MATANUSKA-SUSITNA BOROUGH
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To the Honorable Mayor and Borough Assembly:

Submitted herewith is the fiscal year 2016 Assembly approved comprehensive annual budget for the Matanuska-Susitna Borough. The fiscal year 2016 budget was formally adopted by the Assembly on May 20, 2015, and vetoed on May 27, 2015 by the Mayor. The Assembly finalized their vote on the budget on May 27, 2015 which upheld the veto. A discussion of each section of the budget follows.

Budgets for the General Fund, Special Revenue Funds and other funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The budgets are based using the economic resources measurement focus and the modified accrual basis of accounting. Revenues will be recorded when earned and expenses will be recorded when a liability is incurred, regardless of timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Budgeted amounts are as originally adopted by the Assembly. Each fund is discussed below.

The approved comprehensive annual budget is presented in ten major sections: Overview, General Fund, Special Revenue Funds, Solid Waste Enterprise Fund, Port Enterprise Fund, M/V Susitna Fund, Debt Service Funds, Capital Projects/Grant/Match Funds, Internal Service Funds and Other Information. The Overview Section includes the mill levies adopted for fiscal year 2016, beginning and ending fund balances and reconciliations, revenue and expenditure summaries and graphs for fiscal year 2014, 2015 and 2016 and personnel comparisons for the current year and prior years. The General Fund section contains the information relating to the areawide fund (i.e., general government operations), such as administration, planning, ambulance service and finance. The Special Revenue Funds section includes the nonareawide fund, Enhanced 911, land management fund, fire service areas, road service areas, special service areas and the educational fund.

There are two enterprise funds. The first is for the operation of Solid Waste and the second is for the operation of Port MacKenzie. A third was initially established for the operation of the M/V Susitna, however the vessel has been sold pending repairs and necessary federal approvals.

An enterprise fund can be used to report an activity for which a fee is charged to external users for goods or services. For each of these two referenced operations, the use of an enterprise fund will more clearly identify the financial condition of the respective operation. Additionally, should any of these operations have a need to issue revenue bonds in the future an enterprise fund would be required.

The Debt Service Fund section contains six separate funds. This includes the debt service for the school facilities, Public Safety Buildings 6-1 and 5-1, the parks and recreation bonds, the Animal Care Facility, and for the Transportation System Bonds.

The Capital Projects/Grants/Pass-Through section includes approved capital projects for Borough facilities, infrastructure, indoor/outdoor recreation, community center/library, emergency services and road projects. It also includes funds required for matching grants, block grants and the grant to the Mat-Su Convention and Visitors Bureau as well as other entities. Additionally, it includes funds for development of Hatcher Pass, Municipal Entitlement Surveys, and various Emergency Services and Planning projects.

The Internal Service Funds section contains the information related to the low cost loans available to the road, fire and special service areas. The Other Information section includes personnel information, various information about demographics, economics, geography and community and a Glossary.

The Borough exercises several areawide powers. This includes property assessment and collection of taxes, planning and zoning, parks and recreation, emergency medical services and historic preservation. In addition to general Borough activities, the assembly approves the total annual school budget, levies the necessary taxes and approves the borrowing of money and the issuance of bonds for the school construction projects. Therefore, the budget of the school district is included in the Borough's comprehensive budget as a component unit.

The Borough also exercises various nonareawide powers. This includes solid waste, libraries, animal care and economic development. The Borough is responsible for 29 active service areas (flood, water, fire, roads and erosion control). Service Area Boards of Supervisors are appointed by the Assembly to oversee the affairs of each service area and make recommendations to the Borough Manager and Assembly on certain matters that affect each service area. This document includes the budget detail for these service areas.

GOALS AND OBJECTIVES

The 2016 goal for the Matanuska-Susitna Borough is process improvement and infrastructure building. The Matanuska-Susitna Borough is the fastest growing area is the State of Alaska. We are currently sitting at a population greater than 100,000. We are building infrastructure in our schools, Borough service centers, and our transportation systems. We are able to accomplish this with State of Alaska legislative grant awards and voter-approved bonds and levies. In addition, we are in partnership with the State of Alaska Department of Transportation and the Alaska State Railroad Corporation for some of our transportation system improvements. The Matanuska-Susitna Borough is improving our areas of service and infrastructure to support our continual growth into the next decade.

To meet our annual budget obligations and challenges, we have deftly married limited Borough resources with grant and legislative revenue opportunities. The Matanuska-Susitna Borough has kept tight control over the annual property tax levy, desiring not to harm or increase the burden to the Matanuska-Susitna Borough homeowner. The grant allocations for infrastructure

improvements coupled with new non-property tax revenue (tobacco excise tax), and limited spending of cash reserves has permitted the Borough to move forward to accomplish their short term mission. The priorities established by the Matanuska-Susitna Borough Assembly have been consistent for the past four budget cycles.

For the long range, the direction of infrastructure building and limited increases in property tax is expected to continue for the foreseeable future with the exception of increases related to approved ballot propositions for infrastructure. A five-year plan for school infrastructure was approved by the voters in October 2011. The project approved totaled $214 million. As noted in the debt service section, we have issued School Construction Bonds in fiscal year 2012, 2013, 2014 and 2015. Currently we are completing Phase V in fiscal year 2016.

The Matanuska-Susitna Borough also is continually updating our Long Range Transportation Systems Planning. In October 2011, a ballot proposition was approved by the voters for Transportation System Bonds for $32.2 million provided we received a match from the State of Alaska. We indeed received that match and bonds were issued. Our follow-up ballot proposition for $16.2 million was approved by our tax-paying voters October 2013. However, only $1.6 million was approved as a match by our State Legislature. A bond in that same amount was issued along with the school bonds in March 2015, making the first payments in our current fiscal year 2016.

