

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**OF THE**

**CITY OF WASILLA, ALASKA**

June 30, 2007

Dianne M. Keller  
Mayor

Prepared By  
Finance Department

Susan Colligan  
Finance Director



# CITY OF WASILLA, ALASKA

## Comprehensive Annual Financial Report

Year Ended June 30, 2007

### Table of Contents

<b>INTRODUCTORY SECTION</b>		<u>Page</u>
Letter of Transmittal		vii-xi
City Officials		xii
Organizational Chart		xiii
Certificate of Achievement for Excellence in Financial Reporting		xiv
<b>FINANCIAL SECTION</b>	<u>Exhibit</u>	<u>Page</u>
<b>Independent Auditor's Report</b>		1-2
<b>Management's Discussion and Analysis</b>		3-15
<b>Basic Financial Statements</b>		
Government-wide Financial Statements:		
Statement of Net Assets	A-1	18
Statement of Activities	A-2	19
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	B-1	20
Reconciliation of Governmental Funds		
Balance Sheet to Statement of Net Assets	B-2	21
Statement of Revenues, Expenditures and		
Changes in Fund Balances	B-3	22
Reconciliation of Change in Fund Balances of		
Governmental Funds to Statement of Activities	B-4	23
General Fund – Statement of Revenues, Expenditures		
and Changes in Fund Balance – Budget and Actual	C-1	24
Enterprise Funds:		
Statement of Net Assets	D-1	25
Statement of Revenues, Expenses and		
Changes in Net Assets	D-2	26
Statement of Cash Flows	D-3	27-28
Notes to Basic Financial Statements		30-50

**CITY OF WASILLA, ALASKA**

**Comprehensive Annual Financial Report**

**Table of Contents, continued**

<b>FINANCIAL SECTION, continued</b>	<b><u>Exhibit</u></b>	<b><u>Page</u></b>
<b>Supplementary Information</b>		
Combining and Individual Fund Financial Statements and Schedules:		
General Fund:		
Balance Sheet	E-1	53
Statement of Revenues, Expenditures and Changes in Fund Balance	E-2	54
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	E-3	55-61
Nonmajor Governmental Funds:		
Combining Balance Sheet	F-1	63
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	F-2	64
Nonmajor Special Revenue Funds:		
Combining Balance Sheet	G-1	66
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	G-2	67
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:		
Library	G-3	68
Youth Court	G-4	69
Federal Asset Forfeiture	G-5	70
Capital Reserve	G-6	71
Technology Replacement	G-7	72
State Asset Forfeiture	G-8	73
Nonmajor Debt Service Funds:		
Combining Balance Sheet	H-1	76
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)	H-2	77
Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit) – Budget and Actual:		
1982 Original Water Bond	H-3	78
1986 Southside Water District Bond	H-4	79
1987 Sewer Improvement District Bond	H-5	80
Street Paving Assessment Bonds	H-6	81
Gas Assessments	H-7	82
1988 Overlook Sewer Improvement Bond	H-8	83
Bond Guarantee	H-9	84
Street Paving General Obligation Bond	H-10	85



# CITY OF WASILLA, ALASKA

## Comprehensive Annual Financial Report

### Table of Contents, continued

<b>FINANCIAL SECTION, continued</b>	<u>Exhibit</u>	<u>Page</u>
<b>Supplementary Information, continued</b>		
Combining and Individual Fund Financial Statements and Schedules, continued:		
Nonmajor Capital Project Funds:		
Combining Balance Sheet	I-1	87
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	I-2	88
Miscellaneous Projects Capital Project Fund – Schedule of Expenditures by Project	I-3	89
Cemetery Permanent Fund -		
Statement of Revenues, Expenditures and Changes in Fund Balance	J-1	91
Enterprise Funds:		
Water Utility:		
Statement of Net Assets	K-1	94-95
Statement of Revenues, Expenses and Changes in Net Assets	K-2	96
Statement of Cash Flows	K-3	97
Sewer Utility:		
Statement of Net Assets	K-4	98-99
Statement of Revenues, Expenses and Changes in Net Assets	K-5	100
Statement of Cash Flows	K-6	101
Municipal Airport:		
Statement of Net Assets	K-7	102
Statement of Revenues, Expenses and Changes in Net Assets	K-8	103
Statement of Cash Flows	K-9	104
Multi-Use Sports Complex:		
Statement of Net Assets	K-10	105
Statement of Revenues, Expenses and Changes in Net Assets	K-11	106
Statement of Cash Flows	K-12	107

# CITY OF WASILLA, ALASKA

## Comprehensive Annual Financial Report

### Table of Contents, continued

<b>FINANCIAL SECTION, continued</b>	<b><u>Exhibit</u></b>	<b><u>Page</u></b>
<b>Supplementary Information, continued</b>		
Combining and Individual Fund Financial Statements and Schedules, continued:		
Capital Assets:		
Schedule of Governmental Capital Assets	L-1	108
Schedule of Governmental Capital Assets by Function and Activity	L-2	109
Schedule of Changes in Governmental Capital Assets by Function and Activity	L-3	110
Schedule of Expenditures of Federal Awards	M-1	111
Schedule of State Financial Assistance	N-1	112
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance		113
<b>STATISTICAL SECTION</b>		
	<b><u>Table</u></b>	
Net Assets by Component	1	116
Changes in Net Assets	2	117-118
Fund Balances of Governmental Funds	3	119
Changes in Fund Balances of Governmental Funds	4	120
General Governmental Tax Revenues by Source	5	121
General Government Sales Tax Revenue By Category	6	122
Assessed Value and Estimated Actual Value of Taxable Property	7	123
Property Tax Rates - Direct and Overlapping Governments	8	124
Principal Property Taxpayers	9	125
Property Tax Levies and Collections	10	126
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total General Governmental Expenditures	11	127
Computation of Direct and Overlapping General Obligation Debt	12	128
Selected Demographics	13	129
Principal Employers in the City of Wasilla	14	130
Full-Time Equivalent City Employees	15	131
Operating Indicators by Function	16	132
Capital Asset Statistics By Function	17	133

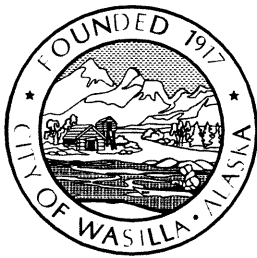
# CITY OF WASILLA, ALASKA

## Comprehensive Annual Financial Report

### Table of Contents, continued

<b>SINGLE AUDIT SECTION</b>	<u>Page</u>
<b>Federal Single Audit Reports</b>	
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 <i>Government Auditing Standards</i>	136-137
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	138-139
Schedule of Findings and Questioned Costs	140
Summary Schedule of Prior Audit Findings	141
Corrective Action Plan	142
<b>State of Alaska Single Audit Reports</b>	
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 <i>Government Auditing Standards</i>	143-144
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with the <i>State of Alaska Audit Guide and Compliance Supplement for State Single Audits</i>	145-146

(this page left blank intentionally)



## CITY OF WASILLA

290 East Herning Avenue • Wasilla • Alaska • 99654-7091  
• Telephone 907-373-9080 • Fax 907-373-9085

---

November 27, 2007

To the Citizens of the City of Wasilla:

The comprehensive annual financial report of the City of Wasilla for the fiscal year ended June 30, 2007, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to fairly present the financial position and results of operations of the various funds of the City. Included in this report are disclosures necessary to enable the reader to gain an understanding of the City's financial activities.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the City's organizational chart and a list of principal officials. The financial section includes management's discussion and analysis, the basic financial statements, additional information, and related schedules. This section also includes the auditor's report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The City of Wasilla is required to undergo an annual single audit in conformity with the provisions of the Federal and State Single Audit Acts. Information related to assistance, findings and recommendations, and auditor's reports on the internal control structure and compliance with applicable laws and regulations are included in the single audit section of this report.

This report includes all funds of the City. 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 cultural services.

Generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements. Such narrative is presented in the form of a Management's Discussion and Analysis (MD&A), which should be read in conjunction with this letter of transmittal. The City's MD&A can be found immediately following the report of the independent auditors.

## **The Reporting Entity**

The City of Wasilla is a First Class City incorporated under Title 29 of the Alaska State Statutes. City code establishes a June 30 fiscal year end. There are no component units included in our financial statements.

## **Summary of Local Economy**

The City of Wasilla is located in the fastest growing area of Alaska and serves as the retail trade center for the Matanuska-Susitna Borough. As measured by increased population and sales tax receipts, the growth of the service-oriented economy of the City of Wasilla continues to increase steadily. The City of Wasilla remains primarily a bedroom community of Anchorage due to a lack of large-scale primary industry. The City of Wasilla offers an attractive lifestyle in which the cost of housing is less than that in Anchorage due to an abundance of less expensive land. Many residents in our workforce travel the daily commute to Anchorage but are still able to enjoy the quality of life in our community.

