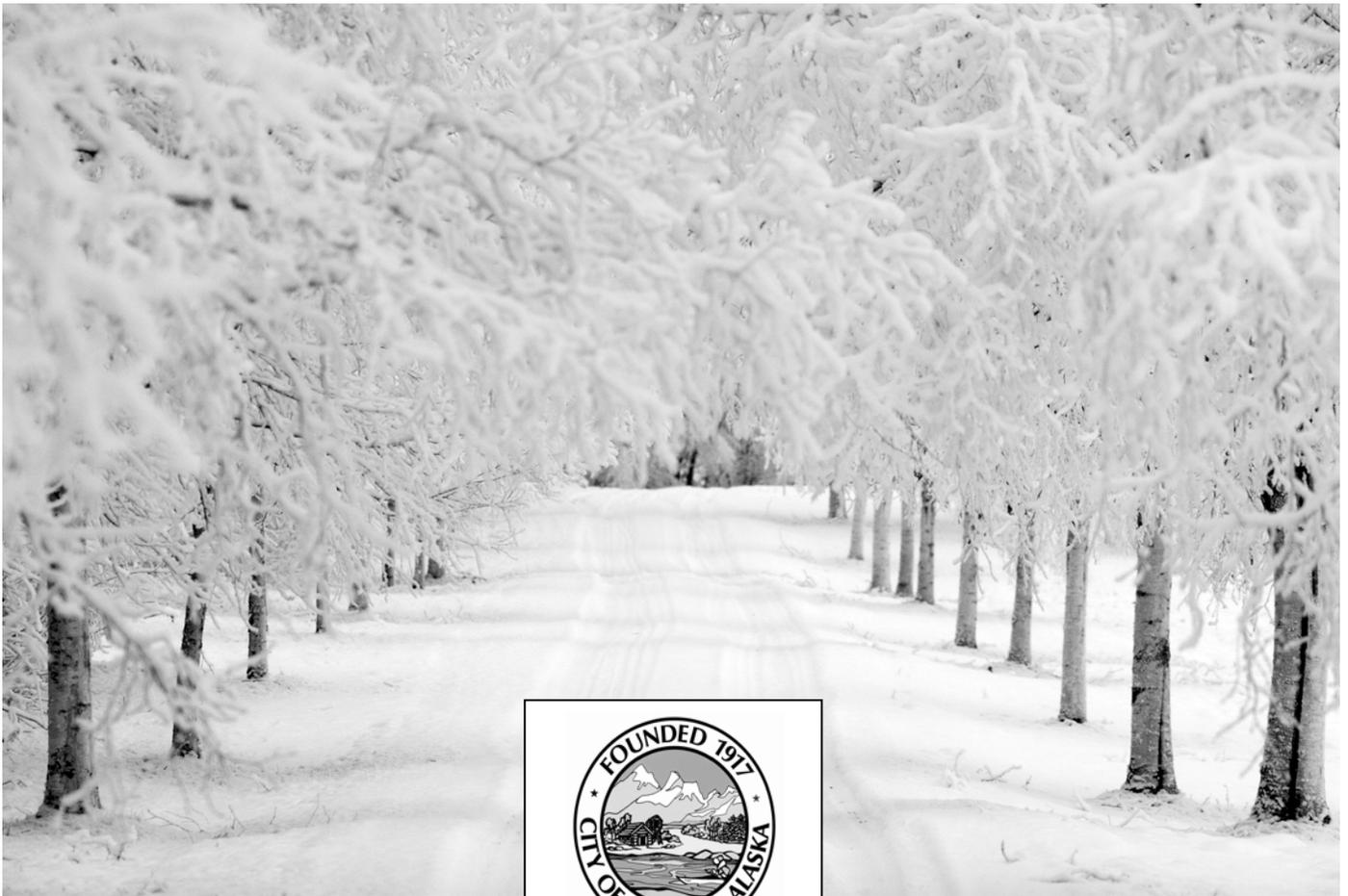




CITY OF WASILLA  
ALASKA



COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2014



**CITY OF WASILLA, ALASKA**  
Comprehensive Annual Financial Report  
Fiscal Year ended June 30, 2014

**CITY OF WASILLA, ALASKA**  
Comprehensive Annual Financial Report  
Fiscal Year ended June 30, 2014

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## **INTRODUCTORY SECTION**



# CITY OF WASILLA

290 East Herning Avenue

Wasilla, Alaska 99654-7091

Phone (907) 373-9080 Fax (907) 373-9085

November 7, 2014

To the Members of the City Council and Citizens of the City of Wasilla:

State of Alaska statutes and local charter provisions require that all general purpose local governments publish a complete set of audited financial statements. This report is published to fulfill those requirements for the fiscal year ended June 30, 2014.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that it has established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

KPMG LLP, a firm of licensed certified public accountants, has issued an unmodified (clean) opinion on the City of Wasilla's financial statements for the year ended June 30, 2014. The independent auditors report is located at the front of the financial section of this report.

The independent audit of the financial statements of the City of Wasilla was part of a broader, state-mandated "Single Audit" designed to meet the special needs of State grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of state awards. These reports are available in the City of Wasilla's separately issued Single Audit Report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

### *Profile of the Government*

The City of Wasilla (the City) is located in the south central part of the state and is approximately 42 miles north of Anchorage. Two beautiful lakes canvas the city limits – Wasilla Lake and Lake Lucile. The lakes were once connected by water flow until construction of the Alaska Railroad line and road development effectively separated the watersheds. The City is a First Class city incorporated in 1974 under Title 29 of the Alaska State Statutes and City code establishes a June 30 fiscal year end. The City currently occupies a land area of approximately 13.60 square miles and serves the resident population of an estimated 8,365 in addition to the estimated 87,709 adjacent Mat-Su Borough residents who patronize the Wasilla businesses. The City is empowered to levy a property tax on both real and personal property located within its boundaries, however at this time the City levies no said tax. It also is empowered by state statute to extend its corporate limits by

annexation, which occurs periodically when deemed appropriate. The City petitioned the Local Boundary Commission to annex approximately 76.6 acres of land with the unanimous consent of the property owners. The annexation received final approval on October 9, 2013. The annexation extends the western boundary of the City, encompassing largely undeveloped, commercial-zoned property along the Parks Highway and a portion of Jacobson Lake. No additional annexations are in progress.

The City of Wasilla is operated under a strong mayoral system with six city council members. The mayor and council members are all elected at-large. The mayor is elected to serve a three year term and is responsible for appointing department directors and managing the day to day governmental activities. The council members are elected to serve three-year, staggered terms, and are responsible for approving ordinances, municipal contracts, budgets, and certain appointments.

The City provides a full range of municipal services authorized by state statute and city code. This includes police, planning and land use control, animal control, sewer, water, road maintenance, parks and recreation, museum, library, and cultural services. Funding for the City's operations is primarily supported by a 2% sales tax, charges for services, grants, state revenue sharing and other sources. Note that the current sales tax rate is 3% with 1% dedicated to a capital project discussed in the Long-Term Financial Planning and Major Initiatives section below.

The annual budget serves as the foundation for the City of Wasilla's financial planning and control. The council is required to hold public hearings on the proposed budget and a final budget must be approved by council on or before June 30<sup>th</sup> of each year. The budget is prepared by fund, function (e.g. public safety) and department (e.g. patrol). All transfers between funds, departments, and functions require council approval. The Mayor may transfer up to \$10,000 per fiscal year between departments and functions without council approval.

### *Local Economy*

The City of Wasilla is located in what continues to be the fastest growing region of Alaska and serves as the retail trade center for the Matanuska-Susitna Borough. The City remains primarily a bedroom community of Anchorage due to a lack of large-scale, primary industry. The City offers an attractive lifestyle and a competitive housing market to that of Anchorage which is why an estimated 40% of its residents in the workforce commute daily to Anchorage.

The service-oriented economy of the City continues to remain relatively stable but far from the growth during 2003 to 2009 when the City enjoyed an average of 7% increases in sales tax receipts year over year. For that same period the unemployment rate averaged 7.6%, approximately 2.3% higher than the national average. In 2009, the City's unemployment rate peaked to 9.4% in conjunction with the economic recession commencing throughout the country and remained relatively consistent or lesser than the national average until 2012. The current local unemployment rate is 7.4% with the national average at 5.9%.

The City continues to look toward growth in the service industries to maintain our position as the trade center of the Matanuska-Susitna Valley. The most significant development within the City over the last few years includes the opening of a \$50 million Alaskan Native primary care facility. The new clinic offers employment to many medical providers and office personnel. The facility initially offered its services only to Alaska Natives but has expanded to now include Alaskan Veterans. While medical services are exempt from sales tax, the ancillary activity (travel, lodging, meals, etc.) offers a positive impact to the local economy.

In addition to the service industries, petroleum exploration and extraction continue to fuel our economy both directly and indirectly. South of the City, projects benefitting our economy include continued development of and new lessees for the Port MacKenzie which is America's northernmost deep draft dock; allowing heavy industrial and bulk materials to move through Alaska and beyond. The MacKenzie Rail Extension began construction in 2012 and includes construction of 32 miles of new rail line to Port MacKenzie. The new rail

line will effectively connect the Port to Alaska's interior providing transportation options for large-scale industry. Just north of the City at Hatcher's Pass, 4.66 miles of designed trails and completion of a Chalet/Adventure Center has created a stir of activity for Nordic skiing and tourism.

### *Long-Term Financial Planning and Major Initiatives*

The City of Wasilla's strategic development is guided by several tools. City council and management establish goals and objectives for the upcoming five years. These initiatives may include both capital projects and quality of life issues; and are revisited on an annual basis.

The City's Comprehensive Plan (the Plan) which was revised and adopted in FY2012 also provides a flexible, forward-thinking road map to address important community elements. The Plan focuses on matters of transportation, land use, development of its downtown, use of community assets and economic vitality; to channel our progress into the next decade. It also provides alignment and consistency with other adopted plans of the City; such as, the 'Downtown Area Plan' which was adopted by Wasilla City Council and Matanuska Susitna Borough Assembly in FY2014 and focuses specifically on the development and re-development of the historical downtown district. An overlay district of the core downtown is in progress which will require design guidelines and other conditions. Lastly, a regional transportation plan is also in progress to control congestion, safety and connectivity on the major corridors into the City.

Major initiatives impacting the community include revision of its Main Street to form a one-way couplet. Main Street is a state-owned road so the Alaska Department of Transportation (DOT) is ultimately responsible for the administration and funding of this project. The City plays a governing role to ensure the community needs are met and was awarded five million dollars (\$5,000,000) in state legislative funding in FY2012 to assist in the acceleration and enhancement of this project – through right-of-way purchase, design work, etc. This project targets traffic flow but plays an almost equally critical role in defining the community's downtown by re-shaping the core area, providing sidewalks, on-street parking, beautification, lighting, and streetscape design opportunities. Although the City has not expended any of the grant funds to date, the Federal Highway Administration approved the project's environmental documents declaring it eligible for federal funds in FY2013. Design work was begun by DOT with approximately \$2.1M in federal and state match funding available to them in the current year. The project is expected to be completed in 2017.

The City continues its efforts toward construction of a new library. Its current library was built in 1978 and as the third busiest library in the state, no longer meets the needs of the community at large. Milestones reached in FY2014 included securing funding for the estimated \$15M construction costs. A forward-funded approach to this project was approved by taxpayers in October 2013 whereby approving a ballot initiative to increase the City sales tax by one percent (1%). The new tax increase became effective January 1, 2014 and will sunset the earlier of December 31, 2016 or upon reaching the required \$15M for construction through any combination of funding sources. At June 30, 2014 the project had accumulated approximately \$2.96M in sales tax revenue and secured \$1.7M in state grant funding. While the 1% dedicated sales tax revenue ensures the project funding, the City intends to continue soliciting monies from the State of Alaska under the Library and Major Expansion Grant Program, private foundations and a capital campaign. The library is expected to be completed July 2016.

The City completed the replacement of an old, wooden dam structure at the western outlet of Lake Lucile. The dam was originally constructed by the Alaska Department of Fish and Game for reasons that no longer fit the agency's mission and the agency would rather have decommissioned the dam. The City waged strongly that decommissioning would enable the waterline to drop to its pre-'60s level posing much concern for the property owners who have built docks and waterfront landscaping based on the modern shoreline. Installation of the new steel dam and rock spillway was essential to sustaining the property values and vitality

of one of the City's core neighborhoods. This project is complete and a certificate to operate was granted from the State of Alaska.

From FY2008 to FY2011, the City's health insurance costs increased approximately \$579,000, a 56% overall increase or a 14% average annual increase. Effective July 1, 2011, the City opted out of a traditional health insurance plan to a partially self-insured program that provides for aggregate and individual stop loss coverage and no significant changes to employee benefits. The insurance expense in FY2014 and FY2013 was approximately \$2,461,000 and \$2,110,000 respectively, or an approximate 16.64% annual increase.

### ***Relevant Financial Policies***

The City of Wasilla has a comprehensive set of financial policies of which two are particularly relevant during the current year.

One, it is the policy of the City to maintain the fund balances and net position of the various City operating funds at levels sufficient to maintain the City's creditworthiness, and to provide financial resources for unforeseeable emergencies. As such, the general fund and the enterprise funds' unrestricted net position (as defined by the policy) must not fall below the prescribed minimum or exceed the prescribed maximum. At the end of FY2014, the unrestricted net position of the general fund exceeded the calculated maximum by approximately \$4,041,840. This amount was committed through legislation for capital projects and referenced as "capital improvements" in the governmental fund balance sheet as per policy.

The City provides pension benefits for all eligible employees through the State of Alaska Public Employees Retirement System (PERS). The system consists of three defined benefit (DB) Tiers, and one defined contribution (DC) Tier. This City has no obligations in connection with employee benefits offered through these plans beyond its annual required payments to the plans. The City pays its annual required contribution rates timely. The annual contribution rates have been capped at 22% of covered payroll for both DB and DC plans based on legislative action committing the State of Alaska to cover costs exceeding 22%. The legislature's cap on local government contribution rates brings stability to Wasilla's retirement rates although it is important to note that a future State legislature can eliminate its contributions. The transition from a single-agent, multiple-employer plan, to a cost-sharing plan as of July 1, 2008, provided a single rate for all participating PERS employers, eliminating the previous methodology of assessing each employer its own rate. The City now shares in the pooled liability of the PERS plan. Governmental Accounting Standards Board (GASB) issued Statement No. 68 effective for fiscal years beginning after June 15, 2014 and will require the City to recognize its proportionate share of the cost sharing plan's net pension liability. The City's portion of the liability has not yet been determined.

### ***Awards and Acknowledgements***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Wasilla for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2013. This was the eighteenth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. However, we believe our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The government also received the GFOA's Distinguished Budget Presentation Award for its biennial budget document for the period beginning July 1, 2014. To qualify for the Distinguished Budget Presentation

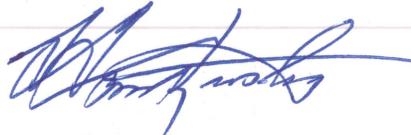
Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Finance department and Administration. We wish to thank all government departments for their assistance in providing the data necessary to prepare this report. Credit is also due to the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Wasilla's finances.

Respectfully submitted,



Bert Cottle  
Mayor



Troy Tankersley  
Finance Director

# CITY OF WASILLA, ALASKA

## City Officials

Fiscal Year ended June 30, 2014

### **Elected Officials**

Mayor	Verne E. Rupright
City Council – Seat A	David Wilson
City Council – Seat B	A.C. (Buzz) Buswell, III (Deputy Mayor)
City Council – Seat C	Leone Harris
City Council – Seat D	Colleen Sullivan-Leonard
City Council – Seat E	Gretchen O’Barr
City Council – Seat F	Brandon Wall

### **Appointed Officials**

#### *Staff*

Public Works Director	Archie Giddings
City Clerk	Kristie Smithers
Finance Director	Troy Tankersley
Culture & Recreation Manager	Joan Klapperich
Police Chief	Gene Belden (Temporary)
Deputy Administrator	Bert Cottle (Temporary)

#### *Planning Commission*

Claudia Fonseca Farias Pinard	Loren Means III
Daniel Kelly Jr. (Chair)	Glenda Ledford (Vice Chair)
Jessica Dean	

#### *Parks and Recreation Commission*

Mary Shampine	Joan Mathews (Co-Chair)
Dave Tuttle (Chair)	Mary Kay (Randy) Robinson
Debbie Martin	

#### *Airport Commission*

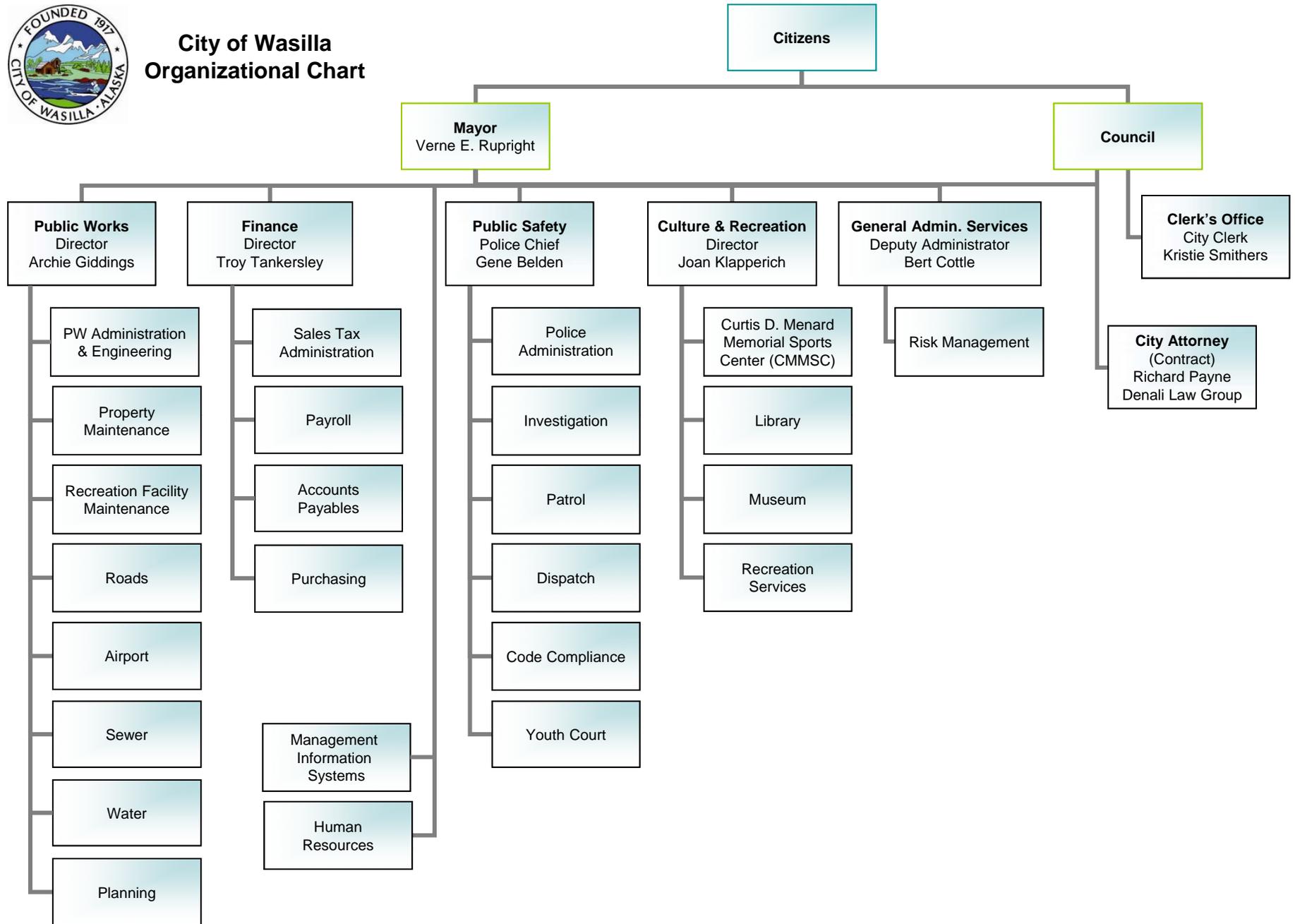
Brian Roberts (Chair)	John Popecki (Vice Chair)
Littleton C. Billingsley, Jr.	Raymond J. Block
Andrea Larson	Cameron Sharick
Aimee Nishimoto	

### **Consultants**

City Attorney	Richard Payne, Denali Law Group
Auditors	KPMG, LLP
Insurance Pool	Alaska Public Entity Joint Insurance Association
Insurance Broker	Michael Combs, Combs Insurance Agency, Inc.



# City of Wasilla Organizational Chart





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Wasilla  
Alaska**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO

## **FINANCIAL SECTION**



KPMG LLP  
Suite 600  
701 West Eighth Avenue  
Anchorage, AK 99501

## Independent Auditors' Report

Honorable Mayor and City Council  
City of Wasilla, Alaska:

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Wasilla, Alaska (the City), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Wasilla, Alaska, as of June 30, 2014, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

### ***Other Matters***

#### ***Required Supplementary Information***

U.S. generally accepted accounting principles require that the management's discussion and analysis and budgetary comparison information on pages 4–15 and 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.



**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2014 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

**KPMG LLP**

November 7, 2014

## CITY OF WASILLA, ALASKA

### Management's Discussion and Analysis

June 30, 2014

As management of the City of Wasilla, (the City) we offer readers of these financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2014.

#### Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most current fiscal year by \$124,974,017 (total net position). Of this amount, \$22,324,359 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of business of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$18,244,205. Of this total, \$8,064,088 is unassigned and available for spending at the government's discretion.
- The City's total outstanding debt decreased by \$563,808 to a year-end balance of \$4,156,296. The City's long-term debt information can be found on pages 40–43 of the notes to the basic financial statements.

#### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private sector business.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, parks and recreation, library, and community service. The business-type activities of the City include water, sewer, airport, and operation of the Curtis D. Menard Memorial Sports Center (sports center).

The government-wide financial statements can be found on pages 16–17 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

## CITY OF WASILLA, ALASKA

### Management's Discussion and Analysis

June 30, 2014

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 10 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, and the Miscellaneous Capital Project Fund, which are considered to be major funds. The other 8 governmental funds are combined and shown as nonmajor governmental funds on the governmental funds balance sheet and governmental statement of revenues, expenditures, and changes in fund balances. Individual fund information for the 8 nonmajor funds is presented in combining balance sheets for nonmajor governmental funds and combining statement of revenues, expenditures, and changes in fund balances for nonmajor funds, by fund type.

The City adopts annual appropriated budgets for its General Fund, special revenue funds, and debt service funds. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 18–21 of this report.

**Proprietary funds.** The City maintains enterprise funds, a type of proprietary fund, to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, airport, and sports center operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sewer, sports center, and airport, all of which are considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 22–25 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26–48 of this report.

**Required supplementary information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The City's budgetary comparison schedule for the General Fund can be found on page 49 of this report.

**CITY OF WASILLA, ALASKA**

Management's Discussion and Analysis

June 30, 2014

**Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$124,974,017 at the close of the most recent fiscal year.

The largest portion of the City's net position (80%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment) less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated to satisfy these liabilities.