In addition to infrastructure, long range plans are being implemented to transition volunteers to full-time paramedics and fire-fighters in the Core Area (the area between and surrounding the cities of Palmer and Wasilla). The first phase was implemented in fiscal year 2015 with the approval of seven new paramedic positions. In fiscal year 2016 an additional eight new positions were created. These positions consisted of three new paramedics, two EMT III's, two EMT II's and one EMT I. The plan is to follow-up with seven additional positions in fiscal year 2017. The additional full-time employment allows for the Matanuska-Susitna Borough to meet the growing service demands and usage.

Another long range project is the Port MacKenzie Rail Extension. The goal of the Port MacKenzie Rail Extension project is to construct a railroad embankment and rails approximately 32 miles from Port MacKenzie to the Alaska Railroad mainline, near the City of Houston, to allow for faster and less expensive transportation of bulk commodities from and to the interior of Alaska. This will significantly expand opportunities at Port MacKenzie. This project began in fiscal year 2010 and will continue at least through 2019. Our current challenge is to seek additional revenue, outside of a direct grant from the State of Alaska.

On September 29, 2015 the Assembly approved their Long Range legislative priorities. The specific projects include the following:

- Septage and Leachate Facility
- Port Mackenzie Rail Extension
- School Access Transportation Bond (2013)
- Port Mackenzie Dock Pile Protection and Impress System
- Gateway Visitor Center

- Seward Meridian Parkway Extension North, Phase 2 (Palmer-Wasilla Highway To Seldon Road)
- Substandard Road and Bridge Improvements
- Museum Drive Extension (Parks Highway Connector)
- Fish Protection
- Consolidated Fleet Services Complex
- Government Peak Recreation Area
- Bald Mountain Motorized Use Parking Area and Trailhead Development – Sitze Road Parking and Trail
- South Denali Visitor Center
- Emergency Operations Center
- Palmer and Wasilla Swimming Pool Renovations
- Parks Highway Wasilla Alternative Corridor - Advance ROW Acquisition
- West Lakes Fire Service Area - Station 7-3 - Parks Highway Station
- Wasilla-Lakes Fire Service Area - Southcentral Regional Emergency Services Training Center

The Borough had a Strategic Plan which expired December 21, 2012. The current Manager and Assembly have chosen to not enact a new Strategic Plan.

FISCAL YEAR 2016 COMPREHENSIVE BUDGET: THE TIME TABLE AND THE MAJOR ASSEMBLY AMENDMENTS TO THE MANAGER'S PROPOSED BUDGET.

On April 21, 2015 the Borough Manager introduced the proposed budget. Administration held a work session with the Assembly on April 30, 2015 to review the proposed budget. Public hearings throughout the Borough were held by the Assembly on the proposed fiscal year 2016 budget on May 4th and 7th. The Assembly began deliberation on the budget on May 7, 2015. Deliberations continued on May 11th, 13th and 20th. The proposed budget as amended was adopted on May 20, 2015. On May 27th, the Mayor vetoed certain assembly amendments to the budget. The Assembly took up the veto May 27, 2015. The veto was overridden by the Assembly on all but one veto.

This budget as now approved may subsequently be amended at the request of a Department Director for an amendment within a department and within a fund. Such an amendment requires the approval of the Manager. If funds are to be transferred from a certain fund to a capital project fund approval of the Assembly is required.

The fiscal year 2016 assembly adopted comprehensive budget includes the Borough's general operations, the school district's operations, special revenue operations including road, fire and special service areas, enterprise operations, debt service and certain capital projects and grants. There was one technical amendment to the budget. This was to record the additional revenue to be received from the State of Alaska for increased funding for State Shared Revenues. The Assembly also proposed and approved numerous amendments throughout the budget.

Reflected in this budget was the continued funding of a reservation of the areawide fund balance. This reservation was originally established in fiscal year 2003. It is a reservation for the minimum

fund balance. It had equated to 25 percent of the budgeted expenditures of the operating funds. In fiscal year 2015, the Assembly passed a proposal to decrease that to 22.2% of the operating expenditures of the fiscal year 2015 budget, excluding the operating budgeted expenditures of the school district. During budget deliberations for the 2016 budget the Assembly passed a proposal to decrease the minimum fund balance reservation to $25,000,000.

Upon approval of the Assembly amendments, the mill levies were set. The areawide mill rate was approved at a rate of 9.984 mills and the nonareawide fund was approved at a rate of .517 mills. In addition to the amendments to these mill levies, the following summarizes the other major amendments to the Manager's Proposed Budget:

Assembly Amendments:

- Addition of 14.00 new positions ($1,514,840). Eight in Areawide Emergency Services, three in Fire Service Areas, and three in Public Works.
- Addition of funds for ambulance remounts ($540,000).
- Increase in funds for education ($1,388,752).
- An increase in various Borough Areawide and Solid Waste fees ($2,569,005).

FISCAL YEAR 2016 ASSEMBLY ADOPTED COMPREHENSIVE BUDGET: A BUDGET THAT PROVIDES FOR NECESSARY SERVICES, FUNDING FOR EDUCATION, DEBT SERVICE FOR SCHOOLS, EMERGENCY SERVICES, PARKS AND RECREATION, TRANSPORTATION SYSTEMS AND AN ANIMAL CARE FACILITY, CAPITAL FOR PAVING ROADS AND OTHER PROJECTS, MATCHING FUNDS FOR VARIOUS GRANTS AND MAINTAINENANCE OF THE MINIMUM FUND BALANCE RESERVE.