## **The Future**

The City continues to look toward growth in the service industries to maintain our position as the trade center of the Matanuska-Susitna Valley. Also, resource extraction industries will continue to fuel our economic growth in an indirect way. Other proposed projects that will benefit our economy are the continued Port development at Pt. McKenzie and the proposed Trans Alaska Gas Pipeline.

The population growth trend in the City of Wasilla and the Matanuska-Susitna Valley continues to show an upward trend. The continuing increase in Wasilla sales tax receipts and Anchorage-Valley vehicle counts are indicators of the continuing population growth occurring in Wasilla and the Valley.

## **Long-term Financial Planning**

The City of Wasilla has the highest quality credit ratings issued by Moody's and Standard & Poor's Rating Services. Recently receiving Aaa and AAA ratings for the 2006 Series General Obligation Refunding Bonds issued for street paving and improvements.

Useful indicators to citizens and investors of an entity's debt position are the general obligation debt to assessed valuation and the net bonded debt per capita. At the end of fiscal year 2007, the City of Wasilla's percentage of general obligation debt to assessed valuation is 1.72% and the bonded debt per capita is \$1,407. The previous year's percentage of general obligation debt to assessed valuation was 2.14% with the net bonded debt per capita being \$1,581.

## **Accounting System and Budgetary Control**

The City's financial statements for all funds have been prepared in conformity with generally accepted accounting principles.

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: 1) the safeguarding of assets against loss from unauthorized use or disposition and 2) the reliability of financial records for preparing the financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived and 2) the evaluation of the costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The City adopts fiscal year budgets for all governmental funds. Budget amendments over \$10,000 between departments within funds and transfers between funds require approval of the City Council. The City's policy is that estimated purchase order amounts are encumbered prior to the release of the order to the vendor. When an encumbrance exceeds the available appropriation authority, policy is that the order is delayed until the budget is amended. Operating budgets lapse at year-end. Capital budget funds remaining are reappropriated in the new year's budget.

## **Cash Management**

All funds of the City are invested and earn interest every day of the year. Funds not needed for daily outlay are invested in overnight repurchase agreements with Wells Fargo Bank.

All investments are made according to the City's conservative investment and collateralization policy approved by the City Council in 1986 and revised in 2002, Chapter 5.12 of the Wasilla Municipal Code.

## **Risk Management**

The City of Wasilla is a member in good standing in the Alaska Public Entity Insurance Association (APEI), which is a pooling arrangement of Alaskan cities, boroughs and school districts. The concept of shared risk was originally started to ensure that all municipalities had access to insurance coverage on a long-term basis, although not necessarily the least expensive coverage. Claims are covered on an occurrence basis. The APEI provides risk management services and appraisal services.

## **Pension and Other Postemployment Benefits**

The City provides pension benefits for all eligible employees through the State of Alaska Public Employees Retirement System (PERS). The City has no obligation in connection with employee benefits offered through this plan beyond its annual required payment to the pension plan.

Additional information on pension arrangements and postemployment benefits can be found in Note 6 in the Notes to the Basic Financial Statements.

## **Independent Audit**

The City Code, Section 5.04.060 requires examination of the City's financial records and statements by a Certified Public Accounting Firm, licensed to perform financial audits in the State of Alaska. The completion of this examination with the Auditor's opinion on the financial statements must be completed by November 30 of each year.

## **Acknowledgments**

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to Sharon Sinko, Kelly Caldwell, Deborah Davis, April Dwyer, Maureen Graham and Kim Byrne for their capable help. Also, thanks to John Bost, Audit Partner, and the staff of Mikunda, Cottrell & Co. for their very professional manner, patience, and communication skills.

We would also like to thank the City Council for their interest and support in planning and conducting the financial operations of the City in a responsible manner.

## **Certificate of Achievement**

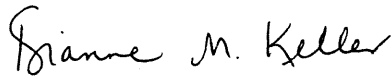
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Wasilla for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2006. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.



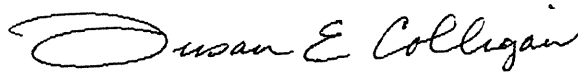
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

Respectfully submitted,



Dianne M. Keller  
Mayor



Susan Colligan  
Finance Director

CITY OF WASILLA, ALASKA

CITY OFFICIALS

CITY COUNCIL

Gregory A. Koskela  
Steven Menard  
Ron Cox (Deputy Mayor)

Douglas W. Holler  
Marty Metiva  
Mark A. Ewing

STAFF

Mayor  
Public Works Director  
Deputy Director of Public Works  
City Clerk  
Deputy City Clerk  
Director of Finance and Admin. Services  
Culture & Recreation Manager  
Police Chief  
Deputy Administrator

Dianne M. Keller  
Archie Giddings  
William W. Harvey  
Kristie Smithers  
Jamie Newman  
Susan Colligan  
Bruce Urban  
Angella Long  
Sandra Garley

PLANNING COMMISSION

Jessie Elkins  
Dorothy (Peaches) Hamilton  
Howard O'Neil  
Alvah Clark Buswell III

Colleen Sullivan-Leonard  
Stan Tucker (Chair)  
Gary Hall

PARKS AND RECREATION COMMISSION

Scott Norman  
Joan Matthews  
Maureen McCombs

Dave Tuttle (Chair)  
Mary Shampine

AIRPORT COMMISSION

Sherman (Bill) W. Bear  
Littleton C. Billingsley, Jr.  
Gary McDaniel

Brian Carricaburu  
Raymond J. Block (Chair)

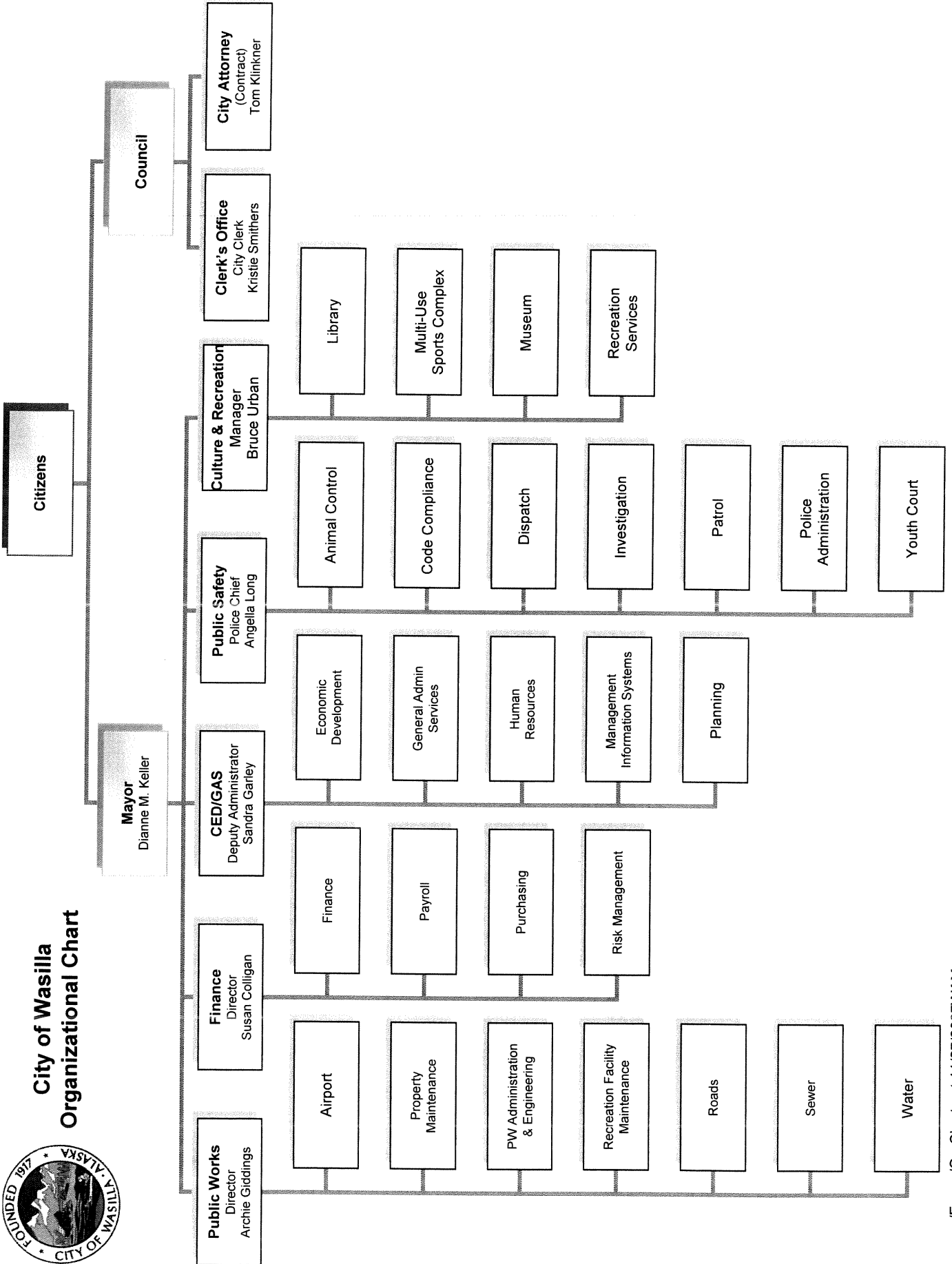
CONSULTANTS

City Attorney  
Auditors  
Insurance Pool  
  
Insurance Broker

Thomas Klinkner  
Mikunda, Cottrell & Co.  
Alaska Public Entity Joint Insurance  
Association  
Brandon Allen, Marsh Inc.



