

Date of Action: 12/12/16	
Approved <input checked="" type="checkbox"/>	Denied <input type="checkbox"/>
By: <i>[Signature]</i>	

Postponed on 11/28/16 to 12/12/16

CITY COUNCIL ACTION MEMORANDUM

AM No. 16-31: Acceptance of the City of Wasilla's Fiscal Year 2016 Comprehensive Annual Financial Report for public record.

Originator: Troy Tankersley, Finance Director

Date: 11/1/2016

Agenda of: 11/28/2016

Route to:	Department Head	Signature	Date
X	Finance Director	<i>[Signature]</i>	11/2/16
X	Deputy Administrator	<i>[Signature]</i>	11/2/16
X	City Clerk	<i>[Signature]</i>	11/2/16

Reviewed by Bert L. Cottle: *[Signature]* 11/04/2016Fiscal Impact: yes or noFunds Available: yes or no

Account name/number/amount:

- Attachments:**
- 1) Audit Wrap-Up, Year Ended June 30, 2016
 - 2) Fiscal Year 2016 Comprehensive Annual Financial Report
 - 3) Fiscal Year 2016 Federal and State of Alaska Single Audit Reports and Supplementary Information

Summary Statement: Pursuant to WMC 5.04.060, a certified public accounting firm, licensed to perform financial audits in the State of Alaska, shall examine the City's financial records and its financial statements. The accountant shall present the results of this examination to the Council and the Council shall then if in agreement, accept the City's financial statements for public record.

BDO USA, LLP, has examined the City's Fiscal Year 2016 (FY2016) Financial Records and its Financial Statements. The Clerk will distribute the results of this examination and the Accountant's opinion on the Financial Statements (Comprehensive Annual Financial Report) to the Council Members.

Mrs. Joy Merriner, CPA (Assurance Partner) will present the results of the examination at the November 28, 2016, Wasilla City Council Meeting. If the Council is in agreement with the results of the examination, the City Council shall accept the City's Financial Statements for public record per City of Wasilla Municipal Code 5.04.060.

Staff Recommendation: Accept the City of Wasilla's Fiscal Year 2016 Comprehensive Annual Financial Report and Federal and State of Alaska Single Audit Reports and Supplementary Information for Public Record.

City of Wasilla, Alaska



AUDIT WRAP-UP

Year Ended June 30, 2016

The following communication was prepared as part of our audit, has consequential limitations, and is intended solely for the information and use of those charged with governance (City Council) and, if appropriate, management of the City and is not intended and should not be used by anyone other than these specified parties.

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3601 C Street, Suite 600
Anchorage, AK 99503

November 18, 2016

Honorable Mayor and Members of the City Council
City of Wasilla, Alaska

Professional standards require us to communicate with you regarding matters related to the audit, that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. On June 17, 2016 we presented an overview of our plan for the audit of the financial statements of City of Wasilla, Alaska (the City) as of and for the year ended June 30, 2016, including a summary of our overall objectives for the audit, and the nature, scope, and timing of the planned audit work.

This communication is intended to elaborate on the significant findings from our audit, including our views on the qualitative aspects of the City's accounting practices and policies, management's judgments and estimates, financial statement disclosures, and other required matters.

We are pleased to be of service to the City and look forward to meeting with you to discuss our audit findings, as well as other matters that may be of interest to you, and to answer any questions you might have.

Respectfully,

BDO USA, LLP

Anchorage, Alaska

Discussion Outline

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Status of Our Audit

We have completed our audit of the financial statements as of and for the year ended June 30, 2016. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. This audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

- The objective of our audit was to obtain reasonable - not absolute - assurance about whether the financial statements are free from material misstatements.
- The scope of the work performed was substantially the same as that described to you in our earlier Audit Planning communications.
- We issued an unmodified opinion on the financial statements and release our report on November 18, 2016.
- Our responsibility for other information in documents containing the City's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform procedures to corroborate such other information. However, in accordance with professional standards, we have read the information included by the City and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements. Our responsibility also includes calling to management's attention any information that we believe is a material misstatement of fact. We have not identified any material inconsistencies or concluded there are any material misstatements of facts in the other information that management has chosen not to correct.
- All records and information requested by BDO were freely available for our inspection.
- Management's cooperation was excellent. We received full access to all information that we requested while performing our audit, and we acknowledge the full cooperation extended to us by all levels of City personnel throughout the course of our work.

Results of Our Audit

ACCOUNTING PRACTICES, POLICIES, ESTIMATES AND SIGNIFICANT UNUSUAL TRANSACTIONS

The following summarizes the more significant required communications related to our audit concerning the City's accounting practices, policies, estimates and significant unusual transactions:

The City's significant accounting practices and policies are those included in Note 1 to the financial statements. These accounting practices and policies are appropriate, comply with generally accepted accounting principles and industry practice, were consistently applied, and are adequately described within Note 1 to the financial statements.

- A summary of recently issued accounting pronouncements is included in Note 10 to the City's financial statements.
- There were no changes in significant accounting policies and practices during 2016.

Significant estimates are those that require management's most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain. Overall the City has few significant accounting estimates. The most significant estimates are disclosed below:

Significant accounting estimates include:

Collectability of Outstanding Accounts Receivables - Many of the City's accounts receivables are from granting agencies; these are considered by management to be 100% collectible. Customer accounts receivables are reviewed by management periodically to determine a reasonable amount of allowance, based on known factors, past history, and age of the outstanding amount.

Incurred But Not Reported (IBNR) Self-Insurance Liabilities - Health insurance claims incurred but not reported are estimated and recorded as liabilities in the general fund. The City works with its third party administrator to develop an appropriate time lag factor used to calculate the estimate. In addition, actual claims are reviewed in comparison to the lag rate. Effective July 1, 2016, the City has ceased being self-insured for employee health insurance.

Net Pension Liability - The net pension liability and related deferred inflows and outflows of resources are estimated based on actuarial and other actual contribution data provided to the City by the PERS Plan Administrator.

- Management did not make any significant changes to the processes or significant assumptions used to develop the significant accounting estimates in 2016.
- We did not identify any significant or unusual transactions, or any transactions for which there was a lack of authoritative guidance.

Results of Our Audit

CORRECTED AND UNCORRECTED MISSTATEMENTS

There were 2 adjustments made to the original trial balance presented by management to BDO at the start of audit fieldwork.

The first adjustment was to record the fiscal year 2016 adjustments to the PERS net pension liability, and related deferred inflows and outflows of resources, and pension expense. The State of Alaska did not release the audited plan allocation reports until after audit fieldwork had commenced; as a result, it was not possible for management to record these entries prior to the audit.

The second adjustment was made to record as land held for resale a portion of land purchased for the Main Street Couplet construction project. The City was required to purchase an amount of land in excess of what was required for the actual project. The City plans to sell the excess land at a future date; as result, an adjustment was required to record the amount as land for resale and reduce capital outlay expense at the fund level. Management informed BDO of the land reclassification during fieldwork.

Please see the attached representation letter for both adjustments.

To our knowledge, there were no uncorrected misstatements, other than those that were clearly trivial, related to accounts and/or disclosures that we presented to management.

Results of Our Audit

QUALITY OF THE CITY'S FINANCIAL REPORTING

A discussion will be held regarding the quality of the City's financial reporting, which will include the following:

- Qualitative aspects of significant accounting policies and practices
 - We concur with the City's interpretation and application of generally accepted accounting principles and practices derived from the standards set by the Governmental Accounting Standards Board (GASB).
- Significant unusual transactions
 - We did not note any significant or unusual transactions.
- Financial statement presentation
 - To our knowledge all necessary disclosures have been included in the footnotes to the financial statements.
- Alternative accounting treatments
 - We did not identify any accounting treatments that did not comply with generally accepted accounting principles and standards set by GASB.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

We are required to communicate, in writing, to those charged with governance all material weaknesses and significant deficiencies that have been identified in the City’s internal controls over financial reporting. The definitions of control deficiency, significant deficiency and material weakness follow:

Category	Definition
Deficiency in Internal Control	A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.
Significant Deficiency	A deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
Material Weakness	A deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the City’s financial statements will not be prevented, or detected and corrected on a timely basis.

In conjunction with our audit of the financial statements, we noted no material weaknesses.

Other Required Communications

Following is a summary of those required items, along with specific discussion points as they pertain to the City:

Requirement	Discussion Points
Significant changes to planned audit strategy or significant risks initially identified	There were no significant changes to the planned audit strategy or significant risks initially identified and previously communicated to those charged with governance as part of our Audit Planning communications.
Obtain information from those charged with governance relevant to the audit	There were no matters noted relevant to the audit, including, but not limited to: violations or possible violations of laws or regulations; risk of material misstatements, including fraud risks; or tips or complaints regarding the City's financial reporting that we were made aware of as a result of our inquiry of those charged with governance.
If applicable, nature and extent of specialized skills or knowledge needed related to significant risks	There were no specialized skills or knowledge needed, outside of the core engagement team, to perform the planned audit procedures or evaluate audit results related to significant risks.
Consultations with other accountants	We are not aware of any consultations about accounting or auditing matters between management and other independent public accountants. Nor are we aware of opinions obtained by management from other independent public accountants on the application of generally accepted accounting principles.
Disagreements with management	There were no disagreements with management about matters, whether or not satisfactorily resolved, that individually or in aggregate could be significant to the City's financial statements or to our auditor's report.
Significant difficulties encountered during the audit	There were no significant difficulties encountered during the audit.
Representations requested from management	Please refer to the attached management representation letter.

Independence Communication

Our engagement letter to you dated, June 17, 2016, describes our responsibilities in accordance with professional standards and certain regulatory authorities with regard to independence and the performance of our services. This letter also stipulates the responsibilities of the City with respect to independence as agreed to by the City. Please refer to that letter for further information.

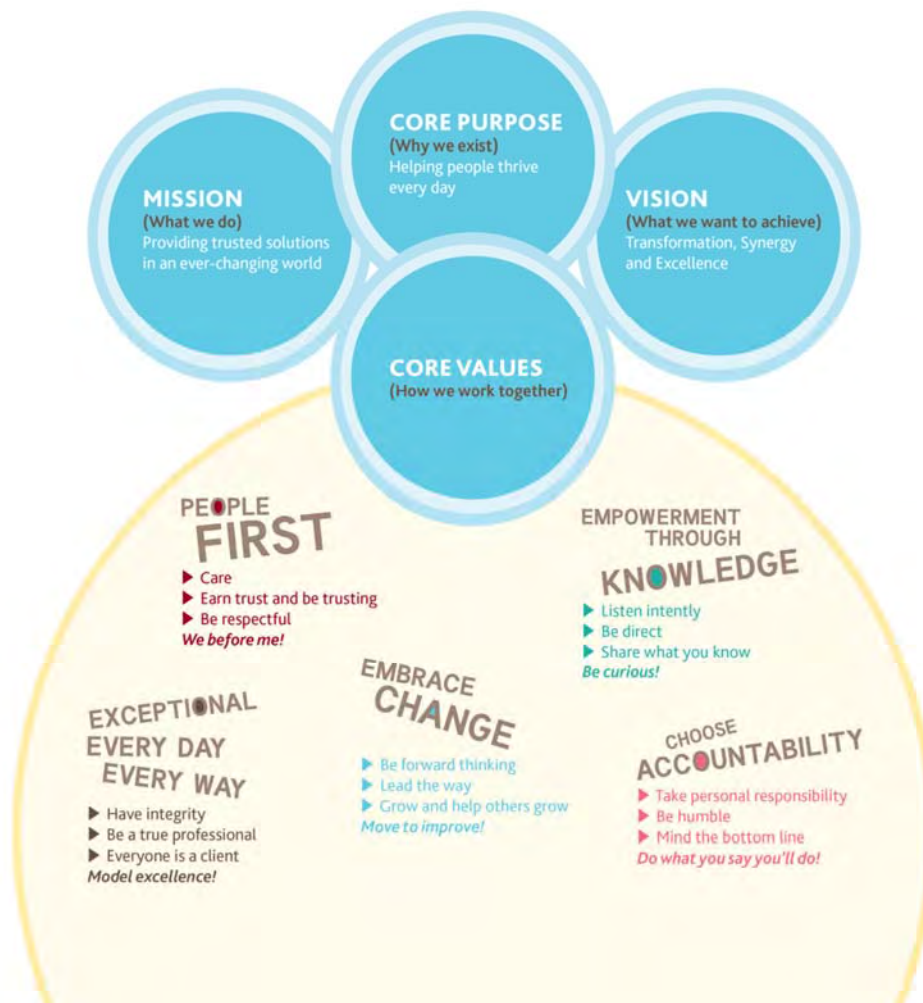
Significant Accounting and Reporting Matters

There are no noted significant accounting and reporting matters.

Get to Know BDO

BDO provides assurance, tax, advisory, and consulting services to a wide range of publicly traded and privately held companies - clients of all sizes across industries, throughout the country, and around the globe. Our clients are serviced by experienced, knowledgeable, industry-focused professionals who work collaboratively and have direct access to top technical resources.

BDO's culture and values establish a set of standards embodied by our work, our relationships and our professionals. We are guided by our core values: put people first; be exceptional every day, every way; embrace change; empowerment through knowledge; and choose accountability.



Get to Know BDO

The firm serves clients through more than 60 offices and over 450 independent alliance firm locations nationwide. As an independent Member Firm of BDO International Limited, BDO serves multinational clients through a global network of 1,400+ offices in over 150 countries.

- 63**
BDO USA Offices*
- 446**
Total Partners*
- 5,383**
Total personnel*
- 450+**
BDO Alliance USA independent Alliance firm locations*
- \$1.05 billion**
Total combined fee income as of and for the year ended 6-30-15.



BDO's strength is derived from our structure as a cohesive global network and dedication to internal integration and seamless client service - when and where our clients need us. In each country, BDO Member Firms are comprised of people who are knowledgeable about national laws, business customs, and local and international business methods. As our clients expand globally, their access to our international network can help them better reach their business and financial goals.

BDO GLOBAL NETWORK Statistics
(Financial and personnel stats as of and for the year ended 9-30-14; location stats as of 1-1-15).

5th
BDO is the world's 5th largest accountancy network

154
Countries within our global reach

1,408
Offices worldwide*

\$7.3bn
Total combined fee income*

64,303
Total personnel around the globe

* Including exclusive alliances of BDO Member Firms



Get to Know BDO

BDO PROGRAMMING AND INSIGHTS

BDO commits significant resources to keep our professionals and our clients up to date on current and evolving technical, governance, industry, and reporting developments. Our thought leadership consists of quarterly email updates, publications, surveys, practice aids, and tools that span a broad spectrum of topics that impact financial reporting, as well as corporate governance. Our focus is not simply to announce changes in technical guidance, regulations or emerging business trends, but rather expound on how such changes may impact our clients' businesses.

Through our complimentary BDO Knowledge webinars, podcasts and self-study courses, we reach a broad audience and provide brief, engaging, just-in-time training designed to assist those charged with governance (e.g., Audit Committees) and financial executives in keeping up to date on the latest corporate governance, risk management, financial reporting, and tax developments.

For a listing of our offerings, please visit: <http://www.bdo.com>.

To begin receiving email notifications regarding BDO publications and event invitations (live and web-based), visit <https://www.bdo.com/member/registration> and create a user profile. If you already have an account on BDO's website, visit the My Profile page to login and manage your account preferences <https://www.bdo.com/member/my-profile>.

INDUSTRY EXPERIENCE

Industry experience has emerged at the top of the list of what businesses need and expect from their accountants and advisors. The power of industry experience is perspective - perspective we bring to help you best leverage your own capabilities and resources.

BDO's industry focus is part of who we are and how we serve our clients, and has been for over a century. We demonstrate our experience through knowledgeable professionals, relevant client work and participation in the industries we serve.

A variety of publications and insights depicting specific industry issues, emerging trends and developments are available [here](#).

For further information on the following BDO industries, please visit <https://www.bdo.com/industries>.

- Asset Management
- Broker Dealers
- Consumer Business
- Financial Institutions & Specialty Finance
- Gaming, Hospitality & Leisure
- Government Contracting
- Healthcare
- Insurance
- Manufacturing & Distribution
- Natural Resources
- Nonprofit & Education
- Private Equity
- Public Sector
- Real Estate & Construction
- Restaurants
- Technology & Life Sciences

Exhibit A

- Representation Letter is attached



CITY OF WASILLA

Finance Department

290 East Herning Avenue

Wasilla, Alaska 99654-7091

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

November 18, 2016

BDO USA, LLP
3601 C Street
Anchorage, AK 99503

Ladies and gentlemen:

We are providing this letter in connection with your audit of the financial statements of City of Wasilla, Alaska (the City) which comprise the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows for the periods then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the preparation and fair presentation in the financial statements of financial position, changes in net position, and cash flows in conformity with accounting principles generally accepted in the United States of America.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of the date of this representation letter, as entered on the first page, the following representations made to you during your audit:

- (1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 17, 2016, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
- (2) We have fulfilled our responsibility, as set out in the terms of the aforementioned audit engagement letter, for 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.
- (3) The financial statements include all properly classified funds and other financial information of the primary government and all component units required to be included in the financial reporting entity by accounting principles generally accepted in the United States of America. All funds required to be presented as major funds are identified and presented as such.

- (4) We have made available to you:
 - (a) All financial records, related data and state awards (including amendments, if any, and any other correspondence with state agencies or pass-through entities relevant to state programs and related activities), as agreed upon in the terms of the aforementioned audit engagement letter.
 - (b) All additional information that you have requested from us for the purpose of the audit.
 - (c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - (d) Minutes of the meetings of the Wasilla City Council that were held from July 1, 2015 to the date of this letter, or summaries of actions of recent meetings for which minutes have not yet been prepared.
- (5) There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices.
- (6) There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements or schedule of state financial assistance (SSFA). All financial statement misstatements relating to accounts and disclosures identified and discussed with us in the course of the audit (as listed in the attached Schedule of Audit Adjustments) have been corrected. We have evaluated the propriety of the corrected misstatements based on a review of both the applicable authoritative literature and the underlying supporting evidence from our files and confirm our responsibility for the decision to correct them.
- (7) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud or noncompliance. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud or noncompliance. We have no knowledge of any:
 - (a) Fraud or suspected fraud involving management or involving employees who have significant roles in internal control, whether or not perceived to have a material effect on the financial statements.
 - (b) Fraud or suspected fraud involving others where the fraud could have a material effect on the financial statements.
 - (c) Allegations of fraud or suspected fraud affecting the City received in communications from employees, former employees, regulatory agencies, law firms, predecessor accounting firms, or others.
 - (d) Instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse, whose effects should be considered when preparing the financial statements.

- (8) We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- (9) The following, where applicable and material, have been properly recorded or disclosed in the financial statements:
- (a) The identity of related parties and all related party relationships and transactions of which we are aware, including revenues, expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
 - (b) Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements.
 - (c) Guarantees, whether written or oral, under which the City is contingently liable.
 - (d) Significant estimates and material concentrations known to management that are required to be disclosed in accordance with accounting principles generally accepted in the United States of America. In that regard, all accounting estimates that could be material to the financial statements, including key factors and significant assumptions underlying those estimates, have been identified, and we believe the estimates are reasonable in the circumstances.
 - (e) The effects of all known actual or possible litigation, claims, and other liabilities or gain or loss contingencies that are required to be accrued or disclosed by accounting principles generally accepted in the United States of America, including:
 - Pending or anticipated tax refunds, other potential or pending claims, lawsuits by or against any branch of government or others;
 - Written or oral guarantees, endorsements, or unused letters of credit;
 - Unusual guarantees; or
 - Labor claims or negotiations.
- Accounting principles generally accepted in the United States of America require loss contingencies to be accrued if it is probable an asset has been impaired or a liability incurred at the statement of financial position date and the amount of loss can be reasonably estimated. Such contingencies must be disclosed, but may not be accrued, if the loss is reasonably possible (but not probable) or the loss is probable but the amount of loss cannot be reasonably estimated.
- (f) Commitments, such as:
 - Major capital asset purchase agreements;

- More-than-one-year employment arrangements or contracts with suppliers or customers, or one-year-or-longer term leases;
 - Deferred compensation, bonuses, pensions plans, or severance pay; or
 - Pending sale or merger of all or a portion of the business or of an interest therein or acquisition of all or a portion of the business, assets or securities of another entity;
- (g) Joint ventures or other participations, the detailed transactions of which are not carried on our books.
- (10) There are no:
- (a) Violations or possible violations of budget ordinances, laws or regulations and provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects could be material to the financial statements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
 - (b) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with accounting principles generally accepted in the United States of America.
 - (c) Restrictions of net position that were not properly authorized and approved, or reclassifications of net position that have not been properly reflected in the financial statements.
- (11) Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the statement of financial position date and have been appropriately reduced to their estimated net realizable value.
- (12) The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- (13) We have appropriately disclosed the City's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available and have determined that net position is properly recognized under the policy.
- (14) We have complied with all aspects of contractual agreements, including debt covenants that would have a material effect on the financial statements in the event of noncompliance. We have also complied with the SEC disclosure rules for reporting annual financial information and material events to repositories in accordance with SEC Rule N.240, 15c2-12.
- (15) No discussions have taken place with your firm's personnel regarding employment with the City.

- (16) We are responsible for compliance with laws, regulations and provisions of contracts and grant agreements applicable to us and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts.
- (17) Components of net position (net investment in capital assets, restricted and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned and unassigned) are properly classified and, if applicable, approved.
- (18) Revenues are appropriately classified in the statement of activities within program revenues, contributions, and general revenues. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- (19) We acknowledge our responsibility for presenting the supplementary information in accordance with accounting principles generally accepted in the United State of America and we believe it is fairly presented. The methods of measurement and presentation of the supplementary information have not changed from the prior period and we have disclosed to you any significant assumptions underlying the measurement and presentation of the supplementary information.
- (20) Required supplementary information is measured and presented in accordance with prescribed guidelines.
- (21) Expenditures of federal awards were below the \$750,000 threshold during the fiscal year, and we were not required to be audited in accordance with the Uniform Guidance.
- (22) With respect to state award programs:
 - (a) We have, in accordance with the State Single Audit Guide, identified and disclosed to you in the schedule of state financial assistance, expenditures made during the audit period for all government programs and related activities provided by state agencies in the form of state awards, grants, state cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
 - (b) We acknowledge our responsibility for the preparation of the SSFA and related notes in accordance with the requirements of the State Single Audit Guide, and we believe the SSFA, including its form and content, is fairly presented in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. The methods of measurement or presentation of the SSFA have not changed from those used in the prior period, and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SSFA.
 - (c) We will include the auditor's report on the SSFA in any document that contains the SSFA and that indicates you have reported on such information.

- (d) If the SSFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SSFA no later than the date we issue the SSFA and the auditor's report thereon.
- (e) We are responsible for understanding and complying with, and have complied with in all material respects, the requirements of state statutes, regulations, and the terms and conditions of state awards related to each of our state programs and have identified and disclosed to you the requirements of state statutes, regulations, and the terms and conditions considered to have a direct and material effect on each state program.
- (f) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for state programs that provides reasonable assurance that we are managing our state awards in compliance with state statutes, regulations, and the terms and conditions that could have a material effect on our state programs. We believe the internal control system is adequate and is functioning as intended. Also, subsequent to the date of the auditor's report as of which compliance was audited, no changes have occurred in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies and material weaknesses in internal control over compliance as reported in the schedule of findings and questioned costs.
- (g) We have made available to you all state award contracts and grant agreements (including amendments, if any) and any other correspondence with state agencies or pass-through entities relating to each major state program and related activities that have taken place with state agencies or pass-through entities.
- (h) We have received no requests from a state agency to audit one or more specific programs as a major program.
- (i) We have complied, in all material respects, with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, relating to state awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material requirements of state awards, including the results of other audits or program reviews or confirmed that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of state awards. We also know of no instances of noncompliance occurring subsequent to the end of the period audited.
- (j) We have disclosed to you any communications from state awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- (k) Amounts claimed or used for matching were determined in accordance with relevant guidelines in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*.

- (l) We have disclosed to you our interpretations of compliance requirements that are subject to varying interpretations, if any.
 - (m) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to state program financial reports and claims for advances and reimbursements.
 - (n) We have disclosed to you the nature of any subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.
 - (o) State program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared, and are prepared on a basis consistent with the SSFA.
 - (p) The copies of state program financial reports provided to you are true copies of the reports submitted or electronically transmitted, to the respective state agency or pass-through entity, as applicable.
 - (q) We have charged costs to state awards in accordance with applicable cost principles.
 - (r) We have identified and disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, internal or external monitoring, and other studies directly related to the audit objectives of the compliance audit, including findings received and corrective actions taken from the end of the audit period covered by the compliance audit report to the date of the auditor's report.
 - (s) We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
- (23) In connection with any electronic presentation of the financial statements and your audit report thereon on our web site, we acknowledge that:
- We are responsible for the preparation, presentation, and content of the financial statements in the electronic format.
 - If your audit report is presented on our web site, the full financial statements upon which you reported and to which you appended your signed report will be presented.
 - We will clearly indicate in the electronic presentation on our web site the financial information that is subject to your audit report. We will clearly differentiate any information that may also be presented by us on or in connection with our web site that was contained in the published version of the financial statements and other supplementary information, but which is not part of the audited financial statements or other financial information covered by your audit report.
 - We have assessed the security over financial statement information and the audit report presented on our web site, and are satisfied that procedures in place are adequate to ensure the integrity of the information provided. We understand the risk

of potential misrepresentation inherent in publishing financial information on our web site through internal failure or external manipulation.

