

SUBJECT: APPROPRIATING \$4,092,915 FROM SCHOOL DEBT SERVICE FUND BALANCE AND REAPPROPRIATING \$521,681.23 IN REMAINING INSURANCE PROCEEDS FROM THE MAT-SU CENTRAL SCHOOL CONSTRUCTION PROJECT TO FUND THE SHORTFALL IN STATE SCHOOL CONSTRUCTION BOND DEBT SERVICE REIMBURSEMENT.

AGENDA OF: September 2, 2025

ASSEMBLY ACTION: Adopted without objection 09/16/25 - BJH

AGENDA ACTION REQUESTED: Introduce and set for public hearing.

Route To	Signatures
Originator	8 / 2 0 / 2 0 2 5 X P a m e l a G r a h a m S i g n e d b y : P a m e l a G r a h a m
Department/Finance Director	8 / 2 0 / 2 0 2 5 X C h e y e n n e H e i n d e l S i g n e d b y : C h e y e n n e H e i n d e l
Borough Attorney	8 / 2 0 / 2 0 2 5 X N i c h o l a s S p i r o p o u l o s S i g n e d b y : N i c h o l a s S p i r o p o u l o s
Borough Manager	8 / 2 0 / 2 0 2 5 X M i c h a e l B r o w n S i g n e d b y : M i c h a e l B r o w n
Borough Clerk	8 / 2 1 / 2 0 2 5 X L o n n i e M c K e c h n i e S i g n e d b y : L o n n i e M c K e c h n i e

ATTACHMENT (S) : Fiscal Note
Ordinance Serial No. 25-100 (2 pp)

SUMMARY STATEMENT:

On May 13, 2025, Budget Ordinance 25-025 was adopted. In the approved budget was full funding by the State of Alaska for School Construction Debt Service Reimbursement of \$14,887,997.

Subsequently to the adoption of the Borough budget, the State of Alaska approved a budget that included a 25% reduction of the appropriation for School Construction Debt Service Reimbursement. Additionally, it was discovered that the State's total number did not include qualified debt reimbursement to a couple of other communities.

The total amount budgeted by the State was \$47,720,124; it should have been \$50,550,475; and the approved budget was reduced to \$34,882,150. The Borough was notified that the new amount to be reimbursed would be approximately \$10,273,401, creating a \$4,614,596 Areawide revenue shortfall in the reimbursement the Borough anticipated.

The Borough is recommending a two-pronged approach to resolve this shortfall in the Areawide fund without impacting current year services. This approach consists of appropriating fund balance in the School Debt Service Fund and utilizing remaining project funds from the construction of Mat-Su Central.

As a result of similar debt service reimbursement reductions at the State level in prior years, the Borough made the decision to maintain fund balance in the School Debt Service Fund at an amount that represents at least the value of the taxpayer's portion of the annual debt service which is approximately 30% of the total debt service to be paid annually. 30% of the annual debt service amount for education in Fiscal Year 2025 is \$8,948,992. The current projected fund balance for June 30, 2025, is expected to be \$7,831,644. Adoption of this legislation would leave \$3,738,829 in fund balance to offset future cuts without raising the mill rate or reducing services.

Additionally, the Mat-Su Central School construction project has been completed and there are remaining project funds of \$521,681.23. These funds were originally left over insurance proceeds from Houston High School and were moved to Mat-Su Central School to assist with funding this project.

This legislation requests approval to fund the shortfall in State School Construction Bond Debt Service Reimbursement as follows:

Appropriate Fund Balance in fund 300	\$ 4,092,915.00
Re-appropriate the remaining Insurance	
Proceeds from Fund 400, project 40206	\$ 521,681.23
Total:	\$ 4,614,596.23

Finally, the approved Areawide Debt Service Reimbursement Revenue and the Transfer for Debt Service (Schl); and the approved School Debt Service Fund Transfer from Areawide Revenue will each be reduced by \$4,614,96.23.

RECOMMENDATION OF ADMINISTRATION: Adopt legislation as presented.

MATANUSKA-SUSITNA BOROUGH

FISCAL NOTE

Agenda Date: **September 2, 2025**

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FISCAL ACTION (TO BE COMPLETED BY FINANCE)	FISCAL IMPACT YES NO
AMOUNT REQUESTED \$4,614,596.23	FUNDING SOURCE School Debt Svc fund balance/School Capital Projects fund
FROM ACCOUNT # 400.000.000 4xx.xxx	PROJECT# 40206
TO ACCOUNT: 300.000.000 3xx.xxx	PROJECT #
VERIFIED BY:  Recoverable Signature X Liesel Zanto Signed by: Liesel Wailand	

EXPENDITURES/REVENUES:

(Thousands of Dollars)

OPERATING	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
Personnel Services						
Travel						
Contractual						
Supplies						
Equipment						
Land/Structures						
Grants, Claims						
Miscellaneous		4,092.9				
TOTAL OPERATING						
CAPITAL		521.7				
REVENUE						

FUNDING:

(Thousands of Dollars)

General Fund						
State/Federal Funds						
Other		4614.6				
TOTAL		4614.6				

POSITIONS:

Full-Time						
Part-Time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

APPROVED BY:	 Recoverable Signature X Cheyenne Heindel Signed by: Cheyenne Heindel
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