# City of Wasilla Organizational Chart



# 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, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Oliver S. Cox*

President

*Jeffrey R. Emer*

Executive Director

## Independent Auditor's Report

Honorable Mayor and City Council  
City of Wasilla, Alaska

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Wasilla, Alaska as of and for the year ended June 30, 2007 which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Wasilla, Alaska, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 26, 2007 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. 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Honorable Mayor and City Council  
City of Wasilla, Alaska

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Wasilla's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, Schedule of State Financial Assistance, and the combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations* and the Schedule of State Financial Assistance is required by the State of Alaska Office of Management and Budget, *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory section and statistical tables have not been audited by us and accordingly, we express no opinion on them.

*Mikunda, Cottrell & Co.*

Anchorage, Alaska  
November 26, 2007

# CITY OF WASILLA

## Management's Discussion and Analysis

June 30, 2007

As management of the City of Wasilla, we offer readers of these Financial Statements this narrative overview and analysis of the financial activities of the City for the fiscal year that ended June 30, 2007. We encourage the reader 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 vii-xi of this report.

### Financial Highlights

- The assets of the City of Wasilla exceeded its liabilities at the close of the most current fiscal year by \$84,502,694 (total net assets). Of this amount, \$11,089,254 (unrestricted net assets) 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 of Wasilla's governmental funds reported combined ending fund balances of \$9,456,962. Of this total, \$5,984,095 is undesignated and available for spending at the government's discretion.
- The City's total outstanding debt decreased by \$1,887,814 to a year-end balance of \$17,991,130. The City's long-term debt table can be found on pages 40-44 of the Notes to the Basic Financial Statements.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Wasilla's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to 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 of Wasilla's finances, in a manner similar to a private-sector business.

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

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets 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 of Wasilla include general government, public safety, public works, parks and recreation, library, and community service. The business-type activities of the City include water, sewer, airport and operation of a Multi-use Sports Complex.

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 of Wasilla, 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 government 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 of Wasilla maintains 21 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Miscellaneous Capital Projects Fund, which are considered to be major funds. The other 19 governmental funds are combined and shown as Non-major Governmental Funds on the Governmental Funds Balance Sheet and Governmental Statement of Revenues, Expenditures, and Changes in Fund Balances. Individual fund information for the 19 non-major funds is presented in Combining Balance Sheets for Non-major Governmental funds and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances for Non-major Funds, by fund type.



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

The basic governmental fund financial statements can be found on pages 20-24 of this report.

**Proprietary funds.** The City of Wasilla 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, multi-use sports complex, and airport 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 complex and airport, all of which are considered to be major funds of the City of Wasilla.

The basic proprietary fund financial statements can be found on pages 25-28 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 30-50 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Wasilla's progress in funding its obligation to provide pension benefits to its employees. This required supplementary information can be found on pages 45-48 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented on pages 63 and 64. Combining and individual fund statements and schedules can be found on pages 66 through 110.

### **Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Wasilla, assets exceeded liabilities by \$84,502,694 at the close of the most recent fiscal year.

By far the largest portion of the City of Wasilla's net assets (84.3%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is 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 used to liquidate these liabilities.

City of Wasilla's Net Assets  
June 30, 2007

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Activities</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Current and other assets	\$ 10,221,357	9,543,502	6,212,628	5,787,923	16,433,985	15,331,425
Capital assets, net of depreciation	<u>28,379,470</u>	<u>27,609,283</u>	<u>60,027,180</u>	<u>55,148,607</u>	<u>88,406,650</u>	<u>82,757,890</u>
Total assets	<u>\$ 38,600,827</u>	<u>37,152,785</u>	<u>66,239,808</u>	<u>60,936,530</u>	<u>104,840,635</u>	<u>98,089,315</u>
Long-term liabilities outstanding	\$ 4,952,445	5,182,246	13,151,113	14,763,012	18,103,558	19,945,258
Other liabilities	<u>531,087</u>	<u>111,658</u>	<u>1,703,296</u>	<u>955,981</u>	<u>2,234,383</u>	<u>1,067,639</u>
Total liabilities	<u>\$ 5,483,532</u>	<u>5,293,904</u>	<u>14,854,409</u>	<u>15,718,993</u>	<u>20,337,941</u>	<u>21,012,897</u>
Net assets:						
Invested in capital assets, net of related debt	\$ 24,224,874	23,130,317	47,010,053	40,517,807	71,234,927	63,648,124
Restricted for debt service	-	-	2,178,513	1,549,126	2,178,513	1,549,126
Unrestricted	<u>8,892,421</u>	<u>8,728,564</u>	<u>2,196,833</u>	<u>3,150,604</u>	<u>11,089,254</u>	<u>11,879,168</u>
Total net assets	<u>\$ 33,117,295</u>	<u>31,858,881</u>	<u>51,385,399</u>	<u>45,217,537</u>	<u>84,502,694</u>	<u>77,076,418</u>

An additional portion of the City of Wasilla's net assets (2.58%) represents sources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$11,089,254) may be used to meet the government's ongoing obligations to citizens and creditors.

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

The government's net assets increased by \$7,426,276 during the current fiscal year. Over 74% of this increase represents capital grant and contributions for construction of capital projects. The remainder of the growth largely reflects the degree to which increases in ongoing revenues have outstripped similar increases in ongoing expenses.

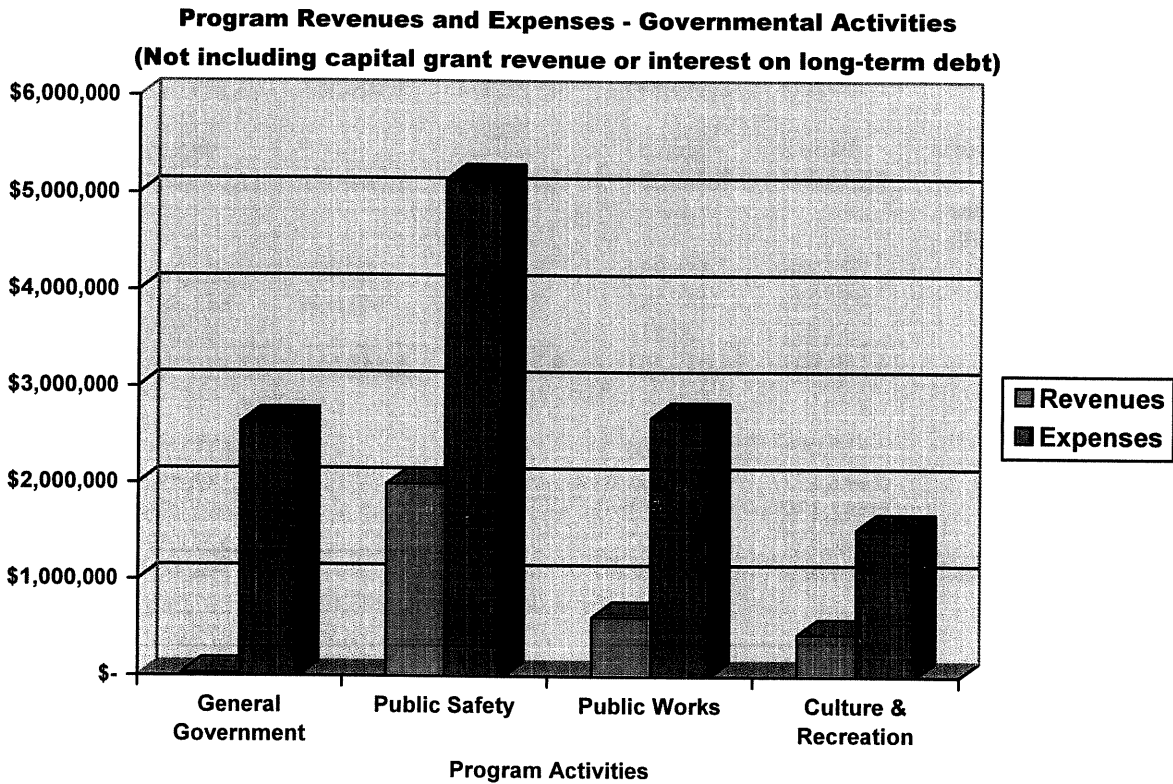
**Governmental Activities.** During fiscal year 2007 Wasilla's net assets increased by \$1,258,414 for governmental activities. Highlights of governmental activities net asset changes are as follows:

- Sales tax revenue increased by \$681,909 a 7.6% increase from FY07.
- Investment earnings increased by \$275,533 due to higher than anticipated interest rates.
- Grants not restricted to specific programs increased by \$396,262 mostly due to the "energy assistance" from the State of Alaska of \$316,729.
- Property and vehicle taxes decreased \$187,345 due to the decrease in mill rate from .3 in FY06 to zero in FY07.