The fiscal year 2016 assembly adopted comprehensive budget is approximately $1.3 million less than the 2015 revised budget. A major decrease was for education. For education operations the decrease amounted to approximately $9.4 million. Additionally, Capital decreased $.9 million and General Government increased $3 million.

FISCAL YEAR 2016 BUDGET TOTALS $404,326,943.

Overview The adopted comprehensive budget for fiscal year 2016 totals $404.3 million. Included in this total is $259.7 million for school operations, $38.2 million for debt service, $57.2 million for Borough operations, $11 million for fire service area operations, $12.1 million for road service area operations, $10.3 million for enterprise operations, $11.7 million for capital projects, $.5 million for the dust control program, $1.7 million for miscellaneous grants, and $1.9 million for other service areas and E-911 operations. There are two major funds, Education and Areawide, which are discussed in detail below.

The major source of revenues in various funds were from property taxes. Each fund contains a revenue commentary which states the mill rate on which property taxes were based. The only exception is the Education Fund. The major source of revenues in that fund is from the State of Alaska. The amount is based on projected student enrollment.

There were funds in which the fund balance increased or decreased by 10% or more. Those funds and a description of the increase or decrease are as follows:

TABLE 1

Fund Balance with a Change of 10% Increase/Decrease				
NO.	**Fund Title**	**Estimated Fund Balance, after Reserves, As of June 30, 2015**	**Estimated Fund Balance As of June 30, 2016**	
100	Areawide General	44,903,855	157,139	Decrease is a result of expenditures exceeding budgeted revenues by utilizing the unassigned fund balance.
	Aggregate Non-Major Funds	9,550,664	6,593,278	Decrease is the result of increased expenditures exceeding budgeted revenues and utilization of the fund balances.

School Support Provided by the Borough

The major component of the comprehensive budget is the school district operating budget and related expenditures. The Borough's local contribution to the school district is governed by AS 14.17.410. This statute outlines the minimum and maximum amounts that can be contributed to the school district which consists of state aid, a required local contribution and eligible federal impact aid. The required minimum local contribution is based upon the full and true value of property in the Borough as determined by the Department of Commerce, Community and Economic Development as of January 1, 2014. For fiscal year 2016 that amount was $26,670,537.

The School Administration gave a presentation on their budget during the Joint School Board/Assembly meeting on April 14, 2015. They requested $52,830,472 as the local contribution for education. The Assembly approved $52,680,472 which was an increase of $1,388,752 from the fiscal year 2015.

In addition to the direct contribution to the school district from local sources, $33,598,355 must be provided for school construction debt service and related expenses. Of the $33,598,355 in debt service payments and related costs, it is estimated that the Borough will receive $22,751,948 from the state for reimbursement on the school related construction bonds. The portion of school debt borne by the taxpayers for fiscal year 2016 is budgeted at $10,486,407. The total local appropriation for education related costs, including operations and gross debt service, is $293,330,138. The following tables identify the source of funding for school operations and mill rate equivalent for the local portion of the debt service for School Construction and Improvements.

TABLE 2

SCHOOL SUPPORT					
	Federal	**State**	**Local**	**Borough**	**Total**
Operate Schools	6,442,384	193,579,834	7,029,093	52,680,472	259,731,783
Debt Service		22,751,948		10,846,407	33,598,355
Total	6,442,384	216,331,782	7,029,093	63,526,879	293,330,138

TABLE 3

	Amount	**Mill Rate Equivalent**
School debt service	$33,598,355	4.11
State reimbursement	$22,751,948	2.78
Local portion of non-reimbursed school debt	$10,846,407	1.33

The adopted budget for school district operations in the fiscal year 2016 budget is $259,731,783 as compared to the budget for the district in fiscal year 2015 of $269,162,410.

COMMUNITY SCHOOLS

Included in this approved budget is $26,160 for Community Schools. A very successful program has been established by the Community Development Department and has been renamed the Community Enrichment Program.

TAXES

In this budget, taxes include the current year tax levy on real and personal property, the collection of delinquent real and personal property taxes, vehicle taxes collected for the Borough by the state's Division of Motor Vehicles and penalties and interest on delinquent taxes. Also included in this category is the excise tax on cigarette and tobacco products. The assembly adopted 2016 budget shows an increase of approximately $6.8 million in total taxes. This relates to an increase in the mill rate for the debt service payments.

Overall, the Borough experienced an increase in assessed value of approximately 2.91 percent. This increase in assessed value is namely due to the new residences and commercial buildings that were

constructed over the past year and a reevaluation of residential and recreational lake front properties. Regarding new construction, while the volume of new construction has declined, new construction of both residential and commercial has continued. The following table, Table 4, illustrates the units built and value of both commercial and residential construction over the last several years including the most recent year.