**City of Wasilla's Net Position**

June 30, 2014 and 2013

	<b>Governmental activities</b>		<b>Business-type activities</b>		<b>Total government-wide</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Current and other assets	\$ 19,725,315	15,549,332	8,571,334	7,488,160	28,296,649	23,037,492
Capital assets, net of depreciation	33,862,372	30,673,057	69,644,429	71,710,564	103,506,801	102,383,621
<b>Total assets</b>	<b>\$ 53,587,687</b>	<b>46,222,389</b>	<b>78,215,763</b>	<b>79,198,724</b>	<b>131,803,450</b>	<b>125,421,113</b>
Total deferred outflows of resources	\$ 42,506	51,006	—	—	42,506	51,006
Long-term liabilities	\$ 2,574,645	2,848,611	2,210,631	2,441,306	4,785,276	5,289,917
Other liabilities	1,488,522	2,796,875	598,141	1,144,262	2,086,663	3,941,137
<b>Total liabilities</b>	<b>\$ 4,063,167</b>	<b>5,645,486</b>	<b>2,808,772</b>	<b>3,585,568</b>	<b>6,871,939</b>	<b>9,231,054</b>
Net position:						
Net investment in capital assets	31,959,213	27,146,916	67,433,798	69,269,258	99,393,011	96,416,174
Restricted for cemetery endowment	285,734	253,745	—	—	285,734	253,745
Restricted for federal and state drug enforcement	13,146	13,146	—	—	13,146	13,146
Restricted for new library construction	2,957,767	—	—	—	2,957,767	—
Unrestricted	14,351,166	13,214,102	7,973,193	6,343,898	22,324,359	19,558,000
<b>Total net position</b>	<b>\$ 49,567,026</b>	<b>40,627,909</b>	<b>75,406,991</b>	<b>75,613,156</b>	<b>124,974,017</b>	<b>116,241,065</b>

The remaining balance of unrestricted net position of \$22,324,359 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The government's net position increased by \$8,732,952 during the current fiscal year. The increase largely consists of increased approximately \$3.1M in sales tax. City residents approved a sales tax rate increase of 1% beginning January 1, 2014 with the funds dedicated to construction of a new library. The additional increase

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Management's Discussion and Analysis

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relates to capital contributions from state grantor agencies, donations from other governmental entities, and donated infrastructure (main line extensions and roads) from developers.

**Governmental Activities.** During fiscal year 2014, the City's net position increased by \$8,939,117 for governmental activities. Highlights of governmental activities net position changes are as follows:

- Donated land of approximately \$1.7M from the Matanuska Susitna Borough on which the Lake Lucile Campground resides. The land is covered under a National Park Service agreement for outdoor recreation use.
- Transfer of Aviation Avenue from the airport fund to general government. The access road valued at approximately \$2M was constructed largely with federal aviation grant assistance. Upon completion of the platting process, the asset became public domain and was transferred to the general fund.
- Sales tax revenue increase of approximately \$3.1M over prior year due to the midyear rate increase to fund construction of a new library.

**City of Wasilla's Changes in Net Position**

Years ended June 30, 2014 and 2013

	Governmental activities		Business-type activities		Total activities	
	2014	2013	2014	2013	2014	2013
<b>Revenues:</b>						
Program revenues:						
Fees, fines, and charges for services	\$ 2,055,157	2,028,218	4,058,191	3,567,597	6,113,348	5,595,815
Operating grants and contributions	594,799	731,335	181,441	160,748	776,240	892,083
Capital grants and contributions	4,577,040	1,034,593	2,284,514	2,641,162	6,861,554	3,675,755
General revenues:						
Sales taxes	15,481,431	12,346,152	—	—	15,481,431	12,346,152
Property and vehicle taxes	57,441	120,969	—	—	57,441	120,969
Grants and entitlements not restricted to a specific purpose	1,745,300	1,798,256	—	—	1,745,300	1,798,256
Investment income	83,197	85,725	3,479	6,542	86,676	92,267
Other	92,719	35,261	230,732	25,466	323,451	60,727
<b>Total revenues</b>	<b>24,687,084</b>	<b>18,180,509</b>	<b>6,758,357</b>	<b>6,401,515</b>	<b>31,445,441</b>	<b>24,582,024</b>
<b>Expenses:</b>						
General government	3,340,921	3,215,470	—	—	3,340,921	3,215,470
Public safety	7,075,807	7,108,991	—	—	7,075,807	7,108,991
Public works	4,431,710	4,029,730	—	—	4,431,710	4,029,730
Culture and recreation	2,043,477	2,086,325	—	—	2,043,477	2,086,325
Interest on long-term debt	85,651	113,071	—	—	85,651	113,071
Water utility	—	—	1,601,031	1,522,151	1,601,031	1,522,151
Sewer utility	—	—	1,557,178	1,490,873	1,557,178	1,490,873
Municipal airport	—	—	859,904	833,245	859,904	833,245
Curtis D. Menard Memorial Sports Center	—	—	1,716,810	1,725,391	1,716,810	1,725,391
<b>Total expenses</b>	<b>16,977,566</b>	<b>16,553,587</b>	<b>5,734,923</b>	<b>5,571,660</b>	<b>22,712,489</b>	<b>22,125,247</b>
<b>Increase in net position before transfers</b>	<b>7,709,518</b>	<b>1,626,922</b>	<b>1,023,434</b>	<b>829,855</b>	<b>8,732,952</b>	<b>2,456,777</b>

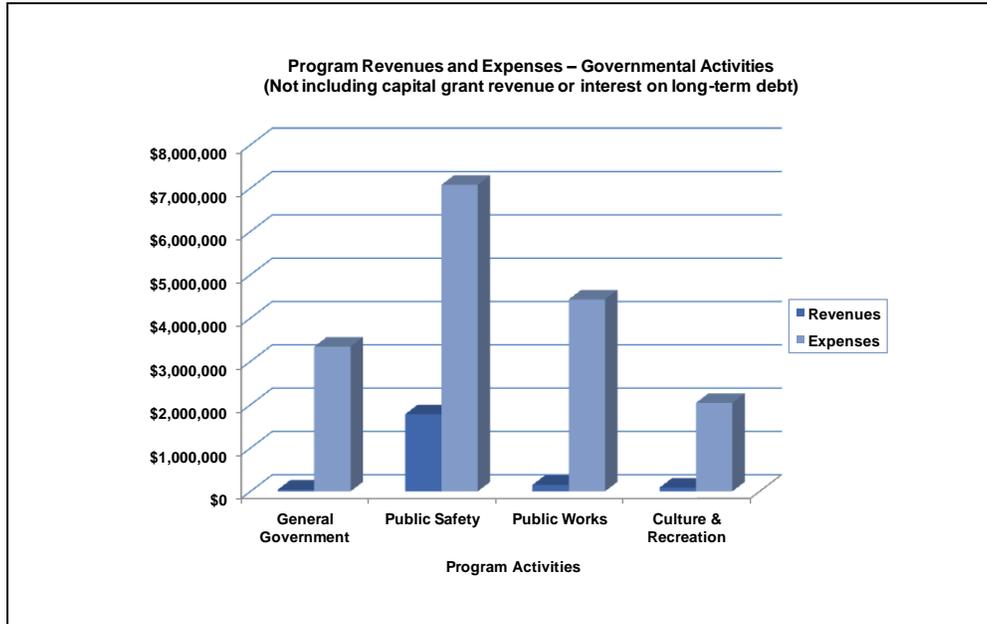
**CITY OF WASILLA, ALASKA**  
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**City of Wasilla's Changes in Net Position**

Years ended June 30, 2014 and 2013

	Governmental activities		Business-type activities		Total activities	
	2014	2013	2014	2013	2014	2013
Transfers	\$ 1,229,599	(741,215)	(1,229,599)	741,215	—	—
Increase in net position	8,939,117	885,707	(206,165)	1,571,070	8,732,952	2,456,777
Net position – beginning	40,627,909	39,742,202	75,613,156	74,042,086	116,241,065	113,784,288
Net position – ending	\$ 49,567,026	40,627,909	75,406,991	75,613,156	124,974,017	116,241,065

The following graph displays program revenues and expenses dedicated to governmental activities. This shows the amount of revenues generated from these activities. Other revenues also support governmental activities, but are general in nature and apply to all categories. These include property and sales taxes, grants and entitlements not restricted for a specific purpose, investment income, and other general revenues.

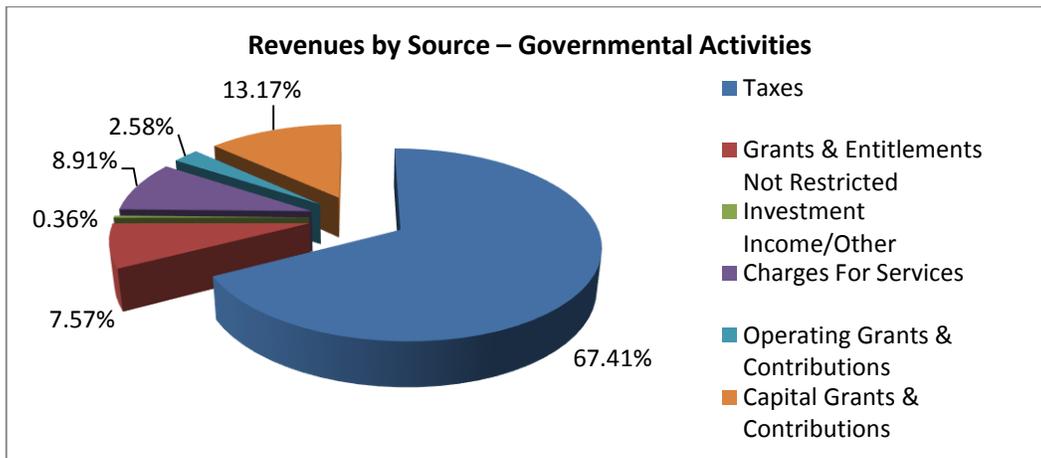


## CITY OF WASILLA, ALASKA

### Management's Discussion and Analysis

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The following graph shows the percentages of all revenue sources for governmental activities. Taxes are the largest revenue source for the City, followed in order by capital grants and contributions, charges for services, nonrestricted grants and entitlements, operating grants and contributions, and investment income and other. Tax revenue for governmental activities increased from 2013 to 2014 by \$3,071,751, or 24.6%. The increase is largely due to the 1% sales tax increase effective January 1, 2014, which is dedicated to construction of a new library. Expenses for governmental activities increased by \$568,798, or 3.5%, from prior fiscal year.



**Business-type activities.** Business-type activities decreased the City's net position by \$206,165. The increase in the water, sewer, and airport funds of \$719,815, \$478,060, and \$731,990, respectively, was offset by losses in the sports center fund of \$906,431 and transfers out of \$1,229,599. Increase in the water and sewer funds were largely due to contributed capital consisting of both water and sewer main extensions donated by developers and state grant funding toward infrastructure. The increase from the airport fund is entirely due to continued capital grant contributions for infrastructure offset by operating losses due largely to depreciation. The sports center fund's decrease to net position is due to insufficient user fees and charges to cover its operating costs.

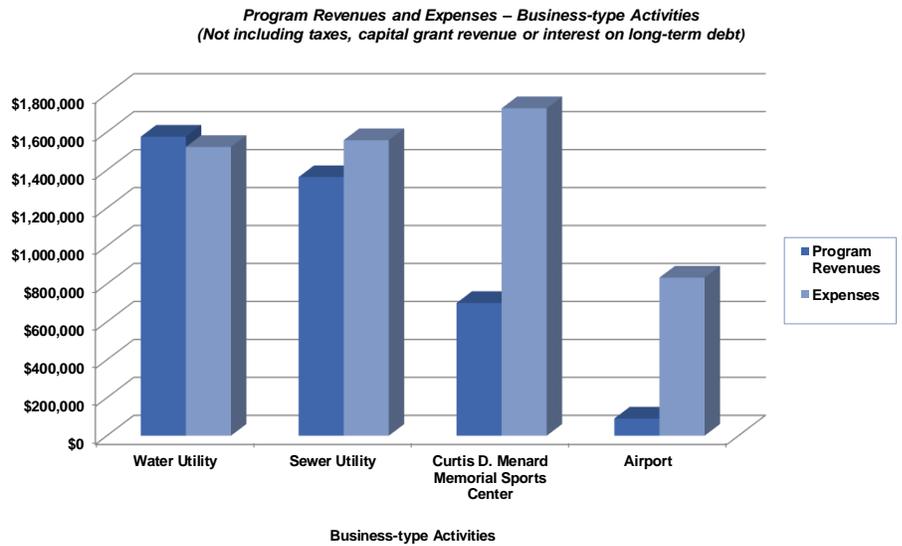
The following graph illustrates program revenues and expenses for all business-type activities. Not included in the revenues are taxes, capital grants and contributions, investment earnings, transfers, and other miscellaneous revenues. As reflected in the graph, all of the business-type activities reported revenues below expenses with the exception of the water fund.

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This is the third consecutive year in which the water fund reported program revenue in excess of expenses. This is attributed primarily to the annual, five-year rate increase that was approved and made effective in FY 2010. Sewer services were also included in the five-year rate increases, however, this fund has a smaller customer base to infrastructure ratio to maintain resulting in continued operating losses. The airport fund continues to fall short primarily due to the depreciation expense on infrastructure obtained through capital grants. The shortfall in revenue to expense for the Curtis D. Menard Memorial Sports Center includes depreciation, high minimum operating costs, and low user fees.

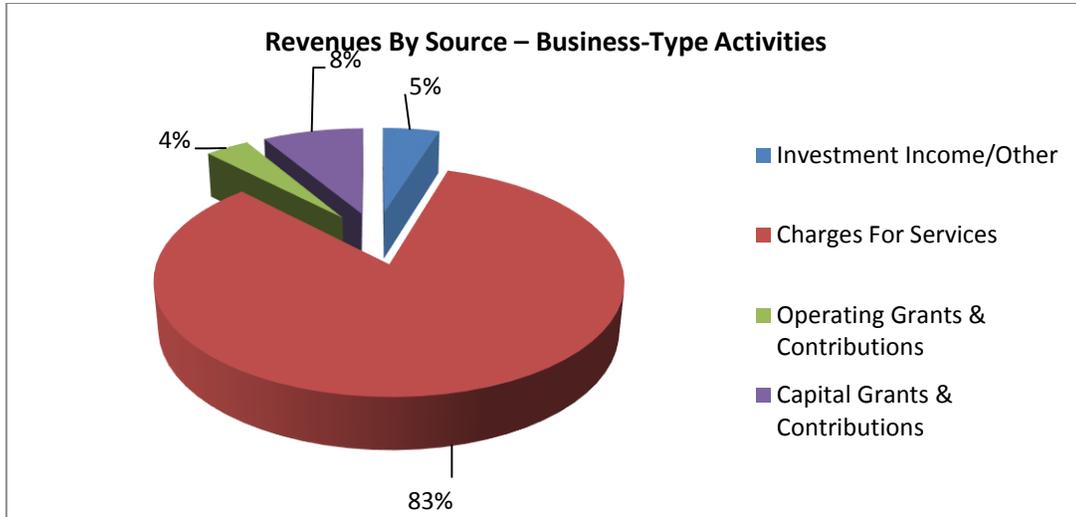


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The following graph depicts the percentages of all revenue sources for business-type activities. Charges for services are the largest revenue source for the City, followed in order by capital grants and contributions, operating grants and contribution, and other revenue and investment income.



**Financial Analysis of the Government’s Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$18,244,205, an increase of \$4,178,527 in comparison with the prior year. The City’s total fund balance is made up of the following components:

The first component is nonspendable, which indicates it is not in spendable form, or is legally or contractually required to remain intact. The nonspendable portion is 2.2% (\$374,658) of the total fund balance. The restricted classification includes amounts for which constraints have been placed by external parties (creditors, grantors, etc.) or enabling legislation. Restricted fund balance is 16.3% (\$2,970,913) of total fund balance. The committed classification can only be used for specific purposes by formal action of the City Council. The committed portion is 22.2% (\$4,041,840) of the total fund balance. The next component is assigned fund balance that includes amounts that are intended to be used for a specific purpose and have been expressly assigned by the person with designated authority. The assigned portion is 15.3% (\$2,792,706) of the total fund balance. Unassigned fund balance is the residual fund balance available for use for any purpose. The unassigned fund balance portion is 44.2% (\$8,064,088) of the total fund balance.

## CITY OF WASILLA, ALASKA

### Management's Discussion and Analysis

June 30, 2014

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$8,064,088 while total fund balance was \$12,942,018. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures for the year. Unassigned fund balance represents 58% of total General Fund expenditures, while total fund balance represents 93% of that same amount.

Fund balance of the City's General Fund increased by \$993,456 and \$1,539,020 during the current and prior fiscal year, respectively. In the current year, revenues decreased by \$49,192 or 0.3% over prior year and expenditures increased \$241,446 or 1.8% over prior year. Additional impact to the fund resulted from an increase in transfers out of \$298,126.

The Miscellaneous Capital Project Fund has a total fund balance of \$3,674,189. This total amount is designated for future capital project construction expenditures. Fund balance increased by \$2,980,126 over the prior year, which resulted from a 1% increase in the sales tax rate effective January 1, 2014 which is dedicated to the construction of a new library. Offsetting the revenues were expenditures of \$1,115,635 for heavy roadway equipment and various other capital items.

**Proprietary funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail.

The water utility's unrestricted net position is \$3,648,027. Unrestricted net position has increased by \$871,299 in comparison with the prior year. Of this increase, \$360,206 relates to contributed revenue from a state grant to construct a new bulk water station and private developers for water main extensions donated to the City. Additionally, user fees and meter sales increased \$267,382 over prior year. This increase was derived largely from a multi-year utility rate increase approved and implemented in FY 2010 to facilitate the demand of ongoing repairs and maintenance and need to build a reserve for additional capital requirements. Consumer rates increased 7.5% mid-way through the fiscal year as the final increase was deferred six months by new legislation.

The sewer utility's unrestricted net position is \$2,653,759. Unrestricted net position increased by \$483,675 over prior year resulting primarily from contributed capital of \$417,576. Contributed capital consisted of a state grant for expansion of the sewer treatment plant and sewer main extensions donated to the City from private developers. Sewer rates also increased 7.5% mid-way through the fiscal year as part of the multi-year plan approved in FY 2010; largely attributing to the \$139,253 increase in sales and user charges for the fund.

The airport's unrestricted net position is \$448,735, an increase of \$144,797 from prior year. The increase is attributed to the \$258,560 transfer in to offset its operating loss. The airport operations continue to generate losses even before depreciation. The City receives significant federal and state grant funding annually to construct infrastructure necessary to allow for commercial use and development in the future. As such, the City will continue to offset operating losses with transfers from the General Fund in an effort to support development of the airport and the economic opportunities it may bring to the community in the future.

The Curtis D. Menard Memorial Sports Center's unrestricted net position is \$1,222,672, an increase of \$129,524 over prior year. The sports center continues to generate operating losses before depreciation and operations are supported by routine transfers from the General Fund. In the current year, the transfers in were \$623,000. The City will continue to offset operating losses with transfers from the General Fund in an effort to support development of the sports center, the service it provides to the community, and the economic opportunities it may bring to the community in the future.

## CITY OF WASILLA, ALASKA

### Management's Discussion and Analysis

June 30, 2014

#### General Fund Budgetary Highlights

The difference between the original and final amended budget was a decrease to fund balance of \$781,480. The majority of this difference relates to lower than anticipated revenue for the City's dispatch services and increased transfers to the airport fund and sports complex. Increased transfers were for local match on grant funding for fencing and security equipment at the airport along with increased legal fees on a case involving the land at the sports complex.

The difference in fund balance between the final amended budget and the actual results is a positive variance of \$1,963,262. The major components of the difference are as follows:

- A positive variance in revenues attributed primarily to increased sales tax of approximately \$889,379.
- A favorable variance in expenditures of \$1,022,388 primarily generated from lower than expected staffing in dispatch and a lower than expected use of professional services and purchased services throughout general government.

#### Capital Asset and Debt Administration

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of June 30, 2014 amounts to \$103,506,801 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery, equipment, and construction in progress.

Major capital asset events during the current fiscal year included the following:

- Completed land transfer of approximately 75 acres donated by the Matanuska Susitna Borough, which is encompassed under a National Park Service agreement for outdoor recreational use. The site currently includes the Lake Lucile Campground.
- Completed Aviation Avenue, which provides additional road access to the City of Wasilla Municipal Airport. The asset was valued at \$2,070,159 and funded largely by federal aviation grants. The completed asset was transferred to general government as the platting process creates a public domain asset. The airport fund recorded a loss on the disposal of assets in conjunction with the transfer.
- Purchased heavy equipment for the road maintenance; including asphalt sealer, front end loader, and easement mower.
- Purchased land for expansion of the sewer treatment facility.
- Equipment purchases including a broom sweeper, fuel tank, vehicle, and sign board for public works.

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**City of Wasilla's Capital Assets**

June 30, 2014 and 2013

(Net of depreciation)

	<b>Governmental activities</b>		<b>Business-type activities</b>		<b>Total activities</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Land	\$ 9,049,591	7,702,824	4,420,137	4,048,970	13,469,728	11,751,794
Buildings	6,100,446	5,809,073	14,091,359	14,557,022	20,191,805	20,366,095
Land improvements	—	—	9,104,760	9,683,292	9,104,760	9,683,292
Infrastructure	15,513,958	13,895,623	37,617,217	38,382,565	53,131,175	52,278,188
Furniture and equipment	307,065	636,702	—	—	307,065	636,702
Vehicles and equipment	1,868,818	1,778,228	2,631,378	2,758,409	4,500,196	4,536,637
Construction in progress	1,022,494	850,607	1,779,578	2,280,306	2,802,072	3,130,913
Total capital assets	<u>\$ 33,862,372</u>	<u>30,673,057</u>	<u>69,644,429</u>	<u>71,710,564</u>	<u>103,506,801</u>	<u>102,383,621</u>

Additional information on the City's capital assets can be found in note 3 on pages 36–48 of this report.

**Long-term debt.** At the end of the current fiscal year, the City had total long-term debt outstanding of \$4,156,294. Of this amount, \$1,945,665 comprises debt backed by the full faith and credit of the government. The remainder of the City's debt represents bonds and loans secured solely by specified revenue sources (i.e., special assessments levied against properties specifically benefited) in the amount of \$2,210,629.

**City of Wasilla's Outstanding Debt**

General Obligation Bonds and Loans

June 30, 2014 and 2013

	<b>Governmental activities</b>		<b>Business-type activities</b>		<b>Total activities</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
General obligation	\$ 1,945,665	2,278,798	—	—	1,945,665	2,278,798
Long-term loans	—	—	2,210,631	2,441,306	2,210,631	2,441,306
Total long-term debt	<u>\$ 1,945,665</u>	<u>2,278,798</u>	<u>2,210,631</u>	<u>2,441,306</u>	<u>4,156,296</u>	<u>4,720,104</u>

The City's total debt decreased by \$563,808, or 11.97%, during the current fiscal year. The decrease is attributed to the City meeting its required debt payments and not issuing new debt.

State statutes do not impose debt limits on the City; however, its Municipal Code 5.02.040 requires that annual general obligation debt service not exceed twenty percent (20%) of annual general fund revenue. Additional information on the City's long-term debt can be found on pages 40–43 of this report.

**CITY OF WASILLA, ALASKA**  
Management's Discussion and Analysis  
June 30, 2014

**Economic Factors and Next Year's Budgets and Rates**

In setting the budgets for fiscal year 2015, the City considered a number of issues with citywide impact. Among them are the following:

- In FY 2014, actual sales tax revenues were approximately 3.1% over budgeted sales tax revenues. In FY 2015, sales tax revenues are projected to increase 2.8% over FY 2014 budgeted sales tax revenues, excluding the effect of the 1% sales tax increase for new library construction.
- User fees and charges in the business-type activities are expected to remain flat with the exception of added service connections due to land development. FY 2014 was the final year increase of a five-year rate plan approved and made effective in FY 2010. The rate increase was intended to strengthen fund balance for necessary future capital replacements. The City continues to review the current rate structure, internally and through the use of consultants, to ensure that equitable and adequate utility rates are in place.
- The City will continue to implement programs to keep local government small, efficient, and accountable to the citizens of Wasilla.
- The City continues to rely largely on state grant assistance with large-scale capital projects. The budgeted transfers to capital project funds in FY 2015 is \$775,500.

With the above considerations, the fiscal year 2015 budget included setting the City's property tax at an approved rate of 0.0 mills and maintaining a sales tax rate at 3.0%, with 2.0% used for ongoing operations and 1% dedicated to construction of a new library.

**Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Wasilla, Attn: Finance Director, 290 E. Herning Ave. Wasilla, Alaska 99654.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF WASILLA, ALASKA**

Statement of Net Position

June 30, 2014

<b>Assets and Deferred Outflows of Resources</b>	<b>Governmental activities</b>	<b>Business-type activities</b>	<b>Total</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Assets:			
Cash and investments	\$ 17,130,127	7,547,561	24,677,688
Receivables, net of allowance for uncollectible amounts:			
Accounts, net	27,062	407,127	434,189
Sales and property taxes	1,717,983	—	1,717,983
Grants	501,715	429,429	931,144
Shared revenues	258,334	—	258,334
Special assessments	1,170	94,025	95,195
Prepaid items	88,924	19,834	108,758
Inventories	—	73,358	73,358
Capital assets:			
Not being depreciated	10,072,085	6,199,716	16,271,801
Being depreciated	23,790,287	63,444,713	87,235,000
Total assets	<u>53,587,687</u>	<u>78,215,763</u>	<u>131,803,450</u>
Deferred outflows of resources:			
Deferred charge on refunding	42,506	—	42,506
Total assets and deferred outflows of resources	<u>\$ 53,630,193</u>	<u>78,215,763</u>	<u>131,845,956</u>
<b>Liabilities and Net Position</b>			
Liabilities:			
Accounts payable	\$ 215,453	73,526	288,979
Accrued payroll and employee benefits	1,140,539	228,061	1,368,600
Customer deposits	10,117	83,189	93,306
Health claims payable	688,661	—	688,661
Unearned revenue	55,320	199,939	255,259
Accrued interest	7,412	13,426	20,838
Noncurrent liabilities:			
Due within one year	353,133	230,674	583,807
Due in more than one year	1,592,532	1,979,957	3,572,489
Total liabilities	<u>4,063,167</u>	<u>2,808,772</u>	<u>6,871,939</u>
Net position:			
Net investment in capital assets	31,959,213	67,433,798	99,393,011
Restricted for:			
Cemetery endowment, nonspendable	285,734	—	285,734
Federal and state drug enforcement	13,146	—	13,146
New library construction	2,957,767	—	2,957,767
Unrestricted	14,351,166	7,973,193	22,324,359
Total net position	<u>49,567,026</u>	<u>75,406,991</u>	<u>124,974,017</u>
Total liabilities and net position	<u>\$ 53,630,193</u>	<u>78,215,763</u>	<u>131,845,956</u>

See accompanying notes to basic financial statements.

**CITY OF WASILLA, ALASKA**

Statement of Activities  
Year ended June 30, 2014

Functions	Expenses	Program revenues			Net (expense) revenue and Changes in net position		
		Fees, fines and charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	Total
Governmental activities:							
General government	\$ 3,340,921	39,781	—	—	(3,301,140)	—	(3,301,140)
Public safety	7,075,807	1,779,073	505,680	—	(4,791,054)	—	(4,791,054)
Public works	4,431,710	148,579	—	1,540,985	(2,742,146)	—	(2,742,146)
Culture and recreation	2,043,477	87,724	89,119	3,036,055	1,169,421	—	1,169,421
Interest on long-term debt	85,651	—	—	—	(85,651)	—	(85,651)
Total governmental activities	<u>16,977,566</u>	<u>2,055,157</u>	<u>594,799</u>	<u>4,577,040</u>	<u>(9,750,570)</u>	<u>—</u>	<u>(9,750,570)</u>
Business-type activities:							
Water utility	1,601,031	1,805,376	38,242	360,206	—	602,793	602,793
Sewer utility	1,557,178	1,447,990	56,248	417,576	—	364,636	364,636
Municipal airport	859,904	72,121	37,707	1,482,066	—	731,990	731,990
Sports center	1,716,810	732,704	49,244	24,666	—	(910,196)	(910,196)
Total business-type activities	<u>5,734,923</u>	<u>4,058,191</u>	<u>181,441</u>	<u>2,284,514</u>	<u>—</u>	<u>789,223</u>	<u>789,223</u>
Totals	<u>\$ 22,712,489</u>	<u>6,113,348</u>	<u>776,240</u>	<u>6,861,554</u>	<u>(9,750,570)</u>	<u>789,223</u>	<u>(8,961,347)</u>
General revenues:							
Sales taxes					\$ 15,481,431	—	15,481,431
Property and vehicle taxes					57,441	—	57,441
Grants and entitlements not restricted to a specific purpose					1,745,300	—	1,745,300
Investment income					83,197	3,479	86,676
Other					92,719	230,732	323,451
Transfers					1,229,599	(1,229,599)	—
Total general revenues and transfers					<u>18,689,687</u>	<u>(995,388)</u>	<u>17,694,299</u>
Change in net position					<u>8,939,117</u>	<u>(206,165)</u>	<u>8,732,952</u>
Net position at beginning of year					<u>40,627,909</u>	<u>75,613,156</u>	<u>116,241,065</u>
Net position at end of year					<u>\$ 49,567,026</u>	<u>75,406,991</u>	<u>124,974,017</u>

See accompanying notes to basic financial statements.

**CITY OF WASILLA, ALASKA**

Governmental Funds

Balance Sheet

June 30, 2014

<b>Assets</b>	<b>General</b>	<b>Miscellaneous capital project</b>	<b>Other governmental funds</b>	<b>Total governmental funds</b>
Cash and investments	\$ 12,473,935	3,082,391	1,573,801	17,130,127
Receivables, net of allowance for uncollectible accounts:				
Accounts	27,062	—	—	27,062
Sales and property taxes	1,145,454	572,529	—	1,717,983
Grants	39,566	36,351	425,798	501,715
Shared revenues	258,334	—	—	258,334
Special assessments	1,170	—	—	1,170
Prepaid items	88,911	—	13	88,924
Due from other funds	233,125	—	—	233,125
<b>Total assets</b>	<b>\$ 14,267,557</b>	<b>3,691,271</b>	<b>1,999,612</b>	<b>19,958,440</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 106,008	17,082	92,363	215,453
Accrued payroll and employee benefits	500,772	—	10,787	511,559
Customer deposits	10,117	—	—	10,117
Health claims payable	688,661	—	—	688,661
Unearned revenue	19,981	—	35,339	55,320
Due to other funds	—	—	233,125	233,125
<b>Total liabilities</b>	<b>1,325,539</b>	<b>17,082</b>	<b>371,614</b>	<b>1,714,235</b>
Fund balances:				
Nonspendable:				
Prepaid items	88,911	—	13	88,924
Cemetery endowment	—	—	285,734	285,734
Committed to:				
Capital improvements	4,041,840	—	—	4,041,840
Restricted to:				
Federal and state drug enforcement	—	—	13,146	13,146
New library construction	—	2,957,767	—	2,957,767
Assigned to:				
Land bank	112,000	—	—	112,000
Capital improvements	—	716,422	—	716,422
Compensated absences	628,980	—	—	628,980
Youth court	—	—	60,572	60,572
Vehicle replacement	—	—	545,852	545,852
Right-of-way acquisition	—	—	130,652	130,652
Road improvements	—	—	97,966	97,966
Technology replacement	—	—	494,063	494,063
Other purposes	6,199	—	—	6,199
Unassigned	8,064,088	—	—	8,064,088
<b>Total fund balances</b>	<b>12,942,018</b>	<b>3,674,189</b>	<b>1,627,998</b>	<b>18,244,205</b>
<b>Total liabilities and fund balances</b>	<b>\$ 14,267,557</b>	<b>3,691,271</b>	<b>1,999,612</b>	<b>19,958,440</b>

See accompanying notes to basic financial statements.

**CITY OF WASILLA, ALASKA**

Reconciliation of the Governmental Funds  
Balance Sheet to the Statement of Net Position

June 30, 2014

Amount reported as fund balance on the governmental funds balance sheet	\$ 18,244,205
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	33,862,372
Deferred amounts related to issuance costs and premiums and on refunding to governmental activities are not financial resources; therefore, are not reported in the funds:	
Issuance premiums	(65,665)
Loss on refunding	42,506
	<u>(23,159)</u>
Long-term obligations, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
General obligation bonds payable	(1,880,000)
Compensated absences	(628,980)
Accrued interest on bonds	(7,412)
	<u>(2,516,392)</u>
Net position of governmental activities	\$ <u><u>49,567,026</u></u>

See accompanying notes to basic financial statements.

**CITY OF WASILLA, ALASKA**

Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances

Year ended June 30, 2014

	<u>General</u>	<u>Miscellaneous capital project</u>	<u>Other governmental funds</u>	<u>Total governmental funds</u>
<b>Revenues:</b>				
Taxes	\$ 12,581,105	2,957,767	—	15,538,872
Licenses and permits	40,390	—	—	40,390
Fines, forfeitures, and penalties	120,231	—	5,345	125,576
Intergovernmental	2,176,314	353,515	1,654,636	4,184,465
Charges for services	1,825,996	—	—	1,825,996
Investment income	83,102	95	—	83,197
Lot sales	—	—	34,800	34,800
Other	74,977	36,000	9,622	120,599
	<u>16,902,115</u>	<u>3,347,377</u>	<u>1,704,403</u>	<u>21,953,895</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	2,913,068	—	—	2,913,068
Public safety	6,302,152	—	191,761	6,493,913
Public works	2,210,518	—	31,328	2,241,846
Culture and recreation	1,929,493	—	—	1,929,493
Nondepartmental	205,565	—	—	205,565
<b>Debt service:</b>				
Principal	320,000	—	—	320,000
Interest	97,744	—	—	97,744
Capital outlay	—	1,115,635	1,674,039	2,789,674
	<u>13,978,540</u>	<u>1,115,635</u>	<u>1,897,128</u>	<u>16,991,303</u>
Excess of revenues over (under) expenditures	<u>2,923,575</u>	<u>2,231,742</u>	<u>(192,725)</u>	<u>4,962,592</u>
<b>Other financing sources (uses):</b>				
Proceeds from the sale of assets	56,495	—	—	56,495
Transfers in	—	748,384	397,670	1,146,054
Transfers out	<u>(1,986,614)</u>	<u>—</u>	<u>—</u>	<u>(1,986,614)</u>
Net other financing sources (uses)	<u>(1,930,119)</u>	<u>748,384</u>	<u>397,670</u>	<u>(784,065)</u>
Net change in fund balances	993,456	2,980,126	204,945	4,178,527
Beginning fund balances	<u>11,948,562</u>	<u>694,063</u>	<u>1,423,053</u>	<u>14,065,678</u>
Ending fund balances	\$ <u><u>12,942,018</u></u>	\$ <u><u>3,674,189</u></u>	\$ <u><u>1,627,998</u></u>	\$ <u><u>18,244,205</u></u>

See accompanying notes to basic financial statements.

**CITY OF WASILLA, ALASKA**

Reconciliation of the Governmental Funds Statement of Revenues,  
Expenditures, and Changes in Fund Balances to the Statement of Activities

Year ended June 30, 2014

Net change in fund balance – total governmental funds	\$	4,178,527
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:		
Capital outlay		1,620,829
Transfers of capital assets from business-type activities		2,070,159
Donated capital assets		1,378,345
Depreciation expense		(1,880,018)
		3,189,315
Capital contributions related to capital assets donated in 2013 where eligibility requirements were met in 2014 and are reported in the statement of activities and do not provide current financial resources		1,298,349
The effect of the decrease in the accrued interest is to increase net position		7,460
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effects of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Principal repayments on general obligation debt		
		320,000
Some expenses and transfers reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Increase in compensated absences		(59,167)
Amortization of deferred amounts		4,633
		(54,534)
Change in net position of governmental activities	\$	8,939,117

See accompanying notes to basic financial statements.

**CITY OF WASILLA, ALASKA**

Enterprise Funds

Statement of Net Position

June 30, 2014

<b>Assets</b>	<b>Water Utility</b>	<b>Sewer Utility</b>	<b>Municipal Airport</b>	<b>Curtis D. Menard Memorial Sports Center</b>	<b>Total Enterprise Funds</b>
Current assets:					
Cash and investments	\$ 3,549,420	2,550,806	97,385	1,349,950	7,547,561
Receivables:					
Accounts	281,061	138,368	1,010	25,292	445,731
Allowance for doubtful accounts	(22,941)	(15,663)	—	—	(38,604)
Special assessments	28,564	65,461	—	—	94,025
Grants	26,073	—	403,249	107	429,429
Prepaid items	3,873	3,886	1,218	1,262	10,239
Inventories	35,422	37,936	—	—	73,358
Total current assets	<u>3,901,472</u>	<u>2,780,794</u>	<u>502,862</u>	<u>1,376,611</u>	<u>8,561,739</u>
Noncurrent assets:					
Prepaid items	9,595	—	—	—	9,595
Capital assets, net	26,461,130	14,471,172	13,386,502	15,325,625	69,644,429
Total noncurrent assets	<u>26,470,725</u>	<u>14,471,172</u>	<u>13,386,502</u>	<u>15,325,625</u>	<u>69,654,024</u>
Total assets	<u>\$ 30,372,197</u>	<u>17,251,966</u>	<u>13,889,364</u>	<u>16,702,236</u>	<u>78,215,763</u>
<b>Liabilities and Net Position</b>					
Liabilities:					
Current liabilities:					
Accounts payable	\$ 16,283	10,733	31,665	14,845	73,526
Accrued payroll and employee benefits	26,793	35,595	2,216	36,482	101,086
Accrued annual and sick leave	22,189	72,426	9,362	22,998	126,975
Customer deposits	72,618	6,771	—	3,800	83,189
Accrued interest	11,916	1,510	—	—	13,426
Unearned revenue	113,241	—	10,884	75,814	199,939
Current portion of bond and loans	213,429	17,245	—	—	230,674
Total current liabilities	<u>476,469</u>	<u>144,280</u>	<u>54,127</u>	<u>153,939</u>	<u>828,815</u>
Long-term debt, net of current portion	1,839,803	140,154	—	—	1,979,957
Total liabilities	<u>2,316,272</u>	<u>284,434</u>	<u>54,127</u>	<u>153,939</u>	<u>2,808,772</u>
Net position:					
Net investment in capital assets	24,407,898	14,313,773	13,386,502	15,325,625	67,433,798
Unrestricted	3,648,027	2,653,759	448,735	1,222,672	7,973,193
Total net position	<u>28,055,925</u>	<u>16,967,532</u>	<u>13,835,237</u>	<u>16,548,297</u>	<u>75,406,991</u>
Total liabilities and net position	<u>\$ 30,372,197</u>	<u>17,251,966</u>	<u>13,889,364</u>	<u>16,702,236</u>	<u>78,215,763</u>

See accompanying notes to basic financial statements.

**CITY OF WASILLA, ALASKA**

Enterprise Funds

Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2014

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Municipal Airport</u>	<u>Curtis D. Menard Memorial Sports Center</u>	<u>Total Enterprise Funds</u>
Operating revenues – charges for services	\$ 1,805,376	1,447,990	72,121	732,704	4,058,191
Operating expenses:					
Salaries and benefits	518,779	727,240	50,911	748,619	2,045,549
Other operating expenses	310,313	361,855	103,195	467,843	1,243,206
Depreciation	739,220	465,628	672,169	500,348	2,377,365
Total operating expenses	<u>1,568,312</u>	<u>1,554,723</u>	<u>826,275</u>	<u>1,716,810</u>	<u>5,666,120</u>
Operating income (loss)	<u>237,064</u>	<u>(106,733)</u>	<u>(754,154)</u>	<u>(984,106)</u>	<u>(1,607,929)</u>
Nonoperating revenues (expenses):					
Payments in lieu of assessments	114,051	111,563	—	—	225,614
Interest	(32,719)	(2,455)	—	—	(35,174)
Investment income	—	—	—	3,479	3,479
Debt service assessment income	2,971	1,858	—	—	4,829
State PERS relief	38,242	56,248	4,078	49,244	147,812
Plans and studies	—	—	(33,629)	—	(33,629)
Nonoperating grants	—	—	33,629	—	33,629
Other	—	3	—	286	289
Net nonoperating expenses	<u>122,545</u>	<u>167,217</u>	<u>4,078</u>	<u>53,009</u>	<u>346,849</u>
Income (loss) before transfers and capital contributions	359,609	60,484	(750,076)	(931,097)	(1,261,080)
Transfers in	—	—	258,560	623,000	881,560
Transfers out	(14,500)	(16,500)	(500)	(9,500)	(41,000)
Capital assets transferred to governmental activities	—	—	(2,070,159)	—	(2,070,159)
Capital contributions	360,206	417,576	1,482,066	24,666	2,284,514
Change in net position	705,315	461,560	(1,080,109)	(292,931)	(206,165)
Beginning, net position	<u>27,350,610</u>	<u>16,505,972</u>	<u>14,915,346</u>	<u>16,841,228</u>	<u>75,613,156</u>
Ending, net position	\$ <u>28,055,925</u>	<u>16,967,532</u>	<u>13,835,237</u>	<u>16,548,297</u>	<u>75,406,991</u>

See accompanying notes to basic financial statements.

**CITY OF WASILLA, ALASKA**

Enterprise Funds

Statement of Cash Flows

Year ended June 30, 2014

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Municipal Airport</u>	<u>Curtis D. Menard Memorial Sports Center</u>	<u>Total Enterprise Funds</u>
Cash flows from operating activities:					
Cash received from customers and users	\$ 1,842,474	1,452,422	72,997	757,109	4,125,002
Cash payments to suppliers for goods and services	(350,107)	(372,828)	(136,859)	(492,030)	(1,351,824)
Cash payments to employees for services	(481,431)	(661,642)	(45,715)	(692,711)	(1,881,499)
Net cash provided by (used for) operating activities	<u>1,010,936</u>	<u>417,952</u>	<u>(109,577)</u>	<u>(427,632)</u>	<u>891,679</u>
Cash flows from noncapital financing activities:					
Transfers in from other funds	—	—	258,560	623,000	881,560
Transfers out to other funds	(14,500)	(16,500)	(500)	(9,500)	(41,000)
Nonoperating grants received	—	3	33,629	286	33,918
Net cash provided by (used for) noncapital financing activities	<u>(14,500)</u>	<u>(16,497)</u>	<u>291,689</u>	<u>613,786</u>	<u>874,478</u>
Cash flows from capital and related financing activities:					
Principal paid on long-term debt	(213,430)	(17,245)	—	—	(230,675)
Interest paid on long-term debt	(34,000)	(2,620)	—	—	(36,620)
Special assessments received	8,657	1,858	—	—	10,515
Payments in lieu of assessments received	114,051	55,675	—	—	169,726
Acquisition and construction of capital assets	(66,259)	(359,859)	(2,037,759)	(77,893)	(2,541,770)
Capital contributions received	136,376	351,167	1,790,153	30,226	2,307,922
Net cash used for capital and related financing activities	<u>(54,605)</u>	<u>28,976</u>	<u>(247,606)</u>	<u>(47,667)</u>	<u>(320,902)</u>
Cash flows from investing activities – investment income received	—	—	—	3,479	3,479
Net increase (decrease) in cash and cash equivalents	941,831	430,431	(65,494)	141,966	1,448,734
Beginning cash and cash equivalents	2,607,589	2,120,375	162,879	1,207,984	6,098,827
Ending cash and cash equivalents	\$ <u>3,549,420</u>	<u>2,550,806</u>	<u>97,385</u>	<u>1,349,950</u>	<u>7,547,561</u>

See accompanying notes to basic financial statements.

**CITY OF WASILLA, ALASKA**

Enterprise Funds

Statement of Cash Flows

Year ended June 30, 2014

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Municipal Airport</u>	<u>Curtis D. Menard Memorial Sports Center</u>	<u>Total Enterprise Funds</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ 237,064	(106,733)	(754,154)	(984,106)	(1,607,929)
Adjustments to reconcile operating income (loss) to cash provided by (used for) operating activities:					
Depreciation	739,220	465,628	672,169	500,348	2,377,365
State of Alaska on-behalf payments- PERS relief	38,242	56,248	4,078	49,244	147,812
Nonoperating expenses for plans and studies	—	—	(33,629)	—	(33,629)
Changes in operating assets and liabilities that provided (used) cash:					
Accounts receivable and related allowance	16,744	3,780	209	7,541	28,274
Inventory	4,634	(1,579)	—	—	3,055
Prepaid expense	760	380	(35)	(36)	1,069
Accounts payable	(48,052)	(10,120)	—	(24,151)	(82,323)
Accrued payroll and employee benefits	2,352	5,271	542	2,497	10,662
Accrued annual and sick leave	(3,246)	4,079	576	4,167	5,576
Customer deposits	35,359	998	—	15,814	52,171
Unearned revenue	(12,141)	—	667	1,050	(10,424)
Net cash provided by (used for) operating activities	<u>\$ 1,010,936</u>	<u>417,952</u>	<u>(109,577)</u>	<u>(427,632)</u>	<u>891,679</u>
Noncash noncapital financing and capital and related financing activities:					
State of Alaska on-behalf payments – PERS relief	\$ 38,242	56,248	4,078	49,244	147,812
Contributions by developers	293,547	66,409	—	—	359,956
Transfer of roads to governmental activities	—	—	2,070,159	—	2,070,159
Increase in special assessment receivable	—	90,929	—	—	90,929

See accompanying notes to basic financial statements.

## CITY OF WASILLA, ALASKA

### Notes to Basic Financial Statements

June 30, 2014

#### (1) Summary of Significant Accounting Policies

##### (a) General

The accompanying financial statements include all activities of the City of Wasilla (the City), a municipal corporation operating as a first class city under the provisions of Alaska statutes. The City operates under a Mayor-Council form of government.

##### (b) Reporting Entity

As defined by U.S. generally accepted accounting principles (GAAP) established by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as:

- (1) Appointment of a voting majority of the component unit's board, and either (a) the ability to impose will by the primary government, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
- (2) Fiscal dependency on the primary government.

Based upon the application of these criteria, there are no component units for which the City is financially accountable, nor do any special financial relationships exist between the City and any other entity.

The accounting policies of the City conform to GAAP as applicable to governments. The following is a summary of the more significant policies:

##### (c) Basis of Presentation

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the City. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely primarily on fees and charges to external parties.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenue* include 1) fees, fines, and charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**CITY OF WASILLA, ALASKA**

Notes to Basic Financial Statements

June 30, 2014

The City reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be reported in another fund.

The *Miscellaneous Capital Project Fund* accounts for various capital project activities of the City.

The City reports the following major proprietary funds:

The *Water Utility Enterprise Fund* is used to account for the operations of the City water system.

The *Sewer Utility Enterprise Fund* is used to account for the operations of the wastewater utility.

The *Municipal Airport Enterprise Fund* is used to account for the operations of Wasilla Municipal Airport.

The *Curtis D. Menard Memorial Sports Center Enterprise Fund* is used to account for the operations of the recreational sports complex facility.

**(d) Measurement Focus and Basis of Accounting**

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

Governmental fund financial statements are reported using the current financial resources measurement focus and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers all revenues except reimbursement grants to be available if they are collected within 60 days after year-end. Reimbursement grants are considered available if they are collected within one year of the end of the current fiscal period. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, principal and interest on general long-term debt, claims and judgments, and compensated absences are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

## CITY OF WASILLA, ALASKA

### Notes to Basic Financial Statements

June 30, 2014

Property taxes, sales taxes, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue in the current period. All other revenue items are considered to be measurable and available only when received by the government.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are allocated administration fees and charges between the enterprise funds and the various other funds and departments. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses for the Enterprise Funds include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

(e) ***Budgets***

The annual City operating budget is prepared by management in the spring preceding the fiscal year to which it relates. All funds are budgeted on an annual basis encompassing a fiscal year, with the exception of the Cemetery Permanent Fund, for which no budget is prepared. The Capital Project Funds have project-length budgets. The budget is submitted to the City Council for review and approval. Legal enactment of the budget is obtained through passage of a City ordinance. Amendments to the budget can occur any time during the fiscal year through City Council action. The legal level of budgetary control for all funds is at the function or activity level. All appropriations lapse at the end of the budget year to the extent that they have not been expended or lawfully encumbered, except for capital projects.

Annual budgets for the General, Special Revenue, and Debt Service Funds are legally adopted on the same modified accrual basis used to reflect actual revenues and expenditures.

Annual budgets are also adopted for the Enterprise Funds. However, GAAP do not require the adoption of budgets for Enterprise Funds, and budgetary comparisons are not included for these funds since the measurement focus is on determination of net income and financial position.

(f) ***Assets and Liabilities***

**Deposits and Investments**

The City utilizes a central treasury that is available for use by all funds. Each fund's portion of the central treasury is displayed on the balance sheet as "Cash and investments," or is included in "Due to other funds," if negative.

## CITY OF WASILLA, ALASKA

### Notes to Basic Financial Statements

June 30, 2014

The cash transactions of the City's funds are handled primarily in a single central treasury account. Investment earnings, when applicable, are allocated among the funds based on their respective equity in the central treasury.