- Our web site, which contains the electronic financial statements, will advise the reader that such financial statements are presented for convenience and information purposes only, and while reasonable efforts have been made to ensure the integrity of such information, they should not be relied on. A copy of the printed financial statements will be provided on request.

To the best of our knowledge and belief, no events, including instances of noncompliance, have occurred subsequent to the statement of financial position date and through the date of this representation letter, as entered on the first page, that require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs.

Very truly yours,



Bert Cottle, Mayor



Troy Tankersley, Finance Director

City of Wasilla
 Schedule of Audit Adjustments
 For the year ended June 30, 2016

	Debit	Credit
#1 Deferred outflows for resources	258,039	
Deferred inflows of resources	102,003	
Net pension liability		673,004
PERS on-behalf revenue		21,855
Pension expense	334,817	

To adjust pension related items in the enterprise funds

	Debit	Credit
#2 Land held for resale	1,722,736	
Capital outlay		1,722,736

To reclassify portion of Main Street Couple land purchase as land held for resale in the Road Capital Projects Fund

CITY OF WASILLA

ALASKA



*Comprehensive Annual Financial Report
For the Fiscal Year Ended
June 30, 2016*



City of Wasilla, Alaska

Comprehensive Annual Financial Report Year Ended June 30, 2016

Bert Cottle
Mayor

Prepared by
Finance Department

Troy Tankersley
Finance Director

City of Wasilla, Alaska

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City of Wasilla, Alaska

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City of Wasilla, Alaska

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CITY OF WASILLA

290 East Herning Avenue
Wasilla, Alaska 99654-7091
Phone (907) 373-9080 Fax (907) 373-9085

November 18, 2016

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, 2016.

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.

BDO 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, 2016. 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 within the Matanuska-Susitna (Mat-Su) Borough. It serves the resident population of an estimated 8,468 in addition to the remaining 91,710 Mat-Su Borough residents, for a total of 100,178 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 last annexation occurred in FY2014 which extended the City's western boundary; 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 sales tax rate for half of FY2016 was 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 30th 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 one of the fastest growing regions of Alaska and serves as the retail 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 which is why an estimated 30% of its residents in the workforce commute to Anchorage and another 15% commute to the North Slope.

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. Since 2010, sales tax receipts have increased year over year at variable rates between 1.0% and 4.5% (percentages normalized for any dedicated sales tax). The current local unemployment rate is 8.3% with the national average at 5.0%, both rates being fairly consistent with the prior year. Despite the stability indicated by these trends, the effect of significantly low oil prices, declining oil production, and a large state government budget gap generates much speculation as to its impact on the local economy. In the past ten years, the City has spent approximately \$27.9M in state financial assistance for capital improvement projects and \$9.9M for operating or general purposes (excluding on-behalf contributions to PERS). The FY2017 state legislative session provided no new capital grant awards.

The City continues to look toward growth in the service industries to maintain our position as the trade center of the Matanuska-Susitna Valley. 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. Approximately 60% of the required funding has been secured through state grants but an additional \$120M is required to complete the project. 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 Hatchers Pass, 7.5 km of designed trails and completion of a 4,000 square foot Chalet/Adventure Center has created a regional venue for Nordic skiing and tourism. Additionally, the Mat-Su Borough continues to fund unprecedented levels of road construction which supports the local economy today and land development in the future.

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. 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. Enhancement of the aesthetics, economic and functional values of the City were further promoted by creating a downtown overlay district setting specific design guidelines and other conditions. The downtown overlay was approved by council in April 2016.

Major initiatives impacting the community include revision of its Main Street to form a one-way couplet. Main Street is a state-owned road and the Alaska Department of Transportation (DOT) is 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. In FY2016, the City expended most of the grant funds for land to relocate the train stop and right-of-way for connector roads. With regard to the right-of-way purchase, approximately 7.2 acres of the total 13.6 acres purchased will not be required for the project and shall be sold on the private market. This asset is reflected as 'land held for resale' at year end and has a book value of approximately \$1.7M. Future proceeds from the sale of this excess right-of-way will be returned to the project. The DOT's design work continues and is estimated to be 30% complete at year end. Approximately \$5.7M in federal and state match funding has been secured with an estimated \$27.1M expected in FY2019. The project entails a two-year construction period with commencement expected in 2019. The City will be responsible for maintenance of the project when completed.

Subsequent to year end, the City completed construction of its new library and was opened to the public in September 2016. The old library was built in 1978 and as the third busiest library in the state, no longer met the needs of the community at large. 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 tax increase became effective January 1, 2014 and ended December 31, 2015 at which time the required \$15M for construction had been reached through a combination of funding sources. At year end, \$3,028,960 of fund balance has been restricted for its construction.

In May 2016, the City completed construction of its downtown water station. The station provides commercial and residential customers 24-hour access to bulk water, accepting credit and debit card payment only. The old bulk water station was closed subsequent to year end and will operate as a backup facility.

In FY2013, the City completed the replacement of a wooden dam structure at the western outlet of Lake Lucile. Replacement ensured that the waterline would not drop to its pre-'60s level posing much concern for the property owners who had built docks and waterfront landscaping based on the modern shoreline. In the current year, the City completed its purchase of an aquatic weed harvester to improve the lake's water quality. Harvesting began this year and is expected to take several summer seasons to complete. Installation of the steel dam and purchase of the aquatic harvester demonstrate the City's commitment to sustaining the property values and vitality of one of its core neighborhoods.

The City experienced approximately 14% average annual increases in health insurance from FY2008 to FY2011, prompting the City to establish a partially self-insured program that provided aggregate and individual stop loss coverage. Since inception of the partially insured plan, the average annual cost was \$2.1M. Effective July 1, 2016 the City returned to a fully insured model. The three labor unions present at the City each maintain and operate separate health benefit plans. The City established agreements for each union to provide health insurance for their respective members at an agreed upon rate. Non-represented employees are offered coverage through one of the union's plan. The estimated insurance expense in FY2017 is \$2.0M. This change highlights the City's continued struggle in managing these benefit costs.

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 FY2015, the unrestricted net position of the general fund exceeded the calculated maximum by approximately \$7,907,835, requiring an increase of \$2,831,940 be committed for capital improvements. 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.

In the prior year, Governmental Accounting Standards Board (GASB) Statement No. 68 required the City recognize its proportionate share of the cost sharing plan's net pension liability. The City's total portion of the liability at June 30, 2015 was \$7,621,647. In the current year, the PERS plan revised its methodology for calculating the net pension liability to each employer. The prior methodology used actual contributions for the fiscal year to determine the percentage of allocation of the net pension liability to each employer. Because the State of Alaska had made a special contribution of \$1B to the plan in FY2015 and the amortization schedule for the liability was being lengthened, the validity of using the actual contribution methodology was called into question. The new methodology uses the actuarial method. This method looks at contributions from FY2017 to the projected fully funded year of FY2039, and then assesses the present values of them.

Allocation percentages are then derived from the present value calculation and applied to the net pension liability to determine each employer's share. The net pension liability in FY2016 is \$11,580,779, an increase of \$3,959,132. However, this does not change the actual contributions by the employers, as those are based on Alaska Statutes. For additional detail, reference footnote 7 in the basic financial statements.

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, 2015. This was the twentieth 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, 2016. 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

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City of Wasilla, Alaska

City Officials Year Ended June 30, 2016

Elected Officials

Mayor	Bert Cottle
City Council - Seat A	David Wilson
City Council - Seat B	Tim Burney
City Council - Seat C	Stu Graham
City Council - Seat D	Colleen Sullivan-Leonard
City Council - Seat E	Gretchen O'Barr
City Council - Seat F	James Harvey

Appointed Officials

Staff

Public Works Director	Archie Giddings
City Clerk	Jamie Newman
Finance Director	Troy Tankersley
Culture and Recreation Manager	Joan Klapperich
Police Chief	Gene Belden (Temporary)
Deputy Administrator	Lyn Carden

Planning Commission

Claudia Fonseca Farias Pinard	Loren Means III
Debra Barrett (Vice Chair)	Brian Mayer
Jessica Dean (Chair)	

Parks and Recreation Commission

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

Airport Commission

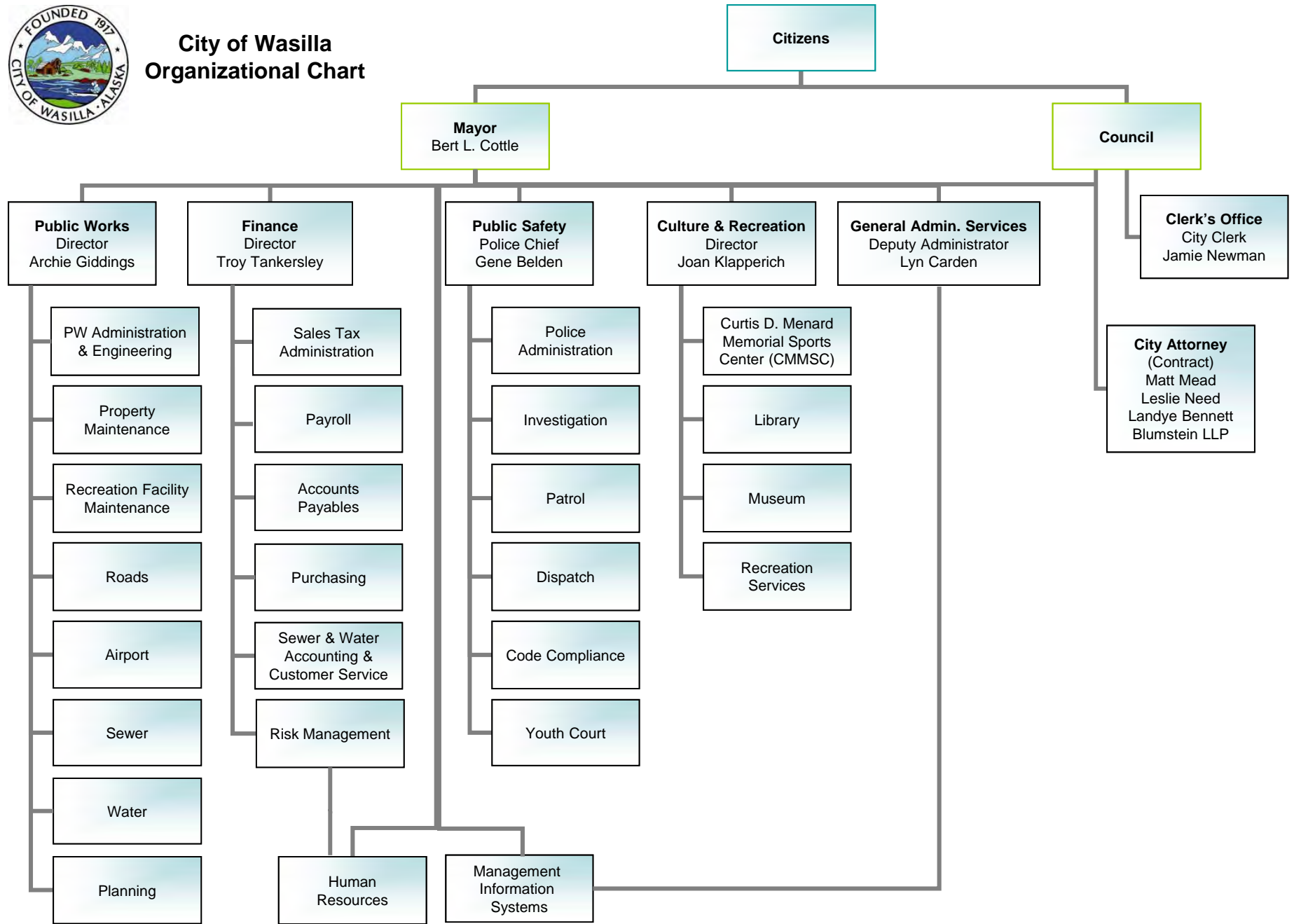
Noel Lowe	Adam Paulick
Andrea Larson (Vice Chair)	Cameron Sharick
John Popecki (Chair)	Michael Lucas
Raymond Block	

Consultants

City Attorney	Landye Bennett Blumstein, LLP
City Auditors	BDO USA, LLP
Insurance Pool	Alaska Public Entity Joint Insurance Agency
Insurance Broker	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, 2015

Executive Director/CEO

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Tel: 907-278-8878
Fax: 907-278-5779
www.bdo.com

3601 C Street, Suite 600
Anchorage, AK 99503

Independent Auditor's Report

Honorable Mayor and
Members of the 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 City of Wasilla, Alaska (the City), as of and for the year ended June 30, 2016 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 accounting principles generally accepted in the United States of America; 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.

Auditor's 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 auditor's 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 City of Wasilla, as of June 30, 2016, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 6 through 16, the budgetary comparison information on page 59, and the Schedules of Net Pension Liability and Pension Contributions on pages 60 and 61, 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 for the year ended June 30, 2016 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules for the year ended June 30, 2016 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual 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 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.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Wasilla as of and for the year ended June 30, 2015 (not presented herein), and have issued our report thereon dated December 15, 2015 which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The individual fund financial statements and schedules for the year ended June 30, 2015 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the June 30, 2015 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2015 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2015.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2016 on our consideration of City of Wasilla'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 of Wasilla's internal control over financial reporting and compliance.

BDO USA, LLP

Anchorage, Alaska
November 18, 2016

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Management's Discussion and Analysis

City of Wasilla, Alaska
Management's Discussion and Analysis
June 30, 2016

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, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-v.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most current fiscal year by \$158,319,042 (total net position). Of this amount, \$19,417,043 (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 \$24,416,951. Of this total, \$8,076,870 is unassigned and available for spending at the government's discretion.
- The City's total outstanding debt decreased by \$708,666 to a year-end balance of \$2,809,055. The City's long-term debt information can be found on pages 43-45 of the notes to the basic financial statements.
- In the prior year, the City adopted provisions of Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions*. The City recorded a net pension liability of \$11,580,779, deferred outflows related to pensions of \$2,308,771, and deferred inflows related to pensions of \$208,440. The City's retirement plan information can be found on pages 46-54 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. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

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, and culture and recreation. The business-type activities of

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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 18-19 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.

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 ten 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, the Miscellaneous Capital Projects Fund, and the Road Capital Projects Fund, which are considered to be major funds. The other seven 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 seven 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 and special revenue 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 20-23 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 24-28 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 29-57 of this report.

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Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budgetary comparison schedule for the General Fund and progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 59 of this report.

Government-wide Overall 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 \$139,977,762 at the close of the most recent fiscal year.

The largest portion of the City's net position (84%) 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

	Governmental Activities		Business-type Activities		Total Activities	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 26,887,547	\$ 28,035,936	\$ 10,808,407	\$ 9,710,252	\$ 37,695,954	\$ 37,746,188
Capital assets, net of depreciation	51,940,783	40,685,298	66,348,028	68,541,617	118,288,811	109,226,915
Total assets	78,828,330	68,721,234	77,156,435	78,251,869	155,984,765	146,973,103
Total deferred outflows of resources	1,971,401	625,684	362,876	104,837	2,334,277	730,521
Long-term liabilities	11,640,617	8,680,559	3,548,805	3,195,811	15,189,422	11,876,370
Other liabilities	2,475,267	2,337,819	468,151	499,378	2,943,418	2,837,197
Total liabilities	14,115,884	11,018,378	4,016,956	3,695,189	18,132,840	14,713,567
Total deferred inflows of resources	175,680	760,582	32,760	134,763	208,440	895,345
Net position:						
Net investment in capital assets	50,741,890	39,126,772	64,763,372	66,616,428	115,505,262	105,743,200
Restricted for permanent fund principal	290,615	289,215	-	-	290,615	289,215
Restricted for federal and state drug enforcement	13,146	13,146	-	-	13,146	13,146
Restricted for new library construction	3,028,960	7,417,694	-	-	3,028,960	7,417,694
Restricted for Main Street couplet construction	1,722,736	-	-	-	1,722,736	-
Unrestricted	10,710,820	10,721,131	8,706,223	7,910,326	19,417,043	18,631,457
Total Net Position	\$ 66,508,167	\$ 57,567,958	\$ 73,469,595	\$ 74,526,754	\$ 139,977,762	\$ 132,094,712

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The remaining balance of unrestricted net position of \$19,417,043 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.

During the current fiscal year, the government's net position increased by \$7,883,050. The change consists of approximately \$3.5M increased sales tax due to the 1% tax increase dedicated to fund construction of a new library. The additional increase relates to capital contributions from state grantor agencies of approximately \$5.3M for land purchases relating to main street couplet and the aquatic weed harvester.

Governmental Activities

During fiscal year 2016, the City's net position increased by \$8,940,209 for governmental activities. Highlights of governmental activities net position changes are as follows:

- Sales tax revenue of approximately \$3.5M dedicated to funding construction of the new library.
- Contributions from state grantor agencies for the main street couplet and aquatic weed harvester.
- Donated infrastructure, primarily buildings, roads and right-of-way, from private sources.

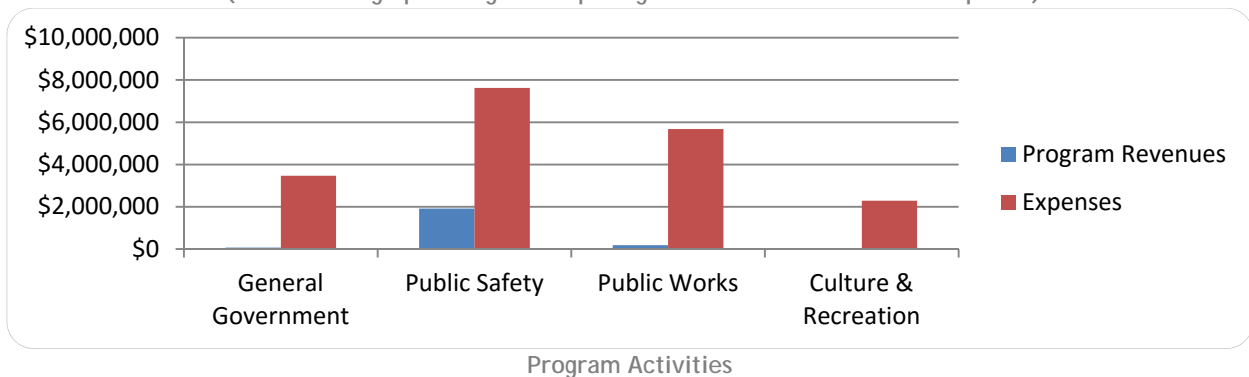
	Governmental Activities		Business-type Activities		Total Activities	
	2016	2015	2016	2015	2016	2015
Revenues						
Program revenues:						
Fees, fines, and charges for services	\$ 2,202,929	\$ 2,169,475	\$ 4,295,467	\$ 4,165,427	\$ 6,498,396	\$ 6,334,902
Operating grants and contributions	1,166,891	1,295,063	506,656	91,294	1,673,547	1,386,357
Capital grants and contributions	7,170,916	7,974,785	234,831	1,388,429	7,405,747	9,363,214
General revenues:						
Sales taxes	16,975,061	19,579,568	-	-	16,975,061	19,579,568
Vehicle taxes	57,920	58,550	-	-	57,920	58,550
Grants and entitlements not restricted to a specific purpose	720,520	744,130	-	-	720,520	744,130
Investment income	169,528	103,799	1,166	3,453	170,694	107,252
Other	123,683	105,843	115,062	77,265	238,745	183,108
Total revenues	\$ 28,587,448	\$ 32,031,213	\$ 5,153,182	\$ 5,725,868	\$ 33,740,630	\$ 37,757,081

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	Governmental Activities		Business-type Activities		Total Activities	
	2016	2015	2016	2015	2016	2015
Expenses						
General government	\$ 3,466,671	\$ 3,038,869	\$ -	\$ -	\$ 3,466,671	\$ 3,038,869
Public safety	7,621,942	7,418,375	-	-	7,621,942	7,418,375
Public works	5,681,096	4,033,097	-	-	5,681,096	4,033,097
Culture and recreation	2,288,903	2,021,445	-	-	2,288,903	2,021,445
Interest on long-term debt	59,559	76,516	-	-	59,559	76,516
Water utility	-	-	2,024,454	1,628,907	2,024,454	1,628,907
Sewer utility	-	-	1,902,514	1,635,212	1,902,514	1,635,212
Municipal airport Curtis D. Menard Memorial Sports Center	-	-	976,676	1,103,297	976,676	1,103,297
	-	-	1,835,765	1,699,787	1,835,765	1,699,787
Total expenses	\$ 19,118,171	\$ 16,588,302	\$ 6,739,409	\$ 6,067,203	\$ 25,857,580	\$ 22,655,505
Increase (decrease) in net position before transfers	\$ 9,469,277	\$ 15,442,911	\$ (1,586,227)	\$ (341,335)	\$ 7,883,050	\$ 15,101,576
Transfers	(529,068)	(662,348)	529,068	662,348	-	-
Increase (decrease) in net position	8,940,209	14,780,563	(1,057,159)	321,013	7,883,050	15,101,576
Net position- beginning	57,567,958	42,787,395	74,526,754	74,205,741	132,094,712	116,993,136
Net Position- Ending	\$ 66,508,167	\$ 57,567,958	\$ 73,469,595	\$ 74,526,754	\$ 139,977,762	\$ 132,094,712

The following graph displays program revenues, not including operating and capital grants, 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 sales taxes, grants and entitlements not restricted for a specific purpose, investment income, and other general revenues.

Program Revenues and Expenses - Governmental Activities
(Not including operating and capital grant revenues or interest expense)

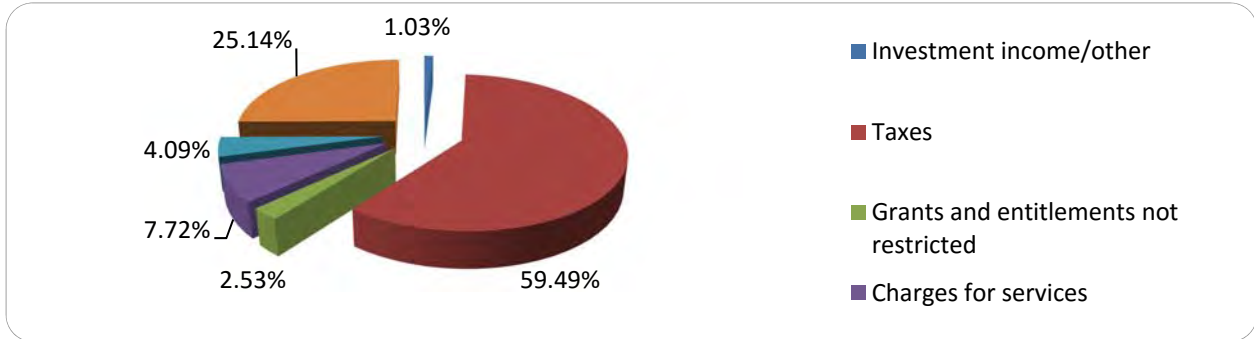


The following graph shows the percentages of all revenue sources for governmental activities. Taxes are the largest revenue source for the City, followed in order by capital grants and contributions, charges for services, operating grants and contributions, grants and entitlements not restricted, and investment/other income. Tax revenue for governmental activities decreased from 2015 to 2016 by \$2,605,137 or 13.2%. The decrease is largely due to the

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1% dedicated sales tax for construction of the new library which ended December 31, 2015 as sufficient funding had been obtained.

Revenues by Source - Governmental Activities



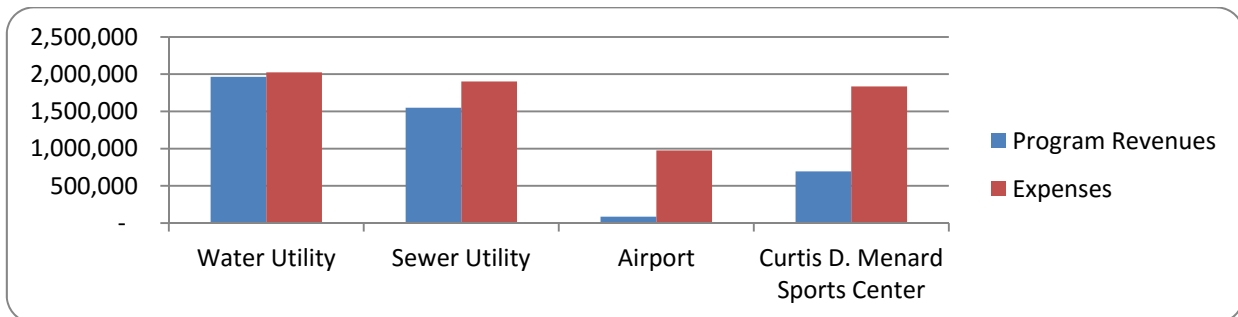
Expenses for governmental activities increased by \$2,529,869, or 15.3%, due to capital outlay purchases that did not meet the requirements of a fixed asset; largely to include right-of-way for the Main Street couplet, Fairview Loop interchange and S. Mack Extensions.