TABLE 4

FISCAL YEAR	Residential		Non-residential	
	No. of Units	Value	No. of Units	Value
2006	1,664	260,999,800	133	117,499,500
2007	1,533	258,054,200	186	115,217,400
2008	1224	233,957,348	97	31,038,900
2009	775	114,754,139	36	45,761,861
2010	547	86,668,224	37	19,010,480
2011	328	55,930,941	25	20,802,400
2012	622	82,499,521	31	34,434,786
2013	659	93,623,700	26	11,836,308
2014	537	118,562,500	29	19,128,900
2015	720	141,228,800	53	75,379,500

Senior Citizen and Disabled Veteran Exemption Alaska Statutes mandate that properties meeting certain criteria are exempt from local taxation. The state was then to reimburse the municipality for those lost revenues. Unfortunately this has become an unfunded mandate. The state is no longer funding an appropriation for reimbursement to the municipalities for this mandate. The financial implications of this mandate are compounded as more and more properties are qualifying to be exempt from taxation. Over the last two fiscal years, assessed valuations for these properties increased by $60 million, as illustrated in the following table:

TABLE 5

FISCAL YEAR	ENTITLEMENT	STATE REIMBURSEMENT	UNFUNDED STATE MANDATE
1990	$ 746,941	$ 220,216	$ 526,725
1995	2,246,435	154,750	2,091,685
2000	3,157,014	-0-	3,157,014

2005	5,196,599	-0-	5,196,599
2010	7,529,667	-0-	7,529,667
2011	7,926,134	-0-	7,926,134
2012	8,480,927	-0-	8,480,927
2013	9,005,861	-0-	9,005,861
2014	8,963,882	-0-	8,963,882
2015	10,105,249	-0-	10,105,249
2016	11,338,646	-0-	11,338,646

If the state had funded this program, the mill levy could have been reduced in the areawide fund alone by 1.39 mills.

OPERATING BUDGET CHANGES

The Matanuska-Susitna Borough is still the fastest growing area of the State. This budget was prepared with the goal to address critical issues that provide for better quality of service to our residents. In addition to increased funding for debt service for education and transportation systems, the assembly approved funding for 14 new positions and projects that improve efficiency and/or effectiveness as set forth by the departmental goals and objectives. Those goals and objectives are discussed below following the section on Revenues.

Regarding the increased funds for debt service, Borough Code mandates the total debt cannot exceed 7% of Assessed Value. Current debt plus anticipated debt issuance in fiscal year 2016 ($335,920,000) is far below that mandated level of $648,637,271.

Fund 100: Areawide Revenues and Operations The majority of the Revenues in the Areawide Fund are from taxes. The mill rate for the Areawide Fund was amended and subsequently approved at 9.984 mills. These taxes predominately fund Education. Below is a table which identifies the funding allocation of the mill rate.

TABLE 6

FUNDING ALLOCATION	MILLAGE
Contribution to Education	6.445 mills
New Voter Approved net debt service for School Bonds	.354 mills
Net debt service on all other School Bonds	.976 mills
Debt Service on all other bonds	.372 mills

Borough Operations and Capital	.447 mills
Unfunded Mandates	1.39 mills
Areawide Mill Rate	9.984 mills

Overall the general fund expenditures and transfers increased by $8 million from the revised 2015 budget. In preparing this budget, the new programs or projects that were added were those that would assist in enhancing the quality of life for our residents. This includes funding for eight new positions in areawide. Also, expenditures were increased to meet the debt service requirements for the new debt for educational facilities. Additionally funds were approved to meet the specific goals of each department as addressed below.

DEPARTMENTAL GOALS AND OBJECTIVES

Clerk's Office:
The goal of the Borough Clerk's office is to provide timely and accurate information to the public regarding Borough business. Records Management's goal is to have all staff using TRIM Explorer and have records easily accessible. This has been a four year process.
Borough Administration:
The 2016 goal for the Administration is continual service improvement. A strong and conscientious effort is being made to improve internal operational systems for the purpose of improving outputs. Process evaluations are underway with the assistance of Five Star Group. In addition, a new personal management system will be completed during fiscal year 2016.

Borough Attorney's Office:
Reduce risk and liability, provide quality legal representation and give practical and usable legal advice with the Borough's objectives in mind. Objectives are to be involved early in negotiation processes, be proactive when encountering potential legal issues in day to day conversations, balance efficiency and accuracy, maintain personable and positive working relationships and be committed members of the Matanuska-Susitna Borough management team.

Information Technology Department:
The goals of the Information Technology Department are to provide efficient and effective customer service to both internal and external customers by providing a stable environment for all of the Borough's technology needs, timely service for upgrades and repairs, maintenance of existing services and guidance for the implementation of future upgrades and innovations. The department's main focus is to fully deploy a Smart Community system. This effort will allow easier, quicker access to Borough services and information. It will be a paradigm shift on how Borough residents access our services.

Finance Department:
The goals of the Finance Department are to provide efficient and effective customer service to both internal and external customers by providing accurate information, improved communication regarding financial information, stewardship of the Borough's financial resources, reviews of risks and liabilities, implementation of alternative payment options at all

facilities, accessibility to funding when needed whether from bonding, the annual budget or Assembly action, completion of and the communication of the Full and True Value of all properties, renew and calibrate the residential building models to insure equity, implement commercial models in Govern to improve efficiency, revise the appraiser training manual and intensify appraiser training, implement the TRIM scanning project, timely processing of billings and payments and the Mobile Assessor. Other goals include the upgrades to the LOGOS financial systems and the Govern assessment, tax billing and collection system. Lastly, our major goals are the automation of tax billing in the Govern System and the implementation of Electronic Patient Care Records (EPCR) in Emergency Service which will allow for the completion of electronic billing for ambulance and rescue.

Planning Department:

This year, the planning department will continue its work on coordinating with other departments on Port MacKenzie development projects, refining the borough zoning and subdivision codes and other assembly priority projects. We will also continue our work on improving our CIP process and final document, and work with communities to update and implement their comprehensive plans. A major effort will be made to ensure compliance with the National Flood Insurance Program, which made tremendous strides during fiscal year 2016. The refining of the FEMA flood plan will have significant positive impact to our residents in terms of reduction in flood insurance costs and the knowledge for home builders to stay out of harm's way. As in previous years, the planning department applies for and manages grants for a variety of purposes, such as Health and Human Services, Fish Habitat Restoration, enhancements to our GIS and demographic data, site selection for public facilities, cultural resource cataloging and inventory on borough road projects.