For purposes of the statement of cash flows, the proprietary funds consider cash and investments and all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments are reported at fair value, except for money market funds, which are reported at amortized cost. Fair value is determined based on quoted market prices.

The City is authorized to invest in, and with maturities up to, the following:

- U.S. government obligations, U.S. government agency obligations, and U.S. government instrumentality obligations, which have a liquid market with a readily determinable market value and are insured or guaranteed by the United States or agencies or instrumentalities of the United States – 5 years. Securities in these asset classes with maturities longer than five years would be permitted if they have coupon rates that adjust periodically.
- Repurchase agreements that are documented by a written agreement, and are fully collateralized by delivery of government-related obligations, to an independent third-party custodian, which meet a margin requirement of one hundred two percent (102%) of the principal and unpaid accrued interest – 2 years.
- Certificates of deposit and other deposits at banks and savings and loan associations collateralized between 100% and 107%, depending on collateralized type – 3 years.
- Uncollateralized deposits at banks and savings and loan associations, to the extent that the deposits are insured by the Federal Deposit Insurance Corporation (FDIC) or the Federal Savings and Loan Insurance Corporation – 3 years.
- Bonds and notes which are issued by any state or political subdivision thereof, and which are rated A or higher by a nationally recognized statistical rating organization – 5 years.
- Prime commercial paper graded A1 or higher by a Moody's Investor's Service, Inc., and P1 or higher by Standard and Poor's Corporation, or equivalent by a nationally recognized statistical rating organization – 270 days.
- Prime bankers' acceptances offered by the fifty (50) largest banks – 180 days.
- U.S. dollar denominated corporate obligations issued by corporations organized and operated within the United States – 5 years.
  - Corporate obligations shall be rated as follows:
    - a) 1 year or less A rated by two major nationally recognized statistical rating agencies;
    - b) 1–2 years AA rated by at least one major nationally recognized statistical rating agencies;

## CITY OF WASILLA, ALASKA

### Notes to Basic Financial Statements

June 30, 2014

- c) 2–4 years AA rated by two major nationally recognized statistical rating agencies; and
  - d) 4–5 years AAA rated by two major nationally recognized statistical rating agencies.
- Money market mutual funds that adhere to SEC rule 2a – 7.
  - The Alaska Municipal League Investment Pool, Inc., made in accordance with the terms of that pool’s “Common Investment Agreement.”
  - Special assessments of the City authorized by Chapter 5.20. Total principal investment is not to exceed two hundred fifty thousand dollars (\$250,000) at the end of any fiscal year. The rate the city shall receive when investing in special assessments is the prime rate plus two percent on the date the ordinance confirming the assessment roll is enacted by the council.

#### **Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds.” All amounts due to/from other funds are short term in nature.

Trade receivables for the Water and Sewer funds are shown net of an allowance for doubtful accounts. Trade accounts receivables in excess of 90 days outstanding are determined to be uncollectible and are included in the allowance for doubtful accounts.

#### **Inventories and Prepaid Items**

Inventories in the enterprise funds consist of supplies and materials. All inventories are valued using the average cost method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The prepaid assets do not reflect current available resources and, thus, an equivalent portion of fund balance is classified as nonspendable in the fund financial statements. Prepaid items and expenses are based on the consumption method.

#### **Capital Assets**

Capital assets, which includes, property, plant, equipment, system infrastructure (e.g., roads, streets, lighting, etc.), and sewer and water infrastructure (e.g., treatment centers, pipes, tanks, etc.) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

**CITY OF WASILLA, ALASKA**

Notes to Basic Financial Statements

June 30, 2014

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized in 2014.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the useful life of the asset are not capitalized.

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	15–50 years
System infrastructure	20–50 years
Sewer and water infrastructure and equipment	50–60 years
Machinery and equipment	5–10 years

**Compensated Absences**

It is the City’s policy to permit employees to accumulate earned but unused annual leave benefits. All annual leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**Unearned Grant Revenue**

Amounts received from grantor agencies that are restricted as to use and have not been expended for the intended use are shown as unearned revenue.

**Bond Premiums, Discounts, and Issuance Costs**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type balance sheets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective-interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures in the fund statements and expenses in the government-wide and proprietary fund statements.

**CITY OF WASILLA, ALASKA**

Notes to Basic Financial Statements

June 30, 2014

**(g) *Deferred Outflows of Resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**(h) *Equity***

**Fund Balance Components**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

**Nonspendable**

Includes amounts either not in spendable form or legally or contractually required to be maintained intact. This would include inventory, prepaid items, corpus of endowment, and long-term loans and notes receivable.

**Restricted**

Reflects the same definition as restricted net position: constraints placed on the use of amounts are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. This would generally include amounts in bonded capital projects funds and debt service funds.

**Committed**

Includes amounts that are committed for specific purposes by approval of the city council through ordinances. Amounts classified as committed are not subject to legal enforceability like restricted fund balance; however, those amounts cannot be used for any other purpose unless the council rescinds or changes the limitation by approval through ordinance.

Included in committed are amounts in excess of stabilization of funds that are formally set aside by City ordinance for use in capital projects. The amounts in excess of stabilization of funds amount is determined based on the amount in the general fund balance in excess of the maximum unassigned fund balance for the succeeding fiscal year, as defined.

**CITY OF WASILLA, ALASKA**

Notes to Basic Financial Statements

June 30, 2014

**Assigned**

Amounts that are intended by the City to be used for specific purposes, but are neither restricted nor limited, are reported as assigned fund balance. The finance director is given authority by Municipal Code to make the determination of assigned fund balances, including removal and modification of assigned amounts. This would include any activity reported in a fund other than the general fund that is not otherwise restricted more narrowly by the above definitions.

**Unassigned**

Includes any remaining amounts after applying the above definitions. Planned spending in the subsequent year's budget would be included here.

**Spending Policy**

The City's spending policy is to spend restricted fund balance first, followed by committed, assigned, and unassigned fund balance.

*(i) Net Position*

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

**Net Investment in Capital Assets**

This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

**Restricted**

This consists of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the City's policy to use restricted resources first, then unrestricted resources when they are needed.

**Unrestricted**

This consists of net position that does not meet the definition of "restricted" or "invested in capital assets, net of related debt."

*(j) Revenues, Expenditures, and Expenses*

**Property Taxes**

Property taxes are levied on the assessed value of taxable property as of January 1 and are payable in two installments in August and February. An enforceable lien is attached on all taxable property as of January 1. The Matanuska-Susitna Borough bills and collects all property taxes for the City. The property tax for the fiscal years ended June 30, 2014 and 2013, held a zero mill rate.

**CITY OF WASILLA, ALASKA**

Notes to Basic Financial Statements

June 30, 2014

**Grants and Other Intergovernmental Revenues**

Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

**(k) Recently Issued Accounting Pronouncements**

In June 2012, the GASB issued GASB 68, *Accounting and Financial Reporting for Pensions*, an amendment of GASB 27. This Statement requires that an employer recognize its obligation for pensions net of the amount of the pensions plan's fiduciary net position that is available to satisfy that obligation as well as additional note disclosures regarding the obligation. The new standard is effective for financial statements for periods beginning after June 15, 2014. The City is currently evaluating the impact that the adoption of Statement 68 will have on its financial statements, however, it is expected to be material.

**(2) Deposits and Investments**

**(a) Investments**

As of June 30, 2014, the City had the following investments:

<u>Investment type</u>	<u>Fair value</u>	<u>Investment maturities</u>		
		<u>Less than 1 year</u>	<u>1–5 Years</u>	<u>More than 5 years</u>
Money market funds	\$ 279,235	279,235	—	—
Certificate of deposits	1,749,665	1,500,287	249,378	—
U.S. treasuries	3,032,673	3,032,673	—	—
U.S. government agencies	6,470,902	1,355,612	1,867,175	3,248,115
Corporate bonds	3,198,155	2,784,181	413,974	—
Alaska Municipal League Investment Pool, Inc. (AMLIP)	141,831	141,831	—	—
Total subject to interest rate risk	<u>\$ 14,872,461</u>	<u>9,093,819</u>	<u>2,530,527</u>	<u>3,248,115</u>

**(b) Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the duration of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City has no formal policy relating to interest rate risk.

**(c) Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of an investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Alaska State law does not have specific investment limitation. The City's policy does limit investments to specified ratings based on instrument type as defined in note 1(f).

**CITY OF WASILLA, ALASKA**

Notes to Basic Financial Statements

June 30, 2014

At June 30, 2014, the City’s corporate bond investments were rated as follows:

<b>Investment</b>	<b>Standard and Poor’s</b>	<b>Moody’s investor service</b>
Corporate bonds	AAA to AA-	Aa3 to A1

The AMLIP is an external investment pool, which is rated AAA for credit risk purposes. Alaska Statute 37.23 establishes regulatory oversight of the pool. The law sets forth numerous requirements regarding authorized investments and reporting. The pool is incorporated in the State of Alaska as a nonprofit corporation and reports to a board of directors. Alaska Statute 37.23.050 requires the retention of an investment manager.

The manager is required to produce monthly disclosure statements on the pool. The pool also has retained an investment adviser who monitors the performance of the investment manager to ensure compliance with investment policies. All participation in the pool is voluntary. The pool must maintain a dollar-weighted average maturity of 90 days or less, and only purchase instruments having remaining maturities of 397 days or less. On a monthly basis, the investments in the pool are reviewed for fair value by an independent pricing service. As of June 30, 2014, the fair value of the investments in the pool approximates amortized cost and is equal to the value of pool shares.

**(d) Concentration of Credit Risk**

The City places no limit on the amount it may invest in any one issuer. The City has no investments from any one issuer that represents 5% or more of total investments other than U.S. government securities.

**(e) Custodial Credit Risk – Deposits**

In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City’s deposit policy for custodial credit risk is to collateralize its primary demand deposit account for 102% of the uninsured balance. As of June 30, 2014, the City’s bank account balances were not exposed to custodial credit risk as they were either insured or collateralized.

**(f) Custodial Credit Risk – Investments**

For an investment, this is a risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City had no debt securities exposed to custodial credit risk at June 30, 2014 because the investments were held by a custodian in the name of the City.

**CITY OF WASILLA, ALASKA**

Notes to Basic Financial Statements

June 30, 2014

(g) ***Reconciliation to the Statement of Net Position***

Deposits and investments are reported as follows on the statement of net position, as of June 30, 2014:

Cash and investments	\$	24,677,688
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Deposits and investments comprise the following as of June 30, 2014:

Carrying value of bank deposits	\$	9,801,857
Petty cash accounts		3,370
Investments		<u>14,872,461</u>
	\$	<u><u>24,677,688</u></u>

**CITY OF WASILLA, ALASKA**

Notes to Basic Financial Statements

June 30, 2014

**(3) Capital Assets**

Capital asset activity for the year ended June 30, 2014 is as follows:

<u>Governmental activities</u>	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Capital assets not being depreciated:				
Land	\$ 7,702,824	1,346,767	—	9,049,591
Construction in progress	850,607	1,135,935	(964,048)	1,022,494
Total assets not being depreciated	<u>8,553,431</u>	<u>2,482,702</u>	<u>(964,048)</u>	<u>10,072,085</u>
Capital assets being depreciated:				
Buildings	8,130,014	505,303	—	8,635,317
Office furniture and equipment	3,545,618	18,862	—	3,564,480
Vehicles and equipment	4,323,050	496,097	(98,206)	4,720,941
Infrastructure	26,030,460	2,530,417	—	28,560,877
Total assets being depreciated	<u>42,029,142</u>	<u>3,550,679</u>	<u>(98,206)</u>	<u>45,481,615</u>
Less accumulated depreciation for:				
Buildings	2,320,941	213,930	—	2,534,871
Office furniture and equipment	2,908,916	348,499	—	3,257,415
Vehicles and equipment	2,544,822	405,507	(98,206)	2,852,123
Infrastructure	12,134,837	912,082	—	13,046,919
Total accumulated depreciation	<u>19,909,516</u>	<u>1,880,018</u>	<u>(98,206)</u>	<u>21,691,328</u>
Total capital assets being depreciated, net	<u>22,119,626</u>	<u>1,670,661</u>	<u>—</u>	<u>23,790,287</u>
Governmental activity capital assets, net	<u>\$ 30,673,057</u>	<u>4,153,363</u>	<u>(964,048)</u>	<u>33,862,372</u>

**CITY OF WASILLA, ALASKA**

Notes to Basic Financial Statements

June 30, 2014

<u>Business-type activities</u>	<u>Beginning balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balances</u>
Capital assets not being depreciated:				
Land	\$ 4,048,970	371,167	—	4,420,137
Construction in progress	2,280,306	1,569,432	(2,070,159)	1,779,579
Total assets not being depreciated	<u>6,329,276</u>	<u>1,940,599</u>	<u>(2,070,159)</u>	<u>6,199,716</u>
Capital assets being depreciated:				
Land improvements	16,672,422	—	—	16,672,422
Buildings	17,652,478	—	—	17,652,478
Treatment system	8,111,871	—	—	8,111,871
Collection/distribution system	40,121,325	339,957	(2,666)	40,458,616
Water tank and fence	6,847,577	—	—	6,847,577
Wells/well house	368,659	—	—	368,659
Vehicles and equipment	7,521,374	102,513	(131,271)	7,492,616
Total assets being depreciated	<u>97,295,706</u>	<u>442,470</u>	<u>(133,937)</u>	<u>97,604,239</u>
Less accumulated depreciation for:				
Land improvements	6,989,130	578,532	—	7,567,662
Buildings	3,095,456	465,663	—	3,561,119
Treatment system	3,125,552	162,652	—	3,288,204
Collection/distribution	11,709,065	797,366	(986)	12,505,445
Water tank and fence	2,010,640	137,298	—	2,147,938
Wells/well house	221,610	6,311	—	227,921
Vehicles and equipment	4,762,965	229,543	(131,271)	4,861,237
Total accumulated depreciation	<u>31,914,418</u>	<u>2,377,365</u>	<u>(132,257)</u>	<u>34,159,526</u>
Total capital assets being depreciated, net	<u>65,381,288</u>	<u>(1,934,895)</u>	<u>(1,680)</u>	<u>63,444,713</u>
Business-type activity capital assets, net	\$ <u>71,710,564</u>	<u>5,704</u>	<u>(2,071,839)</u>	<u>69,644,429</u>

Depreciation expense was charged to the functions as follows:

Governmental activities:	
General government	\$ 109,787
Public safety	589,827
Public works	1,103,810
Culture and recreation	76,594
Total depreciation expense – governmental activities	\$ <u>1,880,018</u>

**CITY OF WASILLA, ALASKA**

Notes to Basic Financial Statements

June 30, 2014

Business-type activities:	
Water utility	\$ 739,220
Sewer utility	465,628
Municipal airport	672,169
Curtis D. Menard Memorial Sports Center	500,348
Total depreciation expense – business-type activities	\$ 2,377,365

**(4) Interfund Receivables, Payables, and Transfers**

Interfund receivables and payables at June 30, 2014 consisted of short-term operating advances, all of which are expected to be paid within one year. A summary of interfund receivables and payables at June 30, 2014 were as follows:

	<b>Receivable</b>	<b>Payable</b>
General Fund	\$ 233,125	—
Road Capital Project Fund	—	233,125
	\$ 233,125	233,125

Interfund transfers have been made in accordance with budget ordinances. Funds are transferred from one fund to support expenditures of other funds in accordance with the authority established for the individual fund. Transfers between fund types during the year ended June 30, 2014 were as follows:

<b>Transfers out</b>	<b>Transfers in</b>				
	<b>Governmental funds</b>		<b>Enterprise funds</b>		
	<b>Miscellaneous Capital Project Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Municipal Airport</b>	<b>Curtis D. Menard Memorial Sports Center</b>	<b>Total</b>
General Fund	\$ 748,384	356,670	258,560	623,000	1,986,614
Water Utility Fund	—	14,500	—	—	14,500
Sewer Utility Fund	—	16,500	—	—	16,500
Municipal Airport Fund	—	500	—	—	500
Curtis D. Menard Memorial Sports Center Fund	—	9,500	—	—	9,500
Total transfers	\$ 748,384	397,670	258,560	623,000	2,027,614

Significant transfers were as follows:

- General Fund transferred \$623,000 to the Sports Center to subsidize operations.
- General Fund transferred \$748,384 to the Miscellaneous Capital Project Fund primarily for the purchase of new road equipment and property improvements.
- Municipal Airport Fund transferred a road with a cost of \$2,070,159 to the Governmental Activities.

**CITY OF WASILLA, ALASKA**

Notes to Basic Financial Statements

June 30, 2014

**(5) Long-Term Obligations**

**(a) General Obligation Bonds**

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as 10-year serial bonds with amounts of principal maturing in varying increments. General obligation bonds currently outstanding are as follows:

	<b>Bond principal</b>
\$3,380,000 1998 Series A for street paving and other road improvements, due in annual installments of \$340,000 to \$415,000 through December 1, 2018, plus interest rates from 3.875% to 5.5%	\$ 1,880,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
Fiscal year ending:			
2015	\$ 340,000	82,263	422,263
2016	355,000	65,819	420,819
2017	375,000	46,681	421,681
2018	395,000	28,241	423,241
2019	415,000	9,588	424,588
	\$ 1,880,000	232,592	2,112,592

**CITY OF WASILLA, ALASKA**

Notes to Basic Financial Statements

June 30, 2014

**(b) ADEC Loans**

The City participates in the Alaska Clean Water Fund, a federally sponsored loan program administered by the Alaska Department of Environmental Conservation (ADEC). The City borrowed under this program for various water and sewer projects, as follows:

	<b>Loan principal</b>
\$177,100 Water loan payable, due in annual installments of \$8,754 through August 31, 2018, plus interest at 1.5%	\$ 43,775
\$745,938 Water loan payable, due in annual installments of \$37,294 through November 15, 2022, plus interest at 1.5%	335,643
\$301,066 Sewer loan payable, due in annual installments of \$15,053 through November 15, 2022, plus interest at 1.5%	135,480
\$39,049 Water loan payable, due in annual installments of \$1,931 through September 30, 2023, plus interest at 1.5%	19,314
\$44,353 Sewer loan payable, due in annual installments of \$2,194 through September 30, 2023, plus interest at 1.5%	21,919
\$3,309,000 Water loan payable, due in annual installments of \$165,450 through March 4, 2024, plus interest at 1.5%	1,654,500
	\$ 2,210,631

Annual debt service requirements to maturity for the ADEC loans are as follows:

	<b>Loan principal</b>	<b>Interest</b>	<b>Total</b>
Fiscal year(s) ending:			
2015	\$ 230,674	33,159	263,833
2016	230,674	29,699	260,373
2017	230,674	26,239	256,913
2018	230,674	22,779	253,453
2019	230,678	19,319	249,997
2020–2024	1,057,257	46,006	1,103,263
	\$ 2,210,631	177,201	2,387,832

**CITY OF WASILLA, ALASKA**

Notes to Basic Financial Statements

June 30, 2014

**(c) Changes in Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2014 was as follows:

	<b>Balance, June 30, 2013</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance, June 30, 2014</b>	<b>Due within one year</b>
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 2,200,000	—	(320,000)	1,880,000	340,000
Plus deferred amounts:					
Issuance premiums	78,798	—	(13,133)	65,665	13,133
Total bonds payable	2,278,798	—	(333,133)	1,945,665	353,133
Health claims payable	488,431	2,416,346	(2,216,116)	688,661	688,661
Compensated absences	569,813	679,231	(620,064)	628,980	628,980
Total governmental activities	<u>\$ 3,337,042</u>	<u>3,095,577</u>	<u>(3,169,313)</u>	<u>3,263,306</u>	<u>1,670,774</u>
Business-type activities:					
ADEC loans	\$ 2,441,306	—	(230,675)	2,210,631	230,674
Compensated absences	121,399	111,608	(106,031)	126,976	126,976
Total business-type activities	<u>\$ 2,562,705</u>	<u>111,608</u>	<u>(336,706)</u>	<u>2,337,607</u>	<u>357,650</u>

For governmental activities, compensated absences are generally liquidated by the general fund.

**(d) Refunded Bond Issues**

The City has issued various advance refunding bond issues for the purpose of redeeming certain general obligation bond issues as they become due or callable. The proceeds of the refunding bond issue have been placed in irrevocable escrow accounts and invested in U.S. government obligations that together with interest earned thereon, will provide amounts sufficient for future payment of all interest, principal, and call premiums. Since payments of these advance refunded bond issues have been provided through funding as described above, neither the liability nor the assets irrevocably pledged are reflected in the basic financial statements. At June 30, 2014, the balances of the refunded general obligation bonds payable are as follows:

Issue:	
1998 Series – Paving	\$ 3,120,000

**CITY OF WASILLA, ALASKA**

Notes to Basic Financial Statements

June 30, 2014

(e) **Conduit Revenue Bonds**

On April 22, 1996, the City Council authorized the issuance of nonrecourse revenue bonds for the purpose of providing funds to loan to the Cook Inlet Housing Development Corporation to purchase a facility. The bonds were issued in the amount of \$2,327,532. The outstanding balance at June 30, 2014 was \$1,152,243.

On November 27, 2000, the City Council authorized the issuance of nonrecourse revenue bonds for the purpose of providing funds to loan to the Southcentral Foundation to finance the construction of a facility. The bonds were issued in the amount of \$9,800,000. The outstanding balance at June 30, 2014 was \$4,713,066.

Neither of these bonds constitutes a general obligation debt or pledge of the full faith and credit of the City, and accordingly, the bonds and related assets are not reflected in the accompanying financial statements.

(6) **Retirement Commitments**

(a) **Alaska Public Employees, Retirement System (PERS)**

**Plan Description**

The City participates in the Public Employees' Retirement System (PERS). PERS is a cost sharing multiple employer plan that covers eligible State of Alaska and local government employees, other than teachers. The plan was established and is administered by the State of Alaska Department of Administration to provide pension, postemployment healthcare, death, and disability benefits. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature.

The plan is included in a comprehensive annual financial report that includes financial statements and other required supplemental information. The report is available at the following address:

Department of Administration  
Division of Retirement and Benefits  
P.O. Box 110203  
Juneau, Alaska 99811-0203

**Conversion to Cost Sharing**

In April 2008, file Alaska Legislature passed Senate Bill (SB) 125 which converted the existing Public Employees Retirement System (PERS) from an agent-multiple employer plan to a cost sharing plan with an effective date of July 1, 2008. Under the cost-sharing arrangement, the State of Alaska Division of Retirement and Benefits no longer tracks individual employer assets and liabilities. Rather, all plan costs and past service liabilities are shared among all participating employers. The cost-sharing plan requires a uniform employer contribution rate of 22% of active member wages, subject to a wage floor. Legislation provides for State contributions in the event that the annually calculated and board adopted rate, which includes a provision to pay down the

**CITY OF WASILLA, ALASKA**

Notes to Basic Financial Statements

June 30, 2014

past-service liability, exceeds 22%. Any such additional contributions are recognized by each employer as an on-behalf payment.

In addition, in fiscal year 2008, the State of Alaska passed legislation (SB 123), which requires that the employer contribution be calculated on all PERS eligible wages, including wages attributable to the defined-contribution plan described later in these notes.

**Funding Policy**

Regular employees are required to contribute 6.75% of their annual covered salary (2.50% for pension and 4.25% for healthcare). Police and firefighters are required to contribute 7.50% of their annual covered salary (2.78% for pension and 4.72% for healthcare).

The funding policy provides for periodic employer contributions based on actuarially determined rates that, expressed as a percentage of annual covered payroll, are sufficient to accumulate assets to pay both pension and postemployment healthcare benefits when due.

Under current legislation, the employer contribution rate is statutorily capped at 22%; however, the State of Alaska contributes any amount over 22% such that the total contribution equals the Alaska Retirement Management Board adopted rate, generally consistent with the actuarially determined rate.