Business-type Activities

Business-type activities decreased the City's net position by \$1,057,159. The increase in the water fund of \$421,659 and net transfers in of \$529,068 did not fully offset losses in the sewer, airport and sports center funds of \$20,322, \$884,810 and \$1,102,754, respectively. Increase in the water fund was largely due to nonoperating grants from the state grant funding for infrastructure. The decrease in net position for the sewer fund, airport fund and sports complex fund is due to depreciation and insufficient user fees and charges to cover 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 program revenues below expenses.

Program Revenues and Expenses - Business-Type Activities
 (Not including operating and capital grant revenue or interest expense)



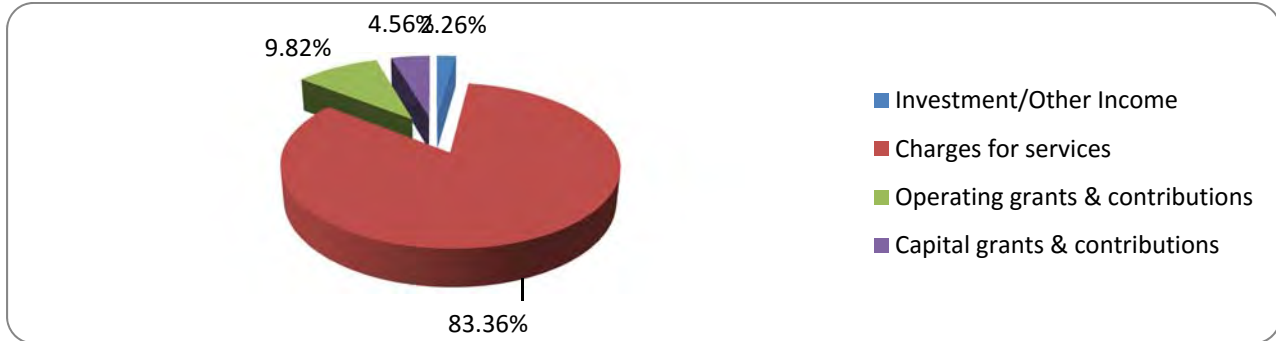
The water and sewer fund continue to provide reasonable program revenue to absorb most of the funds expenditures. This is attributed primarily to the annual, five-year rate increase that was approved and made effective in FY 2010. The airport fund continues to fall short primarily due to the depreciation expense on infrastructure obtained through capital grants. The shortfall

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in revenue to expense for the Curtis D. Menard Memorial Sports Center includes depreciation, high minimum operating costs, and low user fees.

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 operating grants and contributions, capital grants and contributions, and other revenue and investment income.

Revenues by Source - Governmental Activities



Financial Analysis of the Governmental 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 June 30, 2016, the City's governmental funds reported combined ending fund balances of \$24,416,951, a decrease of \$1,287,464 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 2.4% (\$582,911) 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 19.5% (\$4,764,842) 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 32.4% (\$7,907,835) 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 12.6% (\$3,084,493) 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 33.1% (\$8,076,870) of the total fund balance.

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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 \$8,076,870 while total fund balance was \$17,545,923. 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 59.3% of total General Fund expenditures, while total fund balance represents 128.9% of that same amount.

Fund balance of the City's General Fund increased by \$2,434,362 and \$2,169,543 during the current and prior fiscal year, respectively. In the current year, revenues decreased by \$1,911,941 or 9.8% over prior year and expenditures decreased \$2,175,502 or 13.7% over prior year. The driver of both decreases was the additional contribution to the employee retirement plan by the State of Alaska in the prior fiscal year. The on-behalf payment is recorded both as a revenue and employee benefit expenditure. The on-behalf amount charged to the General Fund in FY2016 and FY2015 was \$342,873 and \$2,677,079 respectively.

The Miscellaneous Capital Projects Fund has a total fund balance of \$3,451,861. This total amount is designated for future capital project construction expenditures. Fund balance decreased by \$5,544,732 over the prior year due to the significant construction of the new library. The one percent (1%) dedicated sales tax to fund construction of the new library was removed December 31, 2015 as sufficient funding had been reached. Capital outlay increased by \$6,188,975 over the prior year as the project moved from the design phase to full construction.

The Road Capital Projects Fund has a total fund balance of \$1,840,214. This total amount is designated for future road projects. Total expenditures of \$4,420,745 and revenues of \$6,117,312 resulted primarily from the Main Street Couplet, South Mack Extension and Fairview Loop interchange projects which were all state grant funded road projects. In the current year, approximately 13.6 acres of land was purchased for the Main Street Couplet project of which approximately 7.2 acres will not be needed. The excess land reflected as 'land held for resale' is valued at \$1,722,736. The excess shall be sold in the private market with all proceeds returned to the project.

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 \$4,469,905. Unrestricted net position has increased by \$685,119 in comparison with the prior year. This increase is due to contributed revenue from a state grant to construct a new bulk water station and from a private developer for a water main extension donated to the City.

The sewer utility's unrestricted net position is \$3,025,754. Unrestricted net position increased by \$299,793 over prior year resulting primarily from operating expenditures reimbursed by nonoperating grants.

The airport's unrestricted net position is \$275,287, a decrease of \$67,251 from prior year. The airport operations continue to generate losses even before depreciation. The City has received significant federal and state grant funding in previous years 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.

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The Curtis D. Menard Memorial Sports Center's unrestricted net position is \$935,277, a decrease of \$121,764 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 \$531,068. 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.

General Fund Budgetary Highlights

Original budget compared to final budget. During the year there was no need for any significant amendments to increase either the original estimated revenues or original budgeted appropriations. Transfers out were increased by \$127,600 to support purchase of a marquee sign at the sports complex and an architectural condition survey in the Miscellaneous Capital Projects fund.

Final budget compared to actual results. The difference between estimated revenues and actual revenues was \$688,165 due to increased sales tax revenue and the State of Alaska on-behalf pension payment which is not budgeted. The difference between estimated expenditures and actual expenditures was \$2,340,129. The positive variance in public safety largely related to unfilled positions in public safety and dispatch. Additionally, a positive variance in expenditures for health insurance of approximately \$1.1M resulted due to lesser than expected premium increases.

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, 2016 amounts to \$118,288,811 (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:

- Significant construction of the new public library
- Completion of the downtown bulk water station
- Continued construction of the new maintenance shop
- Purchase of an aquatic weed harvester
- Acquisition of land for relocation of the train depot
- Purchase of right-of-way for Centaur avenue
- Street paving

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City of Wasilla, Alaska
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City of Wasilla's Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Total Activities	
	2016	2015	2016	2015	2016	2015
Land	\$ 11,932,769	\$ 9,864,622	\$ 4,429,707	\$ 4,429,707	\$ 16,362,476	\$ 14,294,329
Buildings	6,580,478	6,395,383	13,160,033	13,625,696	19,740,511	20,021,079
Land improvements	-	-	7,820,224	8,384,324	7,820,224	8,384,324
Infrastructure	18,176,358	18,703,442	38,261,580	38,311,539	56,437,938	57,014,981
Furniture and equipment	80,714	209,710	-	-	80,714	209,710
Vehicles and equipment	1,980,832	1,949,624	2,620,114	2,908,794	4,600,943	4,858,418
Construction in progress	13,189,632	3,562,517	56,370	881,557	13,246,002	4,444,074
Total Capital Assets	\$ 51,940,783	\$ 40,685,298	\$ 66,348,028	\$ 68,541,617	\$ 118,288,811	\$ 109,226,915

Additional information on the City's capital assets can be found in note 4 on pages 40-42 of this report.

Long-term Debt. At the end of the current fiscal year, the City had total long-term debt outstanding of \$2,809,055. Of this amount, \$1,224,399 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 \$1,584,656.

City of Wasilla's
General Obligation Bonds, Loans and Other Long-term Debt

	Governmental Activities		Business-type Activities		Total Activities	
	2016	2015	2016	2015	2016	2015
General obligation	\$ 1,224,399	\$ 1,592,532	\$ -	\$ -	\$ 1,224,399	\$ 1,592,532
Long-term loans	-	-	1,584,656	1,925,189	1,584,656	1,925,189
Total Long-term Debt	\$ 1,224,399	\$ 1,592,532	\$ 1,584,656	\$ 1,925,189	\$ 2,809,055	\$ 3,517,721

The City's total debt decreased by \$708,666, or 20.1%, 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 43-45 of this report.

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Economic Factors and Next Year's Budgets and Rates

In setting the budget for fiscal year 2017, the City considered a number of issues with citywide impact. Among them are the following:

- In FY 2016, actual sales tax revenues for ongoing operations were approximately 1.9% over budgeted sales tax revenues. In FY 2017, sales tax revenues are projected to increase 3.5% over budgeted sales tax revenue for FY2016 due to continued commercial development, population growth, inflation, and no annexations.
- User fees and charges in the business-type activities are expected to remain flat with the exception of added utility service connections due to land development. Rates for services are continually reviewed internally to ensure an equitable and adequate rate structure.
- The City continues to rely largely on state grant assistance to fund general, large-scale capital projects and federal funding for expansion of its airport. New grant awards are expected to decline significantly given the budget constraints at the State level. Intergovernmental revenues will continue strong into FY16 as the City spends down reimbursement grants previously awarded. Budgeted transfers to capital project funds from the General Fund in FY 2017 are \$801,000.
- On the expenditure side, personnel assumptions provide a wage increase of 1.75% - 4.75% in FY2017 largely related to employment contracts with three unions. Health care premiums were expected to increase a minimum of 6% at the time the budget was created.

With the above considerations, the fiscal year 2017 budget included setting the City's property tax at an approved rate of 0.0 mills and maintaining a sales tax rate at 2.0% to fund ongoing operations.

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. Heming Ave. Wasilla, Alaska 99654.

Basic Financial Statements

City of Wasilla, Alaska

Statement of Net Position

<i>June 30, 2016</i>	Governmental Activities	Business-type Activities	Total
Assets and Deferred Outflows of Resources			
Cash and investments	\$ 22,778,652	\$ 9,851,711	\$ 32,630,363
Land held for resale	1,722,736	-	1,722,736
Receivables, net of allowance for uncollectible amounts:			
Accounts	44,269	418,271	462,540
Sales taxes	1,253,904	-	1,253,904
Grants	438,892	307,411	746,303
Shared revenues	255,895	-	255,895
Assessments	575	56,926	57,501
Prepaid items	392,624	51,107	443,731
Inventories	-	122,981	122,981
Capital assets not being depreciated	25,122,401	4,486,077	29,608,478
Other capital assets, net of accumulated depreciation	26,818,382	61,861,951	88,680,333
Total Assets	78,828,330	77,156,435	155,984,765
Deferred Outflows of Resources			
Deferred outflows of resources related to pensions	1,945,895	362,876	2,308,771
Unamortized loss on refunding	25,506	-	25,506
Total Deferred Outflows of Resources	1,971,401	362,876	2,334,277
Total Assets and Deferred Outflows of Resources	\$ 80,799,731	\$ 77,519,311	\$ 158,319,042
Liabilities, Deferred Inflows of Resources and Net Position			
Accounts payable	\$ 1,551,729	\$ 139,360	\$ 1,691,089
Accrued payroll and employee benefits	443,296	87,192	530,488
Customer deposits	11,072	53,895	64,967
Health claims payable	254,700	-	254,700
Unearned revenue	209,799	178,850	388,649
Accrued interest	4,671	8,854	13,525
Noncurrent liabilities:			
Due within one year:			
Bonds and notes payable	388,133	202,744	590,877
Accrued compensated absences	655,623	143,965	799,588
Due in more than one year:			
Bonds and notes payable, including unamortized premium	836,266	1,381,912	2,218,178
Net pension liability	9,760,595	1,820,184	11,580,779
Total Liabilities	14,115,884	4,016,956	18,132,840
Deferred Inflows of Resources related to pensions	175,680	32,760	208,440
Net Position			
Net investment in capital assets	50,741,890	64,763,372	115,505,262
Restricted:			
Permanent Fund - Cemetery - nonexpendable	290,615	-	290,615
Federal and state drug enforcement	13,146	-	13,146
New library construction	3,028,960	-	3,028,960
Main Street couplet	1,722,736	-	1,722,736
Unrestricted	10,710,820	8,706,223	19,417,043
Total Net Position	66,508,167	73,469,595	139,977,762
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 80,799,731	\$ 77,519,311	\$ 158,319,042

See accompanying notes to basic financial statements.

City of Wasilla, Alaska

Statement of Activities

Year Ended June 30, 2016	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Fees, Fines & Charges for Services	Operating Grants & Contri- butions	Capital Grants & Contri- butions	Govern- mental Activities	Business- type Activities	
Governmental Activities							
General government	\$ 3,466,671	\$ 74,509	\$ 274,176	\$ -	\$ (3,117,986)	\$ -	\$ (3,117,986)
Public safety	7,621,942	1,916,013	715,715	100,328	(4,889,886)	-	(4,889,886)
Public works	5,681,096	187,385	62,986	6,323,752	893,027	-	893,027
Culture and recreation	2,288,903	25,022	114,014	746,836	(1,403,031)	-	(1,403,031)
Interest on long-term debt	59,559	-	-	-	(59,559)	-	(59,559)
Total Governmental Activities	19,118,171	2,202,929	1,166,891	7,170,916	(8,577,435)	-	(8,577,435)
Business-Type Activities							
Water utility	2,024,454	1,964,369	193,686	227,698	-	361,299	361,299
Sewer utility	1,902,514	1,549,405	280,013	7,133	-	(65,963)	(65,963)
Municipal airport	976,676	86,581	5,285	-	-	(884,810)	(884,810)
Sports center	1,835,765	695,112	27,672	-	-	(1,112,981)	(1,112,981)
Total Business-Type Activities	6,739,409	4,295,467	506,656	234,831	-	(1,702,455)	(1,702,455)
Totals	\$ 25,857,580	\$ 6,498,396	\$ 1,673,547	\$ 7,405,747	(8,577,435)	(1,702,455)	(10,279,890)
General Revenues							
Sales taxes					\$ 16,975,061	-	16,975,061
Vehicle taxes					57,920	-	57,920
Grants and entitlements not restricted to a specific purpose					720,520	-	720,520
Investment income					169,528	1,166	170,694
Other					123,683	115,062	238,745
Transfers					(529,068)	529,068	-
Total General Revenues and Transfers					17,517,644	645,296	-
Change in Net Position					8,940,209	(1,057,159)	7,883,050
Net Position, beginning					57,567,958	74,526,754	132,094,712
Net Position, ending					\$ 66,508,167	\$ 73,469,595	\$ 139,977,762

See accompanying notes to basic financial statements.

City of Wasilla, Alaska

Governmental Funds

Balance Sheet

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Miscellaneous Capital Projects	Road Capital Projects		
<i>June 30, 2016</i>					
Assets					
Cash and investments	\$ 16,429,554	\$ 4,674,829	\$ -	\$ 1,674,269	\$ 22,778,652
Land held for resale	-	-	1,722,736	-	1,722,736
Receivables, net of allowance for uncollectibles:					
Accounts	43,511	-	758	-	44,269
Sales and property taxes	1,253,691	213	-	-	1,253,904
Grants	15,627	25,394	395,236	2,635	438,892
Shared revenues	255,895	-	-	-	255,895
Special assessments	575	-	-	-	575
Prepaid items	285,279	100,328	-	7,017	392,624
Due from other funds	174,350	-	-	-	174,350
Total Assets	\$ 18,458,482	\$ 4,800,764	\$ 2,118,730	\$ 1,683,921	\$ 27,061,897
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 181,636	\$ 1,221,479	\$ 104,166	\$ 44,448	\$ 1,551,729
Accrued payroll and employee benefits	436,366	-	-	6,930	443,296
Customer deposits	11,072	-	-	-	11,072
Health claims payable	254,700	-	-	-	254,700
Unearned revenue	28,785	127,424	-	53,590	209,799
Due to other funds	-	-	174,350	-	174,350
Total Liabilities	912,559	1,348,903	278,516	104,968	2,644,946
Fund Balances					
Nonspendable:					
Prepaid items	285,279	-	-	7,017	292,296
Permanent Fund - Cemetery	-	-	-	290,615	290,615
Restricted:					
Federal and state drug enforcement	-	-	-	13,146	13,146
New library construction	-	3,028,960	-	-	3,028,960
Main Street couplet	-	-	1,722,736	-	1,722,736
Committed:					
Capital improvements	7,907,835	-	-	-	7,907,835
Assigned:					
Land bank	262,000	-	-	-	262,000
Capital improvements	-	422,901	-	-	422,901
Compensated absences	655,623	-	-	-	655,623
Self-insurance	254,700	-	-	-	254,700
Youth court	-	-	-	57,903	57,903
Vehicle replacement	-	-	-	526,201	526,201
Right-of-way acquisition	-	-	-	118,749	118,749
Road improvements	-	-	117,478	-	117,478
Technology replacement	-	-	-	565,322	565,322
Sexual Assault Response Team (SART)	101,000	-	-	-	101,000
Other purposes	2,616	-	-	-	2,616
Unassigned	8,076,870	-	-	-	8,076,870
Total Fund Balances	17,545,923	3,451,861	1,840,214	1,578,953	24,416,951
Total Liabilities and Fund Balances	\$ 18,458,482	\$ 4,800,764	\$ 2,118,730	\$ 1,683,921	\$ 27,061,897

See accompanying notes to basic financial statements.

City of Wasilla, Alaska
Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Position
June 30, 2016

Total fund balances for governmental funds		\$ 24,416,951
Total net position reported for governmental activities in the Statement of Net Position is different because:		
Capital assets (shown here, net of accumulated depreciation) used in governmental activities are not financial resources and therefore are not reported in the funds.		51,940,783
Deferred amounts related to bond premiums and losses on refundings for governmental activities are not financial resources and therefore are not reported in the funds:		
Issuance premiums	(39,399)	
Loss on refunding	25,506	
Total deferred amounts	(13,893)	(13,893)
Long-term liabilities, including bonds payable, net pension liability, and compensated absences are not due and payable in the current period and therefore, are not reported in the funds:		
General obligation bonds payable	(1,185,000)	
Net pension liability	(9,760,595)	
Compensated absences	(655,623)	
Accrued interest on bonds	(4,671)	
Total long-term liabilities	(11,605,889)	(11,605,889)
Certain changes in net pension liabilities are deferred rather than recognized immediately. These items are amortized over time.		
Deferred outflows related to pensions	1,945,895	
Deferred inflows related to pensions	(175,680)	
Total deferred pension items	1,770,215	1,770,215
Total Net Position of Governmental Activities		\$ 66,508,167

See accompanying notes to basic financial statements.

City of Wasilla, Alaska
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances

<i>Year Ended June 30, 2016</i>	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Miscellaneous Capital Projects	Road Capital Projects		
Revenues					
Taxes	\$ 13,516,590	\$ 3,516,391	\$ -	\$ -	\$ 17,032,981
Licenses and permits	44,278	-	-	-	44,278
Fines and forfeitures	276,393	-	-	3,690	280,083
Intergovernmental	1,550,156	344,100	6,117,312	220,057	8,231,625
Charges for services	1,873,699	-	-	-	1,873,699
Investment income	167,608	1,920	-	-	169,528
Other	113,912	503,064	-	4,869	621,845
Total Revenues	17,542,636	4,365,475	6,117,312	228,616	28,254,039
Expenditures					
Current:					
General government	2,921,203	-	-	-	2,921,203
Public safety	6,230,856	-	-	171,912	6,402,768
Public works	2,090,240	-	-	-	2,090,240
Culture and recreation	1,913,045	-	-	-	1,913,045
Nondepartmental	53,171	-	-	-	53,171
Debt service:					
Principal	355,000	-	-	-	355,000
Interest	65,819	-	-	-	65,819
Capital outlay	-	10,400,850	4,420,745	399,365	15,220,960
Total Expenditures	13,629,334	10,400,850	4,420,745	571,277	29,022,206
Excess of Revenues Over (Under) Expenditures	3,913,302	(6,035,375)	1,696,567	(342,661)	(768,167)
Other Financing Sources (Uses)					
Proceeds from sale of assets	9,771	-	-	-	9,771
Transfers in	-	490,643	90,000	379,000	959,643
Transfers out	(1,488,711)	-	-	-	(1,488,711)
Net Other Financing Sources (Uses)	(1,478,940)	490,643	90,000	379,000	(519,297)
Net Change in Fund Balances	2,434,362	(5,544,732)	1,786,567	36,339	(1,287,464)
Fund Balances, beginning	15,111,561	8,996,593	53,647	1,542,614	25,704,415
Fund Balances, ending	\$ 17,545,923	\$ 3,451,861	\$ 1,840,214	\$ 1,578,953	\$ 24,416,951

See accompanying notes to basic financial statements.

City of Wasilla, Alaska
Reconciliation of the Change in Fund Balances of Governmental Funds
to Statement of Activities
Year Ended June 30, 2016

Net change in fund balances - total governmental funds	\$ (1,287,464)
The change in net position reported for governmental activities in the Statement of Activities is different because:	
Governmental funds report capital outlays as expenditures. However, on the Statement of Activities, depreciation expense is recognized to allocate the cost of these items over their estimated useful lives. This is the amount by which capital outlays (\$12,913,327) and donated capital assets (\$206,440) exceeded depreciation expense (\$1,864,282).	11,255,485
Interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This is the amount of the decrease in accrued interest payable.	1,627
The repayment of the principal of long-term debt (\$355,000) consumes current financial resources in governmental funds. Also, governmental funds report the effect of bond premiums and similar items when the debt is first issued, whereas these items are deferred and amortized (\$4,633) in the statement of activities. This is the net effect of these differences.	359,633
Some expenses 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	(42,063)
Increase in net pension liability and related deferred outflows and inflows	<u>(1,347,009)</u>
Change in Net Position of Governmental Activities	<u>\$ 8,940,209</u>

See accompanying notes to basic financial statements.

City of Wasilla, Alaska
Enterprise Funds
Statement of Net Position

<i>June 30, 2016</i>	Water Utility	Sewer Utility	Municipal Airport	Curtis D. Menard Memorial Sports Center	Total Enterprise Funds
Assets and Deferred Outflows of Resources					
Current Assets					
Cash and investments	\$ 4,630,593	\$ 3,398,371	\$ 301,274	\$ 1,521,473	\$ 9,851,711
Receivables:					
Accounts	304,088	149,380	3,283	25,658	482,409
Allowance for doubtful accounts	(30,302)	(19,674)	-	(14,162)	(64,138)
Special assessments	13,914	43,012	-	-	56,926
Grants	146,771	108,675	51,965	-	307,411
Prepaid expenses	15,524	13,791	1,774	11,186	42,275
Inventory	48,441	74,540	-	-	122,981
Total Current Assets	5,129,029	3,768,095	358,296	1,544,155	10,799,575
Noncurrent Assets					
Prepaid expenses	8,832	-	-	-	8,832
Capital assets, net	27,658,139	13,498,008	10,775,608	14,416,273	66,348,028
Total Noncurrent Assets	27,666,971	13,498,008	10,775,608	14,416,273	66,356,860
Total Assets	32,796,000	17,266,103	11,133,904	15,960,428	77,156,435
Deferred Outflows of Resources related to pensions	98,184	139,790	9,260	115,642	362,876
Total Assets and Deferred Outflows of Resources	\$ 32,894,184	\$ 17,405,893	\$ 11,143,164	\$ 16,076,070	\$ 77,519,311

See accompanying notes to basic financial statements.

City of Wasilla, Alaska
Enterprise Funds
Statement of Net Position, continued

<i>June 30, 2016</i>	Water Utility	Sewer Utility	Municipal Airport	Curtis D. Menard Memorial Sports Center	Total Enterprise Funds
Liabilities, Deferred Inflows of Resources and Net Position					
Current Liabilities					
Accounts payable	\$ 63,848	\$ 45,213	\$ 16,218	\$ 14,081	\$ 139,360
Accrued payroll and employee benefits	23,770	32,468	2,237	28,717	87,192
Accrued annual and sick leave	26,795	81,671	8,632	26,867	143,965
Customer deposits	38,520	8,975	-	6,400	53,895
Accrued interest	8,854	-	-	-	8,854
Unearned revenue	102,998	-	17,897	57,955	178,850
Current portion of notes payable	202,744	-	-	-	202,744
Total Current Liabilities	467,529	168,327	44,984	134,020	814,860
Noncurrent Liabilities					
Notes payable, net of current portion	1,381,912	-	-	-	1,381,912
Net pension liability	492,491	701,184	46,449	580,060	1,820,184
Total Noncurrent Liabilities	1,874,403	701,184	46,449	580,060	3,202,096
Total Liabilities	2,341,932	869,511	91,433	714,080	4,016,956
Deferred Inflows of Resources related to pensions	8,864	12,620	836	10,440	32,760
Net Position					
Net investment in capital assets	26,073,483	13,498,008	10,775,608	14,416,273	64,763,372
Unrestricted	4,469,905	3,025,754	275,287	935,277	8,706,223
Total Net Position	30,543,388	16,523,762	11,050,895	15,351,550	73,469,595
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 32,894,184	\$ 17,405,893	\$ 11,143,164	\$ 16,076,070	\$ 77,519,311

See accompanying notes to basic financial statements.