Public Works Department:

The mission of the Public Works Department is to provide safe and efficient operation and maintenance of Borough roads, vehicles and facilities as well as cost effective and safe disposal of municipal solid waste. The following are the Department's key objectives during fiscal year 2017. Complete operational and financial assessment of Talkeetna Sewer and Water and begin implementation of an improvement plan in order to achieve high quality service along with financial viability of the special service area fund. Complete Central Landfill management and sequencing plan to support permit renewal and long term financial stability of the enterprise fund. Develop long term leachate strategy for Central Landfill and begin financing plan development. Improve level of service while creating efficiencies in the Road Service Area maintenance system. Develop long term strategy for traffic light maintenance in coordination with the State of Alaska. Continue to improve contract oversight for road maintenance and upgrade projects. Improve coordination and information sharing with residents and community leaders to advance responsiveness to resident and community needs and desires. Implement required State and Federal safety measures establishing compliance with OSHA regulations to reduce risk and create a safer working environment.

Emergency Services Department:

Goals for the fiscal year 2016 Department of Emergency Services (DES) center around the change in DES leadership. A new leadership team was installed the beginning of 2015. The change process, based upon the recommendations made by Matrix Consulting Group, include

improving the efficiency of the DES organization structure, improving the availability, standardization and utilization of operational data, improving fire services training, standardizing Fire Prevention efforts on a Borough-wide basis, improving the DES fleet services operation, developing a vehicle and apparatus plan for each fire department in the Borough consistent with the response capabilities and risks found in the FSA's, improving the Emergency Operations Center set-up processes, improving firefighter recruiting efforts, improving emergency response procedures for fire calls and providing public education related to Wildland fire prevention and emergency preparedness to the residents of the Borough. Also, the planning for a permanent Emergency Operation Center with plans for an inter-governmental partnership will be implemented. The consolidation of the E-911 and Dispatch Centers (Cities of Palmer and Wasilla) did not prove fruitful after a four year effort. During fiscal year 2016, the Borough will seek proposals to improve our E-911 and dispatch needs.

Community Development Department:

The big examination for fiscal year 2016 and 2017 will be the examination regarding the future of our two Borough swimming pools and ice rink. All three facilities have outlasted their useful life. The decision to bandaid, rebuild, remodel or abandon will be fully vetted. As part of our on-going department goals, we will provide sustainable yield commercial timber harvest by maximizing the annual allowable cut, and provide for adequately distributed personal use firewood areas to allow for harvest of six (6) cords of firewood Borough-wide. Also we will implement GIS-based asset management tools, workflow processes and training, enabling the Community Development Department to make land and resource management-related decisions with the least amount of uncertainty. In conjunction with 5-year land sale plan, develop a long-range land reserve program to complement the build-out analysis, inventory and classify public lands and status of municipal entitlement lands, improve Community Development Department application processes, update Borough Code and Policy Procedures Manual (PPM), complete inventory and develop long-term maintenance program for trails and other outdoor facilities/amenities and develop maintenance program for indoor facilities as well as renovation/replacement plans.

Capital Projects Department:

The Capital Projects Department will continue to be a responsive and efficient organization that strives to deliver quality infrastructure that addresses public needs by 1) providing timely and effective project management, 2) ensuring that Borough roads, bridges, and facilities are built to quality standards, 3) instituting uniform and efficient procurement processes, 4) enhancing awareness of procurement processes and ensuring for fair competition and 5) supporting Borough planning activities.

In Fiscal Year 2016, the Department delivered two new schools in the summer of 2015, with the Redington Jr/Sr High School and a new Mat-Su Tech high school addition. For the summer of 2016, the division will complete the Dena'ina Elementary School and the Iditarod Elementary School. The division also completed two major highway projects, Seldon Extension and Clapp-Mack project that will open up two additional east-west corridors.

CAPITAL

Approved in the capital projects/grant budget was $190,000 for matching funds for numerous grants. At one time, many grants did not require a match. That unfortunately is a thing of the past. These funds will provide match for grants as approved by the Assembly through adoption of a Resolution. Also included is $160,000 as a grant match for the Human Services Grant.

Besides funds for matching grants, $865,000 was approved for various projects for the DSJ Building, such as Phase II of the roof top unit connection and a freight and main elevator replacement. $1,537,910 was approved for various Emergency Services projects such as ambulance remounts, personal protective equipment and cardiac monitors and defibrillators.

On October 21, 2014 Ordinance 14-108 was approved. This ordinance changed the allocation of vehicle taxes, the amount allowed for dust control and established a paving and calcium chloride reserve. The dust control road matching funds program was approved at $500,000. This amount represents the amount allowed as vehicle tax revenue for this program for fiscal year 2016. If amounts are received in excess of $500,000, they will be allocated to the reserve account in accordance with code. The dust control matching program continues to be an extremely popular program with the residents of the borough.

Lastly, $1,540,500 has been approved for grants to the Mat-Su Convention and Visitors Bureau, the cities, other entities and for tourism related infrastructure.

Fund 200: Nonareawide Overall expenditures in the nonareawide fund decreased by approximately $84,294 as compared to fiscal year 2015.