City of Wasilla's Changes in Net Assets  
For Year Ended June 30, 2007

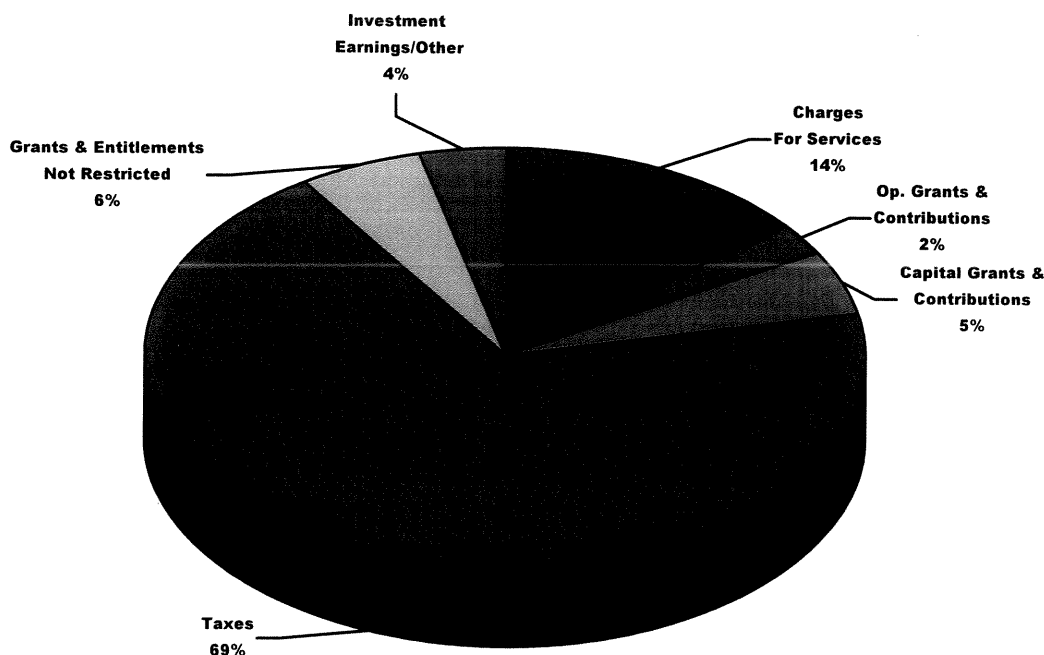
	Governmental Activities		Business-type Activities		Total Activities	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Revenues:						
Program revenues:						
Charges for services	\$ 2,010,707	1,864,533	2,239,380	2,129,291	3,843,656	3,993,824
Operating grants and contributions	340,915	293,038	-	-	747,346	293,038
Capital grants and contributions	730,639	2,053,199	4,828,574	1,906,555	5,559,213	3,959,754
General revenues:						
Property and vehicle taxes	98,912	286,257	-	-	98,912	286,257
Sales taxes	9,658,193	8,976,284	2,414,673	2,244,071	12,072,866	11,220,355
Grants and contributions not restricted to specific programs	773,246	376,984	28,037	25,628	801,283	402,612
Investment income	457,286	181,753	205,401	143,066	662,687	324,819
Other	<u>90,005</u>	<u>25,213</u>	<u>2,738</u>	<u>-</u>	<u>92,743</u>	<u>25,213</u>
Total revenues	<u>14,159,903</u>	<u>14,057,261</u>	<u>9,718,803</u>	<u>6,448,611</u>	<u>23,878,706</u>	<u>20,505,872</u>
Expenses:						
General government	2,631,085	2,053,904	-	-	2,631,085	2,053,904
Public safety	5,142,112	4,483,195	-	-	5,142,112	4,483,195
Public works	2,682,130	2,746,502	-	-	2,682,130	2,746,502
Culture and recreation	1,529,659	1,387,867	-	-	1,529,659	1,387,867
Interest on long-term debt	154,562	232,958	-	-	154,562	232,958
Water utility	-	-	1,087,748	948,453	1,087,748	948,453
Sewer utility	-	-	1,075,369	986,383	1,075,369	986,383
Municipal airport	-	-	490,437	456,878	490,437	456,878
Multi-use sports complex	-	-	<u>1,659,328</u>	<u>1,613,022</u>	<u>1,659,328</u>	<u>1,613,022</u>
Total expenses	<u>12,139,548</u>	<u>10,904,426</u>	<u>4,312,882</u>	<u>4,004,736</u>	<u>16,452,430</u>	<u>14,909,162</u>
Increase in net assets before transfers	2,020,355	3,152,835	5,405,921	2,443,875	7,426,276	5,596,710
Transfers	<u>(761,941)</u>	<u>(675,289)</u>	<u>761,941</u>	<u>675,289</u>	<u>-</u>	<u>-</u>
Increase in net assets	1,258,414	2,477,546	6,167,862	3,119,164	7,426,276	5,596,710
Net assets - beginning	<u>31,858,881</u>	<u>29,381,335</u>	<u>45,217,537</u>	<u>42,098,373</u>	<u>77,076,418</u>	<u>71,479,708</u>
Net assets - ending	<u>\$ 33,117,295</u>	<u>31,858,881</u>	<u>51,385,399</u>	<u>45,217,537</u>	<u>84,502,694</u>	<u>77,076,418</u>

The following graph displays governmental activities expenses and the related revenues dedicated to each activity. This shows the amount of dedicated revenues associated with the various kinds of activities. Other revenues also support governmental activities, but are general in nature and apply to all categories. They include property and sales taxes, grants and entitlements not restricted for a specific purpose, investment income, and other general revenues.



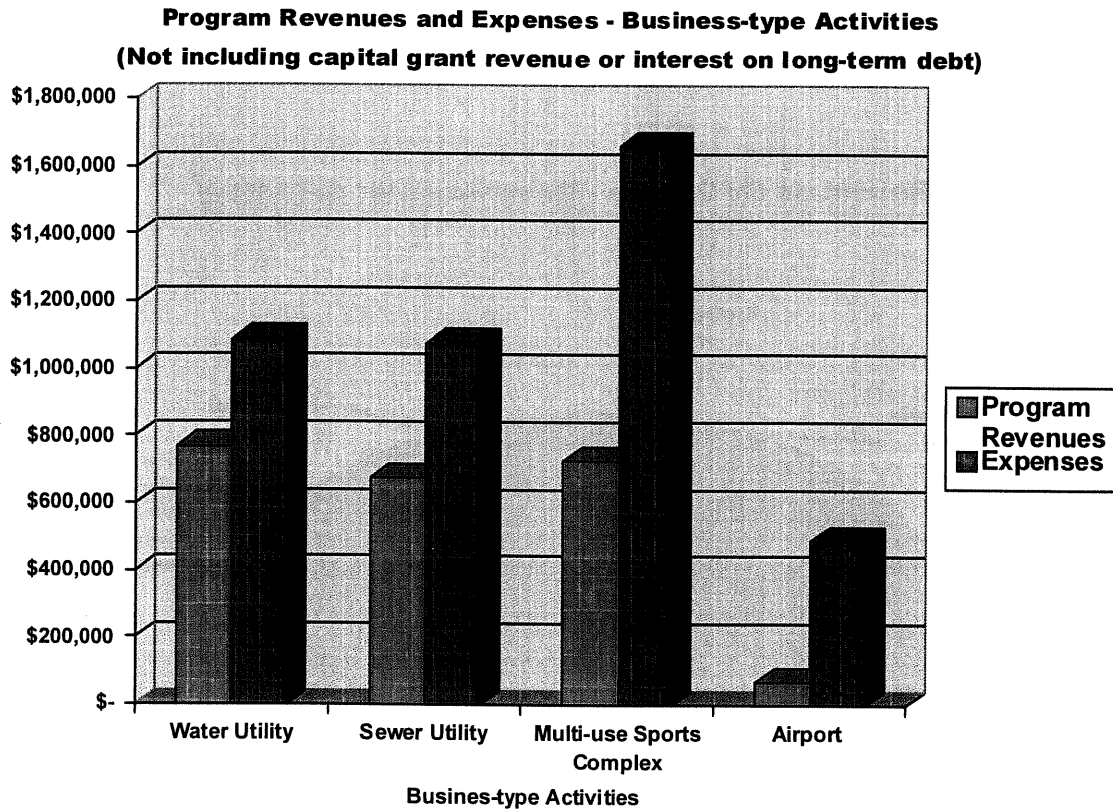
The following graph shows the percentages of all revenue sources for governmental activities. Taxes are the largest revenue source the City of Wasilla has, followed in order by Charges for Services, Nonrestricted Grants & Entitlements, Capital/Operating Grants & Contributions, and Investment Income/Other. Tax revenue for governmental activities increased from 2006 to 2007 by \$494,564. This increase in tax revenues is the result of the continued trend in growth of sales tax revenue. Sales tax revenue increased by over 7.6% from last fiscal year. This growth trend in sales tax is projected to continue in the near future. Most of our expenses have had normal increases. Several areas that have increased all governmental activities are general insurance, group health insurance and the City's pension contribution.