City of Wasilla, Alaska
Enterprise Funds
Statement of Revenues, Expenses and Changes in Net Position

<i>Year Ended June 30, 2016</i>	Water Utility	Sewer Utility	Municipal Airport	Curtis D. Menard Memorial Sports Center	Total Enterprise Funds
Operating Revenues	\$ 1,964,015	\$ 1,549,405	\$ 86,581	\$ 695,112	\$ 4,295,113
Operating Expenses					
Salaries and employee benefits	606,672	853,168	55,106	826,452	2,341,398
Other operating expenses	591,361	583,488	101,761	497,256	1,773,866
Depreciation	800,694	465,175	778,059	512,057	2,555,985
Total Operating Expenses	1,998,727	1,901,831	934,926	1,835,765	6,671,249
Operating loss	(34,712)	(352,426)	(848,345)	(1,140,653)	(2,376,136)
Nonoperating Revenues (Expenses)					
Payments in lieu of assessments	59,263	40,506	-	-	99,769
Interest expense	(25,727)	(683)	-	-	(26,410)
Investment income	-	-	-	1,166	1,166
Debt service assessments	1,097	3,839	-	-	4,936
Plans and studies	-	-	(41,750)	-	(41,750)
Nonoperating grants	170,192	246,563	3,069	-	419,824
State PERS relief	23,494	33,450	2,216	27,672	86,832
Other income	354	1,296	-	9,061	10,711
Net Nonoperating Revenues (Expenses)	228,673	324,971	(36,465)	37,899	555,078
Income (loss) before contributions and transfers	193,961	(27,455)	(884,810)	(1,102,754)	(1,821,058)
Capital contributions	227,698	7,133	-	-	234,831
Transfers in	-	-	40,000	531,068	571,068
Transfers out	(14,500)	(17,500)	(500)	(9,500)	(42,000)
Change in net position	407,159	(37,822)	(845,310)	(581,186)	(1,057,159)
Net Position, beginning	30,136,229	16,561,584	11,896,205	15,932,736	74,526,754
Net Position, ending	\$ 30,543,388	\$ 16,523,762	\$ 11,050,895	\$ 15,351,550	\$ 73,469,595

See accompanying notes to basic financial statements.

City of Wasilla, Alaska
Enterprise Funds
Statement of Cash Flows

<i>Year Ended June 30, 2016</i>	Water Utility	Sewer Utility	Municipal Airport	Curtis D. Menard Memorial Sports Center	Total Enterprise Funds
Cash Flows from (for) Operating Activities					
Cash receipts from customers and users	\$ 1,951,689	\$ 1,564,631	\$ 95,233	\$ 693,150	\$ 4,304,703
Payments to suppliers	(580,397)	(623,177)	(130,533)	(511,554)	(1,845,661)
Payments to employees	(502,186)	(702,888)	(47,889)	(687,951)	(1,940,914)
Nonoperating grants received	33,588	222,965	23,290	-	279,843
Net cash flows from (for) operating activities	902,694	461,531	(59,899)	(506,355)	797,971
Cash Flows from Noncapital Financing Activities					
Transfers in	-	-	40,000	531,068	571,068
Transfers out	(14,500)	(17,500)	(500)	(9,500)	(42,000)
Net cash flows from noncapital financing activities	(14,500)	(17,500)	39,500	521,568	529,068
Cash Flows from (for) Capital and Related Financing Activities					
Principal paid on notes payable	(220,106)	(120,427)	-	-	(340,533)
Interest paid on notes payable	(27,072)	(1,806)	-	-	(28,878)
Special assessments received	7,929	3,839	-	-	11,768
Payments in lieu of assessments received	59,263	48,898	-	-	108,161
Acquisition and construction of capital assets	(131,300)	(7,133)	-	(52,635)	(191,068)
Capital contributions received	56,370	7,133	-	-	63,503
Net cash flows from (for) capital and related financing activities	(254,916)	(69,496)	-	(52,635)	(377,047)
Cash Flows from Investing Activities					
Investment income received	-	-	-	1,166	1,166
Net Increase (Decrease) in Cash and Investments	633,278	374,535	(20,399)	(36,256)	951,158
Cash and Investments, beginning	3,997,315	3,023,836	321,673	1,557,729	8,900,553
Cash and Investments, ending	\$ 4,630,593	\$ 3,398,371	\$ 301,274	\$ 1,521,473	\$ 9,851,711

See accompanying notes to basic financial statements.

City of Wasilla, Alaska
Enterprise Funds
Statement of Cash Flows, continued

<i>Year Ended June 30, 2016</i>	Water Utility	Sewer Utility	Municipal Airport	Curtis D. Menard Memorial Sports Center	Total Enterprise Funds
Reconciliation of Operating Loss to Net					
Cash from (for) Operating Activities					
Operating loss	\$ (34,712)	\$ (352,426)	\$ (848,345)	\$ (1,140,653)	\$ (2,376,136)
Adjustments to reconcile operating loss to net cash from (for) operating activities:					
Depreciation	800,694	465,175	778,059	512,057	2,555,985
State of Alaska on-behalf payments - PERS relief	23,494	33,450	2,216	27,672	86,832
Nonoperating revenues (expenses)	354	1,296	(41,750)	9,061	(31,039)
Nonoperating grants received	33,588	222,965	23,290	-	279,843
Changes in operating assets and liabilities that provided (used) cash:					
Accounts receivable and related allowance	31,185	16,236	(2,060)	7,039	52,400
Inventory	(14,202)	(31,490)	-	-	(45,692)
Prepaid expenses	(9,986)	(9,790)	(520)	(8,652)	(28,948)
Deferred outflows related to pensions	(69,504)	(99,029)	(6,400)	(83,106)	(258,039)
Accounts payable	35,152	1,591	13,498	(5,646)	44,595
Accrued payroll and employee benefits	(4,816)	(5,831)	(259)	(8,927)	(19,833)
Accrued annual and sick leave	4,666	6,304	(654)	10,207	20,523
Customer deposits	(29,756)	(2,306)	-	(950)	(33,012)
Unearned revenue	(14,109)	-	10,712	(17,112)	(20,509)
Net pension liability	178,650	255,162	15,154	224,038	673,004
Deferred inflows related to pensions	(28,004)	(39,776)	(2,840)	(31,383)	(102,003)
Net Cash from (for) Operating Activities	\$ 902,694	\$ 461,531	\$ (59,899)	\$ (506,355)	\$ 797,971
Noncash Noncapital Financing and Capital and Related					
Financing Activities:					
State of Alaska on-behalf payments - PERS relief	\$ 23,494	\$ 33,450	\$ 2,216	\$ 27,672	\$ 86,832
Water extensions contributed by developers	\$ 171,328	\$ -	\$ -	\$ -	\$ -

See accompanying notes to basic financial statements.

City of Wasilla, Alaska
Notes to Basic Financial Statements
June 30, 2016

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.

The financial statements of the City have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of these accounting policies are described below.

(b) Reporting Entity

The reporting entity consists of the City of Wasilla. There are no component units.

(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 revenues 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

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 Projects Fund accounts for various capital project activities of the City.
- The Road Capital Projects Fund accounts for various road projects 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 liabilities, 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 liabilities and acquisitions under capital leases are reported as other financing sources.

City of Wasilla, Alaska

Notes to Basic Financial Statements

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.

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.

City of Wasilla, Alaska

Notes to Basic Financial Statements

For purposes of the statement of cash flows, the proprietary funds consider all cash and investments to be cash and cash equivalents. The central treasury, which holds cash and investments, is used essentially as a cash management pool by each fund.

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 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.

City of Wasilla, Alaska

Notes to Basic Financial Statements

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 agency;
 - 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 (AMLIP), 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 "due to/from other funds." All amounts due to/from other funds are short term in nature.

Trade receivables for the Water, Sewer and Curtis D. Menard Memorial Sports Center Funds are shown along with 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.

City of Wasilla, Alaska

Notes to Basic Financial Statements

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.

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 2016.

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 and proprietary fund 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 statements of net position. 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.

City of Wasilla, Alaska

Notes to Basic Financial Statements

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 as expenses in the government-wide and proprietary fund statements.

(g) Pension Items

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS) and additions to/from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(h) Deferred Outflows of Resources and Deferred Inflows 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. Generally, the City reports deferred charges on bond refunding and pension related items as deferred outflows. These items are amortized to expense over time.

In addition to the liabilities, the financial statements may also present deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until later. The City reports certain pension related items as deferred inflows. These items are amortized as a reduction of expense over varying periods of time based on their nature.

(i) 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 endowments, and long-term loans and notes receivable.

City of Wasilla, Alaska

Notes to Basic Financial Statements

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.

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.

(j) 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.

City of Wasilla, Alaska

Notes to Basic Financial Statements

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 net investment in capital assets.

(k) 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, 2016 and 2015, held a zero mill rate.

Grants and Other Intergovernmental Revenues

Grants and other intergovernmental revenues are recognized as revenue as soon as all eligibility requirements have been met.

2. Deposits and Investments

(a) Investments

As of June 30, 2016, the City had the following investments:

Investment Type	Fair value	Investment Maturities		
		Less than 1 year	1-5 Years	More than 5 years
Money market funds	\$ 1,310,949	\$ 1,310,949	\$ -	\$ -
Certificates of deposit	1,440,454	1,440,454	-	-
U.S. government agencies	14,951,372	-	4,329,661	10,621,711
Corporate bonds	2,928,012	2,928,012	-	-
AMLIP pooled investments	3,892,679	3,892,679	-	-
Total Subject to Interest Rate Risk	\$ 24,523,466	\$ 9,572,094	\$ 4,329,661	\$ 10,621,711

City of Wasilla, Alaska

Notes to Basic Financial Statements

(b) Fair Value Measurement

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of June 30, 2016:

U.S. government agency securities of \$14,951,372 are valued using models with various inputs such as but not limited to daily cash flow, snapshots of market indices and spread scales (Level 2 inputs)

Corporate bonds of \$2,928,012 are valued using models with various inputs such as but not limited to daily cash flow, snapshots of market indices and spread scales (Level 2 inputs)

The City has investments in money market funds and certificates of deposits totaling \$2,751,403 that are not held at fair value, but instead recorded at amortized cost, as of June 30, 2016. The City's investment in AMLIP of \$3,892,679 is measured at net asset value, as of June 30, 2016. Management believes these values approximate fair value.

(c) 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.

(d) 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 limitations. The City's policy does limit investments to specified ratings based on instrument type as defined in note 1(f).

At June 30, 2016, the City's corporate bond investments were rated as follows:

Investment	Standard and Poor's	Moody's Investor Service
Corporate bonds	AA- to A-	Aa2 to A1

The AMLIP is an external investment pool, which is rated AAAm 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

City of Wasilla, Alaska

Notes to Basic Financial Statements

reviewed for fair value by an independent pricing service. As of June 30, 2016, the fair value of the investments in the Pool approximates amortized cost and is equal to the value of Pool shares.

(e) 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.

(f) 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, 2016, the City's bank account balances were not exposed to custodial credit risk as they were either insured or collateralized.

(g) 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, 2016 because the investments were held by a custodian in the name of the City.

(h) Reconciliation to the Statement of Net Position

Deposits and investments are reported as follows on the statement of net position, as of June 30, 2016:

Cash and Investments	\$ 32,630,363
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Deposits and investments are comprised of the following as of June 30, 2016:

Carrying value of bank deposits	\$ 8,103,577
Petty cash accounts	3,320
Investments	24,523,466
Total Cash and Investments	\$ 32,630,363

3. Land Held for Resale

In 2016, the City acquired land in connection with a capital project. The land is being held for resale and has a book value of \$1,722,736.

City of Wasilla, Alaska

Notes to Basic Financial Statements

4. Capital Assets

Capital asset activity for the year ended June 30, 2016 is as follows:

Governmental Activities	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Capital assets not being depreciated:				
Land	\$ 9,864,622	\$ 2,073,222	\$ (5,075)	\$ 11,932,769
Construction in progress	3,562,517	10,588,776	(961,661)	13,189,632
Total capital assets not being depreciated	13,427,139	12,661,998	(966,736)	25,122,401
Capital assets being depreciated:				
Buildings	9,142,507	421,971	-	9,564,478
Office furniture and equipment	3,612,420	30,857	(1,274,923)	2,368,354
Vehicles and equipment	5,069,135	525,435	(38,364)	5,556,206
Infrastructure	32,843,334	572,984	-	33,416,318
Total capital assets being depreciated	50,667,396	1,551,247	(1,313,287)	50,905,356
Less accumulated depreciation for:				
Buildings	2,747,124	236,876	-	2,984,000
Office furniture and equipment	3,402,710	33,111	(1,148,181)	2,287,640
Vehicles and equipment	3,119,511	494,227	(38,364)	3,575,374
Infrastructure	14,139,892	1,100,068	-	15,239,960
Total accumulated depreciation	23,409,237	1,864,282	(1,186,545)	24,086,974
Total capital assets being depreciated, net	27,258,159	(313,035)	(126,742)	26,818,382
Governmental Activity Capital Assets, net	\$ 40,685,298	\$ 12,348,963	\$ (1,093,478)	\$ 51,940,783

City of Wasilla, Alaska

Notes to Basic Financial Statements

Business-type Activities	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Capital assets not being depreciated:				
Land	\$ 4,429,707	\$ -	\$ -	\$ 4,429,707
Construction in progress	881,557	148,571	(973,758)	56,370
Total capital assets not being depreciated	5,311,264	148,571	(973,758)	4,486,077
Capital assets being depreciated:				
Land improvements	16,383,231	-	-	16,383,231
Buildings	17,652,478	-	-	17,652,478
Treatment system	8,111,871	-	-	8,111,871
Collection/distribution	42,144,056	155,806	-	42,299,862
Water tank and fence	6,847,577	-	-	6,847,577
Wells/well house	368,659	956,487	-	1,325,146
Vehicles and equipment	7,698,431	91,033	(15,743)	7,773,721
Total capital assets being depreciated	99,206,303	1,203,326	(15,743)	100,393,886
Less accumulated depreciation for:				
Land improvements	7,998,907	564,100	-	8,563,007
Buildings	4,026,782	465,663	-	4,492,445
Treatment system	3,450,856	162,653	-	3,613,509
Collection/distribution	13,190,301	836,860	-	14,027,161
Water tank and fence	2,285,235	137,298	-	2,422,533
Wells/well house	234,232	25,441	-	259,673
Vehicles and equipment	4,789,637	363,970	-	5,153,607
Total accumulated depreciation	35,975,950	2,555,985	-	38,531,935
Total capital assets being depreciated, net	63,230,353	(1,352,659)	-	61,861,951
Business-type Activities				
Capital Assets, net	\$ 68,541,617	\$ (1,204,088)	\$ (989,501)	\$ 66,348,028

City of Wasilla, Alaska

Notes to Basic Financial Statements

Depreciation expense was charged to the functions as follows for the year ended June 30, 2016:

Governmental Activities

General government	\$ 139,006
Public safety	246,625
Public works	1,353,522
Culture and recreation	125,129
Total Depreciation Expense - Governmental Activities	\$ 1,864,282

Business-type Activities

Water utility	\$ 800,694
Sewer utility	465,175
Municipal airport	778,059
Curtis D. Menard Memorial Sports Center	512,057
Total Depreciation Expense - Business-type Activities	\$ 2,555,985

5. Interfund Receivables, Payables, and Transfers

A schedule of interfund balances and transfers for the year ended June 30, 2016, follows:

Due From Other Funds

Due to the General Fund for short-term operating advances from the Road Capital Projects Fund	\$ 174,350
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City of Wasilla, Alaska

Notes to Basic Financial Statements

Transfers

From the General Fund to:

Curtis D. Menard Memorial Sports Center Enterprise Fund to subsidize operations	\$	531,068
Miscellaneous Capital Projects Fund for purchase of new road equipment and property improvements		490,643
Road Capital Projects Fund for capital additions		90,000
Nonmajor governmental funds for vehicle and technology replacement		337,000
Municipal Airport Enterprise Fund to subsidize operations		40,000

From the Water Utility Enterprise Fund to nonmajor governmental funds for vehicle and technology replacement		14,500
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From the Sewer Utility Enterprise Fund to nonmajor governmental funds for vehicle and technology replacement		17,500
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From the Municipal Airport Enterprise Fund to nonmajor governmental funds for technology replacement		500
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From the Curtis D. Menard Memorial Sports Center Enterprise Fund to nonmajor governmental funds for technology replacement		9,500
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Total Transfers to Other Funds	\$	1,530,711
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6. Long-term Liabilities

(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:

	Bond Principal
\$3,380,000 1998 Series A for street paving and other road improvements, due in annual installments of \$375,000 to \$415,000 through December 1, 2018, plus interest rates from 3.875% to 5.5%	\$ 1,185,000

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City of Wasilla, Alaska

Notes to Basic Financial Statements

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

<i>Year Ending June 30,</i>	Principal	Interest	Total
2017	\$ 375,000	\$ 46,681	\$ 421,681
2018	395,000	28,241	423,241
2019	415,000	9,588	424,588
	\$ 1,185,000	\$ 84,510	\$ 1,269,510

(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 projects, as follows:

	Principal Loan
\$745,938 Water loan payable, due in annual installments of \$37,294 through November 15, 2022, plus interest at 1.5%	\$ 261,056
\$3,309,000 Water loan payable, due in annual installments of \$165,450 through March 4, 2024, plus interest at 1.5%	1,323,600
Total ADEC Loans Payable	\$ 1,584,656

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

<i>Year Ending June 30,</i>	Principal	Interest	Total
2017	\$ 202,744	\$ 23,770	\$ 226,514
2018	202,744	20,729	223,473
2019	202,744	17,688	220,432
2020	202,744	14,646	217,390
2021	202,744	11,605	214,349
2022-2024	570,936	16,569	587,505
	\$ 1,584,656	\$ 105,007	\$ 1,689,663

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City of Wasilla, Alaska

Notes to Basic Financial Statements

(c) Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2016 was as follows:

Governmental Activities	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Due Within One Year
General obligation bonds	\$ 1,540,000	\$ -	\$ (355,000)	\$ 1,185,000	\$ 375,000
Issuance premiums	52,532	-	(13,133)	39,399	13,133
Total bonds payable	1,592,532	-	(368,133)	1,224,399	388,133
Health claims payable	321,389	2,171,352	(2,238,041)	254,700	254,700
Compensated absences	613,560	692,187	(650,124)	655,623	655,623
Net pension liability	6,474,467	3,286,128	-	9,760,595	-
Total Governmental Activities	\$ 9,001,948	\$ 6,149,667	\$ (3,256,298)	\$ 11,895,317	\$ 1,298,456
Business-type Activities					
ADEC loans	\$ 1,925,189	\$ -	\$ (340,533)	\$ 1,584,656	\$ 202,744
Compensated absences	123,442	113,797	(93,274)	143,965	143,965
Net pension liability	1,147,180	673,004	-	1,820,184	-
Total Business-type Activities	\$ 3,195,811	\$ 786,801	\$ (433,807)	\$ 3,548,805	\$ 346,709

For governmental activities, compensated absences are generally liquidated by the General Fund.

(d) 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, 2016 was \$908,625.

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, 2016 was \$3,572,276.

On October 27, 2014, 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 authorized in the amount of \$9,500,000. The outstanding balance at June 30, 2016 was \$9,183,221.

City of Wasilla, Alaska

Notes to Basic Financial Statements

7. Retirement Plans

(a) Defined Benefit (DB) Pension Plan

General Information About the Plan

The City participates in the Alaska Public Employees' Retirement System (PERS). PERS is a cost-sharing multiple employer plan which covers eligible State and local government employees, other than teachers. The Plan was established and is administered by the State of Alaska Department of Administration. 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. That report is available via the internet at <http://doa.alaska.gov/drb/pers>. Actuarial valuation reports, audited financial statements, and other detailed plan information are also available on this website.

The Plan provides for retirement, death and disability, and post-employment health care benefits. There are three tiers of employees, based on entry date. For all tiers within the Defined Benefit (DB) plan, full retirement benefits are generally calculated using a formula comprised of a multiplier times the average monthly salary (AMS) times the number of years of service. The multiplier is increased at longevity milestone markers for most employees. Police/Fire employees accrue benefits at an accelerated rate. The tiers within the Plan establish differing criteria regarding normal retirement age, early retirement age, and the criteria for calculation of AMS, COLA adjustments, and other OPEB benefits. A complete benefit comparison chart is available at the website noted above.

The PERS DB Plan was closed to new entrants effective June 30, 2006. New employees hired after that date participate in the PERS Defined Contribution (DC) Plan described later in these notes.

Historical Context and Special Funding Situation

In April 2008, the Alaska Legislature passed legislation converting the previously existing PERS plan from an agent-multiple employer plan to a cost-sharing plan with an effective date of July 1, 2008. In connection with this conversion, the State of Alaska passed additional legislation which statutorily capped the employer contribution rate, established a state funded "on-behalf" contribution (subject to funding availability), and required that employer contributions be calculated against *all* PERS eligible wages, including wages paid to participants of the PERS Tier IV defined contribution plan described later in these notes.

Alaska Statute 39.35.255 requires the State of Alaska to contribute to the Plan an amount such that, when combined with the employer contribution, is sufficient to pay the Plan's past service liability contribution rate as adopted by the Alaska Retirement Management Board. As such, the Plan is considered to be in a special funding situation as defined by GASB, and management has recorded all pension related liabilities, deferred inflows and outflows of resources, and disclosures on this basis.

The City records the on-behalf contributions as revenue and expense/expenditures in the fund financial statements.

It is important to note that the legislature has the power and the authority to change the aforementioned statute through the legislative process.

City of Wasilla, Alaska

Notes to Basic Financial Statements

Employee Contribution Rates

Regular employees are required to contribute 6.75% of their annual covered salary (police and firefighters are required to contribute 7.5% of their annual covered salary).

Employer and Other Contribution Rates

There are several contribution rates associated with the pension and healthcare contributions and related liabilities. These amounts are calculated on an annual basis.

Employer Effective Rate: This is the contractual employer pay-in rate. Under current legislation, this rate is statutorily capped at 22% of eligible wages, subject to a wage floor, and other termination events. This 22% rate is calculated on all PERS participating wages, including those wages attributable to employees in the defined contribution plan. Contributions derived from the defined contribution employees are referred to as the Defined Benefit Unfunded Liability or DBUL contribution.

ARM Board Adopted Rate: This is the rate formally adopted by the Alaska Retirement Management Board. This rate is actuarially determined and used to calculate annual Plan funding requirements, without regard to the statutory rate cap or the GASB accounting rate. Effective July 1, 2015, the Legislature requires the ARM Board to adopt employer contribution rates for past service liabilities using a level percent of pay method over a closed 25 year term which ends in 2039. This change results in lower ARM Board Rates than previously adopted.

On-behalf Contribution Rate: This is the rate paid in by the State as an on-behalf payment under the current statute. The statute requires the State to contribute, based on funding availability, an on-behalf amount equal to the difference between the ARM Board Rate and the Employer Effective Rate. In 2015, the State Legislature appropriated a one-time contribution to the Plan in the amount of \$1 billion. As a result, the on-behalf contribution in 2015 was significantly higher than the statutory amount. In 2016, the on-behalf contribution has returned to "normal" levels and generally equals the statutory calculation. In the governmental fund financial statements, on-behalf contribution amounts have been recognized as additional revenues and expenditures. In the enterprise fund and government-wide financial statements, the on-behalf amounts reflect revenue and expense only during the measurement period in which the Plan recognizes the payments, resulting in a significant timing difference between the cash transfers and revenue and expense recognition.

GASB Rate: This is the rate used to determine the long-term pension and healthcare liability for plan accounting purposes in accordance with generally accepted accounting principles as established by GASB. Certain actuarial methods and assumptions for this rate calculation are mandated by GASB. Additionally, the GASB Rate disregards all future Medicare Part D payments. For FY16, the rate uses an 8.00% pension discount rate and a 4.55% healthcare discount rate.

City of Wasilla, Alaska

Notes to Basic Financial Statements

The GASB Rate and the ARM Board Adopted Rate differ significantly as a direct result of variances in the actuarial methods and assumptions used.

