\$1,718,694	\$1,821,179	\$2,181,528		

**3 Typical Road**

If you borrow \$15,000,000

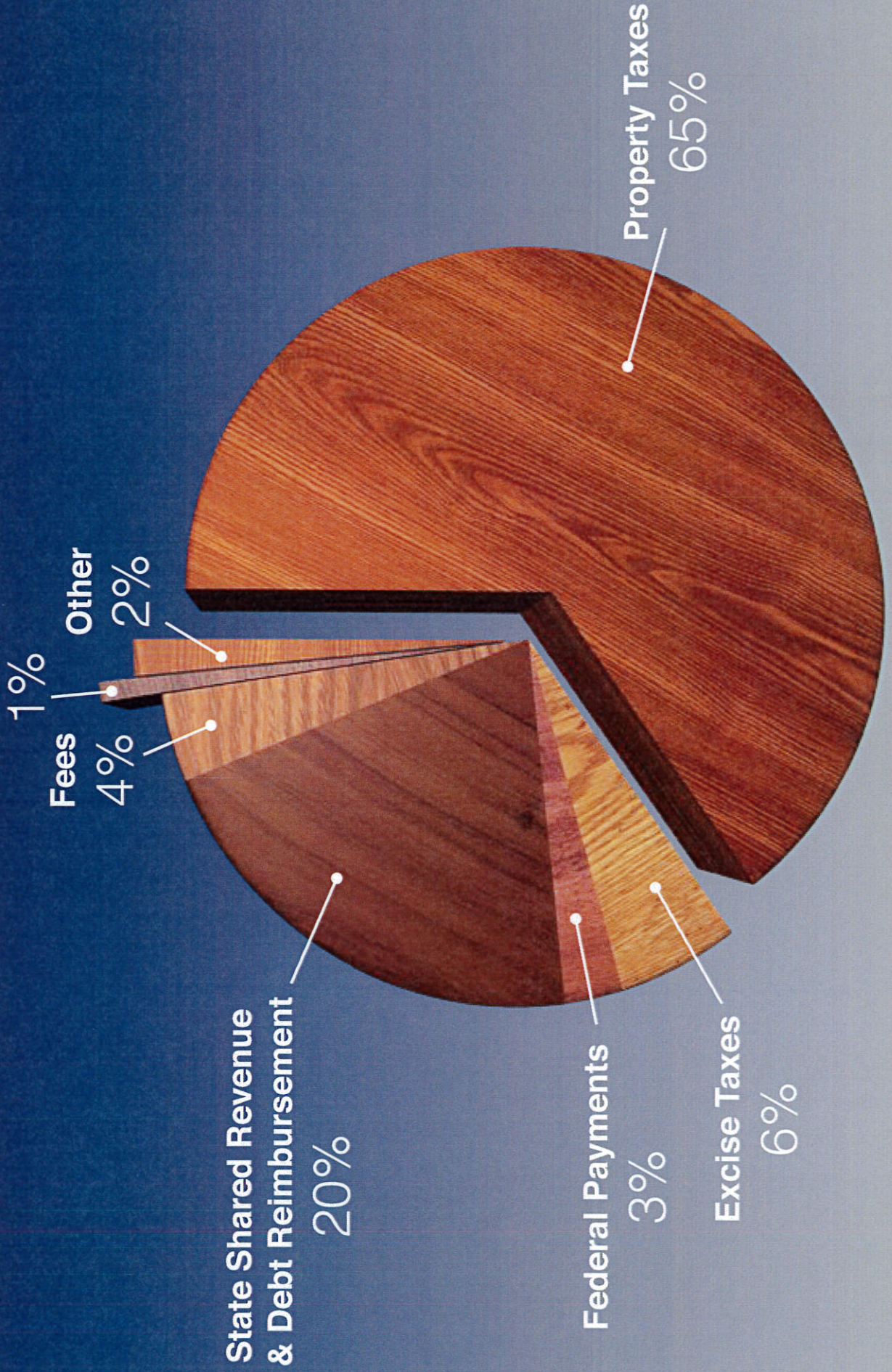
\$10,000,000 from chart =  
\$10,000,000 times 1.5= \$15,000,000:

2%		4%		4%	
30 YEARS	Annual Debt Payment	30 YEARS	Annual Debt Payment	20 YEARS	Annual Debt Payment
\$443,543	\$572,898	\$607,060	\$727,176		
\$665,314	\$859,347	\$910,589	\$1,090,764		



# Areawide Revenue Summary

## Transient Accommodations Tax

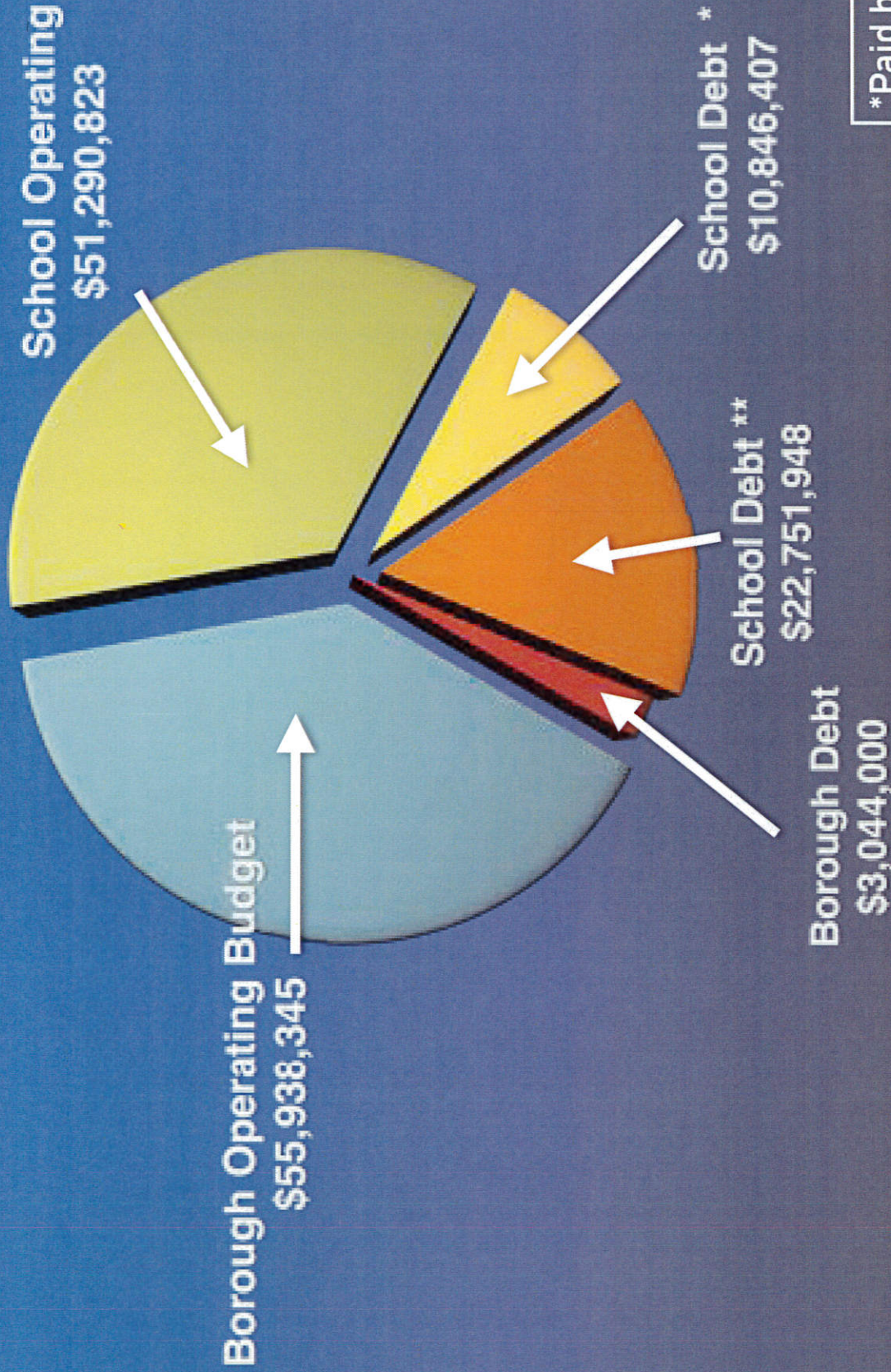




