



MATANUSKA-SUSITNA BOROUGH

Department of Finance

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MEMORANDUM

Date: August 7, 2019

To: John Moosey, Borough Manager

Through: Cheyenne Heindel, Director of Finance *BP acting*

From: Hannah Newberry, Revenue & Budget Specialist *HN*

Subject: FY2020 Budget – State School Bond Debt Reimbursement

FY2020 Bond Debt Reimbursement Revenue

The Fiscal year 2020 budget was passed by the Matanuska-Susitna Borough Assembly on May 29, 2019. In response to the Governor's proposed cuts to school bond debt reimbursement, and the uncertainty still surrounding the payments at the time the budget was passed, \$0.00 was budgeted in State School Debt Service Reimbursement Revenue.

Mitigating the Loss of State Revenue

In order to mitigate this loss in revenue, the Assembly passed an amendment to the budget Ordinance 19-019. This amendment utilizes \$9,200,000 in remaining school construction bond proceeds to pay back a portion of the amount due in FY2020. This amount is approximately half of the total \$18,352,135 we would normally receive from the State of Alaska without reductions from the Governor's budget. The remaining amounts used to mitigate the expected loss of revenue (about \$9,152,135) has been provided by Borough Management's cuts to operating expenses.

Amounts Received from the State

In the event that State of Alaska funds the school construction debt reimbursement in fiscal year 2020, amounts received are to be placed in a Reserve for Future Governmental Cost Shift. With the passage of Ordinance 19-089 on August 6, 2019, any amount received that exceeds \$9,200,000 will be issued as an Areawide Tax Credit or Rebate to Mat-Su Areawide taxpayers.

*OR 19-089
OR 19-019
IM 19-120*

Amendment No. _____

Sponsor: D. Mayfield

Ordinance 19-019

**Areawide Fund (Tab B, page 63)/Debt Service Funds (Tab L, page 461)/Ordinance 19-019
Section 14 (page 14)**

I move to amend:

- the General Fund to decrease Transfer to Debt Service –(Schl) on page 63 (100.000.000.445.140) by \$9,200,000 to leave a balance of \$17,600,000;
- Additionally, I move to amend Debt Service Fund Transfer from Areawide on page 461 (300.000.000.367.110) to decrease by \$9,200,000 to leave a balance of \$17,600,000;
- Increase Transfer from Capital Projects on page 461 (300.000.000.367.400) to increase by \$9,200,000 for a balance of \$9,200,000; and
- Replace Section 14 of Ordinance 19-019 School Construction Debt Reimbursement Contingency with new Section 14 to read as follows: Reserve for Future Governmental Cost Shift. In the event that the State of Alaska funds the school construction debt reimbursement program, that amount is appropriated for the purpose and the corresponding amount of areawide funds, will be placed in a Reserve for Future Governmental Cost Shift.

This will decrease the mill rate by 0.971 mills