### Revenues By Source - Governmental Activities



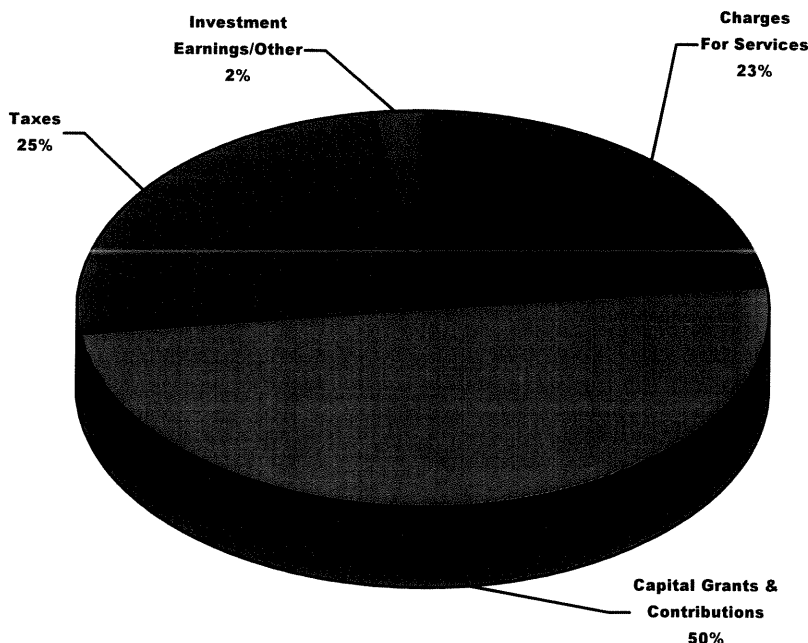
**Business-type activities.** Business-type activities increased the City of Wasilla's net assets by \$6,167,862. The largest portion of this increase resulted from Capital Grants and Contributions at \$4,828,574. Sales tax dedicated for payment of the debt service on the multi-use sports complex net of interest paid on the debt in FY07 was the second largest contribution at \$1,994,387. The increases in net assets that resulted from Capital Grants and Sales Tax net of interest paid on debt were offset by losses in the Sewer, Water and Airport utilities.

The following graph illustrates expenses and program revenues for all business-type activities. Not included in the revenues are taxes, capital grants and contributions, investment earnings, transfers, and some other miscellaneous revenues. As reflected in the graph, all of the business-type activities had revenues that were below expenses. The main reason for the difference between revenues and expenses is due to depreciation expense in all of the activities.



The following graph depicts the percentages of all revenue sources for business-type activities. Capital Grants & Contribution are the largest revenue source the City of Wasilla has, followed in order by Taxes, Charges for Services and Investment Earnings and Other Revenue. Tax revenue for business-type activities increased from 2006 to 2007 by \$170,602. This increase in tax revenues is the result of the continued trend in growth of sales tax revenue. Sales tax revenue increased by over 7.6% from last fiscal year. This growth trend in sales tax is projected to continue in the near future. Charges for services increased by \$110,089. This increase was mainly attributed to an increase in the customer base for the Multi-use Sports Complex. Capital Grants & Contributions increased from 2006 to 2007 by \$2,922,019. The majority of this increase is a result of the capital grants to the Water Utility and Airport.

### Revenues By Source - Business-type Activities



### Financial Analysis of the Government's Funds

As noted earlier, the City of Wasilla 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 of Wasilla's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Wasilla's governmental funds reported combined ending fund balances of \$9,456,962, an increase of \$280,740 in comparison with the prior year. The City's total fund balance is made up of 3 components.

The first component is reserved to indicate it is not available for spending at the government's discretion. The reserved portion is 16% (\$1,526,421) of the total fund balance. The next component is designated fund balance. Our designated fund balance is 21% (\$1,946,446) of the total. Designated fund balance is held for specific expenditures such as capital projects, and subsequent year's expenditures. The undesignated fund balance reflects the balance of \$5,984,095 (63% of fund balance). These are funds that the City can use for any purpose.

The General Fund is the chief operating fund of the City of Wasilla. At the end of the current fiscal year, undesignated fund balance of the General Fund was \$5,560,456 while total fund balance was \$6,110,857. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 58% of total General Fund expenditures, while total fund balance represents 64% of that same amount.

The fund balance of the City of Wasilla's General Fund increased by \$290,635 during the current fiscal year. The revised budget for fiscal year 2007 budgeted for a reduction in General Fund balance of \$390,385. Key factors in the fund balance increasing and not decreasing by the budgeted amount include:

- Actual Sales Tax collections were \$296,129 over projections based on the continued expansion in the local economy.
- All expenditure functions of the General Fund were under the revised budget by \$543,011.

The other major fund, the Miscellaneous Projects Capital Project Fund, has a total fund balance of \$1,068,577. This total amount is reserved and designated for future capital project construction expenditures and encumbrances. The fund balance in this fund has increased by \$75,526 over the prior year. The key factor in this increase represents transfers to the fund for future capital project construction.

**Proprietary funds.** The City of Wasilla'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 assets were \$1,463,416. Unrestricted net assets will decline as the City starts to invest a portion of the unrestricted net assets for capital construction.

The sewer utility's unrestricted net assets were \$1,214,802. Unrestricted net assets are projected to remain steady in fiscal year 2008.

The Airport Fund's unrestricted net assets were \$337,093. Unrestricted net assets are projected to remain steady in fiscal year 2008. The airport operations continue to generate operating losses before depreciation. The City will continue to offset these losses with transfers from the General Fund and is seeking ways to lower the operating loss in the Airport Fund.



The Multi-use Sports Complex Fund has unrestricted net assets of \$(818,478). Restricted net assets of \$2,178,513 are set aside for retirement of the sports complex general obligation debt.

### **General Fund Budgetary Highlights**

The overall difference in the original and final amended budget was \$616,186. The major components of the difference are as follows:

- An appropriation of \$136,000 to transfer funds to the Capital Projects Fund for the purchase of park land.
- An appropriation of \$100,000 for the Police Station Air Conditioning Improvements.
- An appropriation of \$180,000 to the Multi-Use Sports Complex Operating fund to cover land acquisition costs relating to the eminent domain case and operational increases due to higher than anticipated insurance and utility costs.
- Appropriations for the Airport of \$78,947 matching grant funds for Taxiway B and \$11,522 for the Apron construction.

The increases to the amended budget were funded with General Fund reserves.

The overall budget variance between the final amended budget and actual results is \$681,020. The major components of the difference are as follows:

- A positive budget variance in tax revenue collected was due to actual sales tax collected being higher than projected sales tax collection by \$296,129.
- A positive variance in investment income of \$55,840 that was largely due to actual interest rates being higher than projected interest rates used in the budget due to market conditions.
- A positive variance of \$309,408 in the services and supply expenditure categories of all the departments. A large portion of that variance is attributed to the savings the City has seen from going from decentralized purchasing to centralized purchasing for supplies and services over \$5,000.

### **Capital Asset and Debt Administration**

**Capital assets.** The City of Wasilla's investment in capital assets for its governmental and business type activities as of June 30, 2007 amounts to \$88,406,650 (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:

- Airport Apron Expansion
- Water Line Extensions
- East Susitna Well House
- Garden Terrace Pressure Reduction Valve Buildings

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

	Governmental Activities		Business-type Activities		Total Activities	
	2007	2006	2007	2006	2007	2006
Land and land improvements	\$ 4,647,598	4,533,005	8,370,387	5,085,386	13,017,985	9,618,391
Buildings	3,304,467	3,082,589	14,247,458	14,550,351	17,551,925	17,632,940
Improvements other than buildings	-	-	25,774,606	26,258,603	25,774,606	26,258,603
Infrastructure	15,453,970	15,335,188	-	-	15,453,970	15,335,188
Furniture and equipment	1,849,823	1,765,681	-	-	1,849,823	1,765,681
Vehicles and equipment	896,859	851,274	2,367,705	2,568,368	3,264,564	3,419,642
Construction in progress	<u>2,226,753</u>	<u>2,041,546</u>	<u>9,267,024</u>	<u>6,685,899</u>	<u>11,493,777</u>	<u>8,727,445</u>
Total capital assets	<u>\$ 28,379,470</u>	<u>27,609,283</u>	<u>60,027,180</u>	<u>55,148,607</u>	<u>88,406,650</u>	<u>82,757,890</u>

Additional information on the City of Wasilla's capital assets can be found in note 3 on pages 38 and 39 of this report.