Fund 202: Enhanced-911 With this budget the assembly approved fee will remain at $2.00. The budgeted expenditures were recommended by the Enhanced 911 Advisory Board. The Board consists of a representative from the Borough, the Cities of Palmer, Wasilla and Houston and the Alaska State Troopers. Included in the budget was also $1,000,000 for E-911 Equipment.

Fund 203: Land Management Operations The budget for the Land Management Fund shows an overall increase of $173,429 for operations. This relates to another reorganization of the department. $100,000 was also budgeted for Municipal Entitlement Land Survey.

Fire Service Areas
In addition to expenditures approved for operations, various fire service areas requested major capital appropriations. Approved for West Lakes is $285,000 for such projects as vehicle and apparatus repairs, as well as equipment. $2,003,990 was approved for central Mat-Su for projects such as a new fire engine (pumper), command and support vehicles and various equipment. Butte projects approved for $107,000 included turnout gear, replacement rack and storage.

Funds 265-285: Road Service Areas Included in the road service area budgets are not only their operating budgets, but also their monies for capital projects. In prior years, a separate ordinance had been brought to the assembly to appropriate monies from the individual service areas for various

capital projects. For fiscal year 2016, we have incorporated the transfer totaling $4.4 million for road capital projects within the budget. The specific projects were identified in Assembly Memorandum 14-152 and approved by the Assembly on December 16, 2014.

Other Service Areas: The other service areas are status quo with the exception of Talkeetna Water and Sewer. That fund had a 2016 deficit of $288,277 which is an increase of approximately $70,000 from fiscal year 2015. This must be addressed. As such, this budget includes a rate hike of 6% for sewer and 13% for water.

Solid Waste Enterprise Fund The Solid Waste Enterprise Fund is utilized to assist in clearly identifying the true cost of the Solid Waste operations and whether fees are sufficient to cover expenses of operation. Rate increases were approved as part of the fiscal year 2016 budget in order to continue to eliminate the deficit in operations. Regarding capital, $330,000 was approved for Skwentna Landfill closure, new vehicle and hazardous waste building system automation.

Port Enterprise Fund The Port Enterprise Fund was newly created in fiscal year 2005. This was created for several reasons. This is an operation where fees are charged to external users. By segregating this in an Enterprise Fund, the true cost of the Port operation will clearly be apparent. Additionally, this addressed the Port Commission's request of segregating revenues from Port operations from those revenues of all other operations.

Unfortunately the Port has not experienced the revenues expected. As such, in accordance with direction from our auditors, fund operations will be paid by the general fund through a transfer to the Port Enterprise Fund. The transfer is for operational expenses (less depreciation) plus the principal payment on the debt. The amount was $860,000.

MV Susitna Fund At the time this budget was approved, the disposition of the vessel was not known. As such, this budget was prepared and approved with the expectation the vessel will remain in Ketchikan area until that is determined. The expenses included in this budget are for insurance, fuel and periodic exercise of the vessel and testing. A transfer from Areawide for operational expenses in the amount of $460,240 was approved.

PERSONNEL

In the Manager's proposed budget, no new positions were proposed and one position was eliminated. Amendments were made by Assembly members and approved to add fourteen additional full time equivalent (FTE) positions in this budget. Approved were eight positions in Areawide Emergency Services, three in fire service areas and three in Public Works. These include three paramedics, two EMT III's, two EMT II's and an EMT I, two fire service area assistants, a firefighter/engineer, a community cleanup/volunteer coordinator and two road maintenance technicians.

SUMMARY

There are several important items that should be noted relative to this budget for the next fiscal year. The intent was to, at a minimum, provide the same programs while enhancing or improving the

level of services and quality of life while continuing to address the changing needs of our residents. Examples of these have been previously discussed. It was also the intent with the proposed budget to maintain the Borough's stable financial condition. A reservation for the minimum fund balance of 25,000,000 is included in this budget.

Services provided by our local government affect the quality of life of people living in the area served by the government. In our Borough, education for our children is definitely a top priority in terms of where our tax dollars are spent. Although expenditures for other services are eclipsed by the $293 million spent on education or education related expenditures, these other services are key elements in the Borough's contribution toward the quality of life afforded to the residents of the Matanuska-Susitna Borough. It is our goal to supply these services, along with the general government functions to administer these programs, in the most effective means possible so that the residents of the Borough feel that their tax dollars are well invested. Administration and employees continue to strive to attain that goal and to meet the community's expectation of receiving prompt, professional service on all issues no matter how insignificant they may seem. They are all important in our effort to provide an enhanced sense of protection and livability as well as services to the Borough citizens.

We would like to give credit to the borough employees who participated in the preparation and development of this budget. The department heads and their staff initially worked hard to develop departmental budgets. They heeded the Borough Manager's request to make additional cuts to their budgets and still strive to provide the borough residents with the level of services that they expect. This again has been a difficult task. Many thanks also go to the employees of the Budget & Revenue Division, Cheyenne Heindel, Talia Derner and Katie Robinson, in addition to Layla Lesley for the long hours they have put in either working on or preparing this document. As always, we are available to assist you in reviewing and evaluating this budget.