Contribution rates for the year ended June 30, 2016 were determined in the June 30, 2013 actuarial valuation and are as follows:

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate	GASB Rate
Pension	13.25%	16.38%	3.63%	37.79%
Postemployment healthcare (see Note 7(c))	8.75%	10.81%	1.56%	58.73%
Total Contribution Rates	22.00%	27.19%	5.19%	96.52%

In 2016, the City was credited with the following contributions to the pension plan.

	Measurement Period City FY15	Measurement Period City FY16
Employer contributions (including DBUL)	\$ 696,515	\$ 732,714
Nonemployer contributions (on-behalf)	3,202,105	289,465
Total Contributions	\$ 3,898,620	\$ 1,022,179

In addition, employee contributions to the Plan totaled \$262,912 during the City's fiscal year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

At June 30, 2016, the City reported a liability for its proportionate share of the net pension liability (NPL) that reflected a reduction for State pension support provided to the City. The amount recognized by the City for its proportional share, the related State proportion, and the total were as follows:

	2016
City proportionate share of NPL	\$ 11,580,779
State's proportionate share of NPL associated with the City	3,103,029
Total Net Pension Liability	\$ 14,683,808

City of Wasilla, Alaska

Notes to Basic Financial Statements

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, including the State, actuarially determined. At June 30, 2016, the City's proportion was 0.238780 percent, which was an increase of 0.075370 from its proportion measured as of the prior measurement date.

For the year ended June 30, 2016, the City recognized pension expense of \$2,821,339 and on-behalf revenue of \$428,518 for support provided by the State. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 13,499	\$ -
Changes in assumptions	677,140	-
Net difference between projected and actual earnings on pension plan investments	-	205,028
Changes in proportion and differences between City contributions and proportionate share of contributions	885,418	3,412
City contributions subsequent to the measurement date	732,714	-
<hr/>		
Total Deferred Outflows and Deferred Inflows Related to Pensions	\$ 2,308,771	\$ 208,440

The \$732,714 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,

2017	\$ 1,297,691
2018	11,602
2019	(131,675)
2020	189,999

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City of Wasilla, Alaska

Notes to Basic Financial Statements

Actuarial Assumptions

The total pension liability for the measurement period ended June 30, 2015 (City fiscal year 2016) was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2015. The actuarial assumptions used in the June 30, 2014 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2009 to June 30, 2013, resulting in changes in actuarial assumptions adopted by the Alaska Retirement Management Board to better reflect expected future experience.

Actuarial Cost Method	Entry Age Normal - Level Percentage of Payroll
Asset Valuation Method	Invested assets are reported at fair value.
Allocation Methodology	Amounts for FY14 and FY13 were allocated to employers based on actual contributions made in FY14 and FY13, respectively. Amounts for FY15 were allocated to employers based on the projected present value of contributions for FY2017-FY2039. The liability is expected to go to zero at 2039.
Investment Return / Discount Rate	8.00% per year (geometric), compounded annually, net of expenses
Salary Scale	Inflation - 3.12% per year Productivity - 0.50% per year Peace Officer/Firefighter - graded by years of service from 9.66% to 4.92% All others - graded by age and years of service from 8.55% to 4.34%
Total Inflation	Measured by the consumer price index for urban and clerical workers for Anchorage and is assumed to increase 3.12% annually.
Mortality	Pre-termination - Based on the 2010-2013 actual mortality experience Post-termination - 96% of all rates of the RP-2000 table, 2000 base year projected to 2018 with projection scale BB

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City of Wasilla, Alaska

Notes to Basic Financial Statements

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of arithmetic real rates of return for each major asset class are summarized in the following table (note that the rates shown below exclude the inflation component):

<i>Asset Class</i>	Long-Term Expected Real Rate of Return
Domestic equity	5.35%
Global equity (non-us)	5.55%
Private equity	6.25%
Fixed income	0.80%
Real estate	3.65%
Alternative equity	4.70%

Discount Rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy which meets State statutes. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 8.00 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00 percent) or 1-percentage-point higher (9.00 percent) than the current rate:

	Proportional Share	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	0.23878%	\$ 15,395,666	\$ 11,580,779	\$ 8,369,040

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

City of Wasilla, Alaska

Notes to Basic Financial Statements

(b) Defined Contribution (DC) Pension Plan

Employees hired after July 1, 2006 participate in PERS Tier IV, a defined contribution plan. This Plan is administered by the State of Alaska, Department of Administration in conjunction with the defined benefit plan noted above. 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. This Plan is included in the comprehensive annual financial report for PERS, and at the following website, as noted above. <http://doa.alaska.gov/drb/pers>.

Contributions to the DC plan consist solely of employer and employee contributions with no special funding or other nonemployer contributions. In addition, actual remittances to the PERS system require that the City contribute at 22%. After deducting the DC plan contributions (and related OPEB contributions), the remaining remittance (the DBUL) is deposited into the DB plan as noted earlier.

Benefit Terms

Employees are immediately vested in their own contributions and vest 25% with two years of service, plus an additional 25% per year thereafter for full vesting at five years of service.

Employee Contribution Rate

Employees are required to contribute 8.0% of their annual covered salary. This amount goes directly to the individual's account.

Employer Contribution Rate

For the year ended June 30, 2016, the City was required to contribute 5% of covered salary into the Plan. In addition, during 2016, the State on-behalf contribution rate for OPEB was 1.56%.

The City and employee contributions to PERS for pensions for the year ended June 30, 2016 were \$171,078 and \$273,724, respectively. The City contribution amount was recognized as pension expense/expenditures.

(c) Other Post-Employment Benefits (OPEB) Plans

Defined Benefit OPEB Plan

As part of its participation in the PERS DB Plan (Tiers I, II, III), the City participates in the Alaska Retiree Healthcare Trust (ARHCT). The ARHCT is self-funded and provides major medical coverage to retirees of the System. Benefits vary by Tier level. The Plan is administered by the State of Alaska, Department of Administration. Employer contribution rates are established in concert with the Defined Benefit Pension Plan described earlier in these notes.

Employer Contribution Rate

The City is required to contribute 8.75% of covered payroll into the OPEB plan. Employees do not contribute.

City of Wasilla, Alaska

Notes to Basic Financial Statements

Annual Postemployment Healthcare Cost

Actual contributions into the Plan for the last three years were as follows. The amounts reported here include only the employer required contributions and do not include any amounts attributed to the on-behalf contributions by the State. In 2016, on-behalf contributions into the OPEB Plan were \$123,957. There were no on-behalf contributions to the OPEB Plan in 2015; however, on-behalf contributions to the OPEB Plan in 2014 were \$424,504.

<i>Year Ended June 30,</i>	Annual OPEB Costs	City Contributions	% of Costs Contributed
2016	\$ 483,861	\$ 483,861	100 %
2015	525,455	525,455	100 %
2014	615,735	615,735	100 %

Defined Contribution OPEB Plan

Defined Contribution Pension Plan participants (PERS Tier IV) participate in the Occupational Death and Disability Plan (ODD), and the Retiree Medical Plan. Information on these plans is included in the comprehensive annual financial report for the PERS Plan noted above. These plans provide for death, disability, and post-employment health care benefits.

Employer Contribution Rates

Employees do not contribute to the DC OPEB plans. Employer contribution rates for the year ended June 30, 2016 were as follows:

	Other Tier IV	Police/Fire Tier IV
Retiree medical plan	1.68%	1.68%
Occupational death and disability benefits	0.22%	1.05%
Total Contribution Rates	1.90%	2.73%

In addition, PERS defined contribution members also participate in the Health Reimbursement Arrangement. AS 39.30.370 establishes this contribution amount as "three percent of the average annual employee compensation of *all employees of all employers in the plan*". As of July 1, 2015, for actual remittance, this amount is calculated as a flat rate for each full time or part-time employee per pay period and approximates \$2,005 per year for each full-time employee, and \$1.28 per hour for part-time employees.

Annual Postemployment Healthcare Cost

In 2016, the City contributed \$182,432 in DC OPEB costs. These amounts have been recognized as expense/expenditures.

City of Wasilla, Alaska

Notes to Basic Financial Statements

(d) 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.

8. 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 to the aggregate annual deposit contributions of all members. APEI made no supplemental assessments during the year ended June 30, 2016. 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, 2016. 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 for the years ended June 30, 2016 and June 30, 2015 are as follows:

	2016	2015
Health claims payable, beginning	\$ 321,389	\$ 688,661
Incurred claims	2,171,352	3,316,189
Claims payments	(2,238,041)	(3,683,461)
Health Claims Payable, ending	\$ 254,700	\$ 321,389

City of Wasilla, Alaska

Notes to Basic Financial Statements

Effective July 1, 2016, the City has ceased being self-insured for employee health insurance. The City's health insurance program has been moved to a fully-insured model utilizing the Trusts of Local 302, 341 and 959.

9. 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, 2016 were as follows:

Governmental funds:		
General Fund	\$	2,616
Miscellaneous Capital Projects Fund		1,744,948
Road Capital Projects Fund		117,478
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Total Governmental Funds	\$	1,865,042
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Proprietary funds:		
Water Utility	\$	117,276
Sewer Utility		388,522
Municipal Airport		220
Curtis D. Menard Memorial Sports Center		3,876
<hr/>		
Total Proprietary Funds	\$	509,894

(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 grants. Management believes that such disallowances, if any, would not be material.

(d) Arbitration

Two separate unions filed grievances against the City related to changes made to the City-sponsored healthcare plan for fiscal year 2016. The grievances were settled in arbitration with no material impact to the City.

City of Wasilla, Alaska

Notes to Basic Financial Statements

10. New Accounting Pronouncements

The Governmental Accounting Standards Board has passed several new accounting standards with upcoming implementation dates. Management has not fully evaluated the potential effects of these statements, but believes that GASB Statement 75 will result in the biggest reporting change. However, actual impacts have not yet been determined.

GASB 73 - Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68 - This statement contains certain clarifications and amendments to GASB 67 and 68 as well as establishing requirements for both defined benefit and defined contribution pensions not within the scope of GASB 68. Effective for fiscal year-end June 30, 2016—except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for year-end June 30, 2017, with earlier application encouraged.

GASB 74 - Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans - Effective for year-end June 30, 2017, with earlier application encouraged - This statement contains financial reporting guidelines for Postemployment Benefit Plans. This is the Plan side requirements applicable to OPEB benefits and generally brings the OPEB reporting rules into alignment with the new GASB 67 Pension rules.

GASB 75 - Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions - Effective for year-end June 30, 2018, with earlier application encouraged - This statement contains accounting and financial reporting guidelines for OPEB related activities at the participating employer level and generally brings the OPEB reporting rules into alignment with the new GASB 68 Pension rules.

GASB 77 - Tax Abatement Disclosures - Effective for year-end June 30, 2017 - This statement requires local governments to provide financial disclosures relating to tax abatements affecting the government. This includes information about abatement agreements entered into directly by the government, including conditions and criteria under which taxes can be abated, and the type and dollar amount of the tax. In addition, the statement requires disclosure of tax abatements issued by other governments that affect the local government's revenue recognition and reporting.

GASB 78 - Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans - Effective for year-end June 30, 2017 - This statement amends the scope and applicability of GASB 68 to exclude pensions provided to employees through a cost-sharing multiple-employer defined benefit pension plan that is (1) not a state or local government pension plan, (2) used to provide defined benefit pensions to employees of both government and non-government employers, and (3) has no predominant state or local government employer, either individually or collectively with other governmental employers providing pensions in the plan.

City of Wasilla, Alaska

Notes to Basic Financial Statements

GASB 80 - Blending Requirements for Certain Component Units - Effective for year-end June 30, 2017, with earlier application encouraged - This statement requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. This statement amends the previous requirements established in paragraph 53 of GASB 14. The criterion specified in GASB 80 does not apply to component units included in the financial reporting entity pursuant to GASB 39.

GASB 81 - Irrevocable Split-Interest Agreements - Effective for year-end June 30, 2018, with earlier application encouraged - This statement establishes recording and recognition criteria for governments who receive resources pursuant to an irrevocable split-interest agreement.

GASB 82 - Pension-Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73 - Effective for year-end December 31, 2017, with earlier application encouraged - This statement further amends prior pension reporting to redefine "covered payroll" for required supplementary information, clarifies deviations from actuarial standards, and clarifies the classification of employer-paid member contributions.

11. Subsequent Events

On November 3, 2016, the City issued General Obligation Refunding Bonds, 2016 Series A, to advance refund \$815,000 of the outstanding 1998 Series A bond principal of \$1,185,000 at June 30, 2016. The refunding is due in annual installments of \$15,000 to \$405,000, plus interest rates from 2.0% to 4.0%. The FY 2017 principal payment of \$375,000 was not subject to prepayment provisions.

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City of Wasilla, Alaska
General Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

<i>Year Ended June 30, 2016</i>	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 13,264,558	\$ 13,264,558	\$ 13,516,590	\$ 252,032
Licenses and permits	35,125	35,125	44,278	9,153
Fines and forfeitures	230,000	230,000	276,393	46,393
Intergovernmental	1,266,187	1,246,159	1,550,156	303,997
Charges for services	1,895,079	1,895,079	1,873,699	(21,380)
Investment income	150,000	150,000	167,608	17,608
Other	33,550	33,550	113,912	80,362
Total Revenues	16,874,499	16,854,471	17,542,636	688,165
Expenditures				
Current:				
General government	3,356,516	3,323,952	2,921,203	402,749
Public safety	7,338,359	7,413,541	6,230,856	1,182,685
Public works	2,466,188	2,483,697	2,090,240	393,457
Culture and recreation	2,117,563	2,124,954	1,913,045	211,909
Nondepartmental	243,065	202,500	53,171	149,329
Debt service:				
Principal	355,000	355,000	355,000	-
Interest	65,819	65,819	65,819	-
Total Expenditures	15,942,510	15,969,463	13,629,334	2,340,129
Excess of Revenues Over Expenditures	931,989	885,008	3,913,302	3,028,294
Other Financing Sources (Uses)				
Proceeds from sale of assets	25,000	25,000	9,771	(15,229)
Transfers out	(1,361,111)	(1,488,711)	(1,488,711)	-
Net Other Financing Sources (Uses)	(1,336,111)	(1,463,711)	(1,478,940)	(15,229)
Net Change in Fund Balance	\$ (404,122)	\$ (578,703)	2,434,362	\$ 3,013,065
Fund Balance, beginning			<u>15,111,561</u>	
Fund Balance, ending			<u>\$ 17,545,923</u>	

See accompanying notes to Required Supplementary Information

City of Wasilla, Alaska
Public Employees Retirement System (PERS)
Schedule of the City's Information on the Net Pension Liability

<i>Years Ended June 30,</i>	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	State of Alaska Proportionate Share of the Net Pension Liability	Total Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of Payroll	Plan Fiduciary as a Percentage of the Total Pension Liability
2015	0.01634%	\$ 7,621,647	\$ 6,726,524	\$ 14,348,171	\$ 6,711,285	113.56%	62.37%
2016	0.23878%	\$ 11,580,779	\$ 3,103,029	\$ 14,683,808	\$ 6,958,225	166.43%	63.96%

See accompanying notes to Required Supplementary Information.

City of Wasilla, Alaska
Public Employees Retirement System
Schedule of the City Contributions

<i>Years Ended June 30,</i>	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 696,515	\$ 696,515	\$ -	\$ 6,958,225	10.01%
2016	\$ 732,714	\$ 732,714	\$ -	\$ 7,169,357	10.22%

See accompanying notes to Required Supplementary Information.

City of Wasilla, Alaska

Notes to Required Supplementary Information

1. Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

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 publishes a separate 2016 budget document. That document may be obtained from the City of Wasilla, Director of Finance, 290 E. Herning Avenue, Wasilla, Alaska 99654.

City of Wasilla, Alaska

Notes to Required Supplementary Information, continued

2. Schedule of the City's Information on the Net Pension Liability

This table is presented based on the Plan measurement date. For June 30, 2016, the Plan measurement date is June 30, 2015.

There were no benefit changes in benefit terms from the prior measurement period.

There were no changes in assumptions from the prior measurement period.

There was a significant change in the allocation methodology. For the measurement period ended June 30, 2014, the liability was allocated to participating employers based on actual contributions for 2014. For the measurement period ended June 30, 2015, the liability is allocated based on projected contributions for fiscal years 2017-2039, as calculated in the June 30, 2014 actuarial valuation.

3. Schedule of City Contributions - Public Employees Retirement System

This table is based on the City's contributions during fiscal year 2016. These contributions are reported as a deferred outflow on the Statement of Net Position.

Both pension tables are intended to present 10 years of information. Additional year's information will be added to the schedules as it becomes available.

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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

<i>June 30,</i>	2016	2015
Assets		
Cash and investments	\$ 16,429,554	\$ 14,795,082
Receivables:		
Accounts	43,511	31,502
Sales taxes	1,253,691	1,186,476
Grants	15,627	40,666
Shared revenues	255,895	38,319
Special assessments	575	575
Total receivables	1,569,299	1,297,538
Prepaid items	285,279	54,514
Due from other funds	174,350	42,841
Total Assets	\$ 18,458,482	\$ 16,189,975
Liabilities		
Accounts payable	\$ 181,636	\$ 171,195
Accrued payroll and employee benefits	436,366	552,055
Customer deposits	11,072	13,632
Health claims payable	254,700	321,389
Unearned revenue	28,785	20,143
Total Liabilities	912,559	1,078,414
Fund Balance		
Nonspendable - prepaid items	285,279	54,514
Committed - capital improvements	7,907,835	5,075,895
Assigned:		
Land bank	262,000	162,000
Compensated absences	655,623	613,560
Self insurance	254,700	750,000
Sexual Assault Response Team (SART)	101,000	-
Other purposes	2,616	89,099
Unassigned	8,076,870	8,366,493
Total Fund Balance	17,545,923	15,111,561
Total Liabilities and Fund Balance	\$ 18,458,482	\$ 16,189,975

City of Wasilla, Alaska
General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance

<i>Years Ended June 30,</i>	2016	2015
Revenues		
Taxes	\$ 13,516,590	\$ 13,122,826
Licenses and permits	44,278	36,164
Fines and forfeitures	276,393	303,944
Intergovernmental	1,550,156	3,961,046
Charges for services	1,873,699	1,822,432
Investment income	167,608	102,322
Other	113,912	105,843
Total Revenues	17,542,636	19,454,577
Expenditures		
General government:		
City clerk	437,079	394,053
City council	153,796	115,352
Administration	253,555	338,231
General administration services	731,439	762,177
Finance	1,144,406	1,307,612
Management information systems	200,928	231,530
Total general government:	2,921,203	3,148,955
Public safety:		
Police	611,667	694,174
General investigation	415,646	330,139
Police patrol	2,824,209	3,449,603
COPS - school resource officer grant	131,235	196,423
Dispatch center	2,079,362	2,698,978
Code compliance	168,737	161,759
Total public safety	6,230,856	7,531,076

City of Wasilla, Alaska
General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance, continued

<i>Years Ended June 30,</i>	2016	2015
Expenditures, continued:		
Public works:		
Administration	\$ 471,759	\$ 574,913
Roads	1,000,590	1,143,570
Property maintenance	617,891	700,000
Total public works	2,090,240	2,418,483
Culture and recreation:		
Museum	181,381	217,342
Parks maintenance	673,646	688,153
Library	988,560	1,208,873
Recreation services	69,458	71,708
Total culture and recreation	1,913,045	2,186,076
Debt service:		
Principal	355,000	340,000
Interest	65,819	82,263
Total debt service	420,819	422,263
Nondepartmental	53,171	97,983
Total Expenditures	13,629,334	15,804,836
Excess of Revenues Over Expenditures	3,913,302	3,649,741
Other Financing Sources (Uses)		
Proceeds from sale of assets	9,771	38,637
Transfers out	(1,488,711)	(1,518,835)
Net Other Financing Sources (Uses)	(1,478,940)	(1,480,198)
Net Change in Fund Balance	2,434,362	2,169,543
Fund Balance, beginning	15,111,561	12,942,018
Fund Balance, ending	\$ 17,545,923	\$ 15,111,561

City of Wasilla, Alaska
General Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

<i>Years Ended June 30,</i>	2016			2015
	Budget	Actual	Variance	Actual
Revenues				
Taxes:				
Sales taxes, including penalty and interest	\$ 13,225,506	\$ 13,458,670	\$ 233,164	\$ 13,064,276
Vehicle taxes	39,052	57,920	18,868	58,550
Total taxes	13,264,558	13,516,590	252,032	13,122,826
Licenses and permits:				
City business licenses	25,000	29,050	4,050	24,750
Land use permits	8,500	10,300	1,800	8,000
Other licenses and permits	1,625	4,928	3,303	3,414
Total licenses and permits	35,125	44,278	9,153	36,164
Fines and forfeitures	230,000	276,393	46,393	303,944
Intergovernmental:				
Electric and telephone co-op tax	235,000	225,083	(9,917)	221,051
Public safety grants	167,447	175,968	8,521	223,164
Library grants	8,624	8,773	149	7,650
Alcoholic beverage tax	30,000	28,400	(1,600)	27,800
Aviation fuel tax revenue sharing	1,700	1,165	(535)	1,033
Matanuska-Susitna Borough- Planning block grant	150,000	150,000	-	90,000
Matanuska-Susitna Borough- School resource officer	122,516	94,495	(28,021)	123,672
Matanuska-Susitna Borough- Library block grant	45,000	45,000	-	52,500
Fisheries tax	-	29	29	-
State revenue sharing	465,872	465,872	-	494,246
State PERS relief	-	342,873	342,873	2,677,080
Transportation grants	20,000	12,498	(7,502)	42,850
Total Intergovernmental	1,246,159	1,550,156	303,997	3,961,046
Charges for services:				
Police dispatch services	1,657,079	1,656,083	(996)	1,603,184
Building rentals	191,800	177,085	(14,715)	182,078
Other charges for services	46,200	40,531	(5,669)	37,170
Total charges for services	1,895,079	1,873,699	(21,380)	1,822,432
Investment income	150,000	167,608	17,608	102,322
Other:				
Administration fee revenue	200	40	(160)	110
Special assessments	-	-	-	884
Donations	3,500	8,724	5,224	16,001
Miscellaneous	29,850	105,148	75,298	88,848
Total other	33,550	113,912	80,362	105,843
Total Revenues	16,854,471	17,542,636	688,165	19,454,577

City of Wasilla, Alaska
General Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual, continued

<i>Years Ended June 30,</i>	2016			2015
	Budget	Actual	Variance	Actual
Expenditures				
General government:				
City clerk:				
Salaries	\$ 243,591	\$ 229,333	\$ 14,258	\$ 181,741
Employee benefits	142,506	110,873	31,633	177,955
Professional and technical services	87,250	57,151	30,099	4,305
Property services	7,422	5,821	1,601	3,386
Other purchased services	43,492	28,680	14,812	25,106
Supplies	6,400	5,221	1,179	1,560
Total city clerk	530,661	437,079	93,582	394,053
City Council:				
Salaries	31,050	22,275	8,775	22,050
Employee benefits	4,779	3,836	943	6,740
Professional and technical services	101,180	97,868	3,312	53,568
Property services	6,855	4,355	2,500	10,355
Other purchased services	31,738	24,431	7,307	20,587
Supplies	3,000	1,031	1,969	2,052
Total City Council	178,602	153,796	24,806	115,352
Administration:				
Salaries	166,539	162,182	4,357	200,725
Employee benefits	64,561	58,036	6,525	105,092
Professional and technical services	18,981	14,895	4,086	15,418
Property services	2,355	1,970	385	2,139
Other purchased services	16,085	12,982	3,103	11,456
Supplies	5,549	3,490	2,059	3,401
Total administration	274,070	253,555	20,515	338,231
General administration services:				
Salaries	381,756	373,207	8,549	349,572
Employee benefits	240,704	234,388	6,316	333,047
Professional and technical services	67,265	56,805	10,460	14,644
Property services	9,531	8,974	557	8,590
Other purchased services	61,704	47,528	14,176	44,183
Supplies	17,740	10,537	7,203	12,141
Total general administration services	778,700	731,439	47,261	762,177
Finance:				
Salaries	675,480	618,440	57,040	573,163
Employee benefits	495,781	407,548	88,233	636,181
Professional and technical services	63,330	55,727	7,603	48,784
Property services	21,095	15,686	5,409	12,346
Other purchased services	44,903	35,506	9,397	28,766
Supplies	13,450	11,499	1,951	8,372
Total finance	1,314,039	1,144,406	169,633	1,307,612

City of Wasilla, Alaska
General Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual, continued