**Long-term debt.** At the end of the current fiscal year, the City of Wasilla had total long-term debt outstanding of \$17,991,130 including \$503,633 of compensated absences and \$387,570 of net pension/OPEB obligation. Of this amount, \$12,995,000 comprises debt backed by the full faith and credit of the government. The remainder of the City of Wasilla's debt represents bonds and loans secured solely by specified revenue sources (i.e., Long-term loans) in the amount of \$4,104,927 and compensated absences and net pension/OPEB obligations of \$891,203.

City of Wasilla's Outstanding Debt  
General Obligation and Revenue Bonds and Loans

	Governmental Activities		Business-type Activities		Total Activities	
	2007	2006	2007	2006	2007	2006
General Obligation	\$ 3,885,000	4,130,000	9,110,000	10,475,000	12,995,000	14,605,000
Other Debt	757,217	703,280	133,986	132,212	891,203	835,492
Loans, Long-Term	<u>254,640</u>	<u>348,966</u>	<u>3,850,287</u>	<u>4,089,486</u>	<u>4,104,927</u>	<u>4,438,452</u>
Total Long-Term Debt	<u>\$ 4,896,857</u>	<u>5,182,246</u>	<u>13,094,273</u>	<u>14,696,698</u>	<u>17,991,130</u>	<u>19,878,944</u>

Additional information on the City's long-term debt can be found on pages 40-44 of this report.

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

In setting the budgets for fiscal year 2008 the City considered a number of issues with citywide impact. Among them are the following:

- Sales taxes growth rate has been from 6% to 8% over the past 5 years. This trend is attributed to the development and expansion of the retail sector of the City's economy. The FY 08 revenue budget is based on that trend continuing.
- User fees and charges in the business-type activities will increase by 2% due to the fact that the City has completed several large infrastructure projects that will increase the utility customer base by 4%.

- The City of Wasilla will continue to implement programs to keep local government small, efficient, and accountable to the citizens of Wasilla.
- The City of Wasilla will continue to aggressively invest in needed infrastructure and will transfer at least \$1,205,500 from the City's General Fund and Capital Reserve Fund to the Capital Projects Funds for construction of capital projects.
- The City of Wasilla will continue to make progress in making the enterprise funds (Water, Sewer, Airport, and Multi-use Sports Complex) self-sufficient while ensuring the systems meet environmental and developmental needs of the citizens and the businesses in the City of Wasilla.

All of these factors were considered in preparing the City's budget for fiscal year 2008. As a result the fiscal year 2008 budget includes setting the City of Wasilla's property tax at an approved rate of 0.0 mills.

### **Requests for Information**

This financial report is designed to provide a general overview of the City of Wasilla'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: Director of Finance and Administrative Services, 290 E. Herning Ave, Wasilla, Alaska 99654.

(this page left blank intentionally)

## **BASIC FINANCIAL STATEMENTS**

**CITY OF WASILLA, ALASKA**  
Statement of Net Assets  
June 30, 2007

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and investments	\$ 8,200,941	2,955,882	11,156,823
Receivables, net of allowance for uncollectible amounts:			
Accounts	21,887	192,909	214,796
Sales and property taxes	912,455	228,114	1,140,569
Crowley Petroleum	46,475	-	46,475
Grants	352,530	981,839	1,334,369
Shared revenues	18,414	-	18,414
Special assessments	211,801	8,251	220,052
Other	7,125	-	7,125
Prepaid items	18,720	4,585	23,305
Inventories	-	144,879	144,879
Restricted cash and investments	390,377	1,683,906	2,074,283
Deferred charges, net of accumulated amortization	-	12,263	12,263
Unamortized bond issuance costs	40,632	-	40,632
Capital assets not being depreciated - land and construction in progress	6,874,351	13,315,994	20,190,345
Other capital assets, net of accumulated depreciation	<u>21,505,119</u>	<u>46,711,186</u>	<u>68,216,305</u>
 Total assets	 \$ <u>38,600,827</u>	 <u>66,239,808</u>	 <u>104,840,635</u>
<u>Liabilities</u>			
Accounts payable	162,447	399,035	561,482
Accrued payroll and employee benefits	346,670	53,885	400,555
Customer deposits	-	56,742	56,742
Accrued interest	19,125	135,319	154,444
Unearned revenue	2,845	31,287	34,132
Legal settlement payable	-	1,027,028	1,027,028
Noncurrent liabilities:			
Due within one year:			
Accrued leave	435,950	67,683	503,633
ADEC loans	-	230,702	230,702
General obligation bonds	250,000	1,495,000	1,745,000
Special assessment bonds	65,573	8,471	74,044
Due in more than one year:			
ADEC loans	-	3,595,531	3,595,531
Special assessment bonds	189,067	15,583	204,650
General obligation bonds	3,635,000	7,615,000	11,250,000
Unamortized bond premium	157,596	56,840	214,436
Deferred loss on refunding	(102,008)	-	(102,008)
Net pension/OPEB obligation	321,267	66,303	387,570
Total liabilities	<u>5,483,532</u>	<u>14,854,409</u>	<u>20,337,941</u>
<u>Net Assets</u>			
Invested in capital assets, net of related debt	24,224,874	47,010,053	71,234,927
Restricted for debt service	-	2,178,513	2,178,513
Unrestricted	8,892,421	2,196,833	11,089,254
Total net assets	<u>33,117,295</u>	<u>51,385,399</u>	<u>84,502,694</u>
 Total liabilities and net assets	 \$ <u>38,600,827</u>	 <u>66,239,808</u>	 <u>104,840,635</u>

See accompanying notes to basic financial statements.

## CITY OF WASILLA, ALASKA

Statement of Activities  
Year Ended June 30, 2007

Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Fees, Fines & Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business- type Activities	Total
<b>Governmental:</b>							
General government	\$ 2,631,085	34,274	-	-	(2,596,811)	-	(2,596,811)
Public safety	5,142,112	1,557,226	338,915	98,454	(3,147,517)	-	(3,147,517)
Public works	2,682,130	-	-	617,012	(2,065,118)	-	(2,065,118)
Culture and recreation	1,529,659	419,207	2,000	15,173	(1,093,279)	-	(1,093,279)
Interest on long-term debt	154,562	-	-	-	(154,562)	-	(154,562)
Total governmental activities	<u>12,139,548</u>	<u>2,010,707</u>	<u>340,915</u>	<u>730,639</u>	<u>(9,057,287)</u>	<u>-</u>	<u>(9,057,287)</u>
<b>Business-type:</b>							
Water Utility	1,087,748	769,376	-	1,766,683	-	1,448,311	1,448,311
Sewer Utility	1,075,369	673,985	-	68,266	-	(333,118)	(333,118)
Municipal Airport	490,437	67,902	-	2,763,995	-	2,341,460	2,341,460
Multi-Use Sports Complex	1,659,328	728,117	-	229,630	-	(701,581)	(701,581)
Total business-type activities	<u>4,312,882</u>	<u>2,239,380</u>	<u>-</u>	<u>4,828,574</u>	<u>-</u>	<u>2,755,072</u>	<u>2,755,072</u>
Totals	\$ <u>16,452,430</u>	<u>4,250,087</u>	<u>340,915</u>	<u>5,559,213</u>	<u>(9,057,287)</u>	<u>2,755,072</u>	<u>(6,302,215)</u>
<b>General revenues:</b>							
Sales taxes					\$ 9,658,193	2,414,673	12,072,866
Property and vehicle taxes					98,912	-	98,912
Grants and entitlements not restricted to a specific purpose					773,246	28,037	801,283
Investment income					457,286	205,401	662,687
Other					90,005	2,738	92,743
Transfers					(761,941)	761,941	-
Total general revenues and transfers					<u>10,315,701</u>	<u>3,412,790</u>	<u>13,728,491</u>
Change in net assets					1,258,414	6,167,862	7,426,276
Net assets at beginning of year					<u>31,858,881</u>	<u>45,217,537</u>	<u>77,076,418</u>
Net assets at end of year					\$ <u>33,117,295</u>	<u>51,385,399</u>	<u>84,502,694</u>

See accompanying notes to basic financial statements.