The City's contribution rates for 2014 were determined as part of the June 30, 2011 actuarial valuation and are as follows:

	<b>City's Contractual rate</b>	<b>State of Alaska rate</b>	<b>ARM Board Adopted rate</b>
Pension	10.64%	7.74%	18.38%
Postemployment healthcare	11.36	5.94	17.30
Total contribution rate	22.00%	13.68%	35.68%

**CITY OF WASILLA, ALASKA**

Notes to Basic Financial Statements

June 30, 2014

**Annual Pension and Postemployment Healthcare Contributions**

The City is required to contribute 22% of covered payroll, subject to a wage floor. In addition, the State of Alaska contributed approximately 13.84% of covered payroll to the Plan. In accordance with the provisions of GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, the City has recorded the State PERS on-behalf payment in the amount of \$977,656 as revenue and expenditures/expenses. However, because the City is not statutorily obligated for these payments, this amount is excluded from pension and other postemployment benefit (OPEB) cost below. The City’s contributions to PERS for the last three years equaled the required contributions each year and are as follows:

<u>Year ended June 30</u>	<u>Annual Pension</u>	<u>Annual OPEB</u>	<u>Total</u>
2014	\$ 449,248	479,649	928,897
2013	446,218	568,962	1,015,180
2012	476,808	582,766	1,059,574

**(b) Defined-Contribution Pension Plan**

The State of Alaska Legislature approved SB 141 to create the PERS Tier IV for employees hired after July 1, 2006 or for employees converting from the PERS Tier I, II, or III defined benefit plans. The plan is administered by the State of Alaska, Department of Administration, and benefit and contribution provisions are established by State law and may be amended only by the State Legislature. The Alaska Retirement Management Board may also amend contribution requirements. Included in the plan are individual pension accounts, retiree medical insurance plan and a separate Health Reimbursement Arrangement account that will help retired members pay medical premiums and other eligible medical expenses not covered by the medical plan.

Employees are required to contribute 8% of their annual covered salary, and the City is required to make the following contributions:

	<u>Others Tier IV</u>	<u>Police/fire Tier IV</u>
Individual account	5.00%	5.00%
Health reimbursement arrangement (HRA)*	3.00	3.00
Retiree medical plan	0.48	0.48
Occupational death and disability benefits	1.14	0.20
	<u>9.62%</u>	<u>8.68%</u>

\* HRA – AS 39.30.370 requires that the employer contribute “an amount equal to three percent (3%) of the employer’s average annual employee compensation.” For actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period.

**CITY OF WASILLA, ALASKA**

Notes to Basic Financial Statements

June 30, 2014

The City is also levied an amount to amortize the PERS defined-benefit plan unfunded liability. This amount is based on the PERS defined-contribution plan covered payroll at a rate of approximately 12.5%.

Employees are immediately vested in their own contributions and vest 25% per year in employer contributions. The City and employee contributions to PERS including the HRA contributions for the year ended June 30, 2014 were as follows:

Defined-contribution plan contributions:		
City	\$	234,532
Employees		199,157
Defined-benefit unfunded liability:		
City		<u>313,402</u>
	\$	<u><u>747,091</u></u>

**(c) *Deferred Compensation Plan***

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time City employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency. In accordance with the Internal Revenue Code, all assets and income of the plan are held in trust for the exclusive benefit of participants and their beneficiaries. The City does not report these assets and income in the financial statements. The City believes that the plan does not meet the reporting criteria for inclusion as a fiduciary fund.

**(7) Risk Management**

The City faces various risks of loss, including (a) damage to and loss of property and contents, (b) employee torts, (c) professional liability; i.e., errors and omissions, (d) environmental damage, (e) workers' compensation; i.e., employee injuries, and (f) medical insurance costs of employees. Commercial policies, transferring the risk of loss, except for relatively small deductible amounts, are purchased for employee medical costs.

The City is a member of Alaska Public Entity Insurance (APEI), a governmental insurance pool. APEI provides the City coverage for property, including building and contents, automobiles, mobile equipment, and data processing equipment; casualty, including general liability, public officials and employees, liability, law enforcement professional liability, auto liability, and employee benefit liability; workers' compensation, including employers liability; and commercial blanket bond. The City also has boiler and machinery, and airport liability coverage. The City has no coverage for potential losses from environmental damages.

APEI is a public entity risk pool organized to share risks among its members. APEI's bylaws provide for the assessment of supplemental contributions from members in the event that losses and expenses for any coverage year exceed the annual contributions and income earned on such contributions for the year. Such supplemental contributions shall be based upon each member's annual deposit contribution in comparison

**CITY OF WASILLA, ALASKA**

Notes to Basic Financial Statements

June 30, 2014

to the aggregate annual deposit contributions of all members. APEI made no supplemental assessments during the year ended June 30, 2014. Coverage limits and the deductibles on the policies have stayed relatively constant for the past few years.

In an effort to decrease health insurance costs, the City of Wasilla became self-insured for employee health insurance claims with a stop loss of \$50,000 beginning July 1, 2011. The stop-loss of \$50,000 remains in effect through June 30, 2014. The health plan is administered by Meritain Health. An estimate for claims incurred but not reported (IBNR) has been reported based on claims lag reports provided from the plan administrator. Changes in the balances for claims liabilities are as follows:

	<b>2014</b>	<b>2013</b>
Claims liabilities, July 1	\$ 488,431	207,505
Incurred claims	2,416,346	2,052,664
Claims payments	(2,216,116)	(1,771,738)
Claims liabilities, June 30	\$ 688,661	488,431

**(8) Commitments and Contingencies**

*(a) Commitments*

Encumbrances outstanding at year-end, including purchase orders, contracts and other commitments for the expenditure of moneys, are reported as assigned fund balances in the governmental funds. Outstanding encumbrances at June 30, 2014 were as follows:

Governmental funds:	
General fund	\$ 6,199
Miscellaneous capital project fund	245,722
Other nonmajor governmental funds	1,004,821
Total governmental funds	1,256,742
Proprietary funds:	
Water utility	298,893
Sewer utility	3,394
Municipal Airport	528,557
Curtis D. Menard Memorial Sports Center	44,070
Total proprietary funds	874,914
Total	\$ 2,131,656

**CITY OF WASILLA, ALASKA**

Notes to Basic Financial Statements

June 30, 2014

**(b) *Litigation***

The City, in the normal course of its activities, is involved in various claims and pending litigation and has accrued amounts it considers sufficient to cover settlements that may be payable as a result of unfavorable outcomes. The City intends to vigorously defend actions against it and pursue claims in its favor, and in the opinion of management and legal counsel, the disposition of these matters is not expected to have a material effect on the City's financial statements.

**(c) *Grants***

The City receives numerous grants, which are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement for expenditures disallowed under the terms of the grant. Management believes that such disallowances, if any, would not be material.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF WASILLA, ALASKA**

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

Year ended June 30, 2014

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<b>Variance with final budget positive (negative)</b>
<b>Revenues:</b>				
Taxes	\$ 12,207,404	12,207,404	12,581,105	373,701
Licenses and permits	34,875	34,875	40,390	5,515
Fines, forfeitures, and penalties	230,000	230,000	120,231	(109,769)
Intergovernmental	1,487,294	1,546,065	2,176,314	630,249
Charges for services	2,214,076	1,877,442	1,825,996	(51,446)
Investment income	100,000	100,000	83,102	(16,898)
Other	12,950	16,950	74,977	58,027
	<u>16,286,599</u>	<u>16,012,736</u>	<u>16,902,115</u>	<u>889,379</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	2,935,079	2,999,495	2,913,068	86,427
Public safety	6,931,534	6,942,111	6,302,152	639,959
Public works	2,263,670	2,297,194	2,210,518	86,676
Culture and recreation	2,013,044	2,032,319	1,929,493	102,826
Nondepartmental	131,000	312,065	205,565	106,500
<b>Debt service:</b>				
Principal	320,000	320,000	320,000	—
Interest	97,744	97,744	97,744	—
	<u>14,692,071</u>	<u>15,000,928</u>	<u>13,978,540</u>	<u>1,022,388</u>
Excess of revenues over expenditures	<u>1,594,528</u>	<u>1,011,808</u>	<u>2,923,575</u>	<u>1,911,767</u>
<b>Other financing sources (uses):</b>				
Proceeds from sale of assets	5,000	5,000	56,495	51,495
Transfers out	<u>(1,780,054)</u>	<u>(1,986,614)</u>	<u>(1,986,614)</u>	<u>—</u>
Net other financing sources (uses), net	<u>(1,775,054)</u>	<u>(1,981,614)</u>	<u>(1,930,119)</u>	<u>51,495</u>
Net change in fund balance	\$ <u><u>(180,526)</u></u>	<u><u>(969,806)</u></u>	993,456	<u><u>1,963,262</u></u>
Beginning fund balance			<u>11,948,562</u>	
Ending fund balance			\$ <u><u>12,942,018</u></u>	

See accompanying independent auditors' report and notes to required supplementary information.

## CITY OF WASILLA, ALASKA

### Notes to Required Supplementary Information – Budgetary Comparison Schedule

June 30, 2014

The City follows these procedures in establishing the budgetary data reflected in the fund financial statements:

- The financial director must submit to the City Council by May 30 a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted by the City Council to obtain citizen comments.
- By June 30, the budget is legally enacted through passage of an ordinance by City Council action.
- Amendments to the budget can occur anytime during the fiscal year through action by the City Council or administration. Generally, the following actions are required at the level of the particular change:
  - All new appropriations are authorized by an appropriating ordinance that amends the annual budget.
  - A resolution of the City Council is required to move (appropriate) amounts between funds, departments, and projects within the same funds.
  - The administration is authorized to transfer funds within a department without Council action.
  - The Mayor is authorized to make a transfer between departments or funds up to the amount of \$10,000 within one fiscal year.
- Expenditures may not legally exceed appropriations at the following levels: Capital Projects Funds – project level, all other funds – activity level.
- All funds, except the Cemetery Permanent Fund, are budgeted on an annual basis encompassing a fiscal year. The Capital Projects Funds have project-length budgets, which generally is greater than one year.
- Appropriations lapse at year end to the extent that they have not been expended for all funds, except Capital Projects Funds, which lapse at the lesser of project completion or years.
- Budgets adopted by the City Council are in accordance with accounting principles generally accepted in the United States of America.
- The City published a separate 2014 budget document. That document may be obtained from the City of Wasilla, Director of Finance, 290 E. Herning Avenue, Wasilla, Alaska 99654.

## **SUPPLEMENTARY INFORMATION**

**COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES**

## **GENERAL FUND**

The General Fund accounts for all transactions not recorded in other funds and receives financial support from such sources as property taxes, sales taxes, licenses and permits, intergovernmental revenues, and charges for services. Expenditures are authorized in the budget for such functions as general administration, public safety, property and road maintenance, museum, library, parks, and other recreational services.

**CITY OF WASILLA, ALASKA**

General Fund

Balance Sheet

June 30, 2014

(with comparative amounts for 2013)

<b>Assets</b>	<b>2014</b>	<b>2013</b>
Cash and investments	\$ 12,473,935	11,439,745
Receivables:		
Accounts	27,062	29,177
Sales taxes	1,145,454	1,221,593
Grants	39,566	38,554
Shared revenues	258,334	290,215
Special assessments	1,170	442
Total receivables	1,471,586	1,579,981
Prepaid items	88,911	96,268
Due from other funds	233,125	—
Total assets	\$ 14,267,557	13,115,994
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Accounts payable	\$ 106,008	185,078
Accrued payroll and employee benefits	500,772	459,985
Customer deposits	10,117	13,306
Health claims payable	688,661	488,431
Unearned revenue	19,981	20,632
Total liabilities	1,325,539	1,167,432
Fund balance:		
Nonspendable:		
Prepaid items	88,911	96,268
Committed to:		
Capital improvements	4,041,840	3,636,891
Assigned to:		
Land bank	112,000	62,000
Compensated absences	628,980	569,813
Other purposes	6,199	44,016
Unassigned	8,064,088	7,539,574
Total fund balance	12,942,018	11,948,562
Total liabilities and fund balance	\$ 14,267,557	13,115,994

See accompanying independent auditors' report.

**CITY OF WASILLA, ALASKA**

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Year ended June 30, 2014  
(with comparative amounts for 2013)

	<u>2014</u>	<u>2013</u>
Revenues:		
Taxes	\$ 12,581,105	12,467,121
Licenses and permits	40,390	31,345
Fines, forfeitures, and penalties	120,231	233,424
Intergovernmental	2,176,314	2,307,939
Charges for services	1,825,996	1,744,199
Investment income	83,102	85,725
Other	74,977	81,554
	<u>16,902,115</u>	<u>16,951,307</u>
Total revenues		
Expenditures:		
General government:		
City clerk	457,099	405,784
City council	119,005	108,081
Administration	342,022	308,673
General administration services	666,602	738,897
Finance	1,098,423	1,040,826
Management information systems	229,917	212,926
	<u>2,913,068</u>	<u>2,815,187</u>
Total general government		
Public safety:		
Police	585,756	555,310
Multitask drug enforcement	—	148,001
General investigation	333,661	328,042
Police patrol	2,721,590	2,724,302
COPS – school resource officer grant	188,942	164,180
Dispatch center	2,318,453	2,216,735
Code compliance	153,750	156,398
	<u>6,302,152</u>	<u>6,292,968</u>
Total public safety		

**CITY OF WASILLA, ALASKA**

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Year ended June 30, 2014  
(with comparative amounts for 2013)

	<u>2014</u>	<u>2013</u>
Public works:		
Administration	\$ 514,684	494,238
Road maintenance	1,030,323	1,063,170
Property maintenance	665,511	591,079
Total public works	<u>2,210,518</u>	<u>2,148,487</u>
Culture and recreation:		
Museum	188,785	191,151
Parks maintenance	624,999	654,162
Library	1,054,280	1,020,593
Recreation services	61,429	52,077
Total culture and recreation	<u>1,929,493</u>	<u>1,917,983</u>
Debt service:		
Principal	320,000	310,000
Interest	97,744	112,744
Total debt service	<u>417,744</u>	<u>422,744</u>
Nondepartmental	<u>205,565</u>	<u>139,725</u>
Total expenditures	<u>13,978,540</u>	<u>13,737,094</u>
Excess of revenues over expenditures	<u>2,923,575</u>	<u>3,214,213</u>
Other financing sources (uses):		
Proceeds from the sale of assets	56,495	13,295
Transfers out	(1,986,614)	(1,688,488)
Net other financing uses	<u>(1,930,119)</u>	<u>(1,675,193)</u>
Net change in fund balance	993,456	1,539,020
Beginning fund balance	<u>11,948,562</u>	<u>10,409,542</u>
Ending fund balance	<u>\$ 12,942,018</u>	<u>11,948,562</u>

See accompanying independent auditors' report.

**CITY OF WASILLA, ALASKA**

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance –  
Budget and Actual

Year ended June 30, 2014  
(with comparative amounts for 2013)

	2014		Variance positive (negative)	2013
	Budget	Actual		Actual
Revenues:				
Taxes:				
Sales taxes, including penalty and interest	\$ 12,090,404	12,523,664	433,260	12,346,152
Property and vehicle taxes	117,000	57,441	(59,559)	120,969
Total taxes	12,207,404	12,581,105	373,701	12,467,121
Licenses and permits:				
City business licenses	25,000	25,400	400	23,775
Land use permits	8,500	12,900	4,400	6,050
Other licenses and permits	1,375	2,090	715	1,520
Total licenses and permits	34,875	40,390	5,515	31,345
Fines, forfeitures, and penalties	230,000	120,231	(109,769)	233,424
Intergovernmental:				
Electric and telephone co-op tax	225,000	222,226	(2,774)	241,256
Public safety grants	405,449	223,993	(181,456)	309,831
Library grants	11,775	13,761	1,986	8,000
Alcoholic beverage tax	27,000	26,900	(100)	29,700
Aviation fuel tax revenue sharing	1,500	1,667	167	1,528
Matanuska-Susitna Borough – AK Family Services	190,565	190,565	—	—
Matanuska-Susitna Borough – School resource officer	130,217	128,260	(1,957)	114,409
Matanuska-Susitna Borough – Block grant	65,000	65,000	—	77,443
Fisheries tax	100	49	(51)	—
State revenue sharing	486,459	487,104	645	693,410
State PERS relief	—	816,789	816,789	831,051
State unum life insurance	—	—	—	1,311
Urban forestry grant	3,000	—	(3,000)	—
Total intergovernmental	1,546,065	2,176,314	633,249	2,307,939
Charges for services				
Police dispatch services	1,635,642	1,649,729	14,087	1,501,311
Building rentals	213,600	148,489	(65,111)	221,703
Other charges for services	28,200	27,778	(422)	21,185
Total charges for services	1,877,442	1,825,996	(51,446)	1,744,199
Investment income	100,000	83,102	(16,898)	85,725
Other:				
Administration fee revenue	200	1,056	856	116
Special assessments	—	(728)	(728)	4,474
Donations	7,500	10,358	2,858	7,273
Miscellaneous	9,250	64,291	55,041	69,691
Total other	16,950	74,977	58,027	81,554
Total revenues	16,012,736	16,902,115	892,379	16,951,307
Expenditures:				
General government:				
City clerk:				
Salaries	210,394	207,762	2,632	212,175
Employee benefits	136,908	162,200	(25,292)	149,167
Professional and technical services	77,959	53,822	24,137	7,560
Property services	11,162	3,451	7,711	3,600
Other purchased services	45,037	26,937	18,100	28,648
Supplies	5,547	2,927	2,620	4,634
Total city clerk	487,007	457,099	29,908	405,784

**CITY OF WASILLA, ALASKA**

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance –  
Budget and Actual

Year ended June 30, 2014  
(with comparative amounts for 2013)

	2014		Variance positive (negative)	2013
	Budget	Actual		Actual
City council:				
Salaries	\$ 30,722	22,950	7,772	22,950
Employee benefits	4,052	4,422	(370)	3,734
Professional and technical services	88,363	68,809	19,554	60,255
Property services	4,360	2,325	2,035	3,383
Other purchased services	28,635	19,158	9,477	16,690
Supplies	2,500	1,341	1,159	1,069
Total city Council	158,632	119,005	39,627	108,081
Administration:				
Salaries	177,227	177,227	—	157,744
Employee benefits	104,222	127,308	(23,086)	120,798
Professional and technical services	16,962	16,959	3	7,076
Property services	2,050	1,881	169	2,371
Other purchased services	16,461	16,288	173	18,232
Supplies	3,501	2,359	1,142	2,452
Total administration	320,423	342,022	(21,599)	308,673
General administration services:				
Salaries	370,814	359,243	11,571	393,055
Employee benefits	178,032	211,529	(33,497)	226,711
Professional and technical services	62,449	33,064	29,385	44,476
Property services	9,579	8,266	1,313	9,200
Other purchased services	57,283	44,041	13,242	54,045
Supplies	17,540	10,459	7,081	11,410
Total general administration services	695,697	666,602	29,095	738,897
Finance:				
Salaries	545,288	536,465	8,823	533,445
Employee benefits	399,905	462,475	(62,570)	409,089
Professional and technical services	50,794	40,742	10,052	38,642
Property services	23,180	16,847	6,333	17,684
Other purchased services	46,203	37,068	9,135	33,660
Supplies	6,019	4,826	1,193	8,306
Total finance	1,071,389	1,098,423	(27,034)	1,040,826
Management information systems:				
Salaries	59,992	59,850	142	57,566
Employee benefits	32,419	40,751	(8,332)	37,585
Professional and technical services	39,650	24,975	14,675	35,200
Property services	89,458	66,700	22,758	40,371
Other purchased services	29,482	25,720	3,762	27,471
Supplies	15,346	11,921	3,425	14,733
Total management information systems	266,347	229,917	36,430	212,926
Total general government	2,999,495	2,913,068	86,427	2,815,187
Public safety:				
Police:				
Salaries	252,672	249,993	2,679	245,510
Employee benefits	118,828	133,634	(14,806)	111,637
Professional and technical services	83,100	70,469	12,631	58,577
Property services	42,907	35,441	7,466	40,370
Other purchased services	43,760	38,734	5,026	40,721
Supplies	71,702	57,485	14,217	58,495
Total police	612,969	585,756	27,213	555,310

**CITY OF WASILLA, ALASKA**

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance –  
Budget and Actual

Year ended June 30, 2014  
(with comparative amounts for 2013)

	2014		Variance positive (negative)	2013
	Budget	Actual		Actual
Multitask drug enforcement:				
Salaries	\$ 82,786	—	82,786	85,067
Employee benefits	26,955	—	26,955	52,438
Other purchased services	2,477	—	2,477	3,235
Supplies	6,930	—	6,930	7,261
Total multitask drug enforcement	119,148	—	119,148	148,001
General investigation:				
Salaries	194,927	179,036	15,891	180,330
Employee benefits	126,091	141,561	(15,470)	133,189
Professional and technical services	4,200	829	3,371	1,221
Property services	1,082	972	110	1,008
Other purchased services	10,652	5,801	4,851	7,645
Supplies	6,331	5,462	869	4,649
Total general investigation	343,283	333,661	9,622	328,042
Police patrol:				
Salaries	1,510,228	1,345,635	164,593	1,406,808
Employee benefits	959,260	1,073,273	(114,013)	1,018,300
Professional and technical services	20,610	10,295	10,315	11,795
Property services	40,390	35,345	5,045	43,400
Other purchased services	82,260	63,309	18,951	63,720
Supplies	262,876	184,907	77,969	180,279
Capital purchases	8,850	8,826	24	—
Total police patrol	2,884,474	2,721,590	162,884	2,724,302
School resource officer grant:				
Salaries	102,005	98,546	3,459	88,909
Employee benefits	69,919	81,396	(11,477)	66,160
Property services	250	250	—	505
Other purchased services	5,652	5,526	126	5,339
Supplies	3,365	3,224	141	3,267
Total school resource officer grant	181,191	188,942	(7,751)	164,180
Dispatch center:				
Salaries	1,448,044	1,196,065	251,979	1,181,400
Employee benefits	1,021,087	958,429	62,658	890,841
Professional and technical services	2,283	63	2,220	529
Property services	101,435	101,332	103	86,973
Other purchased services	54,006	53,527	479	44,650
Supplies	13,542	9,037	4,505	12,342
Total dispatch center	2,640,397	2,318,453	321,944	2,216,735
Code compliance:				
Salaries	94,384	83,625	10,759	88,079
Employee benefits	41,783	49,372	(7,589)	45,856
Property services	1,112	914	198	291
Other purchased services	16,300	14,838	1,462	15,890
Supplies	7,070	5,001	2,069	6,282
Total code compliance	160,649	153,750	6,899	156,398
Total public safety	6,942,111	6,302,152	639,959	6,292,968

**CITY OF WASILLA, ALASKA**

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance –  
Budget and Actual

Year ended June 30, 2014  
(with comparative amounts for 2013)

	2014		Variance positive (negative)	2013
	Budget	Actual		Actual
Public works:				
Administration:				
Salaries	\$ 276,097	276,097	—	263,885
Employee benefits	163,842	199,124	(35,282)	183,765
Professional and technical services	10,054	9,603	451	15,456
Property services	10,510	6,389	4,121	7,109
Other purchased services	22,314	19,534	2,780	20,886
Supplies	6,523	3,937	2,586	3,137
Total administration	489,340	514,684	(25,344)	494,238
Road maintenance:				
Salaries	325,372	306,495	18,877	290,103
Employee benefits	223,076	260,936	(37,860)	218,955
Property services	218,727	163,823	54,904	254,643
Other purchased services	26,593	20,239	6,354	19,296
Supplies	301,903	273,918	27,985	267,673
Capital purchases	4,912	4,912	—	12,500
Total road maintenance	1,100,583	1,030,323	70,260	1,063,170
Property maintenance:				
Salaries	172,378	166,331	6,047	158,048
Employee benefits	138,304	157,423	(19,119)	143,172
Professional and technical services	950	833	117	—
Property services	156,380	126,585	29,795	99,810
Other purchased services	39,722	31,885	7,837	35,028
Supplies	176,760	159,677	17,083	132,842
Other expenditures	22,777	22,777	—	22,179
Total property maintenance	707,271	665,511	41,760	591,079
Total public works	2,297,194	2,210,518	86,676	2,148,487
Culture and recreation:				
Museum:				
Salaries	91,514	85,012	6,502	80,893
Employee benefits	48,853	48,118	735	45,249
Professional and technical services	3,857	3,811	46	3,015
Property services	10,636	9,603	1,033	11,119
Other purchased services	23,478	20,562	2,916	27,282
Supplies	25,092	21,679	3,413	23,593
Total museum	203,430	188,785	14,645	191,151
Parks maintenance:				
Salaries	360,123	269,101	91,022	303,000
Employee benefits	184,193	180,091	4,102	179,474
Property services	42,347	34,524	7,823	30,141
Other purchased services	13,369	12,733	636	14,278
Supplies	117,408	117,595	(187)	118,279
Capital expenditures	10,955	10,955	—	8,990
Total parks maintenance	728,395	624,999	103,396	654,162
Library:				
Salaries	477,587	473,136	4,451	463,310
Employee benefits	336,508	394,893	(58,385)	369,634
Professional and technical services	29,769	29,238	531	27,070
Property services	30,238	28,275	1,963	25,813
Other purchased services	30,826	28,461	2,365	29,615
Supplies	115,031	100,277	14,754	105,151
Total library	1,019,959	1,054,280	(34,321)	1,020,593

**CITY OF WASILLA, ALASKA**

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance –  
Budget and Actual

Year ended June 30, 2014  
(with comparative amounts for 2013)

	2014		Variance positive (negative)	2013
	Budget	Actual		Actual
Recreation services:				
Salaries	\$ 35,292	25,963	9,329	28,824
Employee benefits	16,261	15,040	1,221	12,100
Other purchased services	26,982	20,042	6,940	8,459
Supplies	2,000	384	1,616	2,694
Total recreation services	80,535	61,429	19,106	52,077
Total culture and recreation	2,032,319	1,929,493	102,826	1,917,983
Debt service:				
Principal	320,000	320,000	—	310,000
Interest	97,744	97,744	—	112,744
Total debt service	417,744	417,744	—	422,744
Nondepartmental:				
Insurance deductible	56,000	—	56,000	46,000
Foreclosed tax payments	10,000	—	10,000	1,600
Other agreements	246,065	205,565	40,500	92,125
Total nondepartmental	312,065	205,565	106,500	139,725
Total expenditures	15,000,928	13,978,540	1,022,388	13,737,094
Excess of revenues over expenditures	1,011,808	2,923,575	1,911,767	3,214,213
Other financing sources (uses):				
Proceeds from the sale of assets	5,000	56,495	51,495	13,295
Transfers out	(1,986,614)	(1,986,614)	—	(1,688,488)
Net other financing sources (uses)	(1,981,614)	(1,930,119)	51,495	(1,675,193)
Net change in fund balance	\$ (969,806)	993,456	1,963,262	1,539,020
Beginning fund balance		11,948,562		10,409,542
Ending fund balance		12,942,018		11,948,562

See accompanying independent auditors' report.