<i>Years Ended June 30,</i>	2016			2015
	Budget	Actual	Variance	Actual
General government, continued:				
Management information systems:				
Salaries	\$ 66,026	\$ 65,345	\$ 681	\$ 61,158
Employee benefits	36,431	21,796	14,635	61,388
Professional and technical services	9,650	1,925	7,725	11,800
Property services	88,201	71,612	16,589	60,028
Other purchased services	32,072	27,560	4,512	25,000
Supplies	15,500	12,690	2,810	12,156
Total management information systems	247,880	200,928	46,952	231,530
Total general government	3,323,952	2,921,203	402,749	3,148,955
Public safety:				
Police:				
Salaries	277,070	240,844	36,226	252,652
Employee benefits	131,770	85,838	45,932	194,256
Professional and technical services	163,350	134,916	28,434	105,409
Property services	39,881	34,146	5,735	34,237
Other purchased services	44,031	43,244	787	37,205
Supplies	82,923	72,679	10,244	70,415
Total police	739,025	611,667	127,358	694,174
General investigation:				
Salaries	278,586	242,474	36,112	134,419
Employee benefits	208,388	145,200	63,188	170,336
Professional and technical services	17,350	5,610	11,740	12,396
Property services	3,892	3,764	128	712
Other purchased services	13,246	12,481	765	7,877
Supplies	6,205	6,117	88	4,399
Total general investigation	527,667	415,646	112,021	330,139
Police patrol:				
Salaries	1,658,270	1,562,843	95,427	1,552,625
Employee benefits	1,170,704	991,273	179,431	1,609,452
Professional and technical services	11,000	8,134	2,866	6,609
Property services	41,650	31,599	10,051	26,571
Other purchased services	111,701	107,440	4,261	82,205
Supplies	196,593	100,543	96,050	172,141
Capital purchases	29,990	22,377	7,613	-
Total police patrol	3,219,908	2,824,209	395,699	3,449,603
School resource officer grant:				
Salaries	76,880	74,678	2,202	97,159
Employee benefits	69,308	49,573	19,735	92,494
Professional and technical services	350	42	308	124
Other purchased services	7,617	4,888	2,729	3,512
Supplies	3,200	2,054	1,146	3,134
Total school resource officer grant	157,355	131,235	26,120	196,423

City of Wasilla, Alaska
General Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual, continued

<i>Years Ended June 30,</i>	2016			2015
	Budget	Actual	Variance	Actual
Public safety, continued:				
Dispatch center:				
Salaries	\$ 1,377,884	\$ 1,194,745	\$ 183,139	\$ 1,227,869
Employee benefits	1,033,685	811,936	221,749	1,318,179
Professional and technical services	1,970	98	1,872	40
Property services	102,789	26,836	75,953	100,411
Other purchased services	50,091	37,988	12,103	42,173
Supplies	13,600	7,759	5,841	10,306
Total dispatch center	2,580,019	2,079,362	500,657	2,698,978
Code compliance:				
Salaries	120,091	103,477	16,614	72,915
Employee benefits	43,775	43,277	498	68,655
Property services	2,572	2,072	500	157
Other purchased services	18,037	15,477	2,560	16,102
Supplies	5,092	4,434	658	3,930
Total code compliance	189,567	168,737	20,830	161,759
Total public safety:	7,413,541	6,230,856	1,182,685	7,531,076
Public works:				
Administration:				
Salaries	294,588	274,162	20,426	281,621
Employee benefits	175,805	164,429	11,376	274,575
Professional and technical services	18,469	15,146	3,323	606
Property services	10,474	6,618	3,856	7,825
Other purchased services	17,497	7,917	9,580	7,672
Supplies	5,350	3,487	1,863	2,614
Total administration	522,183	471,759	50,424	574,913
Road maintenance:				
Salaries	348,451	316,408	32,043	311,871
Employee benefits	239,292	227,796	11,496	337,413
Property services	253,025	185,201	67,824	191,765
Other purchased services	26,794	18,829	7,965	38,563
Supplies	345,188	249,668	95,520	263,028
Capital purchases	5,000	2,688	2,312	930
Total road maintenance	1,217,750	1,000,590	217,160	1,143,570
Property maintenance:				
Salaries	173,010	172,082	928	169,664
Employee benefits	147,111	127,842	19,269	200,220
Professional and technical services	13,550	13,135	415	4,000
Property services	149,103	111,235	37,868	129,566
Other purchased services	46,734	33,939	12,795	29,180
Supplies	190,756	137,880	52,876	145,611
Other expenditures	23,500	21,778	1,722	21,759
Total property maintenance	743,764	617,891	125,873	700,000
Total public works	2,483,697	2,090,240	393,457	2,418,483

City of Wasilla, Alaska
General Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual, continued

<i>Years Ended June 30,</i>	2016			2015
	Budget	Actual	Variance	Actual
Culture and recreation:				
Museum:				
Salaries	\$ 89,944	\$ 89,019	\$ 925	\$ 86,806
Employee benefits	41,391	41,846	(455)	70,284
Professional and technical services	150	143	7	263
Property services	12,819	10,219	2,600	9,831
Other purchased services	23,989	21,758	2,231	21,713
Supplies	23,014	18,396	4,618	22,445
Capital purchases	-	-	-	6,000
Total museum	191,307	181,381	9,926	217,342
Parks maintenance:				
Salaries	367,376	342,967	24,409	292,193
Employee benefits	190,327	159,053	31,274	231,277
Professional and technical services	1,170	1,080	90	830
Property services	54,293	49,546	4,747	33,255
Other purchased services	13,984	12,887	1,097	12,507
Supplies	112,380	108,113	4,267	112,241
Capital purchases	4,000	-	4,000	5,850
Total parks maintenance	743,530	673,646	69,884	688,153
Library:				
Salaries	521,800	501,670	20,130	486,136
Employee benefits	373,923	300,821	73,102	528,530
Professional and technical services	36,626	36,625	1	35,280
Property services	33,883	31,188	2,695	31,230
Other purchased services	27,140	22,630	4,510	24,692
Supplies	106,244	90,049	16,195	103,005
Capital purchases	6,767	5,577	1,190	-
Total library	1,106,383	988,560	117,823	1,208,873
Recreation services:				
Salaries	34,958	32,803	2,155	31,706
Employee benefits	17,477	12,777	4,700	24,087
Other purchased services	28,799	22,726	6,073	15,904
Supplies	2,500	1,152	1,348	11
Total recreation services	83,734	69,458	14,276	71,708
Total culture and recreation	2,124,954	1,913,045	211,909	2,186,076

City of Wasilla, Alaska
General Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual, continued

<i>Years Ended June 30,</i>	2016			2015
	Budget	Actual	Variance	Actual
Debt service:				
Principal	\$ 355,000	\$ 355,000	\$ -	\$ 340,000
Interest	65,819	65,819	-	82,263
Total debt service	420,819	420,819	-	422,263
Nondepartmental:				
Insurance deductible	20,000	1,000	19,000	600
Foreclosed tax payments	7,500	671	6,829	653
Settlements	25,000	-	25,000	6,730
Other agreements	150,000	51,500	98,500	90,000
Total nondepartmental	202,500	53,171	149,329	97,983
Total Expenditures	15,969,463	13,629,334	2,340,129	15,804,836
Excess of Revenues Over Expenditures	885,008	3,913,302	3,028,294	3,649,741
Other Financing Sources (Uses)				
Proceeds from sale of assets	25,000	9,771	(15,229)	38,637
Transfers out	(1,488,711)	(1,488,711)	-	(1,518,835)
Net Other Financing Sources (Uses)	(1,463,711)	(1,478,940)	(15,229)	(1,480,198)
Net Change in Fund Balance	\$ (578,703)	2,434,362	\$ 3,013,065	2,169,543
Fund Balance, beginning		15,111,561		12,942,018
Fund Balance, ending		\$ 17,545,923		\$ 15,111,561

City of Wasilla, Alaska
Nonmajor Governmental Funds
Combining Balance Sheet

<i>June 30, 2016</i>	Special Revenue Funds	Capital Project Funds	Cemetery Permanent Fund	Total Nonmajor Governmental Funds
Assets				
Cash and investments	\$ 173,382	\$ 1,210,272	\$ 290,615	\$ 1,674,269
Receivables - grants	2,635	-	-	2,635
Prepaid items	7,017	-	-	7,017
Total Assets	\$ 183,034	\$ 1,210,272	\$ 290,615	\$ 1,683,921
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 44,448	\$ -	\$ -	\$ 44,448
Accrued payroll and employee benefits	6,930	-	-	6,930
Unearned revenue	53,590	-	-	53,590
Total Liabilities	104,968	-	-	104,968
Fund Balances				
Nonspendable:				
Prepaid items	7,017	-	-	7,017
Permanent Fund principal	-	-	290,615	290,615
Restricted - Federal and State drug enforcement	13,146	-	-	13,146
Assigned:				
Youth court	57,903	-	-	57,903
Vehicle replacement	-	526,201	-	526,201
Right-of-way acquisition	-	118,749	-	118,749
Technology replacement	-	565,322	-	565,322
Total Fund Balances	78,066	1,210,272	290,615	1,578,953
Total Liabilities and Fund Balances	\$ 183,034	\$ 1,210,272	\$ 290,615	\$ 1,683,921

City of Wasilla, Alaska
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances

<i>Year Ended June 30, 2016</i>	Special Revenue Funds	Capital Project Funds	Cemetery Permanent Fund	Total Nonmajor Governmental Funds
Revenues:				
Fines and charges	\$ 3,690	\$ -	\$ -	\$ 3,690
Intergovernmental	220,057	-	-	220,057
Other	3,469	-	1,400	4,869
Total Revenues	227,216	-	1,400	228,616
Expenditures:				
Public safety	171,912	-	-	171,912
Capital outlay	55,948	343,417	-	399,365
Total Expenditures	227,860	343,417	-	571,277
Excess of revenues over (under) expenditures	(644)	(343,417)	1,400	(342,661)
Other Financing Sources				
Transfers in	-	379,000	-	379,000
Net change in fund balances	(644)	35,583	1,400	36,339
Fund Balances, beginning	78,710	1,174,689	289,215	1,542,614
Fund Balances, ending	\$ 78,066	\$ 1,210,272	\$ 290,615	\$ 1,578,953

Special Revenue Funds

Youth Court Fund - This fund is used to account for a diversion program focused on first-time juvenile offenders who have committed misdemeanors. The program is called Mat-Su Youth Court and serves the community at large.

Federal Asset Forfeiture Fund - This fund accounts for assets which have been seized by federal law enforcement and distributed to local agencies under the Department of Justice's equitable sharing program. Assets received are recorded into this fund and used for public safety purposes in accordance with the program guidelines.

State Asset Forfeiture Fund - This fund accounts for assets which have been seized by State and local law enforcement agencies. Assets received are recorded into this fund and used for public safety purposes in accordance with the program guidelines.

City of Wasilla, Alaska
Nonmajor Special Revenue Funds
Combining Balance Sheet

<i>June 30, 2016</i>	Youth Court	Federal Asset Forfeiture	State Asset Forfeiture	Totals
Assets				
Cash and investments	\$ 115,284	\$ 31,067	\$ 27,031	\$ 173,382
Receivables - grants	2,635	-	-	2,635
Prepaid items	7,017	-	-	7,017
Total Assets	\$ 124,936	\$ 31,067	\$ 27,031	\$ 183,034
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 44,448	\$ -	\$ -	\$ 44,448
Accrued payroll and employee benefits	6,930	-	-	6,930
Unearned revenue	8,638	28,199	16,753	53,590
Total Liabilities	60,016	28,199	16,753	104,968
Fund Balances				
Nonspendable - prepaid items	7,017	-	-	7,017
Restricted - federal and state enforcement	-	2,868	10,278	13,146
Assigned - youth court	57,903	-	-	57,903
Total Fund Balances	64,920	2,868	10,278	78,066
Total Liabilities and Fund Balances	\$ 124,936	\$ 31,067	\$ 27,031	\$ 183,034

City of Wasilla, Alaska
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

<i>Year Ended June 30, 2016</i>	Youth Court	Federal Asset Forfeiture	State Asset Forfeiture	Totals
Revenues				
Fines and charges	\$ 3,690	\$ -	\$ -	\$ 3,690
Intergovernmental	164,109	55,948	-	220,057
Other	3,469	-	-	3,469
Total Revenues	171,268	55,948	-	227,216
Expenditures				
Salaries	99,939	-	-	99,939
Employee benefits	65,656	-	-	65,656
Professional and technical services	370	-	-	370
Other purchased services	4,138	-	-	4,138
Supplies	1,809	-	-	1,809
Capital outlay	-	55,948	-	55,948
Total Expenditures	171,912	55,948	-	227,860
Net change in fund balances	(644)	-	-	(644)
Fund Balances, beginning	65,564	2,868	10,278	78,710
Fund Balances, ending	\$ 64,920	\$ 2,868	\$ 10,278	\$ 78,066

City of Wasilla, Alaska
Youth Court Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual

<i>Years Ended June 30,</i>	2016			2015
	Budget	Actual	Variance	Actual
Revenues				
Fines and charges	\$ 6,000	\$ 3,690	\$ (2,310)	\$ 4,420
Intergovernmental	227,700	164,109	(63,591)	215,030
Other	-	3,469	3,469	2,946
Total Revenues	233,700	171,268	(62,432)	222,396
Expenditures				
Salaries	102,534	99,939	2,595	93,880
Employee benefits	87,856	65,656	22,200	111,021
Professional and technical services	370	370	-	490
Other purchased services	4,905	4,138	767	9,560
Supplies	2,650	1,809	841	2,466
Total Expenditures	198,315	171,912	26,403	217,417
Net change in fund balance	<u>\$ 35,385</u>	(644)	<u>\$ (36,029)</u>	4,979
Fund Balance, beginning		<u>65,564</u>		<u>60,585</u>
Fund Balance, ending		<u>\$ 64,920</u>		<u>\$ 65,564</u>

City of Wasilla, Alaska
Federal Asset Forfeiture Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

<i>Years Ended June 30,</i>	2016			2015
	Budget	Actual	Variance	Actual
Revenues - intergovernmental	\$ -	\$ 55,948	\$ 55,948	\$ -
Expenditures - capital outlay	57,344	55,948	1,396	-
Net change in fund balance	<u>\$ (57,344)</u>	-	<u>\$ 57,344</u>	-
Fund Balance, beginning		<u>2,868</u>		<u>2,868</u>
Fund Balance, ending		<u>\$ 2,868</u>		<u>\$ 2,868</u>

City of Wasilla, Alaska
State Asset Forfeiture Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

<i>Years Ended June 30,</i>	2016			2015
	Budget	Actual	Variance	Actual
Revenues - intergovernmental	\$ -	\$ -	\$ -	\$ 12,930
Expenditures - capital outlay	-	-	-	12,930
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>	-
Fund Balance, beginning		<u>10,278</u>		<u>10,278</u>
Fund Balance, ending		<u>\$ 10,278</u>		<u>\$ 10,278</u>

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.

City of Wasilla, Alaska
Nonmajor Capital Project Funds
Combining Balance Sheet

<i>June 30, 2016</i>	Vehicle Replacement	Right-of-way Acquisition	Technology Replacement	Totals
Assets				
Cash and investments	\$ 526,201	\$ 118,749	\$ 565,321	\$ 1,210,271
Fund Balances				
Assigned	\$ 526,201	\$ 118,749	\$ 565,322	\$ 1,210,272

City of Wasilla, Alaska
Nonmajor Capital Project Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances

<i>Year Ended June 30, 2016</i>	Vehicle Replacement	Right-of-way Acquisition	Technology Replacement	Totals
Expenditures - capital outlay	\$ 295,556	\$ 18,827	\$ 29,034	\$ 343,417
Other Financing Sources - transfers in	239,000	-	140,000	379,000
Net change in fund balances	(56,556)	(18,827)	110,966	35,583
Fund Balances, beginning	582,757	137,576	454,356	1,174,689
Fund Balances, ending	\$ 526,201	\$ 118,749	\$ 565,322	\$ 1,210,272

City of Wasilla, Alaska
Miscellaneous Capital Project Fund
Schedule of Expenditures by Project

Year Ended June 30, 2016

Expenditures	
New library design and construction	\$ 9,658,505
Aquatic weed harvester	209,333
Public safety software upgrade	100,328
New maintenance shop	104,038
Master plans and studies	47,970
Park improvements	104,818
City Hall standby generator	152,144
General property improvements	23,714
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Total Expenditures	\$ 10,400,850

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

<i>June 30,</i>	2016	2015
Assets		
Cash and investments	\$ 290,615	\$ 289,215
Fund Balance		
Nonspendable - Permanent Fund principal	\$ 290,615	\$ 289,215

City of Wasilla, Alaska
Cemetery Permanent Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance

<i>Years Ended June 30,</i>	2016	2015
Revenues - lot sales	\$ 1,400	\$ -
Other Financing Sources - transfers in	-	3,481
Net change in fund balance	1,400	3,481
Fund Balance, beginning	289,215	285,734
Fund Balance, ending	\$ 290,615	\$ 289,215

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Enterprise Funds

Water Utility Fund - This fund is used to account for the provision of water services to the residents of the City.

Sewer Utility Fund - This fund is used to account for sewer services for local residents.

Municipal Airport Fund - This fund is used to account for the operations of the Wasilla Municipal Airport.

Curtis D. Menard Memorial Sports Center - This 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

<i>June 30,</i>	2016	2015
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 4,630,593	\$ 3,997,315
Receivables:		
Accounts	304,088	332,089
Allowance for doubtful accounts	(30,302)	(27,118)
Special assessments	13,914	20,746
Grants	146,771	10,167
Prepaid expenses	15,524	5,157
Inventory	48,441	34,239
Total Current Assets	5,129,029	4,372,595
Noncurrent Assets		
Prepaid expenses	8,832	9,213
Capital assets:		
Land	178,740	178,740
Collection/distribution system	30,710,001	30,569,938
Water tank and fence	6,847,577	6,847,577
Wells/well house	1,325,146	368,659
Equipment	405,347	374,082
Construction in progress	56,370	881,557
Total capital assets	39,523,181	39,220,553
Less accumulated depreciation	(11,865,042)	(11,064,348)
Net capital assets	27,658,139	28,156,205
Total Noncurrent Assets	27,666,971	28,165,418
Total Assets	32,796,000	32,538,013
Deferred Outflows of Resources related to pensions	98,184	28,680
Total Assets and Deferred Outflows of Resources	\$32,894,184	\$ 32,566,693

City of Wasilla, Alaska
Water Utility Enterprise Fund
Statement of Net Position, continued

<i>June 30,</i>	2016	2015
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 63,848	\$ 28,696
Accrued payroll and employee benefits	23,770	28,586
Accrued annual and sick leave	26,795	22,129
Customer deposits	38,520	68,276
Accrued interest	8,854	10,199
Unearned revenue	102,998	117,107
Current portion notes payable	202,744	204,675
Total Current Liabilities	467,529	479,668
Noncurrent Liabilities		
Notes payable, net of current portion	1,381,912	1,600,087
Net pension liability	492,491	313,841
Total Noncurrent Liabilities	1,874,403	1,913,928
Total Liabilities	2,341,932	2,393,596
Deferred Inflows of Resources related to pensions	8,864	36,868
Net Position		
Net investment in capital assets	26,073,483	26,351,443
Unrestricted	4,469,905	3,784,786
Total Net Position	30,543,388	30,136,229
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 32,894,184	\$ 32,566,693

City of Wasilla, Alaska
Water Utility Enterprise Fund
Statement of Revenues, Expenses and
Changes in Net Position

<i>Years Ended June 30,</i>	2016	2015
Operating Revenues		
Sales and user charges	\$ 1,950,312	\$ 1,819,965
Water meters	13,703	19,552
Total Operating Revenues	1,964,015	1,839,517
Operating Expenses		
Salaries	301,391	284,108
Employee benefits	305,281	218,658
Professional and technical services	26,398	24,994
Repair and maintenance	339,991	74,666
Other purchased services	51,524	50,588
Supplies	173,448	165,812
Total Operating Expenses	1,198,033	818,826
Operating income before depreciation	765,982	1,020,691
Depreciation	800,694	781,910
Operating income	(34,712)	238,781
Nonoperating Revenues (Expenses)		
Payments in lieu of assessments	59,263	30,739
Interest expense	(25,727)	(29,080)
Other income	354	909
Nonoperating grants	170,192	-
Debt service assessments	1,097	1,419
State PERS relief	23,494	22,777
Net Nonoperating Revenues (Expenses)	228,673	26,764
Income before transfers and contributions	193,961	265,545
Capital assets transferred in from Airport Enterprise Fund	-	1,445,666
Capital assets transferred in from Sewer Enterprise Fund	-	5,778
Transfers out	(14,500)	(14,500)
Capital contributions	227,698	706,449
Change in net position	407,159	2,408,938
Net Position, beginning	30,136,229	27,727,291
Net Position, ending	\$ 30,543,388	\$ 30,136,229

City of Wasilla, Alaska
Water Utility Enterprise Fund
Statement of Cash Flows

<i>Year Ended June 30,</i>	2016	2015
Cash Flows from Operating Activities		
Cash receipts from customers and users	\$ 1,951,689	\$ 1,792,190
Cash payments to suppliers for goods and services	(580,397)	(303,366)
Cash payments to employees for services	(502,186)	(484,861)
Non operating grants received	33,588	-
Net cash flows from operating activities	902,694	1,003,963
Cash Flows from (for) Noncapital Financing Activities		
Transfers out	(14,500)	(14,500)
Cash Flows for Capital and Related Financing Activities		
Principal paid on notes payable	(220,106)	(248,470)
Interest paid on notes payable	(27,072)	(30,797)
Special assessments received	7,929	9,237
Payments in lieu of assessments received	59,263	30,739
Acquisition and construction of capital assets	(131,300)	(868,297)
Capital contributions received	56,370	566,020
Net cash flows for capital and related financing activities	(254,916)	(541,568)
Net Increase in Cash and Investments	633,278	447,895
Cash and Investments, beginning	3,997,315	3,549,420
Cash and Investments, ending	\$ 4,630,593	\$ 3,997,315
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities		
Operating income (loss)	\$ (34,712)	\$ 238,781
Adjustments to reconcile operating income (loss) to net cash from operating activities:		
Depreciation	800,694	781,910
State of Alaska on-behalf payments - PERS relief	23,494	22,777
Nonoperating revenues	354	-
Non operating grants received	33,588	-
Changes in operating assets and liabilities that provided (used) cash:		
Accounts receivable and related allowance	31,185	(46,851)
Inventory	(14,202)	1,183
Prepaid expenses	(9,986)	(902)
Deferred outflows of resources related to pensions	(69,504)	(2,880)
Accounts payable	35,152	12,413
Accrued payroll and employee benefits	(4,816)	1,793
Accrued annual and sick leave	4,666	(60)
Customer deposits	(29,756)	(4,342)
Unearned revenue	(14,109)	3,866
Net pension liability	178,650	(40,593)
Deferred inflows of resources related to pensions	(28,004)	36,868
Net Cash from Operating Activities	\$ 902,694	\$ 1,003,963
Noncash Noncapital Financing and Capital and Related Financing Activities		
State of Alaska on-behalf payments - PERS relief	\$ 23,494	\$ 22,777
Capital assets transferred from Municipal Airport Enterprise Fund	\$ -	\$ 1,445,666
Capital assets transferred from Sewer Enterprise Fund	\$ -	\$ 5,778
Water extensions contributed by developers	\$ 171,328	\$ 293,827

City of Wasilla, Alaska
Sewer Utility Enterprise Fund
Statement of Net Position

<i>June 30,</i>	2016	2015
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 3,398,371	\$ 3,023,836
Receivables:		
Accounts	149,380	163,950
Allowance for doubtful accounts	(19,674)	(18,008)
Special assessments	43,012	51,404
Grants	108,675	85,077
Prepaid expenses	13,791	4,001
Inventory	74,540	43,050
Total Current Assets	3,768,095	3,353,310
Noncurrent Assets - capital assets		
Land	1,008,977	1,008,977
Building	143,456	143,456
Treatment system	8,111,871	8,111,871
Collection/distribution system	11,589,862	11,589,862
Equipment	5,182,361	5,175,228
Total capital assets	26,036,527	26,029,394
Less accumulated depreciation	(12,538,519)	(12,073,344)
Total Noncurrent Assets	13,498,008	13,956,050
Total Assets	17,266,103	17,309,360
Deferred Outflows of Resources related to pensions	139,790	40,761
Total Assets and Deferred Outflows of Resources	\$ 17,405,893	\$ 17,350,121

City of Wasilla, Alaska
Sewer Utility Enterprise Fund
Statement of Net Position, continued

<i>June 30,</i>	2016	2015
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 45,213	\$ 43,622
Accrued payroll and employee benefits	32,468	38,299
Accrued annual and sick leave	81,671	75,367
Customer deposits	8,975	11,281
Accrued interest	-	1,123
Current portion of note payable	-	15,053
Total Current Liabilities	168,327	184,745
Noncurrent Liabilities		
Note payable, net of current portion	-	105,374
Net pension liability	701,184	446,022
Total Noncurrent Liabilities	701,184	551,396
Total Liabilities	869,511	736,141
Deferred Inflows of Resources related to pensions	12,620	52,396
Net Position		
Net investment in capital assets	13,498,008	13,835,623
Unrestricted	3,025,754	2,725,961
Total Net Position	16,523,762	16,561,584
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 17,405,893	\$ 17,350,121