# 2016 GENERAL FUND EXPENSES

## by major categories

*(Includes pass-thru funds for general fund)*

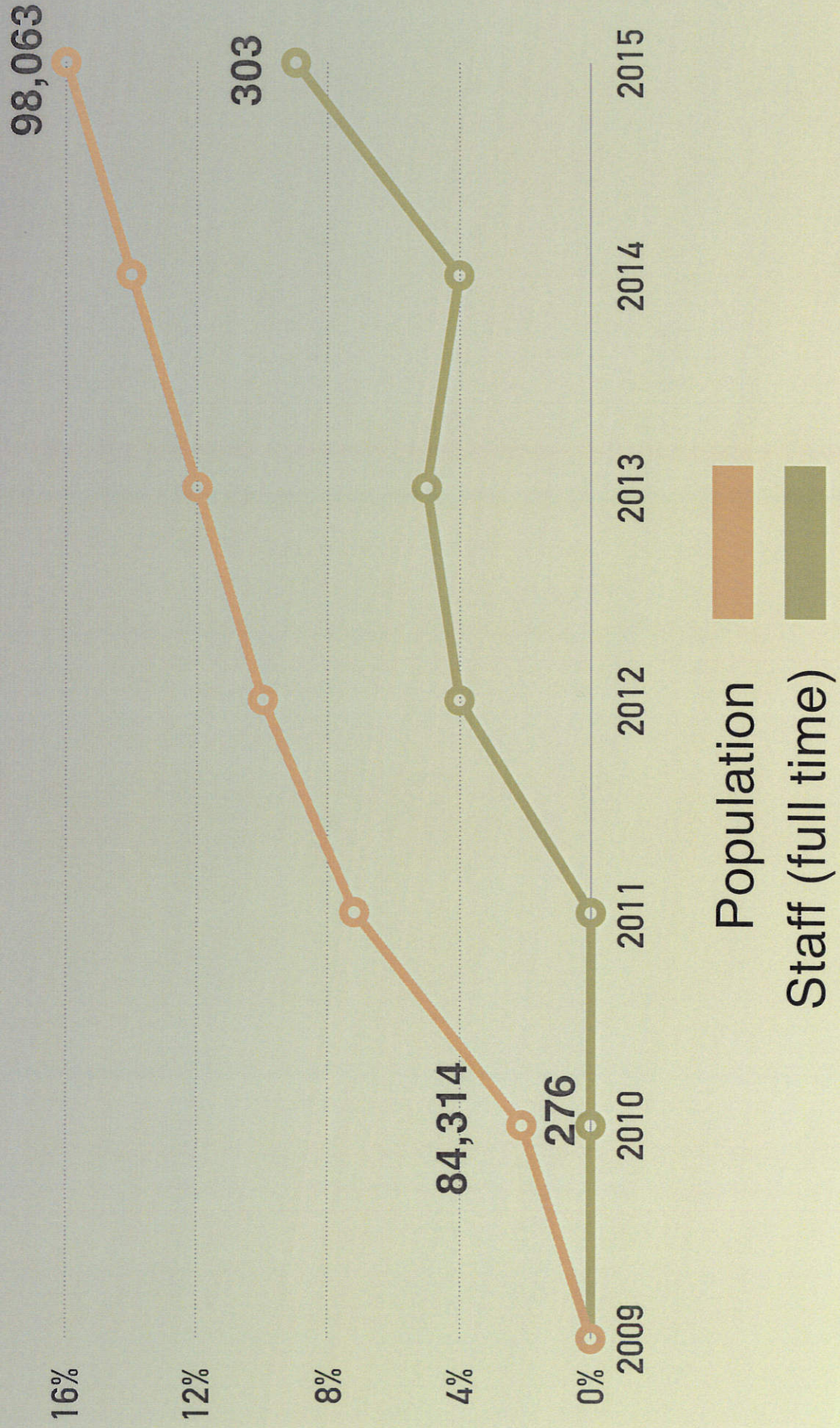


\*Paid by Borough  
\*\*Paid by State



# Population Growth% vs. Borough Staff

(2009-2015)





# Seniors / Disabled Vets and Spouses Property Tax-Exemption