## CITY OF WASILLA, ALASKA

## Governmental Funds

## Balance Sheet

June 30, 2007

<u>Assets</u>	<u>Major Funds</u>			<u>Total Governmental Funds</u>
	<u>General</u>	<u>Projects Capital Project</u>	<u>Nonmajor Funds</u>	
Cash and investments	\$ 5,031,149	865,484	2,304,308	8,200,941
Receivables, net of allowance for uncollectible accounts:				
Accounts	21,887	-	-	21,887
Sales taxes	912,455	-	-	912,455
Crowley Petroleum	46,475	-	-	46,475
Grants	64,926	272,405	15,199	352,530
Shared revenues	18,414	-	-	18,414
Special assessments	-	-	211,801	211,801
Other	-	7,125	-	7,125
Prepaid items	18,582	-	138	18,720
Due from other funds	1,682	-	-	1,682
Restricted cash and investments	390,377	-	-	390,377
<b>Total assets</b>	<b>\$ 6,505,947</b>	<b>1,145,014</b>	<b>2,531,446</b>	<b>10,182,407</b>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	81,638	70,688	10,121	162,447
Accrued payroll and employee benefits	310,607	5,749	30,314	346,670
Due to other funds	-	-	1,682	1,682
Deferred revenue	2,845	-	211,801	214,646
<b>Total liabilities</b>	<b>395,090</b>	<b>76,437</b>	<b>253,918</b>	<b>725,445</b>
Fund balances:				
Reserved:				
Encumbrances	40,633	409,188	33,308	483,129
Insurance premium increases	54,334	-	-	54,334
Prepaid items	18,582	-	138	18,720
Long-term receivable	46,475	7,125	-	53,600
HRA plan	390,377	-	-	390,377
Debt service	-	-	339,156	339,156
Investments	-	-	187,105	187,105
Unreserved:				
Designated:				
Special revenue fund operations	-	-	463,568	463,568
Capital project fund capital improvements	-	652,264	830,614	1,482,878
Undesignated:				
General Fund	5,560,456	-	-	5,560,456
Debt service funds	-	-	423,639	423,639
<b>Total fund balances</b>	<b>6,110,857</b>	<b>1,068,577</b>	<b>2,277,528</b>	<b>9,456,962</b>
<b>Total liabilities and fund balances</b>	<b>\$ 6,505,947</b>	<b>1,145,014</b>	<b>2,531,446</b>	<b>10,182,407</b>

See accompanying notes to basic financial statements.



**CITY OF WASILLA, ALASKA**  
 Reconciliation of Governmental Funds Balance Sheet  
 to Statement of Net Assets  
 June 30, 2007

Total fund balances for governmental funds \$ 9,456,962

Total net assets reported for governmental activities in the  
 Statement of Net Assets is different because:

Capital assets used in governmental activities are not financial  
 resources and therefore are not reported in the funds. These  
 assets, net of accumulated depreciation consist of:

Land and land improvements	\$	4,647,598	
Buildings		4,567,057	
Office furniture and equipment		2,872,520	
Vehicles and equipment		2,320,562	
Infrastructure		22,630,464	
Construction in progress		2,226,753	
Accumulated depreciation		<u>(10,885,484)</u>	
Total capital assets			28,379,470

Other long-term assets are not available to pay for current period  
 expenditures and therefore are deferred in the funds. These assets  
 consist of deferred assessments. 211,801

Governmental funds report the effect of bond issuance costs when debt  
 is first issued, whereas these amounts are deferred and amortized in  
 the Statement of Net Assets. 40,632

Long-term liabilities, including bonds payable and accrued leave,  
 are not due and payable in the current period and therefore are  
 not reported as fund liabilities. These liabilities consist of:

General obligation bonds payable		(3,885,000)	
Unamortized deferred loss on refunding of bonds		102,008	
Unamortized bond premium		(157,596)	
Special assessment bonds payable		(254,640)	
Accrued interest on bonds		(19,125)	
Accrued leave		(435,950)	
Net pension/OPEB obligation		<u>(321,267)</u>	
Total long term liabilities			<u>(4,971,570)</u>

Total net assets of governmental activities \$ 33,117,295

See accompanying notes to basic financial statements.

**CITY OF WASILLA, ALASKA**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Year Ended June 30, 2007**

	<u>Major Funds</u>			Total Governmental Funds
	<u>General</u>	Miscellaneous Projects Capital Project	Nonmajor Funds	
<b>Revenues:</b>				
Taxes	\$ 9,757,105	-	-	9,757,105
Licenses and permits	29,670	-	-	29,670
Fines, forfeitures and penalties	141,346	-	35,409	176,755
Intergovernmental	1,114,161	570,247	636,111	2,320,519
Special assessments	-	-	114,398	114,398
Charges for services	1,281,647	-	-	1,281,647
Investment income	287,235	35,788	134,263	457,286
Lot sales	-	-	11,400	11,400
Other	40,237	55,017	10,736	105,990
Total revenues	<u>12,651,401</u>	<u>661,052</u>	<u>942,317</u>	<u>14,254,770</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	2,354,013	-	41,621	2,395,634
Public safety	4,620,931	-	152,087	4,773,018
Public works	1,871,951	-	-	1,871,951
Culture and recreation	715,929	-	720,935	1,436,864
Nondepartmental	30,528	-	-	30,528
<b>Debt service:</b>				
Principal	-	-	329,196	329,196
Interest	-	-	186,483	186,483
Other debt service costs	-	-	40,632	40,632
<b>Capital outlay</b>	-	1,580,118	613,253	2,193,371
Total expenditures	<u>9,593,352</u>	<u>1,580,118</u>	<u>2,084,207</u>	<u>13,257,677</u>
Excess of revenues over (under) expenditures	3,058,049	(919,066)	(1,141,890)	997,093
<b>Other financing sources (uses):</b>				
Transfers in	10,978	1,027,776	1,392,086	2,430,840
Transfers out	(2,778,392)	(33,184)	(381,205)	(3,192,781)
<b>Proceeds from bond issuance:</b>				
Par value	-	-	3,380,000	3,380,000
Bond premium	-	-	157,596	157,596
Payment to refunding escrow agent	-	-	(3,492,008)	(3,492,008)
Net other financing sources (uses)	<u>(2,767,414)</u>	<u>994,592</u>	<u>1,056,469</u>	<u>(716,353)</u>
Net change in fund balances	290,635	75,526	(85,421)	280,740
Beginning fund balances	<u>5,820,222</u>	<u>993,051</u>	<u>2,362,949</u>	<u>9,176,222</u>
Ending fund balances	<u>\$ 6,110,857</u>	<u>1,068,577</u>	<u>2,277,528</u>	<u>9,456,962</u>

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, 2007

Net change in fund balances - total governmental funds	\$	280,740
<p>The change in net assets reported for governmental activities in the Statement of Activities is different because:</p>		
<p>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 (\$2,110,803) exceeded depreciation (\$1,340,616).</p>		770,187
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the amount of the decrease in other long-term assets.</p>		(94,867)
<p>Issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of the long-term debt consumes financial resources in the governmental funds. Also, governmental funds report the effect of issuance costs, premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This adjustment combines the net change in these balances:</p>		
General obligation bond principal payments	\$	235,000
Issuance of general obligation bonds		(3,380,000)
Refunding of general obligation bonds		3,390,000
Deferred loss on refunding of general obligation bonds		102,008
Bond issuance costs		40,632
Bond premium		(157,596)
Special assessment bond principal payments		<u>94,326</u>
		324,370
<p>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.</p>		31,921
<p>Accrued leave and net pension/OPEB obligation 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.</p>		
Accrued leave		<u>(53,937)</u>
Change in net assets of governmental activities	\$	<u><u>1,258,414</u></u>

See accompanying notes to basic financial statements.

**CITY OF WASILLA, ALASKA**  
**General Fund**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual**  
**Year Ended June 30, 2007**

	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 9,460,976	9,460,976	9,757,105	296,129
Licenses and permits	44,273	44,273	29,670	(14,603)
Fines, forfeitures and penalties	172,744	180,244	141,346	(38,898)
Intergovernmental	1,130,299	1,243,734	1,114,161	(129,573)
Charges for services	1,316,223	1,264,573	1,281,647	17,074
Investment income	231,395	231,395	287,235	55,840
Other	<u>103,654</u>	<u>103,654</u>	<u>40,237</u>	<u>(63,417)</u>
Total revenues	<u>12,459,564</u>	<u>12,528,849</u>	<u>12,651,401</u>	<u>122,552</u>
<b>Expenditures:</b>				
General government	2,419,830	2,461,053	2,354,013	107,040
Public safety	4,952,149	4,848,713	4,620,931	227,782
Public works	2,051,641	2,031,689	1,871,951	159,738
Culture and recreation	752,936	757,228	715,929	41,299
Nondepartmental	<u>30,000</u>	<u>37,680</u>	<u>30,528</u>	<u>7,152</u>
Total expenditures	<u>10,206,556</u>	<u>10,136,363</u>	<u>9,593,352</u>	<u>543,011</u>
Excess of revenues over expenditures	2,253,008	2,392,486	3,058,049	665,563
<b>Other financing sources (uses):</b>				
Transfers in	3,000	3,000	10,978	7,978
Transfers out	<u>(2,030,207)</u>	<u>(2,785,871)</u>	<u>(2,778,392)</u>	<u>7,479</u>
Net other financing sources (uses)	<u>(2,027,207)</u>	<u>(2,782,871)</u>	<u>(2,767,414)</u>	<u>15,457</u>
Net change in fund balance	\$ <u>225,801</u>	<u>(390,385)</u>	290,635	<u>681,020</u>
Beginning fund balance			<u>5,820,222</u>	
Ending fund balance			\$ <u>6,110,857</u>	

See accompanying notes to basic financial statements.