City of Wasilla, Alaska
Sewer Utility Enterprise Fund
Statement of Revenues, Expenses and
Changes in Net Position

<i>Years Ended June 30,</i>	2016	2015
Operating Revenues - sales and user charges	\$ 1,549,405	\$ 1,511,553
Operating Expenses		
Salaries	434,584	407,155
Employee benefits	418,584	285,876
Professional and technical services	8,646	10,614
Repair and maintenance	340,321	165,274
Other purchased services	31,787	32,626
Supplies	202,734	210,793
Total Operating Expenses	1,436,656	1,112,338
Operating income before depreciation	112,749	399,215
Depreciation	465,175	464,157
Operating loss	(352,426)	(64,942)
Nonoperating Revenues (Expenses)		
Payments in lieu of assessments	40,506	38,294
Interest expense	(683)	(1,975)
Other income	1,296	2,471
Nonoperating grants	246,563	-
Loss on disposal of capital assets	-	(56,742)
Debt service assessments	3,839	4,342
State PERS relief	33,450	32,371
Net Nonoperating Revenues (Expenses)	324,971	18,761
Loss before transfers and contributions	(27,455)	(46,181)
Transfers out	(17,500)	(17,500)
Capital assets transferred to the Water Enterprise Fund	-	(5,778)
Capital contributions	7,133	130,555
Change in net position	(37,822)	61,096
Net Position, beginning	16,561,584	16,500,488
Net Position, ending	\$ 16,523,762	\$ 16,561,584

City of Wasilla, Alaska
Sewer Utility Enterprise Fund
Statement of Cash Flows

<i>Year Ended June 30,</i>	2016	2015
Cash Flows from Operating Activities		
Cash receipts from customers and users	\$ 1,564,631	\$ 1,495,297
Cash payments to suppliers for goods and services	(623,177)	(391,647)
Cash payments to employees for services	(702,888)	(664,402)
Non operating grants received	222,965	-
Net cash flows from operating activities	461,531	439,248
Cash Flows for Noncapital Financing Activities		
Transfers out	(17,500)	(17,500)
Cash Flows from Capital and Related Financing Activities		
Principal paid on notes payable	(120,427)	(36,972)
Interest paid on notes payable	(1,806)	(2,362)
Special assessments received	3,839	4,342
Payments in lieu of assessments received	48,898	52,351
Acquisition and construction of capital assets	(7,133)	(11,555)
Capital contributions received	7,133	45,478
Net cash flows from capital and related financing activities	(69,496)	51,282
Net Increase in Cash and Investments	374,535	473,030
Cash and Investments, beginning	3,023,836	2,550,806
Cash and Investments, ending	\$ 3,398,371	\$ 3,023,836
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	\$ (352,426)	\$ (64,942)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation	465,175	464,157
State of Alaska on-behalf payments - PERS relief	33,450	32,371
Nonoperating revenues	1,296	2,471
Non operating grants received	222,965	-
Changes in operating assets and liabilities that provided (used) cash:		
Accounts receivable and related allowance	16,236	(23,237)
Inventory	(31,490)	(5,114)
Prepaid expenses	(9,790)	(115)
Deferred outflows of resources related to pensions	(99,029)	(4,094)
Accounts payable	1,591	32,889
Accrued payroll and employee benefits	(5,831)	2,704
Accrued annual and sick leave	6,304	2,941
Customer deposits	(2,306)	4,510
Net pension liability	255,162	(57,689)
Deferred inflows of resources related to pensions	(39,776)	52,396
Net Cash from Operating Activities	\$ 461,531	\$ 439,248
Noncash Noncapital Financing and Capital and Related Financing Activities		
State of Alaska on-behalf payments - PERS relief	\$ 33,450	\$ 32,371
Capital assets transferred to Water Enterprise fund	\$ -	\$ (5,778)

City of Wasilla, Alaska
Municipal Airport Enterprise Fund
Statement of Net Position

<i>June 30,</i>	2016	2015
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 301,274	\$ 321,673
Receivables:		
Accounts	3,283	1,223
Grants	51,965	72,186
Prepaid expenses	1,774	1,254
Total Current Assets	358,296	396,336
Noncurrent Assets - capital assets		
Land	1,470,000	1,470,000
Land improvements	16,133,231	16,133,231
Buildings	993,282	993,282
Equipment	1,470,118	1,470,118
Total capital assets	20,066,631	20,066,631
Less accumulated depreciation	(9,291,023)	(8,512,964)
Total Noncurrent Assets	10,775,608	11,553,667
Total Assets	11,133,904	11,950,003
Deferred Outflows of Resources related to pensions	9,260	2,860
Total Assets and Deferred Outflows of Resources	\$ 11,143,164	\$ 11,952,863
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 16,218	\$ 2,720
Accrued payroll and employee benefits	2,237	2,496
Accrued annual and sick leave	8,632	9,286
Unearned revenue	17,897	7,185
Total Current Liabilities	44,984	21,687
Noncurrent Liabilities - Net pension liability	46,449	31,295
Total Liabilities	91,433	52,982
Deferred Inflows of Resources related to pensions	836	3,676
Net Position		
Net investment in capital assets	10,775,608	11,553,667
Unrestricted	275,287	342,538
Total Net Position	11,050,895	11,896,205
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 11,143,164	\$ 11,952,863

City of Wasilla, Alaska
Municipal Airport Enterprise Fund
Statement of Revenues, Expenses and Changes
in Net Position

<i>Years Ended June 30,</i>	2016	2015
Operating Revenues - fees and rentals	\$ 86,581	\$ 85,669
Operating Expenses		
Salaries	29,661	29,392
Employee benefits	25,445	19,318
Professional and technical services	6,498	4,027
Repair and maintenance	24,564	37,076
Other purchased services	24,287	25,236
Supplies	46,412	45,612
Total Operating Expenses	156,867	160,661
Operating loss before depreciation	(70,286)	(74,992)
Depreciation	778,059	778,059
Operating loss	(848,345)	(853,051)
Nonoperating Revenues (Expenses)		
State PERS relief	2,216	2,271
Plans and studies	(41,750)	(8,242)
Nonoperating grants	3,069	8,036
Loss on disposal of capital assets	-	(156,335)
Net Nonoperating Revenues (Expenses)	(36,465)	(154,270)
Loss before contributions and transfers	(884,810)	(1,007,321)
Transfers in	40,000	-
Transfers out	(500)	(500)
Capital assets transferred to Water Enterprise Fund	-	(1,445,666)
Capital contributions	-	547,225
Change in net position	(845,310)	(1,906,262)
Net Position, beginning	11,896,205	13,802,467
Net Position, ending	\$ 11,050,895	\$ 11,896,205

City of Wasilla, Alaska
Municipal Airport Enterprise Fund
Statement of Cash Flows

<i>Year Ended June 30,</i>	2016	2015
Cash Flows for Operating Activities		
Cash receipts from customers and users	\$ 95,233	\$ 81,757
Payments to suppliers for goods and services	(130,533)	(149,174)
Payments to employees for services	(47,889)	(46,894)
Nonoperating grants received	23,290	-
Net cash flows for operating activities	(59,899)	(114,311)
Cash Flows from Noncapital Financing Activities		
Transfers in from other funds	40,000	-
Transfers out to other funds	(500)	(500)
Net cash flows from noncapital financing activities	39,500	7,536
Cash Flows from Capital and Related Financing Activities		
Acquisition and construction of capital assets	-	(547,225)
Capital contributions received	-	878,288
Net cash flows from capital and related financing activities	-	331,063
Net Increase (Decrease) in Cash and Investments	(20,399)	224,288
Cash and Investments, beginning	321,673	97,385
Cash and Investments, ending	\$ 301,274	\$ 321,673
Reconciliation of Operating Loss to Net Cash for Operating Activities		
Operating loss	\$ (848,345)	\$ (853,051)
Adjustments to reconcile operating loss to net cash for operating activities:		
Depreciation	778,059	778,059
State of Alaska on-behalf payments - PERS relief	2,216	2,271
Nonoperating expenses for plans and studies	(41,750)	(8,242)
Nonoperating grants received	23,290	-
Changes in operating assets and liabilities that provided (used) cash:		
Accounts receivable	(2,060)	(213)
Accounts payable	13,498	(28,945)
Prepaid expenses	(520)	(36)
Deferred outflows of resources related to pensions	(6,400)	(287)
Accrued payroll and employee benefits	(259)	280
Accrued annual and sick leave	(654)	(76)
Unearned revenue	10,712	(3,699)
Net pension liability	15,154	(3,232)
Deferred inflows of resources related to pensions	(2,840)	2,860
Net Cash for Operating Activities	\$ (59,899)	\$ (114,311)
Noncash Noncapital Financing and Capital and Related Financing Activities		
State of Alaska on-behalf payments- PERS relief	\$ 2,216	\$ 2,271
Capital assets transferred to Water Enterprise fund	\$ -	\$ (1,445,666)

City of Wasilla, Alaska
Curtis D. Menard Memorial Sports Center Enterprise Fund
Statement of Net Position

<i>June 30,</i>	2016	2015
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 1,521,473	\$ 1,557,729
Receivables:		
Accounts	25,658	32,697
Allowance for doubtful accounts	(14,162)	(14,162)
Prepaid expenses	11,186	2,534
Total Current Assets	1,544,155	1,578,798
Noncurrent Assets - capital assets		
Land	1,771,990	1,771,990
Land Improvements	-	250,000
Buildings	16,765,740	16,515,740
Equipment	715,891	663,256
Total capital assets	19,253,621	19,200,986
Less accumulated depreciation	(4,837,348)	(4,325,291)
Total Noncurrent Assets	14,416,273	14,875,695
Total Assets	15,960,428	16,454,493
Deferred Outflows of Resources related to pensions	115,642	32,536
Total Assets and Deferred Outflows of Resources	\$ 16,076,070	\$ 16,487,029
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 14,081	\$ 19,727
Accrued payroll and employee benefits	28,717	37,644
Accrued annual and sick leave	26,867	16,660
Customer deposits	6,400	7,350
Unearned revenue	57,955	75,067
Total Current Liabilities	134,020	156,448
Noncurrent Liabilities - Net pension liability	580,060	356,022
Total Liabilities	714,080	512,470
Deferred Inflows of Resources related to pensions	10,440	41,823
Net Position		
Net investment in capital assets	14,416,273	14,875,695
Unrestricted	935,277	1,057,041
Total Net Position	15,351,550	15,932,736
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 16,076,070	\$ 16,487,029

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

<i>Years Ended June 30,</i>	2016	2015
Operating Revenues - fees and rentals	\$ 695,112	\$ 728,688
Operating Expenses		
Salaries	423,817	401,755
Employee benefits	402,635	278,938
Professional and technical services	2,249	16,987
Repair and maintenance	147,552	142,949
Other purchased services	58,372	73,278
Supplies	289,083	276,456
Total Operating Expenses	1,323,708	1,190,363
Operating loss before depreciation	(628,596)	(461,675)
Depreciation	512,057	509,424
Operating Loss	(1,140,653)	(971,099)
Nonoperating Revenues		
Investment income	1,166	597
Other income	9,061	2,856
State PERS relief	27,672	25,839
Total Nonoperating Revenues	37,899	29,292
Loss before contributions and transfers	(1,102,754)	(941,807)
Transfers in	531,068	704,348
Transfers out	(9,500)	(9,500)
Capital contributions	-	4,200
Change in net position	(581,186)	(242,759)
Net Position, beginning	15,932,736	16,175,495
Net Position, ending	\$ 15,351,550	\$ 15,932,736

City of Wasilla, Alaska
Curtis D. Menard Memorial Sports Center Enterprise Fund
Statement of Cash Flows

<i>Year Ended June 30,</i>	2016	2015
Cash Flows for Operating Activities		
Cash receipts from customers and users	\$ 693,150	\$ 741,104
Cash payments to suppliers for goods and services	(511,554)	(506,060)
Cash payments to employees for services	(687,951)	(667,523)
Net cash flows for operating activities	(506,355)	(432,479)
Cash Flows from Noncapital Financing Activities		
Transfers in	531,068	704,348
Transfers out	(9,500)	(9,500)
Net cash flows from noncapital financing activities	521,568	694,848
Cash Flows for Capital and Related Financing Activities		
Acquisition and construction of capital assets	(52,635)	(59,494)
Capital contributions received	-	4,307
Net cash flows for capital and related financing activities	(52,635)	(55,187)
Cash Flows from Investing Activities - investment income received	1,166	597
Net Increase (Decrease) in Cash and Investments	(36,256)	207,779
Cash and Investments, beginning	1,557,729	1,349,950
Cash and Investments, ending	\$ 1,521,473	\$ 1,557,729
Reconciliation of Operating Loss to Net Cash for Operating Activities		
Operating loss	\$(1,140,653)	\$ (971,099)
Adjustments to reconcile operating loss to net cash for operating activities:		
Depreciation	512,057	509,424
State of Alaska on-behalf payments - PERS relief	27,672	25,839
Nonoperating revenues	9,061	2,856
Changes in operating assets and liabilities that provided (used) cash:		
Accounts receivable	7,039	6,757
Prepaid expenses	(8,652)	(1,272)
Deferred outflows related to pensions	(83,106)	(3,268)
Accounts payable	(5,646)	4,882
Accrued payroll and employee benefits	(8,927)	1,162
Accrued annual and sick leave	10,207	(6,338)
Customer deposits	(950)	3,550
Unearned revenue	(17,112)	(747)
Net pension liability	224,038	(36,761)
Deferred inflows related to pensions	(31,383)	32,536
Net Cash for Operating Activities	\$ (506,355)	\$ (432,479)
Noncash Noncapital Financing Activities		
State of Alaska on-behalf payments - PERS relief	\$ 27,672	\$ 25,839

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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.

Context

Page

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

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Revenue Capacity

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Debt Capacity

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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.

City of Wasilla, Alaska

Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities:										
Net investment in capital assets	\$ 24,224,874	\$ 25,066,933	\$ 24,398,858	\$ 26,352,274	\$ 27,061,059	\$ 27,866,382	\$ 27,146,916	\$ 31,959,213	\$ 39,126,772	\$ 50,741,890
Restricted	-	-	-	210,573	222,722	248,818	266,891	3,256,647	7,720,055	5,055,457
Unrestricted	8,892,421	8,643,361	9,971,248	9,178,588	10,583,663	11,650,704	13,214,102	14,351,166	10,721,131	10,710,820
Total governmental activities net position	33,117,295	33,710,294	34,370,106	35,741,435	37,867,444	39,765,904	40,627,909	49,567,026	57,567,958	66,508,167
Business-type activities:										
Net investment in capital assets	47,010,053	50,098,545	58,196,431	59,488,483	61,667,398	68,715,514	69,269,258	67,433,798	66,616,428	64,763,372
Restricted	2,178,513	2,914,497	1,477,737	2,071,844	-	-	-	-	-	-
Unrestricted	2,196,833	2,946,178	2,711,915	3,674,997	4,775,904	5,326,572	6,343,898	7,973,193	7,910,326	8,706,223
Total business-type activities net position	51,385,399	55,959,220	62,386,083	65,235,324	66,443,302	74,042,086	75,613,156	75,406,991	74,526,754	73,469,595
Total activities:										
Net Investment in capital assets	71,234,927	75,165,478	82,595,289	85,840,757	88,728,457	89,540,999	96,416,174	99,393,011	105,743,200	115,505,262
Restricted	2,178,513	2,914,497	1,477,737	2,071,844	222,722	248,818	266,891	3,256,647	7,720,055	5,055,457
Unrestricted	11,089,254	11,589,539	12,683,163	12,853,585	15,339,567	16,977,276	19,558,000	22,324,359	18,631,457	19,417,043
Total Net Position	\$ 84,502,694	\$ 89,669,514	\$ 96,756,189	\$ 100,766,186	\$ 104,290,746	\$ 106,767,093	\$ 116,241,065	\$ 124,974,017	\$ 132,094,712	\$ 139,977,762

City of Wasilla, Alaska

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities:										
General government	\$ 2,631,085	\$ 2,818,033	\$ 2,808,593	\$ 2,949,299	\$ 2,678,667	\$ 2,994,569	\$ 3,215,470	\$ 3,340,921	\$ 3,038,869	\$ 3,466,671
Public safety	5,142,112	5,761,075	6,290,577	6,469,113	6,585,810	6,920,691	7,108,991	7,075,807	7,418,375	7,621,942
Public works	2,682,130	2,925,326	3,609,023	3,473,727	3,949,216	3,852,249	4,029,730	4,431,710	4,033,097	5,681,096
Cultural and recreation	1,529,659	1,621,844	1,846,153	1,908,613	1,734,297	1,907,136	2,086,325	2,043,477	2,021,445	2,288,903
Interest on long-term debt	154,562	186,416	162,172	169,873	113,014	125,108	113,071	85,651	76,516	59,559
Total governmental activities expenses	12,139,548	13,312,694	14,716,518	14,970,625	15,061,004	15,799,753	16,553,587	16,977,566	16,588,302	19,118,171
Business-type activities:										
Water Utility	1,087,748	1,096,799	1,160,186	1,354,805	1,347,403	1,364,302	1,522,151	1,601,031	1,628,907	2,024,454
Sewer Utility	1,075,369	1,043,618	1,398,732	1,248,782	1,254,787	1,424,799	1,490,873	1,557,178	1,635,212	1,902,514
Municipal Airport	490,437	481,477	819,103	1,081,269	1,046,550	1,647,280	833,245	859,904	1,103,297	976,676
Curtis D. Menard Memorial Sports Center	1,659,328	2,162,833	1,717,698	1,622,562	1,491,371	1,584,802	1,725,391	1,716,810	1,699,787	1,835,765
Total business-type activities expenses	4,312,882	4,784,727	5,095,719	5,307,418	5,140,111	6,021,183	5,571,660	5,734,923	6,067,203	6,739,409
Total expenses	16,452,430	18,097,421	19,812,237	20,278,043	20,201,115	21,820,936	22,125,247	22,712,489	22,655,505	25,857,580
Program Revenues										
Governmental activities:										
Fees, fines & charges for services:										
General government	34,274	36,778	36,509	38,397	33,588	32,842	31,055	39,781	65,334	74,509
Public safety	1,557,226	1,697,437	1,583,265	1,564,989	1,544,398	1,722,970	1,710,651	1,779,073	1,883,808	1,916,013
Public works	-	19,145	328	141,022	191,833	210,329	221,723	148,579	190,078	187,385
Cultural and recreation	12,776	338,462	62,522	76,145	54,340	63,691	64,789	87,724	30,255	25,022
Operating grants and contributions	747,346	513,374	970,880	901,746	633,479	691,402	731,335	594,799	1,295,063	1,166,891
Capital grants and contributions	730,639	1,382,910	323,666	1,724,791	2,650,118	1,779,393	1,034,593	4,577,040	7,974,785	7,170,916
Total governmental activities program revenues	3,082,261	3,988,106	2,977,170	4,447,090	5,107,756	4,500,627	3,794,146	7,226,996	11,439,323	10,540,736
Business-type activities:										
Water Utility	769,376	793,491	818,318	1,148,297	1,312,070	1,476,682	1,537,994	1,805,376	1,839,517	1,964,369
Sewer Utility	673,985	678,897	694,702	1,024,400	1,159,179	1,235,814	1,308,737	1,447,990	1,511,553	1,549,405
Municipal Airport	67,902	70,293	58,178	67,221	64,082	65,849	69,522	72,121	85,669	86,581
Curtis D. Menard Memorial Sports Center	728,117	688,958	698,333	735,723	544,627	585,634	651,344	732,704	728,688	695,112
Operating grants and contributions	-	-	-	216,869	320,593	395,857	160,748	181,441	91,294	506,656
Capital grants and contributions	4,828,574	2,599,391	5,426,008	1,231,514	1,893,891	2,254,264	2,641,162	2,284,514	1,388,429	234,831
Total business-type activities program revenues	7,067,954	4,831,030	7,695,539	4,424,024	5,294,442	6,014,100	6,369,507	6,524,146	5,645,150	5,036,954
Total primary government program revenues	10,150,215	8,819,136	10,672,709	8,871,114	10,402,198	10,514,727	10,163,653	13,751,142	17,084,473	15,577,690
Net (expenses)/revenue:										
Governmental activities	(9,057,287)	(9,324,588)	(11,739,348)	(10,523,535)	(9,953,248)	(11,299,126)	(12,759,441)	(9,750,570)	(5,148,979)	(8,577,435)
Business-type activities	2,755,072	46,303	2,599,820	(883,394)	154,331	(7,083)	797,847	789,223	(422,053)	(1,702,455)
Total primary government net expenses	\$ (6,302,215)	\$ (9,278,285)	\$ (9,139,528)	\$ (11,406,929)	\$ (9,798,917)	\$ (11,306,209)	\$ (11,961,594)	\$ (8,961,347)	\$ (5,571,032)	\$ (10,279,890)

City of Wasilla, Alaska

Changes in Net Position, continued
 Last Ten Fiscal Years
 (accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Revenues and Other Changes in Net Position										
Governmental activities:										
Sales taxes	\$ 9,658,193	\$ 10,386,206	\$ 11,070,859	\$ 11,185,917	\$ 11,681,721	\$ 11,911,716	\$ 12,346,152	\$ 15,481,431	\$ 19,579,568	\$ 16,975,061
Property taxes	2,722	300	289	92	-	2	-	-	-	-
Vehicle taxes	96,190	101,620	105,419	107,640	108,670	117,460	120,969	57,441	58,550	57,920
Grants and entitlements not restricted to a specific purpose	773,246	654,011	1,359,374	1,220,956	1,158,757	1,564,089	1,798,256	1,745,300	744,130	720,520
Investment earnings	457,286	507,334	373,798	235,941	121,725	67,015	85,725	83,197	103,799	169,528
Other	90,005	23,105	13,654	57,143	31,540	81,304	35,261	92,719	105,843	123,683
Transfers	(761,941)	(1,754,989)	(845,500)	(912,825)	(1,023,156)	(544,000)	(741,215)	1,229,599	(662,348)	(529,068)
Special item - write off NPO/OPEB	-	-	321,267	-	-	-	-	-	-	-
Total governmental activities	10,315,701	9,917,587	12,399,160	11,894,864	12,079,257	13,197,586	13,645,148	18,689,687	19,929,542	17,517,644
Business-type activities:										
Taxes	2,414,673	2,597,929	2,776,152	2,813,929	-	-	-	-	-	-
Grants and entitlements not restricted to a specific purpose	28,037	-	100,518	-	-	-	-	-	-	-
Investment earnings	205,401	165,956	36,052	5,881	2,836	4,574	6,542	3,479	3,453	1,166
Other	2,738	8,644	2,518	-	7,655	36,396	25,466	230,732	77,265	115,062
Transfers	761,941	1,754,989	845,500	912,825	1,023,156	544,000	741,215	(1,229,599)	662,348	529,068
Special item - write off NPO/OPEB	-	-	66,303	-	-	-	-	-	-	-
Total business-type activities	3,412,790	4,527,518	3,827,043	3,732,635	1,033,647	584,970	773,223	(995,388)	743,066	645,296
Total primary government	13,728,491	14,445,105	16,226,203	15,627,499	13,112,904	13,782,556	14,418,371	17,694,299	20,672,608	18,162,940
Changes in Net Position										
Governmental activities	1,258,414	592,999	659,812	1,371,329	2,126,009	1,898,460	885,707	8,939,117	10,178,972	8,940,209
Business-type activities	6,167,862	4,573,821	6,426,863	2,849,241	1,187,978	577,887	1,571,070	(206,165)	1,532,289	(1,057,159)
Total Primary Government	\$ 7,426,276	\$ 5,166,820	\$ 7,086,675	\$ 4,220,570	\$ 3,313,987	\$ 2,476,347	\$ 2,456,777	\$ 8,732,952	\$ 11,711,261	\$ 7,883,050