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**CITY OF WASILLA, ALASKA**

Nonmajor Governmental Funds

Combining Balance Sheet

June 30, 2014

<b>Assets</b>	<b>Special Revenue Funds</b>	<b>Capital Project Funds</b>	<b>Cemetery Permanent Fund</b>	<b>Total Nonmajor Governmental Funds</b>
Cash and investments	\$ 117,500	1,170,567	285,734	1,573,801
Receivables – grants	3,175	422,623	—	425,798
Prepaid items	13	—	—	13
<b>Total assets</b>	<b>\$ 120,688</b>	<b>1,593,190</b>	<b>285,734</b>	<b>1,999,612</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 831	91,532	—	92,363
Accrued payroll and employee benefits	10,787	—	—	10,787
Unearned revenue	35,339	—	—	35,339
Due to other funds	—	233,125	—	233,125
<b>Total liabilities</b>	<b>46,957</b>	<b>324,657</b>	<b>—</b>	<b>371,614</b>
Fund balances:				
Nonspendable:				
Prepaid items	13	—	—	13
Permanent fund principal	—	—	285,734	285,734
Restricted to:				
Federal and state drug enforcement	13,146	—	—	13,146
Assigned to:				
Youth court	60,572	—	—	60,572
Road capital project	—	97,966	—	97,966
Vehicle replacement	—	545,852	—	545,852
Right-of-way acquisition	—	130,652	—	130,652
Technology replacement	—	494,063	—	494,063
<b>Total fund balances</b>	<b>73,731</b>	<b>1,268,533</b>	<b>285,734</b>	<b>1,627,998</b>
<b>Total liabilities and fund balances</b>	<b>\$ 120,688</b>	<b>1,593,190</b>	<b>285,734</b>	<b>1,999,612</b>

See accompanying independent auditors' report.

**CITY OF WASILLA, ALASKA**

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances

Year ended June 30, 2014

	<b>Special Revenue Funds</b>	<b>Capital Project Funds</b>	<b>Cemetery Permanent Fund</b>	<b>Total Nonmajor Governmental Funds</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Revenues:				
Fines and charges	\$ 5,345	—	—	5,345
Intergovernmental	143,805	1,510,831	—	1,654,636
Lot sales	—	—	34,800	34,800
Other	9,622	—	—	9,622
	<u>158,772</u>	<u>1,510,831</u>	<u>34,800</u>	<u>1,704,403</u>
Total revenues				
Expenditures:				
Public safety	191,761	—	—	191,761
Supplies	—	31,328	—	31,328
Capital outlay	—	1,670,558	3,481	1,674,039
	<u>191,761</u>	<u>1,701,886</u>	<u>3,481</u>	<u>1,897,128</u>
Total expenditures				
Excess (deficit) of revenues over expenditures	(32,989)	(191,055)	31,319	(192,725)
Other financing sources:				
Transfers in	—	397,000	670	397,670
	<u>—</u>	<u>397,000</u>	<u>670</u>	<u>397,670</u>
Net other financing sources				
Net change in fund balances	(32,989)	205,945	31,989	204,945
Beginning fund balances	106,720	1,062,588	253,745	1,423,053
Ending fund balances	\$ <u>73,731</u>	<u>1,268,533</u>	<u>285,734</u>	<u>1,627,998</u>

See accompanying independent auditors' report.

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## **SPECIAL REVENUE FUNDS**

Youth Court – This fund is used to account for the activities of the Mat-Su Youth Court.

Federal Asset Forfeiture – This fund is used to account for the activities related to federal drug enforcement activities.

State Asset Forfeiture – This fund is used to account for the activities related to state drug enforcement activities.

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**CITY OF WASILLA, ALASKA**

Nonmajor Special Revenue Funds

Combining Balance Sheet

June 30, 2014

<b>Assets</b>	<b>Youth Court</b>	<b>Federal Asset Forfeiture</b>	<b>State Asset Forfeiture</b>	<b>Totals</b>
Cash and investments	\$ 71,030	7,146	39,324	117,500
Receivables – grants	3,175	—	—	3,175
Prepaid items	13	—	—	13
Total assets	<u>\$ 74,218</u>	<u>7,146</u>	<u>39,324</u>	<u>120,688</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 831	—	—	831
Accrued payroll and employee benefits	10,787	—	—	10,787
Unearned revenue	2,015	4,278	29,046	35,339
Total liabilities	<u>13,633</u>	<u>4,278</u>	<u>29,046</u>	<u>46,957</u>
Fund balances:				
Nonspendable	13	—	—	13
Restricted	—	2,868	10,278	13,146
Assigned	60,572	—	—	60,572
Total fund balances	<u>60,585</u>	<u>2,868</u>	<u>10,278</u>	<u>73,731</u>
Total liabilities and fund balances	<u>\$ 74,218</u>	<u>7,146</u>	<u>39,324</u>	<u>120,688</u>

See accompanying independent auditors' report.

**CITY OF WASILLA, ALASKA**

Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances

Year ended June 30, 2014

	<u>Youth court</u>	<u>Federal Asset Forfeiture</u>	<u>State Asset Forfeiture</u>	<u>Totals</u>
Revenues:				
Fines and charges	\$ 5,345	—	—	5,345
Intergovernmental	142,155	1,650	—	143,805
Other	9,622	—	—	9,622
Total revenues	<u>157,122</u>	<u>1,650</u>	<u>—</u>	<u>158,772</u>
Expenditures:				
Salaries	90,447	—	—	90,447
Employee benefits	90,399	—	—	90,399
Professional and technical services	214	—	—	214
Other purchased services	8,235	1,650	—	9,885
Supplies	816	—	—	816
Total expenditures	<u>190,111</u>	<u>1,650</u>	<u>—</u>	<u>191,761</u>
Excess (deficit) of revenues over expenditures	(32,989)	—	—	(32,989)
Other financing sources – transfers in	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net change in fund balances	(32,989)	—	—	(32,989)
Beginning fund balances	<u>93,574</u>	<u>2,868</u>	<u>10,278</u>	<u>106,720</u>
Ending fund balances	<u>\$ 60,585</u>	<u>2,868</u>	<u>10,278</u>	<u>73,731</u>

See accompanying independent auditors' report.

**CITY OF WASILLA, ALASKA**

Youth Court Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance –  
Budget and Actual

Year ended June 30, 2014  
(with comparative amounts for 2013)

	2014		Variance positive (negative)	2013
	Budget	Actual		Actual
Revenues:				
Fines and charges	\$ 7,000	5,345	(1,655)	4,450
Intergovernmental	127,700	142,155	14,455	214,379
Investment income	—	—	—	—
Other	2,000	9,622	7,622	5,135
Total revenues	136,700	157,122	20,422	223,964
Expenditures – public safety:				
Salaries	90,746	90,447	299	86,661
Employee benefits	81,149	90,399	(9,250)	80,712
Professional and technical services	214	214	—	212
Other purchased services	8,609	8,235	374	4,535
Supplies	2,650	816	1,834	1,309
Total expenditures	183,368	190,111	(6,743)	173,429
Other financing sources – transfers in	—	—	—	—
Net change in fund balance	\$ (46,668)	(32,989)	13,679	50,535
Beginning fund balance		93,574		43,039
Ending fund balance		\$ 60,585		93,574

See accompanying independent auditors' report.

**CITY OF WASILLA, ALASKA**

Federal Asset Forfeiture Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance –  
Budget and Actual

Year ended June 30, 2014  
(with comparative amounts for 2013)

	2014			2013
	Budget	Actual	Variance positive (negative)	Actual
Revenues:				
Intergovernmental	\$ —	1,650	1,650	58,762
Investment income	—	—	—	—
Total revenues	—	1,650	1,650	58,762
Expenditures – capital outlay				
Other purchased services	1,700	1,650	50	—
Capital outlay	—	—	—	58,762
	1,700	1,650	50	58,762
Net change in fund balance	\$ (1,700)	—	1,700	—
Beginning fund balance		2,868		2,868
Ending fund balance		\$ 2,868		2,868

See accompanying independent auditors' report.

**CITY OF WASILLA, ALASKA**

State Asset Forfeiture Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance –  
Budget and Actual

Year ended June 30, 2014  
(with comparative amounts for 2013)

	2014			2013
	Budget	Actual	Variance positive (negative)	Actual
Revenues – intergovernmental	\$ —	—	—	8,584
Expenditures – capital outlay	—	—	—	(8,584)
Net change in fund balance	\$ —	—	—	—
Beginning fund balance		10,278		10,278
Ending fund balance		\$ 10,278		10,278

See accompanying independent auditors' report.

## **CAPITAL PROJECT FUNDS**

Capital Project Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

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**CITY OF WASILLA, ALASKA**

Nonmajor Capital Project Funds

Combining Balance Sheet

June 30, 2014

<b>Assets</b>	<b>Road capital project</b>	<b>Vehicle replacement</b>	<b>Right- of-way acquisition</b>	<b>Technology replacement</b>	<b>Totals</b>
Cash and investments	\$ —	545,852	130,652	494,063	1,170,567
Receivables – grants	422,623	—	—	—	422,623
Total assets	<u>\$ 422,623</u>	<u>545,852</u>	<u>130,652</u>	<u>494,063</u>	<u>1,593,190</u>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 91,532	—	—	—	91,532
Due to other funds	233,125	—	—	—	233,125
	<u>324,657</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>324,657</u>
Fund balances:					
Assigned	97,966	545,852	130,652	494,063	1,268,533
Total fund balances	<u>97,966</u>	<u>545,852</u>	<u>130,652</u>	<u>494,063</u>	<u>1,268,533</u>
Total liabilities and fund balances	<u>\$ 422,623</u>	<u>545,852</u>	<u>130,652</u>	<u>494,063</u>	<u>1,593,190</u>

See accompanying independent auditors' report.

**CITY OF WASILLA, ALASKA**

Nonmajor Capital Project Funds

Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances

Year ended June 30, 2014

	<b>Road capital project</b>	<b>Vehicle replacement</b>	<b>Right- of-way acquisition</b>	<b>Technology replacement</b>	<b>Totals</b>
Revenues:					
Intergovernmental	\$ 1,510,831	—	—	—	1,510,831
Total revenues	<u>1,510,831</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,510,831</u>
Expenditures:					
Supplies	—	—	—	31,328	31,328
Capital outlay	1,538,192	96,731	—	35,635	1,670,558
	<u>1,538,192</u>	<u>96,731</u>	<u>—</u>	<u>66,963</u>	<u>1,701,886</u>
Excess (deficit) of revenues over expenditures	(27,361)	(96,731)	—	(66,963)	(191,055)
Other financing sources:					
Transfers in	—	235,000	25,000	137,000	397,000
Net other financing sources	<u>—</u>	<u>235,000</u>	<u>25,000</u>	<u>137,000</u>	<u>397,000</u>
Net change in fund balances	(27,361)	138,269	25,000	70,037	205,945
Beginning fund balances	<u>125,327</u>	<u>407,583</u>	<u>105,652</u>	<u>424,026</u>	<u>1,062,588</u>
Ending fund balances	\$ <u><u>97,966</u></u>	<u><u>545,852</u></u>	<u><u>130,652</u></u>	<u><u>494,063</u></u>	<u><u>1,268,533</u></u>

See accompanying independent auditors' report.

**CITY OF WASILLA, ALASKA**

Miscellaneous Capital Project Fund

Schedule of Expenditures by Project

Year ended June 30, 2014

Expenditures:	
New library planning and design	\$ 450,685
Road maintenance equipment acquisitions	369,649
Park improvements	203,167
Regional transportation plan	32,044
Software and hardware acquisitions	27,548
Lake Lucile dredging	13,129
Lake Lucile dam	9,986
Council chamber sound system	9,427
	<hr/>
	\$ 1,115,635
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See accompanying independent auditors' report.

## **PERMANENT FUND**

Cemetery – This fund is used to account for the lot sales at the cemetery.

**CITY OF WASILLA, ALASKA**

Cemetery Permanent Fund

Balance Sheet

June 30, 2014

(with comparative amounts for 2013)

	<b>Assets</b>	<b>2014</b>	<b>2013</b>
Cash and investments		\$ 285,734	253,745
Total assets		<u>285,734</u>	<u>253,745</u>
<b>Liabilities and Fund Balance</b>			
Fund balances:			
Nonspendable:			
Permanent fund principal		285,734	253,745
Total fund balances		<u>285,734</u>	<u>253,745</u>
Total liabilities and fund balances		\$ <u>285,734</u>	<u>253,745</u>

See accompanying independent auditors' report.

**CITY OF WASILLA, ALASKA**

Cemetery Permanent Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Year ended June 30, 2014  
(with comparative amounts for 2013)

	<u>2014</u>	<u>2013</u>
Revenues:		
Lot sales	\$ 34,800	14,800
Total revenues	<u>34,800</u>	<u>14,800</u>
Expenditures:		
Capital outlay	<u>3,481</u>	—
Total expenditures	<u>3,481</u>	—
Excess of revenues in excess of expenditures	31,319	14,800
Other financing sources – transfers in	<u>670</u>	<u>3,273</u>
Net change in fund balance	31,989	18,073
Beginning fund balance	<u>253,745</u>	<u>235,672</u>
Ending fund balance	<u><u>\$ 285,734</u></u>	<u><u>253,745</u></u>

See accompanying independent auditors' report.

## **ENTERPRISE FUNDS**

The Water Utility Fund is used to account for the provision of water services to the residents of the City. The Sewer Utility Fund is used to account for sewer services for local residents. The Municipal Airport Fund is used to account for the activities of the Wasilla Municipal Airport. The Curtis D. Menard Memorial Sports Center Fund accounts for the operations of the recreational sports complex facility. All activities necessary to provide such services are accounted for in these funds, including but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

**CITY OF WASILLA, ALASKA**

Water Utility Enterprise Fund

Statement of Net Position

June 30, 2014

(with comparative amounts for 2013)

<b>Assets</b>	<b>2014</b>	<b>2013</b>
Current assets:		
Cash and cash equivalents	\$ 3,549,420	2,607,589
Receivables:		
Accounts	281,061	294,941
Allowance for doubtful accounts	(22,941)	(20,077)
Special assessments	28,564	34,250
Grants	26,073	95,790
Prepaid items	3,873	4,252
Inventories	35,422	40,056
Total current assets	<u>3,901,472</u>	<u>3,056,801</u>
Noncurrent assets:		
Prepaid items	9,595	9,976
Capital assets:		
Land	169,170	149,170
Collection/distribution system	28,884,499	28,611,477
Water tank and fence	6,847,577	6,847,577
Wells/well house	368,659	368,659
Equipment	344,096	344,096
Construction in progress	278,771	212,112
Total capital assets	<u>36,892,772</u>	<u>36,533,091</u>
Less accumulated depreciation	<u>(10,431,642)</u>	<u>(9,692,547)</u>
Net capital assets	<u>26,461,130</u>	<u>26,840,544</u>
Total noncurrent assets	<u>26,470,725</u>	<u>26,850,520</u>
Total assets	<u>\$ 30,372,197</u>	<u>29,907,321</u>

**CITY OF WASILLA, ALASKA**

Water Utility Enterprise Fund

Statement of Net Position

June 30, 2014

(with comparative amounts for 2013)

<b>Liabilities and Net Position</b>	<b>2014</b>	<b>2013</b>
Liabilities:		
Current liabilities:		
Accounts payable	\$ 16,283	64,335
Accrued payroll and employee benefits	26,793	24,441
Accrued annual and sick leave	22,189	25,435
Customer deposits	72,618	37,259
Accrued interest	11,916	13,197
Unearned revenue	113,241	125,382
Current portion of long-term debt	213,429	213,429
Total current liabilities	476,469	503,478
Long-term debt, net of current portion	1,839,803	2,053,233
Total liabilities	2,316,272	2,556,711
Net position:		
Net investment in capital assets	24,407,898	24,573,882
Unrestricted	3,648,027	2,776,728
Total net position	28,055,925	27,350,610
Total liabilities and net position	\$ 30,372,197	29,907,321

See accompanying independent auditors' report.

**CITY OF WASILLA, ALASKA**

Water Utility Enterprise Fund

Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2014  
(with comparative amounts for 2013)

	<u>2014</u>	<u>2013</u>
Operating revenues:		
Sales and user charges	\$ 1,780,967	1,524,547
Water meters	24,409	13,447
Total operating revenues	<u>1,805,376</u>	<u>1,537,994</u>
Operating expenses:		
Salaries	271,520	266,375
Employee benefits	247,259	225,685
Professional and technical services	26,998	28,445
Repair and maintenance	90,482	46,107
Other purchased services	48,961	57,618
Supplies	143,872	131,927
Total operating expenses	<u>829,092</u>	<u>756,157</u>
Operating income before depreciation	976,284	781,837
Depreciation	<u>739,220</u>	<u>731,376</u>
Operating income	<u>237,064</u>	<u>50,461</u>
Nonoperating revenues (expenses):		
Payments in lieu of assessments	114,051	12,377
Interest	(32,719)	(34,618)
Other	—	60
Debt service assessment	2,971	3,369
State PERS relief	38,242	37,425
Net nonoperating revenues	<u>122,545</u>	<u>18,613</u>
Income before transfers and contributions	359,609	69,074
Transfers out	(14,500)	(14,500)
Capital contributions	<u>360,206</u>	<u>627,115</u>
Change in net position	705,315	681,689
Beginning net position	<u>27,350,610</u>	<u>26,668,921</u>
Ending net position	<u>\$ 28,055,925</u>	<u>27,350,610</u>

See accompanying independent auditors' report.

**CITY OF WASILLA, ALASKA**  
Water Utility Enterprise Fund  
Statement of Cash Flows  
Year ended June 30, 2014  
(with comparative amounts for 2013)

	<b>2014</b>	<b>2013</b>
Cash flows from operating activities:		
Cash received from customers and users	\$ 1,842,474	1,530,692
Cash payments to suppliers for goods and services	(350,107)	(236,938)
Cash payments to employees for services	(481,431)	(444,489)
Net cash provided by operating activities	1,010,936	849,265
Cash flows from noncapital financing activities:		
Transfers out to other funds	(14,500)	(14,500)
Other nonoperating receipts	—	60
Net cash used for noncapital financing activities	(14,500)	(14,440)
Cash flows from capital and related financing activities:		
Principal paid on long-term debt	(213,430)	(213,683)
Interest paid on long-term debt	(34,000)	(37,205)
Special assessments received	8,657	19,579
Payments in lieu of assessments received	114,051	12,779
Acquisition and construction of capital assets	(66,259)	(116,650)
Capital contributions received	136,376	20,859
Net cash used for capital and related financing activities	(54,605)	(314,321)
Net increase in cash and cash equivalents	941,831	520,504
Beginning cash and cash equivalents	2,607,589	2,087,085
Ending cash and cash equivalents	\$ 3,549,420	2,607,589
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 237,064	50,461
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	739,220	731,376
State of Alaska on-behalf payments – PERS relief	38,242	37,425
Changes in operating assets and liabilities that provided (used) cash:		
Accounts receivable and related allowance	16,744	(116,597)
Inventory	4,634	(12,312)
Prepaid items	760	(178)
Accounts payable	(48,052)	47,648
Accrued payroll and employee benefits	2,352	5,428
Accrued annual and sick leave	(3,246)	4,718
Customer deposits	35,359	(7,721)
Unearned revenue	(12,141)	109,017
Net cash provided by operating activities	\$ 1,010,936	849,265
Noncash noncapital financing activities –		
State of Alaska on-behalf payments – PERS relief	\$ 38,242	37,425
Water extensions contributed by developers	293,547	477,603
Equipment transfer from general government	—	32,863

See accompanying independent auditors' report.

**CITY OF WASILLA, ALASKA**

Sewer Utility Enterprise Fund

Statement of Net Position

June 30, 2014

(with comparative amounts for 2013)

<b>Assets</b>	<b>2014</b>	<b>2013</b>
Current assets:		
Cash and cash equivalents	\$ 2,550,806	2,120,375
Receivables:		
Accounts	138,368	141,802
Allowance for doubtful accounts	(15,663)	(15,317)
Special assessments	65,461	9,573
Grants	—	—
Prepaid expenses	3,886	4,266
Inventory	37,936	36,357
Total current assets	<u>2,780,794</u>	<u>2,297,056</u>
Noncurrent assets – capital assets:		
Land	1,008,977	657,810
Building	143,456	143,456
Treatment system	8,127,617	8,127,617
Collection/distribution system	11,574,117	11,509,848
Equipment	5,251,197	5,289,945
Total capital assets	<u>26,105,364</u>	<u>25,728,676</u>
Less accumulated depreciation	<u>(11,634,192)</u>	<u>(11,218,144)</u>
Total noncurrent assets	<u>14,471,172</u>	<u>14,510,532</u>
Total assets	<u>\$ 17,251,966</u>	<u>16,807,588</u>

**CITY OF WASILLA, ALASKA**

Sewer Utility Enterprise Fund

Statement of Net Position

June 30, 2014

(with comparative amounts for 2013)

<b>Liabilities and Net Position</b>	<b>2014</b>	<b>2013</b>
Liabilities:		
Current liabilities:		
Accounts payable	\$ 10,733	20,853
Accrued payroll and employee benefits	35,595	30,324
Accrued annual and sick leave	72,426	68,347
Customer deposits	6,771	5,773
Accrued interest	1,510	1,675
Current portion of long-term debt	17,245	17,245
Total current liabilities	144,280	144,217
Long-term debt, net of current portion	140,154	157,399
Total liabilities	284,434	301,616
Net position:		
Net investment in capital assets	14,313,773	14,335,888
Unrestricted	2,653,759	2,170,084
Total net position	16,967,532	16,505,972
Total liabilities and net position	\$ 17,251,966	16,807,588

See accompanying independent auditors' report.