Respectfully,

John M. Moosey
Borough Manager

Tammy E. Clayton, CPA
Director of Finance

Non-code Ordinance

By: Borough Manager
Introduced: 04/21/15
Public Hearing: 05/04/15
Public Hearing: 05/07/15
Amended: 05/11/15
Postponed to 05/13/15: 05/11/15
Amended: 05/13/15
Postponed to 05/20/15: 05/13/15
Amended: 05/20/15
Adopted: 05/20/15
Mayoral Vetoes Issued: 05/27/15
Vetoes Acted On: 05/27/15

MATANUSKA-SUSITNA BOROUGH
ORDINANCE SERIAL NO. 15-015

AN ORDINANCE OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY APPROPRIATING MONIES FROM THE CENTRAL TREASURY FOR THE BOROUGH OPERATING FUNDS, ENTERPRISE FUNDS, EDUCATION OPERATING FUND AND CAPITAL FUNDS, ESTABLISHING THE RATE OF LEVY FOR ALL BOROUGH FUNCTIONS FOR THE FISCAL YEAR BEGINNING JULY 1, 2015, AND ENDING JUNE 30, 2016, AND SETTING THE SURCHARGE RATE FOR THE WIRELINE AND WIRELESS ENHANCED 911 SYSTEMS FOR THE PERIOD OF JULY 1, 2015, THROUGH JUNE 30, 2016.

BE IT ENACTED:

Section 1. Classification. This is a non-code ordinance and is enacted notwithstanding any limitation of Borough code.

Section 2. Severability. If any portion of this ordinance, or any application thereof to any person or circumstance, is held invalid, the remainder of the ordinance and the application to other persons or circumstances shall not be affected thereby.

Section 3. Appropriation expenditure. There is hereby appropriated the following amounts to the funds indicated:

NO.	FUND TITLE	APPROPRIATION
100	Areawide General	51,168,981
200	Non-Areawide	4,488,297

202 Enhanced 911 1,441,255
203 Land Management 1,563,778
248 Caswell Fire Service Area 275,118
249 West Lakes Fire Service Area 1,889,568
250 Central Mat-Su Fire Service Area 6,978,591
251 Butte Fire Service Area 565,252
253 Sutton Fire Service Area 148,032
254 Talkeetna Fire Service Area 305,698
258 Willow Fire Service Area 389,935
259 Gr. Palmer Consol. Fire Service Area 484,999
265 Road Service Area: Administration 2,478,095
266 Grid Roller Maintenance 11,000
270 Midway Road Service Area 546,750
271 Fairview Road Service Area 525,554
272 Caswell Lakes Road Service Area 446,192
273 South Colony Road Service Area 990,260
274 Knik Road Service Area 1,258,429
275 Lazy Mountain Road Service Area 207,326
276 Greater Willow Road Service Area 574,726
277 Big Lake Road Service Area 787,530
278 North Colony Road Service Area 173,879
279 Bogard Road Service Area 861,612
280 Greater Butte Road Service Area 442,656
281 Meadow Lakes Road Service Area 891,289
282 Gold Trail Road Service Area 955,329
283 Gr. Talkeetna Road Service Area 487,388
284 Trapper Creek Road Service Area 161,636
285 Alpine Road Service Area 251,704
290 Talkeetna Flood Control 22,801
292 Point MacKenzie Service Area 79,024
293 Talkeetna Water/Sewer Service Area 323,791
294 Freedom Hills Road 10,000
295 Circle View/Stampede Estates E.C.S.A. 6,300
296 Chase Trail Service Area 1,750
297 Roads Outside Service Areas 94
300 Debt Service-Schools 33,598,355
315 Debt Service-Station 6-1 518,175
316 Debt Service-Station 5-1 764,175
320 Debt Service-Parks & Recreation 344,000
325 Debt Service-Nonareawide A/C 563,345
330 Debt Service-Road Bonds 2,381,964

Subtotal - Borough Operating Funds 120,364,633

510 Solid Waste Enterprise Fund 7,322,953
520 Port Enterprise Fund 2,490,609

Subtotal - Borough Enterprise Funds 9,813,562

530 M/V Susitna Fund 527,000

Subtotal - M/V Susitna Fund 527,000

204 Education Operating 259,731,783

Subtotal - Education Operating 259,731,783

*** Areawide Capital Projects 2,808,160
*** Areawide-Dust Control Program 500,000
*** Areawide-MSCVB 715,000
*** Areawide-T.I.: Winter Trails Grooming 150,000
*** Areawide-T.I.: Recreation Priorities 235,000
*** Areawide-Grant Match 190,000
*** Areawide-Human Services Grant Match 160,000
*** Areawide-City of Palmer Block Grant 40,000
*** Areawide-City of Wasilla Planning Grant 150,000
*** Areawide-City of Wasilla Block Grant 45,000
*** Areawide-City of Houston Grant to Paint
Fire Station 9,500
*** Areawide-City of Houston Block Grant 21,000
*** Areawide-Youth Court 150,000
*** Areawide-Grant to Big Lake Lions 25,000
*** Nonareawide Capital Project 80,000
*** Enhanced 911 Capital Projects 1,000,000
*** Land Management Capital Projects 100,000
*** West Lakes FSA Capital Projects 285,000
*** Central Mat-Su FSA Capital Projects 2,003,990
*** Butte Fire Service Area 107,000
*** RSA Administration 408,250
*** Midway RSA Capital Projects 775,500
*** Fairview RSA Capital Projects 310,610
*** Caswell Lakes RSA Capital Projects 42,200
*** South Colony RSA Capital Projects 198,920
*** Knik RSA Capital Projects 818,510
*** Lazy Mountain RSA Capital Projects 5,375
*** Greater Willow RSA Capital Projects 188,900
*** Big Lake RSA Capital Projects 223,930
*** Bogard RSA Capital Projects 436,310
*** Greater Butte RSA Capital Projects 319,280
*** Meadow Lakes RSA Capital Projects 620,750
*** Gold Trails RSA Capital Projects 418,090

*** Trapper Creek RSA Capital Projects 18,690
*** Solid Waste Enterprise Fund Capital Projects ...330,000

Subtotal - Borough Capital Projects 13,889,965

TOTAL APPROPRIATION $404,326,943

Section 4. Appropriation for accrued wages payable. There is hereby appropriated an additional sum of $250,000 into an account within the areawide fund, $20,000 into an account within the non-areawide fund and $10,000 into an account within the Land Management Fund to cover the estimated amount accrued for wages and benefits as of June 30, 2015, and upon payment of accrued liability within the areawide, non-areawide and land management funds and to set up this liability to comply within generally accepted accounting principles. Said funds are to be expended only in the event that payouts will cause a shortfall in those amounts included in Section 3 for operational purposes.