City of Wasilla, Alaska

Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund:										
Nonspendable	\$ 65,057	\$ 67,600	\$ 70,125	\$ 74,596	\$ 78,953	\$ 118,443	\$ 96,268	\$ 88,911	\$ 54,514	\$ 285,279
Committed	-	259,046	1,332,106	-	1,001,579	2,502,183	3,636,891	4,041,840	5,075,895	7,907,835
Assigned	94,967	37,110	92,771	129,694	312,990	639,840	675,829	747,179	1,614,659	1,275,939
Unassigned	6,007,895	5,666,711	5,639,118	6,273,841	7,293,632	7,149,076	7,539,574	8,064,088	8,366,493	8,076,870
Total General Fund	6,167,919	6,030,467	7,134,120	6,478,131	8,687,154	10,409,542	11,948,562	12,942,018	15,111,561	17,545,923
All Other Governmental Funds:										
Nonspendable:										
Permanent fund	187,105	201,501	204,055	210,573	222,722	235,672	253,745	285,734	289,215	290,615
Special revenue funds	138	-	-	-	-	14	14	13	13	-
Capital projects funds	7,125	-	-	-	-	12,845	5,819	-	-	-
Prepaid items	-	-	-	-	-	-	-	-	-	7,017
Restricted for:										
Debt service funds	339,156	323,689	306,327	227,968	-	-	-	-	-	-
Special revenue funds	-	-	-	-	-	13,146	13,146	13,146	13,146	13,146
New library construction	-	-	-	-	-	-	-	2,957,767	7,417,694	3,028,960
Main Street couplet	-	-	-	-	-	-	-	-	-	1,722,736
Assigned to:										
Special revenue funds	142,020	162,662	176,949	302,982	48,078	43,025	93,560	60,572	65,551	57,903
Debt service funds	423,639	429,865	373,904	354,460	-	-	-	-	-	-
Capital projects funds	2,189,860	2,129,129	2,140,726	2,190,737	2,278,206	1,640,295	1,750,832	1,984,955	2,807,235	1,750,651
Total all other governmental funds	\$ 3,289,043	\$ 3,246,846	\$ 3,201,961	\$ 3,286,720	\$ 2,549,006	\$ 1,944,997	\$ 2,117,116	\$ 5,302,187	\$ 10,592,854	\$ 6,871,028

City of Wasilla, Alaska

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Sales taxes	\$ 9,658,193	\$ 10,386,206	\$ 11,070,858	\$ 11,185,917	\$ 11,681,721	\$ 11,911,716	\$ 12,346,152	\$ 15,481,431	\$ 19,579,568	\$ 16,975,061
Property and vehicle taxes	98,912	101,920	105,709	107,732	108,670	117,462	120,969	57,441	58,550	57,920
Intergovernmental	2,320,519	2,998,131	2,629,049	3,876,409	2,702,239	3,664,535	3,556,911	4,184,465	8,406,454	8,231,625
Investment earnings	457,286	507,334	373,798	235,941	121,725	67,015	85,725	83,197	103,799	169,528
Other revenues	1,719,860	1,710,709	1,758,514	1,870,786	1,897,065	2,089,290	2,114,907	2,147,361	2,275,749	2,819,905
Total Revenues	\$ 14,254,770	\$ 15,704,300	\$ 15,937,928	\$ 17,276,785	\$ 16,511,420	\$ 17,850,018	\$ 18,224,664	\$ 21,953,895	\$ 30,424,120	\$ 28,254,039
Expenditures										
Current:										
General government	\$ 2,395,634	\$ 2,648,361	\$ 2,667,010	\$ 2,672,437	\$ 2,554,172	\$ 2,790,919	\$ 2,815,187	\$ 2,913,068	\$ 3,148,955	\$ 2,921,203
Public safety	4,622,369	5,092,492	5,726,540	5,619,041	5,772,067	6,161,011	6,292,968	6,303,802	7,531,076	6,230,856
Public works	1,871,951	1,947,844	2,145,522	2,163,887	2,064,098	2,171,962	2,208,004	2,241,846	2,418,483	2,090,240
Culture and recreation	1,436,864	1,542,290	1,728,673	1,681,948	1,670,474	1,834,867	1,917,983	1,929,493	2,186,076	1,913,045
Non-departmental	30,528	24,346	22,500	102,000	54,486	64,567	139,725	205,565	97,983	53,171
Youth court	150,649	134,933	152,415	146,501	148,540	161,932	173,429	190,111	217,417	171,912
Capital outlay	2,193,371	2,235,245	1,102,536	4,087,063	1,349,794	2,608,221	1,805,060	2,789,674	6,317,946	15,220,960
Debt service:										
Principal	329,196	315,573	317,210	400,080	349,659	325,197	320,505	320,000	340,000	355,000
Interest	186,483	187,876	171,254	158,780	136,863	124,844	112,744	97,744	82,263	65,819
Other debt service costs	40,632	-	-	-	-	-	-	-	-	-
Total Expenditures	13,257,677	14,128,960	14,033,660	17,031,737	14,100,153	16,243,520	15,785,605	16,991,303	22,340,199	29,022,206
Excess of revenues over (under) expenditures	997,093	1,575,340	1,904,268	245,048	2,411,267	1,606,498	2,439,059	4,962,592	8,083,921	(768,167)
Other Financing Sources (Uses)										
Bond proceeds	45,588	-	-	-	-	-	-	-	-	-
Proceeds from sale of assets	-	-	-	8,035	4,279	55,881	13,295	56,495	38,637	9,771
Transfers in	2,430,840	1,754,246	2,234,437	5,275,203	728,932	655,084	947,273	1,146,054	859,968	959,643
Transfers out	(3,192,781)	(3,509,235)	(3,079,937)	(6,188,028)	(1,673,169)	(1,199,084)	(1,688,488)	(1,986,617)	(1,522,316)	(1,488,711)
Proceeds from capital lease	-	-	-	88,512	-	-	-	-	-	-
Net other financing sources (uses)	(716,353)	(1,754,989)	(845,500)	(816,278)	(939,958)	(488,119)	(727,920)	(784,068)	(623,711)	(519,297)
Net change in fund balances	280,740	(179,649)	1,058,768	(571,230)	1,471,309	1,118,379	1,711,139	4,178,524	7,460,210	(1,287,464)
Debt service as a percentage of noncapital expenditures	5.03%	4.23%	3.60%	4.09%	2.57%	3.17%	2.94%	2.94%	2.43%	2.57%
Total non-capital expenditures	\$ 11,064,306	\$ 11,893,715	\$ 13,555,405	\$ 13,652,773	\$ 13,609,341	\$ 14,211,961	\$ 14,715,904	\$ 15,370,471	\$ 17,386,845	\$ 16,360,208

City of Wasilla, Alaska

Governmental Activities Tax Revenues by Source Last Ten Fiscal Years (modified accrual basis of accounting)

Fiscal Year Ended June 30	Total Taxes	Property Taxes	Sales Taxes	Vehicle Taxes
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
2015	19,638,118	-	19,579,568	58,550
2016	\$ 17,032,981	\$ -	\$ 16,975,061	\$ 57,920

Source: City of Wasilla Finance Department

- (1) In October 2013, voters approved a ballot initiative to increase sales tax 1.0% effective January 1, 2014. The 1.0% increase was dedicated to fund construction of a new public library. As of December 31, 2015, sufficient funding from a variety of sources had been collected and the 1.0% increase was removed effective January 1, 2016.
- (2) Property taxes were reduced to 0.00 Mills July 1, 2006 and have remained at this rate.

City of Wasilla, Alaska

General Government Sales Tax Revenue By Category June 30, 2016

Category	2016		2007	
	Total Sales Tax Revenue	Percentage of Total	Total Sales Tax Revenue	Percentage of Total
Trade Retail & Wholesale	\$ 12,573,373	74.07%	\$ 5,811,334	60.17%
Entertainment, Recreation & Food Service	2,181,543	12.85%	716,638	7.42%
Utilities & Information	866,282	5.10%	552,449	5.72%
Real Estate, Rental, Leasing & Transportation	251,091	1.48%		
Manufacturing (primarily construction related)	140,447	0.83%	1,262,326	13.07%
All Other Services	962,325	5.67%	1,315,446	13.62%
	<u>\$ 16,975,061</u>	<u>100.00%</u>	<u>\$ 9,658,193</u>	<u>100.00%</u>

Source: City of Wasilla Finance Department

(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.

City of Wasilla, Alaska

Assessed Value and Estimated Actual Value of Taxable Property Last Ten Fiscal Years

Fiscal Year Ended June 30	Real	Total Assessed Value Net of Exemptions	Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
2007	\$ 831,649,100	\$ 788,757,000	11.060	\$ 879,854,800	89.65%
2008	1,092,485,689	874,404,145	11.100	922,533,500	94.78%
2009	1,126,882,939	904,686,770	11.890	912,805,200	99.11%
2010	1,158,678,913	929,324,347	11.700	951,043,600	97.72%
2011	1,153,237,856	926,268,943	11.790	956,288,200	96.86%
2012	1,195,173,600	966,009,946	11.970	1,002,502,500	96.36%
2013	1,208,834,305	941,218,804	11.661	1,100,867,900	85.50%
2014	1,239,337,767	961,267,991	11.842	1,011,551,400	95.03%
2015	1,315,952,264	1,014,495,688	11.652	1,048,765,200	96.73%
2016	1,383,706,145	1,037,570,889	11.974	1,042,965,600	99.48%

Source: Matanuska-Susitna Borough and State of Alaska, Assessors Office.

(1) Effective with Fiscal Year 1999, Personal Property was exempted from property tax.

City of Wasilla, Alaska

Sales and Property Tax Rates Direct and Overlapping Governments Last Ten Fiscal Years

Fiscal Year Ended June 30	Sales Tax	Property Tax			
	City of Wasilla	Mat-Su Borough	Wasilla Fire Service Area	City of Wasilla	Total
2007	2.50	9.640	1.42	0.00	11.060
2008	2.50	9.640	1.46	0.00	11.100
2009	2.50	10.330	1.56	0.00	11.890
2010	2.00	9.980	1.72	0.00	11.700
2011	2.00	9.960	1.83	0.00	11.790
2012	2.00	10.050	1.92	0.00	11.970
2013	2.00	9.691	1.97	0.00	11.661
2014	3.00	9.852	1.99	0.00	11.842
2015	3.00	9.662	1.99	0.00	11.652
2016	2.00	9.984	1.99	0.00	11.974

Source: Matanuska-Susitna Borough and City of Wasilla Finance Department

- (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.

- (2) Property tax millage rate is \$1,000 per assessed value. Millage rate for the City of Wasilla is approved by City Council through ordinance.

City of Wasilla, Alaska

Principal Property Taxpayers
June 30, 2016

Taxpayer	Nature of Business	2016			2007		
		Taxable assessed Value (1)	Rank	Percentage of total taxable assessed value	Taxable assessed Value (1)	Rank	Percentage of total taxable assessed value
Wal-Mart Stores Inc.	Retail Store	\$ 20,196,900	1	1.95%	\$ 16,933,600	2	2.15%
Fred Meyer Stores	Retail Store	19,387,100	2	1.87%	17,688,500	1	2.24%
DBC LLC	Property Development and Retail Mall	18,502,900	3	1.78%	13,300,000	5	1.69%
Schweiger John Loving TR	Entertainment	14,337,100	4	1.38%			
BDC Wasilla LP	Real Estate Rental and Leasing	13,829,700	5	1.33%			
Wasilla LLC	Property Development and Retail Mall	12,764,700	6	1.23%	12,712,500	6	1.61%
Gary Lundgren	Individual	12,536,300	7	1.21%	15,314,900	4	1.94%
Lowe's HIW Inc.	Retail Store	11,834,700	8	1.14%	16,227,700	3	2.06%
Wasilla Retirement LLC	Retirement Facility	11,299,200	9	1.09%			
Mat-Su Valley Medical Center	Medical Facilities	11,238,400	10	1.08%	12,079,000	7	1.53%
Global Finance & Investment Co.	Real Estate Rental and Leasing				10,325,600	8	1.31%
Home Depot USA, Inc.	Retail Store				9,399,800	9	1.19%
Newcomb Family Trust	Family Trust				8,472,400	10	1.07%
Total		\$ 145,927,000		14.06%	\$ 132,454,000		16.79%

Source: Matanuska-Susitna Borough, property tax assessment roll.

(1) Assessed values are only for property owned inside the city limits of Wasilla.

City of Wasilla, Alaska
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended <u>June 30</u>	Governmental Activities			Business-Type Activities			Total General Obligation <u>Bonds</u>	Percentage of Personal Income (2)	Percentage of Assessed Value (3)	Per Capita (2)
	General Obligation <u>Bonds</u>	Retired Principal	Total	General Obligation <u>Bonds</u>	Retired Principal	Total				
2007	\$ 4,130,000	\$ 189,412	\$ 3,940,588	\$ 10,541,314	\$ 1,374,474	\$ 9,166,840	\$13,107,428	5.10%	1.66%	1,329
2008	3,940,588	254,632	3,685,956	9,166,840	1,504,473	7,662,367	11,348,323	3.89%	1.30%	1,150
2009	3,685,956	269,632	3,416,324	7,662,367	3,840,789	3,821,578	7,237,902	2.56%	0.80%	1,009
2010	3,416,324	279,633	3,136,691	3,821,578	1,820,789	2,000,789	5,137,480	1.83%	0.55%	716
2011	3,136,691	294,633	2,842,058	2,000,789	2,000,789	-	2,842,058	0.87%	0.31%	363
2012	2,842,058	299,633	2,542,425	-	-	-	2,542,425	0.74%	0.26%	315
2013	2,542,425	263,627	2,278,798	-	-	-	2,278,798	0.65%	0.24%	271
2014	2,278,798	333,133	1,945,665	-	-	-	1,945,665	0.52%	0.20%	233
2015	1,945,665	353,133	1,592,532	-	-	-	1,592,532	0.43%	0.16%	193
2016	\$ 1,592,532	\$ 368,133	\$ 1,224,399	\$ -	\$ -	\$ -	\$ 1,224,399	0.32%	0.12%	145

- (1) The City of Wasilla issued its first general obligation debt in Fiscal Year 2003.
(2) Population and personal income data can be found in Table 13.
(3) Property value data can be found in Table 7.

City of Wasilla, Alaska

Ratios of Outstanding Debt by Type Last Ten Fiscal Years

Fiscal Year Ended June 30	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				
2007	3,940,588	254,640	-	9,166,840	24,054	3,826,233	17,212,355	6.70%	2.18%	2,490
2008	3,685,956	189,068	-	7,662,367	15,583	3,595,530	15,148,504	5.19%	1.73%	2,111
2009	3,416,324	136,851	88,512	3,821,578	7,111	3,364,353	10,834,729	3.84%	1.20%	1,510
2010	3,136,691	29,387	70,898	2,000,789	-	3,218,743	8,456,508	3.01%	0.91%	1,178
2011	2,842,058	-	40,701	-	-	-	2,882,759	0.88%	0.31%	368
2012	2,542,425	-	10,504	-	-	-	2,552,929	0.74%	0.26%	317
2013	2,278,798	-	-	-	-	-	2,278,798	0.65%	0.24%	318
2014	1,945,665	-	-	-	-	-	1,945,665	0.52%	0.20%	271
2015	1,592,532	-	-	-	-	1,925,189	3,517,721	0.95%	0.35%	425
2016	1,224,399	-	-	-	-	1,584,656	2,809,055	0.74%	0.27%	332

- (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 Schedule 13.
(3) Property value data can be found in Table 7.

City of Wasilla, Alaska

Computation of Direct and Overlapping General Obligation Debt June 30, 2016

Name of Governmental Unit	Net Debt Outstanding	Percentage Applicable to this Governmental Unit	City of Wasilla's Share of Debt
City of Wasilla	\$ 1,224,399	100.00%	\$ 1,224,399
Matanuska Susitna Borough	314,755,000	12.31%	38,746,341
Total Direct and Overlapping	\$ 315,979,399		\$ 39,970,740

Source: Matanuska-Susitna Borough and City of Wasilla Finance Department

(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.

City of Wasilla, Alaska

Demographic and Economic Statistics
Last Ten Fiscal Years

City of Wasilla			Matanuska Susitna Borough				
Fiscal Year	Population	School Enrollment	Population	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate (Annual %)
2007	6,912	3,865	82,669	\$ 37,194	33.6	16,115	6.9
2008	7,176	3,827	85,458	40,665	33.2	16,285	7.5
2009	7,176	3,905	85,319	39,330	34.4	16,468	9.4
2010	7,176	3,932	85,319	39,209	34.7	16,653	8.6
2011	7,831	3,905	88,995	41,779	34.7	17,079	9.0
2012	8,064	4,068	91,697	42,789	34.7	17,338	8.9
2013	8,207	4,126	93,801	42,683	35.0	17,247	7.2
2014	8,365	4,158	96,074	44,820	35.0	17,843	7.4
2015	8,275	4,143	98,063	44,820	35.0	18,037	8.3
2016	8,468	3,829	100,178	44,820	35.0	18,745	8.3

Source	(2) State of Alaska and US Census	State of Alaska Dept of Education & Early Development	(2) State of Alaska and US Census	(1) Bureau of Economic Analysis	(1) State of Alaska	State of Alaska Dept of Education & Early Development	(1) State of Alaska
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(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.

City of Wasilla, Alaska

Full-Time Equivalent Employees By Function Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
City Clerk	2.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00	2.00	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	2.00	6.00	6.00	6.00	6.00	5.00	5.00	5.00
Finance/MIS	8.00	9.00	9.00	11.00	11.00	11.00	10.00	10.00	10.00	11.00
Community & Econ Development	4.00	4.00	4.00	-	-	-	-	-	-	-
Police	50.00	50.00	50.00	50.00	48.00	48.00	49.00	49.00	49.00	50.00
Youth Court	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Public Works	23.00	22.00	23.00	23.00	23.00	23.00	23.00	23.00	23.00	23.00
Museum	1.50	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	3.00	3.00	3.00	3.00	3.00	3.00
Sports Center/Recreation Services	12.35	8.66	8.66	10.66	9.50	8.00	7.00	7.00	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	117.40	113.71	115.71	119.71	117.00	115.50	115.50	114.50	113.50	116.50

Source: City of Wasilla Finance Department

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

City of Wasilla, Alaska

Operating Indicators by Function Last Ten Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Function										
Public Safety:										
Police Services:										
Police requests for service	11,175	16,537	17,821	16,658	19,800	20,526	20,856	24,374	26,758	26,026
Criminal arrests	605	838	751	712	847	883	1,006	1,315	1,484	1,448
Water and Wastewater:										
Water production average										
gallons per day average										
July readings	846,575	967,123	819,178	813,377	724,687	615,959	779,454	909,806	758,613	705,253
Wastewater treatment avg.										
gallons per day average										
July readings	323,288	328,767	358,904	361,648	381,229	327,194	324,100	445,483	375,767	345,733

Source: Various City of Wasilla Departments

(1) 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.

City of Wasilla, Alaska

Capital Asset Statistics By Function Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Miles of streets	63.62	64.75	66.37	66.37	69.82	70.24	70.24	71.28	73.29	73.65
Miles of water lines	39.28	41.08	41.34	41.50	41.67	42.35	43.64	44.93	46.50	46.82
Miles of sewer lines	26.13	26.22	26.22	26.36	26.53	26.57	26.78	26.89	26.89	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	5.00	5.00	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	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Soccer fields	1.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Campground				1.00	1.00	1.00	1.00	1.00	1.00	1.00
Multi-purpose facility	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

Source: Various City of Wasilla Departments

CITY OF WASILLA

ALASKA



*State of Alaska Single Audit Reports and
Supplementary Information
Year Ended June 30, 2016*



City of Wasilla, Alaska

State Single Audit Reports
Year Ended June 30, 2016

City of Wasilla, Alaska

State Single Audit Reports
Year Ended June 30, 2016

City of Wasilla, Alaska

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Honorable Mayor and City Council
City of Wasilla, Alaska

Report on the Financial Statements

We have audited, in accordance with the 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, the 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 (City of Wasilla) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise City of Wasilla's basic financial statements, and have issued our report thereon dated November 18, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Wasilla's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Wasilla's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Wasilla's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Wasilla's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, LLP

Anchorage, Alaska
November 18, 2016



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Independent Auditors' Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance; and Report on Schedule of State Financial Assistance Required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*

Honorable Mayor and City Council
City of Wasilla, Alaska

Report on Compliance for Each Major State Program

We have audited the City of Wasilla, Alaska's (City of Wasilla) compliance with the types of compliance requirements described in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that could have a direct and material effect on each of City of Wasilla's major state programs for the year ended June 30, 2016. City of Wasilla's major state programs are identified in the accompanying schedule of state financial assistance.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Wasilla's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Those standards and *the State of Alaska Audit Guide and Compliance Supplement for State Single Audits* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the City of Wasilla's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of City of Wasilla's compliance.

Opinion on Each Major State Program

In our opinion, the City of Wasilla complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2016.

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Report on Internal Control over Compliance

Management of the City of Wasilla is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Wasilla's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with *the State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Wasilla's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of State Financial Assistance Required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Wasilla as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the City of Wasilla's basic financial statements. We issued our report thereon dated November 18, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of state financial assistance is presented for purposes of additional analysis as required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 schedule of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

BDO USA, LLP

Anchorage, Alaska
November 18, 2016

City of Wasilla, Alaska
Schedule of State Financial Assistance
Year Ended June 30, 2016

State Grant Title	Grant Number	Total Grant Award	State Share of Expenditures
Department of Education and Early Development			
Public Library Assistance Grant	PLA-16-787-01	\$ 6,650	\$ 6,650
Department of Revenue			
State Liquor License	FY16	28,400	28,400
Fisheries Tax	FY15	29	29
Aviation Fuel Tax	FY16	1,165	1,165
* Electric & Telephone Coop Tax	FY16	225,083	225,083
Total Department of Revenue			<u>254,677</u>
Department of Military and Veteran's Affairs			
SECC Afterhours Answering Point	GF2016001	50,163	<u>50,163</u>
Department of Health and Social Services			
Youth Courts/Community Panels	609-239-1604	52,700	<u>52,700</u>
Department of Commerce, Community, and Economic Development			
* FY16 Community Revenue Sharing	FY16	465,872	465,872
Wastewater Utility Improvements	13-RR-005	500,000	31,626
* Water Wells and Pumphouse	15-RR-015	898,680	226,562
Cottonwood Creek Park Trailhead	13-DC-066	75,000	34,102
* Sewage Treatment Plant Improvements	14-DC-144	3,000,000	214,937
Lake Lucille Park Upgrades	15-DC-154	100,000	63,867
* Purchase of Weed Harvester	15-RR-016	174,823	145,803
* Extension of South Mack Drive	14-RR-017	2,394,135	401,643
* Gravel Road Paving	14-DC-143	1,500,000	324,084
* Main Street Couplet	12-DC-434	5,000,000	4,871,333
Street and Road Improvements	12-RR-014	567,465	75,330
* Upgrades to Dispatch System	15-RR-014	883,370	100,328
Total Department of Commerce, Community, and Economic Development			<u>6,955,487</u>
Department of Transportation and Public Facilities			
* Fairview Loop Road Realignment	54800	456,000	444,921
Airport Master Plan & LPV Survey	52580	12,500	<u>49</u>
Total Department of Transportation and Public Facilities			<u>444,970</u>

City of Wasilla, Alaska

Schedule of State Financial Assistance, continued Year Ended June 30, 2016

State Grant Title	Grant Number	Total Grant Award	State Share of Expenditures
Department of Public Safety			
Alaska Police Standards Council Training	FY15	218	218
Alaska Police Standards Council Training	FY16	18,980	<u>18,980</u>
Total Department of Public Safety			<u>19,198</u>
Department of Administration			
* PERS On-behalf	FY16	413,422	<u>413,422</u>
Total State Financial Assistance			<u>\$ 8,197,267</u>

* Major program

See accompanying notes to the Schedule of State Financial Assistance.

City of Wasilla, Alaska

Notes to the Schedule of State Financial Assistance Year Ended June 30, 2016

1. Basis of Presentation

The accompanying Schedule of State Financial Assistance (the "Schedule") include the state grant activity of the City of Wasilla, Alaska under programs of the state government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Because the Schedule presents only a selected portion of the operations of City of Wasilla, Alaska, it is not intended to and does not present the financial position, changes in net position or cash flows of City of Wasilla, Alaska.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting.

3. PERS On-behalf

The City has recorded \$413,422 in PERS On-behalf payments in the Schedule of State Financial Assistance. This represents the PERS relief payments appropriated and transferred into the plan during FY2016.

In the governmental fund financial statements, on-behalf revenue and expenditures have been recognized commensurate with the proportional share of on-behalf payments in the year appropriated and transferred to the plan. However, in the full accrual financial statements, GASB 68 provisions prescribe that on-behalf pension contributions in a special funding situation may only be recognized during the measurement period in which the plan recognizes the contributions, effectively creating a one-year timing difference between the cash contribution and revenue and expense/expenditures recognition by the City.

As a result of these perspective and timing differences, amounts reported on the financial statements do not agree to the amount reported on the Schedule of State Financial Assistance.

City of Wasilla, Alaska

Schedule of Findings and Questioned Costs Year Ended June 30, 2016

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

yes

no

Significant deficiency(ies) identified?

yes

(none reported)

Noncompliance material to financial statements noted?

yes

no

State Financial Assistance

Internal control over major state programs:

Material weakness(es) identified?

yes

no

Significant deficiency(ies) identified?

yes

(none reported)

Type of auditor's report issued on compliance for major state programs:

Unmodified

Dollar threshold used to distinguish a state major program

\$ 100,000

City of Wasilla, Alaska

Schedule of Findings and Questioned Costs, continued Year Ended June 30, 2016

Section II - Financial Statement Findings Required to be Reported in Accordance with *Government Auditing Standards*

There were no findings related to the financial statements which are required to be reported in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*.

Section III - State Financial Assistance Findings and Questioned Costs

There were no findings and questioned costs for State awards (as defined in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*) that are required to be reported.