**CITY OF WASILLA, ALASKA**

Sewer Utility Enterprise Fund

Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2014  
(with comparative amounts for 2013)

	<u>2014</u>	<u>2013</u>
Operating revenues – sales and user charges	\$ 1,447,990	1,308,737
Operating expenses:		
Salaries	396,238	375,162
Employee benefits	331,002	301,701
Professional and technical services	11,370	8,509
Repair and maintenance	114,540	116,427
Other purchased services	32,597	37,036
Supplies	203,348	185,429
Total operating expenses	<u>1,089,095</u>	<u>1,024,264</u>
Operating income before depreciation	358,895	284,473
Depreciation	<u>465,628</u>	<u>464,069</u>
Operating loss	<u>(106,733)</u>	<u>(179,596)</u>
Nonoperating revenues (expenses):		
Payments in lieu of assessments	111,563	6,268
Interest	(2,455)	(2,540)
Other	3	94
Debt service assessment	1,858	709
State PERS relief	56,248	54,042
Net nonoperating revenues	<u>167,217</u>	<u>58,573</u>
Loss before transfers and capital contributions	60,484	(121,023)
Transfers out	(16,500)	(16,500)
Capital contributions	<u>417,576</u>	<u>251,315</u>
Change in net position	461,560	113,792
Beginning net position	<u>16,505,972</u>	<u>16,392,180</u>
Ending net position	<u>\$ 16,967,532</u>	<u>16,505,972</u>

See accompanying independent auditors' report.

**CITY OF WASILLA, ALASKA**  
Sewer Utility Enterprise Fund  
Statement of Cash Flows  
Year ended June 30, 2014  
(with comparative amounts for 2013)

	<b>2014</b>	<b>2013</b>
Cash flows from operating activities:		
Cash received from customers and users	\$ 1,452,422	1,289,461
Cash payments to suppliers for goods and services	(372,828)	(364,138)
Cash payments to employees for services	(661,642)	(619,075)
Net cash provided by operating activities	417,952	306,248
Cash flows from noncapital financing activities:		
Transfers out to other funds	(16,500)	(16,500)
Nonoperating grants received	3	94
Net cash used for noncapital financing activities	(16,497)	(16,406)
Cash flows from capital and related financing activities:		
Principal paid on long-term debt	(17,245)	(17,272)
Interest paid on long-term debt	(2,620)	(2,879)
Special assessments received	1,858	2,171
Payments in lieu of assessments received	55,675	6,502
Acquisition and construction of capital assets	(359,859)	(31,066)
Capital contributions received	351,167	31,213
Net cash used for capital and related financing activities	28,976	(11,331)
Net increase in cash and cash equivalents	430,431	278,511
Beginning cash and cash equivalents	2,120,375	1,841,864
Ending cash and cash equivalents	\$ 2,550,806	2,120,375
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$ (106,733)	(179,596)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	465,628	464,069
State of Alaska on-behalf payments – PERS relief	56,248	54,042
Changes in operating assets and liabilities that provided (used) cash:		
Accounts receivable and related allowance	3,780	(23,624)
Inventory	(1,579)	(2,022)
Prepaid expenses	380	(562)
Accounts payable	(10,120)	(9,680)
Accrued payroll and employee benefits	5,271	(2,371)
Accrued annual and sick leave	4,079	6,117
Customer deposits	998	(125)
Net cash provided by operating activities	\$ 417,952	306,248
Noncash noncapital financing and capital and related financing activities –		
State of Alaska on-behalf payments – PERS relief	\$ 56,248	54,042
Sewer extensions contributed by developers	66,409	108,145
Equipment transfer from general government	—	111,956
Increase in special assessment receivable	90,929	—

See accompanying independent auditors' report.

**CITY OF WASILLA, ALASKA**  
Municipal Airport Enterprise Fund  
Statement of Net Position  
Year ended June 30, 2014  
(with comparative amounts for 2013)

<b>Assets</b>	<b>2014</b>	<b>2013</b>
Current assets:		
Cash and cash equivalents	\$ 97,385	162,879
Receivables:		
Accounts	1,010	1,219
Grants	403,249	711,336
Prepaid expenses	1,218	1,183
Total current assets	502,862	876,617
Noncurrent assets – capital assets:		
Land	1,470,000	1,470,000
Land improvements	16,422,422	16,422,422
Buildings	993,282	993,282
Equipment	1,278,575	1,287,969
Construction in progress	1,500,046	2,068,192
Total capital assets	21,664,325	22,241,865
Less accumulated depreciation	(8,277,823)	(7,630,457)
Total noncurrent assets	13,386,502	14,611,408
Total assets	\$ 13,889,364	15,488,025
<b>Liabilities and Net Position</b>		
Current liabilities:		
Accounts payable	\$ 31,665	552,002
Accrued payroll and employee benefits	2,216	1,674
Accrued annual and sick leave	9,362	8,786
Unearned revenue	10,884	10,217
Total current liabilities	54,127	572,679
Net position:		
Net investment in capital assets	13,386,502	14,611,408
Unrestricted	448,735	303,938
Total net position	13,835,237	14,915,346
Total liabilities and net position	\$ 13,889,364	15,488,025

See accompanying independent auditors' report.

**CITY OF WASILLA, ALASKA**

Municipal Airport Enterprise Fund

Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2014  
(with comparative amounts for 2013)

	<u>2014</u>	<u>2013</u>
Operating revenues – fees and rentals	\$ 72,121	69,522
Operating expenses:		
Salaries	29,601	27,432
Employee benefits	21,310	18,038
Professional and technical services	4,504	4,461
Repair and maintenance	29,692	24,730
Other purchased services	30,631	29,328
Supplies	38,368	40,895
Total operating expenses	<u>154,106</u>	<u>144,884</u>
Operating loss before depreciation	(81,985)	(75,362)
Depreciation	<u>672,169</u>	<u>670,628</u>
Operating loss	<u>(754,154)</u>	<u>(745,990)</u>
Nonoperating revenues (expenses):		
Other income	—	5
State PERS relief	4,078	3,892
Plans and studies	(33,629)	(17,733)
Nonoperating grants	33,629	17,290
Net nonoperating revenues (expenses)	<u>4,078</u>	<u>3,454</u>
Loss before transfers and capital contributions	(750,076)	(742,536)
Transfers in	258,560	175,000
Transfers out	(500)	(500)
Capital assets transferred to governmental activities	(2,070,159)	—
Capital contributions	1,482,066	1,748,065
Change in net position	<u>(1,080,109)</u>	<u>1,180,029</u>
Beginning net position	<u>14,915,346</u>	<u>13,735,317</u>
Ending net position	\$ <u><u>13,835,237</u></u>	<u><u>14,915,346</u></u>

See accompanying independent auditors' report.

**CITY OF WASILLA, ALASKA**

Municipal Airport Enterprise Fund

Statement of Cash Flows

Year ended June 30, 2014

(with comparative amounts for 2013)

	<b>2014</b>	<b>2013</b>
Cash flows from operating activities:		
Cash received from customers and users	\$ 72,997	70,068
Cash payments to suppliers for goods and services	(136,859)	(117,166)
Cash payments to employees for services	(45,715)	(41,951)
Net cash used for operating activities	(109,577)	(89,049)
Cash flows from noncapital financing activities:		
Transfers in from other funds	258,560	175,000
Transfers out to other funds	(500)	(500)
Nonoperating grants received	33,629	17,290
Net cash provided by noncapital financing activities	291,689	191,790
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(2,037,759)	(1,715,617)
Capital contributions received	1,790,153	1,822,257
Increase in due to other funds	—	(46,502)
Net cash provided by (used for) capital and related financing activities	(247,606)	60,138
Net increase (decrease) in cash and cash equivalents	(65,494)	162,879
Beginning cash and cash equivalents	162,879	—
Ending cash and cash equivalents	\$ 97,385	162,879
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (754,154)	(745,990)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	672,169	670,628
State of Alaska on-behalf payments – PERS relief	4,078	3,892
Nonoperating expenses for plans and studies	(33,629)	(17,728)
Changes in operating assets and liabilities that provided (used) cash:		
Accounts receivable	209	(741)
Prepaid expenses	(35)	(24)
Accrued payroll and employee benefits	542	(89)
Accrued annual and sick leave	576	(284)
Unearned revenue	667	1,287
Net cash used for operating activities	\$ (109,577)	(89,049)
Noncash noncapital financing and capital and related financing activities –		
Acquisition and construction of capital assets through accounts payable	\$ —	33,689
State of Alaska on-behalf payments – PERS relief	4,078	3,892
Transfer of roads to governmental activities	2,070,159	—

See accompanying independent auditors' report.

**CITY OF WASILLA, ALASKA**

Curtis D. Menard Memorial Sports Center Enterprise Fund

Statement of Net Position

Year ended June 30, 2014

(with comparative amounts for 2013)

<b>Assets</b>	<b>2014</b>	<b>2013</b>
Current assets:		
Cash and cash equivalents	\$ 1,349,950	1,207,984
Receivables:		
Grants	107	5,667
Accounts	25,292	32,833
Prepaid expenses	1,262	1,226
Total current assets	<u>1,376,611</u>	<u>1,247,710</u>
Noncurrent assets – capital assets:		
Land	1,771,990	1,771,990
Buildings	16,766,500	16,765,740
Equipment	603,002	583,618
Total capital assets	19,141,492	19,121,348
Less accumulated depreciation	<u>(3,815,867)</u>	<u>(3,373,268)</u>
Total noncurrent assets	<u>15,325,625</u>	<u>15,748,080</u>
Total assets	<u>\$ 16,702,236</u>	<u>16,995,790</u>
<b>Liabilities and Net Position</b>		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 14,845	38,996
Accrued payroll and employee benefits	36,482	33,985
Accrued annual and sick leave	22,998	18,831
Customer deposits	3,800	2,750
Unearned revenue	75,814	60,000
Total current liabilities	<u>153,939</u>	<u>154,562</u>
Net position:		
Net investment in capital assets	15,325,625	15,748,080
Unrestricted	<u>1,222,672</u>	<u>1,093,148</u>
Total net position	<u>16,548,297</u>	<u>16,841,228</u>
Total liabilities and net position	<u>\$ 16,702,236</u>	<u>16,995,790</u>

See accompanying independent auditors' report.

**CITY OF WASILLA, ALASKA**

Curtis D. Menard Memorial Sports Center Enterprise Fund  
Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2014  
(with comparative amounts for 2013)

	<u>2014</u>	<u>2013</u>
Operating revenues – fees and rentals	\$ 732,704	651,344
Operating expenses:		
Salaries	409,626	417,668
Employee benefits	338,993	317,940
Professional and technical services	19,654	9,795
Repair and maintenance	141,145	128,005
Other purchased services	61,828	68,422
Supplies	245,216	282,023
Equipment	—	7,454
Total operating expenses	<u>1,216,462</u>	<u>1,231,307</u>
Operating loss before depreciation	(483,758)	(579,963)
Depreciation	<u>500,348</u>	<u>494,084</u>
Operating loss	<u>(984,106)</u>	<u>(1,074,047)</u>
Nonoperating revenues:		
Investment income	3,479	6,542
Other	286	2,837
State PERS relief	49,244	47,846
Net nonoperating revenues	<u>53,009</u>	<u>57,225</u>
Loss before transfers and capital contributions	(931,097)	(1,016,822)
Transfers in	623,000	607,215
Transfers out	(9,500)	(9,500)
Capital contributions	<u>24,666</u>	<u>14,667</u>
Change in net position	(292,931)	(404,440)
Beginning net position	<u>16,841,228</u>	<u>17,245,668</u>
Ending net position	\$ <u><u>16,548,297</u></u>	<u><u>16,841,228</u></u>

See accompanying independent auditors' report.

**CITY OF WASILLA, ALASKA**

Curtis D. Menard Memorial Sports Center Enterprise Fund

Statement of Cash Flows

Year ended June 30, 2014

(with comparative amounts for 2013)

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Cash received from customers and users	\$ 757,109	636,882
Cash payments to suppliers for goods and services	(492,030)	(467,243)
Cash payments to employees for services	<u>(692,711)</u>	<u>(686,342)</u>
Net cash used for operating activities	<u>(427,632)</u>	<u>(516,703)</u>
Cash flows from noncapital financing activities:		
Transfers in	623,000	607,215
Transfers out	(9,500)	(9,500)
Other nonoperating receipts	<u>286</u>	<u>2,837</u>
Net cash provided by noncapital financing activities	<u>613,786</u>	<u>600,552</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(77,893)	(55,355)
Capital contributions received	<u>30,226</u>	<u>9,321</u>
Net cash used for capital and related financing activities	<u>(47,667)</u>	<u>(46,034)</u>
Cash flows from investing activities – investment income received	<u>3,479</u>	<u>6,542</u>
Net increase in cash and cash equivalents	141,966	44,357
Beginning cash and cash equivalents	<u>1,207,984</u>	<u>1,163,627</u>
Ending cash and cash equivalents	\$ <u><u>1,349,950</u></u>	\$ <u><u>1,207,984</u></u>
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (984,106)	(1,074,047)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	500,348	494,084
State of Alaska on-behalf payments – PERS relief	49,244	47,846
Changes in operating assets and liabilities that provided (used) cash:		
Accounts receivable	7,541	(6,457)
Prepaid expenses	(36)	(21)
Accounts payable	(24,151)	28,477
Accrued payroll and employee benefits	2,497	649
Accrued annual and sick leave	4,167	771
Customer deposits	15,814	(8,605)
Unearned revenue	<u>1,050</u>	<u>600</u>
Net cash used for operating activities	\$ <u><u>(427,632)</u></u>	\$ <u><u>(516,703)</u></u>
Noncash noncapital financing activities –		
State of Alaska on-behalf payments – PERS relief	\$ 49,244	47,846

See accompanying independent auditors' report.

## **STATISTICAL SECTION**

## CITY OF WASILLA, ALASKA

This part of the City of Wasilla’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

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## **Demographic and Economic Information**

*This schedule offers demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. Information pertaining to principal employers is considered proprietary information and is no longer available. Therefore, this schedule will no longer be presented.*

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## **Operating Information**

*These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.*

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Source: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

Table 1

## CITY OF WASILLA, ALASKA

## Net Position by Component

## Last Ten Fiscal Years

(Accrual Basis of Accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities:										
Net investment in capital assets	\$ 20,799,331	23,130,317	24,224,874	25,066,933	24,398,858	26,352,274	27,061,059	27,866,382	27,146,916	31,959,213
Restricted	—	—	—	—	—	210,573	222,722	248,818	266,891	3,256,647
Unrestricted	8,582,004	8,728,564	8,892,421	8,643,361	9,971,248	9,178,588	10,583,663	11,650,704	13,214,102	14,351,166
Total governmental activities net position	29,381,335	31,858,881	33,117,295	33,710,294	34,370,106	35,741,435	37,867,444	39,765,904	40,627,909	49,567,026
Business-type activities:										
Net investment in capital assets	37,833,931	40,517,807	47,010,053	50,098,545	58,196,431	59,488,483	61,667,398	68,715,514	69,269,258	67,433,798
Restricted	1,010,688	1,549,126	2,178,513	2,914,497	1,477,737	2,071,844	—	—	—	—
Unrestricted	3,253,754	3,150,604	2,196,833	2,946,178	2,711,915	3,674,997	4,775,904	5,326,572	6,343,898	7,973,193
Total business-type activities net position	42,098,373	45,217,537	51,385,399	55,959,220	62,386,083	65,235,324	66,443,302	74,042,086	75,613,156	75,406,991
Total activities:										
Net investment in capital assets	58,633,262	63,648,124	71,234,927	75,165,478	82,595,289	85,840,757	88,728,457	89,540,999	96,416,174	99,393,011
Restricted	1,010,688	1,549,126	2,178,513	2,914,497	1,477,737	2,282,417	222,722	248,818	266,891	3,256,647
Unrestricted	11,835,758	11,879,168	11,089,254	11,589,539	12,683,163	12,853,585	15,339,567	16,977,276	19,558,000	22,324,359
Total net position	\$ 71,479,708	77,076,418	84,502,694	89,669,514	96,756,189	100,976,759	104,290,746	106,767,093	116,241,065	124,974,017

See accompanying independent auditors' report.

Table 2

## CITY OF WASILLA, ALASKA

## Changes in Net Position

## Last Ten Fiscal Years

(Accrual Basis of Accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses:										
Governmental activities:										
General government	\$ 2,050,929	2,053,904	2,631,085	2,818,033	2,808,593	2,949,299	2,678,667	2,994,569	3,215,470	3,340,921
Public safety	3,692,121	4,483,195	5,142,112	5,761,075	6,290,577	6,469,113	6,585,810	6,920,691	7,108,991	7,075,807
Public works	2,254,234	2,746,502	2,682,130	2,925,326	3,609,023	3,473,727	3,949,216	3,852,249	4,029,730	4,431,710
Cultural and recreation	1,314,516	1,387,867	1,529,659	1,621,844	1,846,153	1,908,613	1,734,297	1,907,136	2,086,325	2,043,477
Interest on long-term debt	239,298	232,958	154,562	186,416	162,172	169,873	113,014	125,108	113,071	85,651
Total governmental activities expenses	9,551,098	10,904,426	12,139,548	13,312,694	14,716,518	14,970,625	15,061,004	15,799,753	16,553,587	16,977,566
Business-type activities:										
Water utility	946,892	948,453	1,087,748	1,096,799	1,160,186	1,354,805	1,347,403	1,364,302	1,522,151	1,601,031
Sewer utility	967,021	986,383	1,075,369	1,043,618	1,398,732	1,248,782	1,254,787	1,424,799	1,490,873	1,557,178
Municipal airport	434,727	456,878	490,437	481,477	819,103	1,081,269	1,046,550	1,647,280	833,245	859,904
Curtis D. Menard Memorial Sports Center	1,613,148	1,613,022	1,659,328	2,162,833	1,717,698	1,622,562	1,491,371	1,584,802	1,725,391	1,716,810
Total business-type activities expenses	3,961,788	4,004,736	4,312,882	4,784,727	5,095,719	5,307,418	5,140,111	6,021,183	5,571,660	5,734,923
Total expenses	13,512,886	14,909,162	16,452,430	18,097,421	19,812,237	20,278,043	20,201,115	21,820,936	22,125,247	22,712,489
Program revenues:										
Governmental activities:										
Fees, fines, and charges for services:										
General government	84,850	52,967	34,274	36,778	36,509	38,397	33,588	32,842	31,055	39,781
Public safety	1,165,503	1,394,672	1,557,226	1,697,437	1,583,265	1,564,989	1,544,398	1,722,970	1,710,651	1,779,073
Public works	554,450	100	—	19,145	328	141,022	191,833	210,329	221,723	148,579
Cultural and recreation	396,564	416,794	12,776	338,462	62,522	76,145	54,340	63,691	64,789	87,724
Operating grants and contributions	364,245	293,038	747,346	513,374	970,880	901,746	633,479	691,402	731,335	594,799
Capital grants and contributions	2,835,696	2,053,199	730,639	1,382,910	323,666	1,724,791	2,650,118	1,779,393	1,034,593	4,577,040
Total governmental activities program revenues	5,401,308	4,210,770	3,082,261	3,988,106	2,977,170	4,447,090	5,107,756	4,500,627	3,794,146	7,226,996
Business-type activities:										
Water utility	743,673	764,216	769,376	793,491	818,318	1,148,297	1,312,070	1,476,682	1,537,994	1,805,376
Sewer utility	642,553	656,759	673,985	678,897	694,702	1,024,400	1,159,179	1,235,814	1,308,737	1,447,990
Municipal airport	56,047	66,225	67,902	70,293	58,178	67,221	64,082	65,849	69,522	72,121
Curtis D. Menard Memorial Sports Center	576,555	642,091	728,117	688,958	698,333	735,723	544,627	585,634	651,344	732,704
Operating grants and contributions	—	—	—	—	—	216,869	320,593	395,857	160,748	181,441
Capital grants and contributions	3,196,010	1,906,555	4,828,574	2,599,391	5,426,008	1,231,514	1,893,891	2,254,264	2,641,162	2,284,514
Total business-type activities program revenues	5,214,838	4,035,846	7,067,954	4,831,030	7,695,539	4,424,024	5,294,442	6,014,100	6,369,507	6,524,146
Total primary government program revenues	10,616,146	8,246,616	10,150,215	8,819,136	10,672,709	8,871,114	10,402,198	10,514,727	10,163,653	13,751,142
Net (expenses) revenue:										
Governmental activities	(4,149,790)	(6,693,656)	(9,057,287)	(9,324,588)	(11,739,348)	(10,523,535)	(9,953,248)	(11,299,126)	(12,759,441)	(9,750,570)
Business-type activities	1,253,050	31,110	2,755,072	46,303	2,599,820	(883,394)	154,331	(7,083)	797,847	789,223
Total primary government net expenses	(2,896,740)	(6,662,546)	(6,302,215)	(9,278,285)	(9,139,528)	(11,406,929)	(9,798,917)	(11,306,209)	(11,961,594)	(8,961,347)

Table 2

## CITY OF WASILLA, ALASKA

## Changes in Net Position

## Last Ten Fiscal Years

(Accrual Basis of Accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General revenues and other changes in net position:										
Governmental activities:										
Sales taxes	\$ 8,346,749	8,976,284	9,658,193	10,386,206	11,070,859	11,185,917	11,681,721	11,911,716	12,346,152	15,481,431
Property taxes	179,547	194,627	2,722	300	289	92	—	2	—	—
Vehicle taxes	100,725	91,630	96,190	101,620	105,419	107,640	108,670	117,460	120,969	57,441
Grants and entitlements not restricted to a specific purpose	226,516	376,984	773,246	654,011	1,359,374	1,220,956	1,158,757	1,564,089	1,798,256	1,745,300
Investment earnings	176,928	181,753	457,286	507,334	373,798	235,941	121,725	67,015	85,725	83,197
Other	121,429	25,213	90,005	23,105	13,654	57,143	31,540	81,304	35,261	92,719
Transfers	(1,080,002)	(675,289)	(761,941)	(1,754,989)	(845,500)	(912,825)	(1,023,156)	(544,000)	(741,215)	1,229,599
Extraordinary item – NPO/OPEB elimination	—	—	—	—	321,267	—	—	—	—	—
Total governmental activities	8,071,892	9,171,202	10,315,701	9,917,587	12,399,160	11,894,864	12,079,257	13,197,586	13,645,148	18,689,687
Business-type activities:										
Taxes	2,087,056	2,244,071	2,414,673	2,597,929	2,776,152	2,813,929	—	—	—	—
Grants and entitlements not restricted to a specific purpose	—	25,628	28,037	—	100,518	—	—	—	—	—
Investment earnings	65,450	143,066	205,401	165,956	36,052	5,881	2,836	4,574	6,542	3,479
Other	27,104	—	2,738	8,644	2,518	—	7,655	36,396	25,466	230,732
Transfers	1,080,002	675,289	761,941	1,754,989	845,500	912,825	1,023,156	544,000	741,215	(1,229,599)
Extraordinary item – NPO/OPEB elimination	—	—	—	—	66,303	—	—	—	—	—
Total business-type activities	3,259,612	3,088,054	3,412,790	4,527,518	3,827,043	3,732,635	1,033,647	584,970	773,223	(995,388)
Total primary government	11,331,504	12,259,256	13,728,491	14,445,105	16,226,203	15,627,499	13,112,904	13,782,556	14,418,371	17,694,299
Changes in net position:										
Governmental activities	3,922,102	2,477,546	1,258,414	592,999	659,812	1,371,329	2,126,009	1,898,460	885,707	8,939,117
Business-type activities	4,512,662	3,119,164	6,167,862	4,573,821	6,426,863	2,849,241	1,187,978	577,887	1,571,070	(206,165)
Total primary government	\$ 8,434,764	5,596,710	7,426,276	5,166,820	7,086,675	4,220,570	3,313,987	2,476,347	2,456,777	8,732,952

See accompanying independent auditors' report.