Section 5. Appropriation for insurance. There is hereby appropriated $150,000 into an account within the areawide fund and $10,000 into an account within the non-areawide fund for insurance reserves to provide for self-insurance retention costs as well as unforeseen premium adjustments and losses in fiscal year 2016.

Section 6. Appropriation for capital reserve. There is herby appropriated an additional sum of $50,000 into a reserve account within the nonareawide fund to cover capital expenditures. Said funds are to be expended only upon assembly approval of specific projects.

Section 7. Appropriation for match for paving projects and

calcium chloride. There is hereby appropriated an additional sum of $687,325 into a reserve account within the areawide fund for match for paving projects and calcium chloride in accordance with Borough code 3.24.030(C)(3). Said funds are to be expended only upon assembly approval of specific projects.

Section 8. Appropriation for reservation of fund balance. There is hereby appropriated an additional sum of $25,000,000 into a reserve account within the areawide fund which requires a minimum reserve amount of $25,000,000 for all budgeted operating expenditures of the fiscal year 2016 budget, excluding the budgeted expenditures of the School District.

Section 9. Lapse of balances. All unexpended appropriation balances, with the exception of capital fund appropriations, shall lapse to the appropriate fund as of June 30, 2016. Capital fund appropriation shall revert back to the originating fund once the project has been completed or 36 months whichever is sooner.

Section 10. Tax levies. The rates of tax levy on each dollar of assessed valuation of taxable property are hereby fixed at the following amounts in mills per each dollar of taxable property:

TAX FUND

Areawide	9.984
Non-Areawide	.517
Butte Fire Service Area #2	3.43
Sutton Fire Service Area #4	4.82
Talkeetna Flood Control #7	1.07
Midway Road Service Area #9	2.78
Fairview Road Service Area #14	1.858
Caswell Lakes Road Service Area #15	4.10
South Colony Road Service Area #16	1.50

Knik Road Service Area #17 .....2.92
Lazy Mountain Road Service Area #19 .....2.51
Greater Willow Road Service Area #20 .....3.50
Big Lake Road Service Area #21 .....2.57
North Colony Road Service Area #23 .....4.59
Talkeetna Fire Service Area #24 .....2.04
Bogard Road Service Area #25 .....1.73
Greater Butte Road Service Area #26 .....3.45
Meadow Lakes Road Service Area #27 .....3.48
Gold Trails Road Service Area #28 .....2.00
Gr. Talkeetna Road Service Area #29 .....3.01
Trapper Creek Road Service Area #30 .....4.41
Alpine Road Service Area #31 .....3.68
Willow Fire Service Area #35 .....2.75
Point MacKenzie Service Area #69 .....9.12
Central Mat-Su FSA #130 .....1.99
Circle View/Stampede Estates
Erosion Control Service Area #131 .....3.24
Gr. Palmer Consolidated FSA #132 94
Caswell Fire Service Area #135 .....3.21
West Lakes Fire Service Area #136 .....1.88
Palmer, City of 3.00
Wasilla, City of 0.00
Houston, City of 3.00

Section 11. E-911 surcharge for July 1, 2015, to June 30, 2016. The Matanuska-Susitna Borough Assembly finds it in the best interest of the Borough and its cities to support and improve Enhanced 911 services in the Borough, and for the period of July 1, 2015, through June 30, 2016, shall set the E-911 surcharge rate at $2.00 per wireline and per wireless telephone numbers that are billed or sold to a customer with an address within the Borough, and all funds collected shall be held in a separate fund subject to the appropriation of the Assembly.

Section 12. Deficit adjustment, service areas. If the revenue collected for any service area amounts to less than the amount appropriated for that service area, the deficit shall be made up

to the borough's general fund from the following year's revenue of that service area.

Section 13. Interest income, service areas. Interest income collected for any service area shall be allocated to that service area.

Section 14. Revenue deficiencies. In the event that total revenue from sources other than local support for any function is received in an amount less than the amount estimated in the budget document, the appropriation for such function is reduced a corresponding amount.

Section 15. Revenue increases. In the event that the total revenue from sources other than local support for any function are received in an amount more than the amount estimated in the budget document, the allocation of local support for such functions is reduced a corresponding amount.

Section 16. Due dates of taxes, general government and service areas. The above taxes are due and payable August 17, 2015, for the first installment, and February 16, 2016, for the second installment, provided that all tax bills of $50 or less shall be paid in one installment.

Section 17. Effective date. Ordinance Serial No. 15-015 shall take effect upon adoption.

ADOPTED by the Matanuska-Susitna Borough Assembly this 20 day of May, 2015.

VERN HALTER, Borough Mayor

ATTEST:

LONNIE R. McKECHNIE, CMC, Borough Clerk

(SEAL)

PASSED UNANIMOUSLY: Sykes, Beck, Arvin, Colligan, Mayfield, Doty, and Halter