Table 3

**CITY OF WASILLA, ALASKA**  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General fund:										
Nonspendable	\$ 16,899	65,286	65,057	67,600	70,125	74,596	78,953	118,443	96,268	88,911
Committed	—	386,276	—	259,046	1,332,106	—	1,001,579	2,502,183	3,636,891	4,041,840
Assigned	147,854	192,093	94,967	37,110	92,771	129,694	312,990	639,840	675,829	747,179
Unassigned	5,424,551	5,217,815	6,007,895	5,666,711	5,639,118	6,273,841	7,293,632	7,149,076	7,539,574	8,064,088
Total general fund	<u>\$ 5,589,304</u>	<u>5,861,470</u>	<u>6,167,919</u>	<u>6,030,467</u>	<u>7,134,120</u>	<u>6,478,131</u>	<u>8,687,154</u>	<u>10,409,542</u>	<u>11,948,562</u>	<u>12,942,018</u>
All other governmental funds:										
Nonspendable:										
Permanent fund	\$ 164,505	175,705	187,105	201,501	204,055	210,573	222,722	235,672	253,745	285,734
Special revenue funds	—	—	138	—	—	—	—	14	14	13
Capital projects funds	—	—	7,125	—	—	—	—	12,845	5,819	—
Restricted for:										
Debt service funds	289,311	355,381	339,156	323,689	306,327	227,968	—	—	—	—
Special revenue funds	—	—	—	—	—	—	—	13,146	13,146	13,146
New library construction	—	—	—	—	—	—	—	—	—	2,957,767
Assigned to:										
Special revenue funds	334,834	396,505	142,020	162,662	176,949	302,982	48,078	43,025	93,560	60,572
Debt service funds	365,588	382,730	423,639	429,865	373,904	354,460	—	—	—	—
Capital projects funds	1,913,326	2,004,431	2,189,860	2,129,129	2,140,726	2,190,737	2,278,206	1,640,295	1,750,832	1,984,955
Total all other governmental funds	<u>\$ 3,067,564</u>	<u>3,314,752</u>	<u>3,289,043</u>	<u>3,246,846</u>	<u>3,201,961</u>	<u>3,286,720</u>	<u>2,549,006</u>	<u>1,944,997</u>	<u>2,117,116</u>	<u>5,302,187</u>

See accompanying independent auditors' report.

Table 4

**CITY OF WASILLA, ALASKA**  
 Changes in Fund Balances of Governmental Funds  
 Last Ten Fiscal Years  
 (Modified Accrual Basis of Accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Revenues:</b>										
Sales taxes	\$ 8,346,749	8,976,284	9,658,193	10,386,206	11,070,858	11,185,917	11,681,721	11,911,716	12,346,152	15,481,431
Property and vehicle taxes	280,272	286,257	98,912	101,920	105,709	107,732	108,670	117,462	120,969	57,441
Intergovernmental	4,444,364	3,016,976	2,320,519	2,998,131	2,629,049	3,876,409	2,702,239	3,664,535	3,556,911	4,184,465
Investment earnings	176,928	181,753	457,286	507,334	373,798	235,941	121,725	67,015	85,725	83,197
Other revenues	1,474,404	1,751,403	1,719,860	1,710,709	1,758,514	1,870,786	1,897,065	2,089,290	2,114,907	2,147,361
<b>Total revenues</b>	<b>14,722,717</b>	<b>14,212,673</b>	<b>14,254,770</b>	<b>15,704,300</b>	<b>15,937,928</b>	<b>17,276,785</b>	<b>16,511,420</b>	<b>17,850,018</b>	<b>18,224,664</b>	<b>21,953,895</b>
<b>Expenditures:</b>										
<b>Current:</b>										
General government	1,815,628	1,880,357	2,395,634	2,648,361	2,667,010	2,672,437	2,554,172	2,790,919	2,815,187	2,913,068
Public safety	3,286,366	3,950,162	4,622,369	5,092,492	5,726,540	5,619,041	5,772,067	6,161,011	6,292,968	6,303,802
Public works	1,611,765	1,905,214	1,871,951	1,947,844	2,145,522	2,163,887	2,064,098	2,171,962	2,208,004	2,241,846
Culture and recreation	1,266,452	1,319,595	1,436,864	1,542,290	1,728,673	1,681,948	1,670,474	1,834,867	1,917,983	1,929,493
Nondepartmental	66,590	32,987	30,528	24,346	22,500	102,000	54,486	64,567	139,725	205,565
Youth court	141,012	134,999	150,649	134,933	152,415	146,501	148,540	161,932	173,429	190,111
Capital outlay	4,112,880	3,232,681	2,193,371	2,235,245	1,102,536	4,087,063	1,349,794	2,608,221	1,805,060	2,789,674
<b>Debt service:</b>										
Principal	507,557	326,264	329,196	315,573	317,210	400,080	349,659	325,197	320,505	320,000
Interest	263,465	235,771	186,483	187,876	171,254	158,780	136,863	124,844	112,744	97,744
Other debt service costs	—	—	40,632	—	—	—	—	—	—	—
<b>Total expenditures</b>	<b>13,071,715</b>	<b>13,018,030</b>	<b>13,257,677</b>	<b>14,128,960</b>	<b>14,033,660</b>	<b>17,031,737</b>	<b>14,100,153</b>	<b>16,243,520</b>	<b>15,785,605</b>	<b>16,991,303</b>
<b>Excess of revenues over expenditures</b>	<b>1,651,002</b>	<b>1,194,643</b>	<b>997,093</b>	<b>1,575,340</b>	<b>1,904,268</b>	<b>245,048</b>	<b>2,411,267</b>	<b>1,606,498</b>	<b>2,439,059</b>	<b>4,962,592</b>
<b>Other financing sources (uses):</b>										
Bond proceeds	—	—	45,588	—	—	—	—	—	—	—
Proceeds from sale of assets	—	—	—	—	—	8,035	4,279	55,881	13,295	56,495
Transfers in	2,710,880	2,940,076	2,430,840	1,754,246	2,234,437	5,275,203	728,932	655,084	947,273	1,146,054
Transfers out	(3,790,882)	(3,615,365)	(3,192,781)	(3,509,235)	(3,079,937)	(6,188,028)	(1,673,169)	(1,199,084)	(1,688,488)	(1,986,614)
Proceeds from capital lease	—	—	—	—	—	88,512	—	—	—	—
Cumulative effect of a change in accounting principle	—	—	—	—	—	—	—	—	—	—
<b>Net other financing sources (uses)</b>	<b>(1,080,002)</b>	<b>(675,289)</b>	<b>(716,353)</b>	<b>(1,754,989)</b>	<b>(845,500)</b>	<b>(816,278)</b>	<b>(939,958)</b>	<b>(488,119)</b>	<b>(727,920)</b>	<b>(784,065)</b>
<b>Net change in fund balances</b>	<b>\$ 571,000</b>	<b>519,354</b>	<b>280,740</b>	<b>(179,649)</b>	<b>1,058,768</b>	<b>(571,230)</b>	<b>1,471,309</b>	<b>1,118,379</b>	<b>1,711,139</b>	<b>4,178,527</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>8.61%</b>	<b>5.74%</b>	<b>5.03%</b>	<b>4.23%</b>	<b>3.60%</b>	<b>4.09%</b>	<b>2.57%</b>	<b>3.17%</b>	<b>2.94%</b>	<b>2.94%</b>
<b>Total noncapital expenditures</b>	<b>\$ 8,958,835</b>	<b>9,785,349</b>	<b>11,064,306</b>	<b>11,893,715</b>	<b>13,555,405</b>	<b>13,652,773</b>	<b>13,609,341</b>	<b>14,211,961</b>	<b>14,715,904</b>	<b>15,370,471</b>

See accompanying independent auditors' report.

**Table 5****CITY OF WASILLA, ALASKA**

## Governmental Activities Tax Revenues by Source

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	<u>Total taxes</u>	<u>Property taxes</u>	<u>Sales taxes</u>	<u>Vehicle taxes</u>
Fiscal year ended June 30:				
2005	\$ 8,627,021	179,547	8,346,749	100,725
2006	9,262,541	194,627	8,976,284	91,630
2007	9,757,105	2,722	9,658,193	96,190
2008	10,488,126	300	10,386,206	101,620
2009	11,176,567	289	11,070,859	105,419
2010	11,293,649	92	11,185,917	107,640
2011	11,790,391	—	11,681,721	108,670
2012	12,029,178	2	11,911,716	117,460
2013	12,467,121	—	12,346,152	120,969
2014	15,538,872	—	15,481,431	57,441

(1) Property taxes were reduced to 0.00 Mills effective July 1, 2006 and have remained at this rate.

See accompanying independent auditors' report.

**Table 6**

**CITY OF WASILLA, ALASKA**

General Government Sales Tax Revenue By Category

June 30, 2014

<b>Category</b>	<b>Total sales tax revenue</b>	<b>Percentage of total</b>
Trade retail and wholesale	\$ 11,583,875	74.82%
Entertainment, recreation, and food service	1,854,189	11.98
Utilities and information	779,802	5.04
Real estate, rental, leasing, and transportation	239,400	1.55
Manufacturing (primarily construction-related)	151,777	0.98
All other services	872,388	5.63
	<b>\$ 15,481,431</b>	<b>100.00%</b>

- (1) Wasilla Municipal Code restricts the publication of sales tax collection information identifiable to a particular seller. Sales tax revenue by category is presented in lieu of disclosing principal sales tax revenue payers.
- (2) The comparative data for fiscal year 2005 is not available, therefore only the current year has been presented.

See accompanying independent auditors' report.

Table 7

## CITY OF WASILLA, ALASKA

## Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

	<u>Real</u>	<u>Total assessed value net of exemptions</u>	<u>Total direct tax rate</u>	<u>Estimated actual value</u>	<u>Assessed value as a percentage of actual value</u>
Fiscal year ended June 30:					
2005	\$ 530,369,900	500,749,673	13.700%	\$ 565,833,000	88.50%
2006	681,562,200	649,749,673	12.680	843,508,500	77.03
2007	818,127,000	788,757,000	11.060	879,854,800	89.65
2008	883,096,000	845,977,500	11.100	922,533,500	91.70
2009	904,686,770	854,448,324	11.890	912,805,200	93.61
2010	929,324,350	879,403,919	11.700	951,043,600	92.47
2011	926,268,940	875,447,170	11.790	956,288,200	91.55
2012	946,059,121	921,197,041	11.970	1,002,502,500	91.89
2013	941,218,804	921,926,220	11.661	1,100,867,900	83.75
2014	989,035,598	969,563,489	11.842	1,011,551,400	95.85

(1) Effective with fiscal year 1999, Personal Property was exempted from property tax.

See accompanying independent auditors' report.

**Table 8**

**CITY OF WASILLA, ALASKA**  
 Sales and Property Tax Rates  
 Direct and Overlapping Governments  
 Last Ten Fiscal Years

	(1)	(2)			
	<b>Sales tax</b>	<b>Property tax</b>			
	<b>City of Wasilla</b>	<b>Mat-Su Borough</b>	<b>Wasilla Fire Service Area</b>	<b>City of Wasilla</b>	
Fiscal year ended June 30:					
2005	2.50%	11.800%	1.50%	0.40%	13.700%
2006	2.50	10.880	1.50	0.30	12.680
2007	2.50	9.640	1.42	—	11.060
2008	2.50	9.640	1.46	—	11.100
2009	2.50	10.330	1.56	—	11.890
2010	2.00	9.980	1.72	—	11.700
2011	2.00	9.960	1.83	—	11.790
2012	2.00	10.050	1.92	—	11.970
2013	2.00	9.691	1.97	—	11.661
2014	3.00	9.852	1.99	—	11.842

Source: Matanuska-Susitna Borough

- (1) Sales tax rate may be increased to three percent (3%) by City Council through ordinances as established by voter approval at the time of the City's incorporation. Increases in excess of three percent (3%) would require approval by referendum in accordance with Alaska State Statute Title 29. The current three percent (3%) sales tax rate is conditioned on the city property tax levy being limited to a maximum of two mills and 1% being dedicated to construction of a new library.
- (2) Property tax millage rate is \$1,000 per assessed value. Millage rate is approved by City Council through ordinance.

See accompanying independent auditors' report.

**Table 9**

**CITY OF WASILLA, ALASKA**

Principal Property Taxpayers

June 30, 2014 and 2005

Taxpayer	Nature of business	2014			2005		
		(1) Taxable assessed value	Rank	Percentage of total taxable assessed value	(1) Taxable assessed value	Rank	Percentage of total taxable assessed value
Wal-Mart Stores Inc.	Retail Store	\$ 20,016,900	1	2.02%	\$ 17,857,466	3	3.57%
Fred Meyer Stores	Retail Store	19,033,600	2	1.92	24,951,376	1	4.98
DBC LLC	Property Development and Retail Mall	17,941,300	3	1.81	14,799,100	4	2.96
Gary Lundgren	Individual	13,479,300	4	1.36	11,788,000	6	2.35
BDC Wasilla LP	Real Estate Rental and Leasing	13,465,200	5	1.36	—	—	—
Wasilla LLC	Property Development and Retail Mall	12,883,200	6	1.30	10,783,200	8	2.15
Lowe's HIW Inc.	Retail Store	11,550,200	7	1.17	20,797,014	2	4.15
Wasilla Retirement LLC	Retirement Facility	11,232,000	8	1.14	—	—	—
Global Finance & Investment Co.	Real Estate Rental and Leasing	10,936,700	9	1.11	—	—	—
Mat-Su Valley Medical Center	Medical Facilities	10,884,600	10	1.10	11,381,100	7	2.27
Newcomb Family Trust	Family Trust	—	—	—	7,253,400	9	1.45
Home Depot USA, Inc.	Retail Store	—	—	—	13,157,855	5	2.63
Grandview Hotel	Hotel	—	—	—	5,689,900	10	1.14
<b>Total</b>		<b>\$ 141,423,000</b>		<b>14.29%</b>	<b>\$ 138,458,411</b>		<b>27.65%</b>

(1) Assessed value is only for property owned inside the city limits of Wasilla.

See accompanying independent auditors' report.

**Table 10**

**CITY OF WASILLA, ALASKA**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

	<b>(2)</b>	<b>(1)</b>	<b>Percentage</b>		<b>Amount of</b>	<b>Amount of</b>
	<b>City levy</b>	<b>Amount</b>	<b>of levy</b>		<b>of levy</b>	<b>levy</b>
		<b>collected</b>	<b>of levy</b>		<b>uncollected</b>	<b>uncollected as</b>
						<b>percentage of</b>
						<b>total taxes</b>
Fiscal year ended June 30:						
2005	\$ 200,299	179,547	89.64%	\$ 20,752		10.36%
2006	194,924	194,627	99.85	297		0.15
2007	—	2,722	—	(2,722)		—
2008	—	300	—	(300)		—
2009	—	289	—	(289)		—
2010	—	92	—	(92)		—
2011	—	—	—	—		—
2012	—	2	—	(2)		—
2013	—	—	—	—		—
2014	—	—	—	—		—

(1) The Matanuska-Susitna Borough administers the assessment, collection, and foreclosure regarding property taxes for the City of Wasilla. Collected amounts are periodically forwarded to the City but do not include detail as to the year levied.

(2) Property taxes were reduced to 0.00 Mills effective July 1, 2006 and have remained at this rate.

See accompanying independent auditors' report.

Table 11

**CITY OF WASILLA, ALASKA**  
Ratio of General Bonded Debt Outstanding  
Last Ten Fiscal Years

	Governmental activities			Business-type activities			Total general obligation bonds	Percentage of personal income (1)	Percentage of assessed value (2)	Per capita (1)
	General obligation bonds	Retired principal	Total	General obligation bonds	Retired principal	Total				
Fiscal year ended June 30:										
2005	\$ 4,570,000	215,000	4,355,000	12,840,000	1,125,000	11,715,000	16,070,000	0.20%	3.21%	\$ 1,925
2006	4,355,000	225,000	4,130,000	11,715,000	1,173,686	10,541,314	14,671,314	0.23	2.25	1,600
2007	4,130,000	189,412	3,940,588	10,541,314	1,374,474	9,166,840	13,107,428	0.28	1.65	1,329
2008	3,940,588	254,632	3,685,956	9,166,840	1,504,473	7,662,367	11,348,323	0.35	1.33	1,150
2009	3,685,956	269,632	3,416,324	7,662,367	3,840,789	3,821,578	7,237,902	0.53	0.79	1,009
2010	3,416,324	279,633	3,136,691	3,821,578	1,820,789	2,000,789	5,137,480	0.79	0.55	716
2011	3,136,691	294,633	2,842,058	2,000,789	2,000,789	—	2,842,058	1.47	0.30	363
2012	2,842,058	299,633	2,542,425	—	—	—	2,542,425	1.65	0.27	315
2013	2,542,425	263,627	2,278,798	—	—	—	2,278,798	1.88	0.24	271
2014	2,278,798	333,133	1,945,665	—	—	—	1,945,665	2.33	0.19	233

(1) Population and personal income data can be found in Table 13.

(2) Property value data can be found in Table 7.

See accompanying independent auditors' report.

Table 11

**CITY OF WASILLA, ALASKA**  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

	Governmental activities			Business-type activities			Total primary government	Percentage of personal income	Percentage of assessed value (3)	Per capita (2)
	General obligation bonds	Special assessment bonds	Capital Lease	General obligation bonds	Special assessment bonds	Loans payable				
Fiscal year ended June 30:										
2005	\$ 4,355,000	450,230	—	11,715,000	41,427	4,287,687	20,849,344	0.15%	3.93%	\$ 3,279
2006	4,130,000	348,966	—	10,541,314	32,525	4,056,961	19,109,766	0.17	2.80	2,953
2007	3,940,588	254,640	—	9,166,840	24,054	3,826,233	17,212,355	0.21	2.10	2,490
2008	3,685,956	189,068	—	7,662,367	15,583	3,595,530	15,148,504	0.26	1.72	2,111
2009	3,416,324	136,851	88,512	3,821,578	7,111	3,364,353	10,834,729	0.36	1.20	1,510
2010	3,136,691	29,387	70,898	2,000,789	—	3,218,743	8,456,508	0.48	0.91	1,178
2011	2,842,058	—	40,701	—	—	2,960,227	5,842,986	0.72	0.63	746
2012	2,542,425	—	10,504	—	—	2,672,261	5,225,190	0.80	0.55	648
2013	2,278,798	—	—	—	—	2,441,306	4,720,104	0.90	0.50	569
2014	1,945,665	—	—	—	—	2,210,631	4,156,296	1.09	0.42	497

- (1) Details regarding the City of Wasilla's outstanding debt can be found in the notes to the financial statements.  
(2) Population and personal income data can be found in Table 13.  
(3) Property value data can be found in Table 7.

See accompanying independent auditors' report.

**Table 12**

**CITY OF WASILLA, ALASKA**

Direct and Overlapping Governmental Activities Debt

June 30, 2014

Name of governmental unit	Net debt outstanding	(1) Percentage applicable to this governmental unit	City of Wasilla's share of debt
City of Wasilla	\$ 1,945,665	100.00%	\$ 1,945,665
Matanuska-Susitna Borough	<u>299,455,000</u>	11.46%	<u>343,175</u>
Total direct and overlapping	<u>\$ 301,400,665</u>		<u>\$ 2,288,840</u>

Source: Matanuska-Susitna Borough

- (1) There is no debt limit mandated by law. The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the Matanuska-Susitna Borough's taxable assessed value that is within the City of Wasilla's boundaries and dividing it by the Matanuska-Susitna Borough's total taxable assessed value.

See accompanying independent auditors' report.

**Table 13**

**CITY OF WASILLA, ALASKA**  
 Demographic and Economic Statistics  
 Last Ten Fiscal Years

	City of Wasilla		Matanuska-Susitna Borough				Unemployment rate (annual percentage)
	Population	School enrollment	Population	Per capita personal income	Median age	School enrollment	
Fiscal year ended June 30:							
2005	6,359	3,551	74,964	\$ 31,487	34.6%	14,662	7.1%
2006	6,471	3,903	80,480	33,033	34.0	15,949	6.9
2007	6,912	4,079	82,669	36,212	33.6	16,115	6.9
2008	7,176	4,101	85,458	39,534	33.2	16,285	7.5
2009	7,176	4,194	85,319	38,508	34.4	16,468	9.4
2010	7,176	4,208	85,319	40,656	34.7	16,653	8.6
2011	7,831	4,218	88,995	41,905	34.7	17,079	9.0
2012	8,064	4,366	91,697	41,905	34.7	17,338	8.9
2013	8,207	4,418	93,801	41,905	35.0	17,247	7.2
2014	8,365	4,417	96,074	45,333	35.0	17,843	7.4
Source	(2) State of Alaska and U.S. Census	(3) State of Alaska Dept of Education	(2) State of Alaska and U.S. Census	(1) Bureau of Economic Analysis	(1) State of Alaska	(3) State of Alaska Dept of Education	(1) State of Alaska

- (1) If information is not available from source or alternate source, the most recent year's data is used as an estimate. Previous years' numbers are revised as information becomes available.
- (2) Population is first sourced from the U.S. Census when current data is available. The alternate source for population data includes estimates from the Alaska Division of Regional Affairs for those years between censuses.
- (3) Preliminary enrollment numbers were obtained from the State of Alaska, Department of Education. Prior year numbers were revised to reflect final certified enrollment.

See accompanying independent auditors' report.

**Table 14**

**CITY OF WASILLA, ALASKA**  
 Full-Time Equivalent Employees by Function  
 Last Ten Fiscal Years

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
City clerk	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00
Mayor	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
General admin services	1.00	1.00	1.00	1.00	2.00	6.00	6.00	6.00	6.00	5.00
Finance/MIS	7.75	7.75	8.00	9.00	9.00	11.00	11.00	11.00	10.00	10.00
Community and economic development	3.00	4.00	4.00	4.00	4.00	—	—	—	—	—
Police	40.00	47.00	50.00	50.00	50.00	50.00	48.00	48.00	49.00	49.00
Youth court	2.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Public works	18.00	21.00	23.00	22.00	23.00	23.00	23.00	23.00	23.00	23.00
Museum	1.00	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Recreation facilities maintenance	2.55	2.55	2.55	2.55	2.55	2.55	3.00	3.00	3.00	3.00
Sports center/recreation services	10.90	11.89	12.35	8.66	8.66	10.66	9.50	8.00	7.00	7.00
Library	9.50	9.50	9.50	9.50	9.50	9.50	9.50	9.50	9.50	9.50
Total	<u>100.20</u>	<u>111.69</u>	<u>117.40</u>	<u>113.71</u>	<u>115.71</u>	<u>119.71</u>	<u>117.00</u>	<u>115.50</u>	<u>115.50</u>	<u>114.50</u>

Note: This schedule reflects the number of full-time equivalent positions that are authorized, not necessarily funded or filled.

See accompanying independent auditors' report.

**Table 15**

**CITY OF WASILLA, ALASKA**  
 Operating Indicators by Function  
 Last Ten Fiscal Years

<b>Function</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Public safety:										
Police services:										
Police requests for service	6,651	6,730	11,175	16,537	17,821	16,658	19,800	20,526	20,856	24,374
Criminal arrests	608	729	605	838	751	712	847	883	1,006	1,315
Water and wastewater:										
Water production average										
Gallons per day average										
July readings	739,726	715,069	846,575	967,123	819,178	813,377	724,687	615,959	779,454	909,806
Wastewater treatment avg.										
Gallons per day average										
July readings	273,973	287,671	323,288	328,767	358,904	361,648	381,229	327,194	324,100	445,483

Note: Public safety is reported on a calendar year as the data is available in that format. Water and wastewater are reported on a fiscal year.

Source: Various City departments

See accompanying independent auditors' report.

**Table 16**

**CITY OF WASILLA, ALASKA**  
 Capital Asset Statistics by Function  
 Last Ten Fiscal Years

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Miles of streets	63.26	63.62	63.62	64.75	66.37	66.37	69.82	70.24	70.24	71.28
Miles of water lines	36.82	37.62	39.28	41.08	41.34	41.50	41.67	42.35	43.64	44.93
Miles of sewer lines	25.32	25.65	26.13	26.22	26.22	26.36	26.53	26.57	26.78	26.89
Police protection:										
Number of stations	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Recreation:										
Number of facilities:										
Parks	4.00	4.00	4.00	4.00	4.00	5.00	5.00	5.00	5.00	5.00
Ball fields	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Fitness trails	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00	3.00	3.00
Soccer fields	1.00	1.00	1.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00
Multipurpose facility	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

Source: Various City departments

See accompanying independent auditors' report.