## CITY OF WASILLA, ALASKA

Enterprise Funds  
Statement of Net Assets  
June 30, 2007

Assets	Major Funds				Total Enterprise Funds
	Water Utility	Sewer Utility	Municipal Airport	Multi-Use Sports Complex	
Current assets:					
Cash and investments	\$ 978,038	1,131,819	179,798	666,227	2,955,882
Receivables:					
Accounts	134,442	79,820	310	7,770	222,342
Allowance for doubtful accounts	(16,188)	(13,245)	-	-	(29,433)
Grants	565,164	3,042	413,333	300	981,839
Special assessments	-	8,251	-	-	8,251
Sales taxes	-	-	-	228,114	228,114
Prepaid expense	2,265	2,257	-	63	4,585
Inventories	53,842	91,037	-	-	144,879
Total current assets	<u>1,717,563</u>	<u>1,302,981</u>	<u>593,441</u>	<u>902,474</u>	<u>4,516,459</u>
Noncurrent assets:					
Restricted cash - bond redemption	-	-	-	1,683,906	1,683,906
Property, plant and equipment	23,459,629	23,056,431	13,867,784	17,382,216	77,766,060
Less accumulated depreciation	(4,378,939)	(8,328,267)	(4,026,785)	(1,004,889)	(17,738,880)
Net property, plant and equipment	<u>19,080,690</u>	<u>14,728,164</u>	<u>9,840,999</u>	<u>16,377,327</u>	<u>60,027,180</u>
Deferred charges, net of accumulated amortization	12,263	-	-	-	12,263
Total noncurrent assets	<u>19,092,953</u>	<u>14,728,164</u>	<u>9,840,999</u>	<u>18,061,233</u>	<u>61,723,349</u>
Total assets	\$ <u>20,810,516</u>	<u>16,031,145</u>	<u>10,434,440</u>	<u>18,963,707</u>	<u>66,239,808</u>
<u>Liabilities and Net Assets</u>					
Liabilities:					
Current liabilities:					
Accounts payable	119,371	12,348	243,564	23,752	399,035
Accrued payroll and employee benefits	16,892	17,053	1,004	18,936	53,885
Accrued annual and sick leave	14,142	27,609	1,853	24,079	67,683
Customer deposits	49,292	2,450	-	5,000	56,742
Accrued interest	34,812	2,665	-	97,842	135,319
Deferred revenue	12,606	-	9,030	9,651	31,287
Legal settlement payable	-	-	-	1,027,028	1,027,028
Current portion of bond and loans	213,455	25,718	-	1,495,000	1,734,173
Total current liabilities	<u>460,570</u>	<u>87,843</u>	<u>255,451</u>	<u>2,701,288</u>	<u>3,505,152</u>
Long-term debt, net of current portion:					
General obligation bonds	-	-	-	7,615,000	7,615,000
Special assessment bonds	-	15,583	-	-	15,583
ADEC loans	3,334,226	261,305	-	-	3,595,531
Unamortized bond premium	-	-	-	56,840	56,840
Net pension/OPEB obligation	19,295	26,054	897	20,057	66,303
Total long-term debt, net of current portion	<u>3,353,521</u>	<u>302,942</u>	<u>897</u>	<u>7,691,897</u>	<u>11,349,257</u>
Total liabilities	<u>3,814,091</u>	<u>390,785</u>	<u>256,348</u>	<u>10,393,185</u>	<u>14,854,409</u>
Net assets:					
Invested in capital assets, net of related debt	15,533,009	14,425,558	9,840,999	7,210,487	47,010,053
Restricted for debt service	-	-	-	2,178,513	2,178,513
Unrestricted (deficit)	1,463,416	1,214,802	337,093	(818,478)	2,196,833
Total net assets	<u>16,996,425</u>	<u>15,640,360</u>	<u>10,178,092</u>	<u>8,570,522</u>	<u>51,385,399</u>
Total liabilities and net assets	\$ <u>20,810,516</u>	<u>16,031,145</u>	<u>10,434,440</u>	<u>18,963,707</u>	<u>66,239,808</u>

See accompanying notes to basic financial statements.

**CITY OF WASILLA, ALASKA**  
**Enterprise Funds**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
**Year Ended June 30, 2007**

	Major Funds				Total Enterprise Funds
	Water Utility	Sewer Utility	Municipal Airport	Multi-Use Sports Complex	
Operating revenues - charges for services	\$ 769,376	673,985	67,902	728,117	2,239,380
Operating expenses:					
Salaries and benefits	355,698	394,393	26,066	463,516	1,239,673
Other operating expenses	256,850	301,146	94,900	432,558	1,085,454
Depreciation	383,307	373,685	337,248	342,968	1,437,208
Total operating expenses	<u>995,855</u>	<u>1,069,224</u>	<u>458,214</u>	<u>1,239,042</u>	<u>3,762,335</u>
Operating loss	(226,479)	(395,239)	(390,312)	(510,925)	(1,522,955)
Nonoperating revenues (expenses):					
Sales tax revenue	-	-	-	2,414,673	2,414,673
Payments in lieu of assessments	61,642	54,186	-	-	115,828
Interest expense	(91,893)	(6,145)	(32,223)	(420,286)	(550,547)
Investment income	53,707	63,338	-	88,356	205,401
State PERS relief	8,467	11,010	553	8,007	28,037
Other	-	2,738	-	-	2,738
Net nonoperating revenues (expenses)	<u>31,923</u>	<u>125,127</u>	<u>(31,670)</u>	<u>2,090,750</u>	<u>2,216,130</u>
Income (loss) before transfers and contributions	(194,556)	(270,112)	(421,982)	1,579,825	693,175
Transfers in	233,000	53,000	196,853	313,588	796,441
Transfers out	(11,500)	(16,500)	-	(6,500)	(34,500)
Capital contributions	1,705,041	14,080	2,763,995	229,630	4,712,746
Change in net assets	1,731,985	(219,532)	2,538,866	2,116,543	6,167,862
Beginning net assets	<u>15,264,440</u>	<u>15,859,892</u>	<u>7,639,226</u>	<u>6,453,979</u>	<u>45,217,537</u>
Ending net assets	\$ <u>16,996,425</u>	<u>15,640,360</u>	<u>10,178,092</u>	<u>8,570,522</u>	<u>51,385,399</u>

See accompanying notes to basic financial statements.

## CITY OF WASILLA, ALASKA

## Enterprise Funds

## Statement of Cash Flows

Year Ended June 30, 2007

	Major Funds				Total Enterprise Funds
	Water Utility	Sewer Utility	Municipal Airport	Multi-Use Sports Complex	
Cash flows from operating activities:					
Receipts from customers and users	\$ 769,238	671,176	72,853	724,411	2,237,678
Payments to suppliers	(176,316)	(302,563)	(43,772)	(416,500)	(939,151)
Payments to employees	(343,446)	(387,608)	(26,028)	(451,550)	(1,208,632)
Net cash flows from operating activities	<u>249,476</u>	<u>(18,995)</u>	<u>3,053</u>	<u>(143,639)</u>	<u>89,895</u>
Cash flows from noncapital financing activities - transfers in	<u>-</u>	<u>-</u>	<u>76,384</u>	<u>313,588</u>	<u>389,972</u>
Cash flows from capital and related financing activities:					
Principal and interest paid on long-term debt	(307,485)	(32,058)	-	(1,807,557)	(2,147,100)
Special assessments received	-	1,048	-	-	1,048
Payments in lieu of assessments received	61,642	54,186	-	-	115,828
Acquisition and construction of capital assets	(1,919,250)	(35,608)	(2,840,052)	(493,843)	(5,288,753)
Capital contributions received	1,405,131	11,038	3,293,256	229,330	4,938,755
Sales tax received	-	-	-	2,409,769	2,409,769
Transfers in	233,000	53,000	120,469	-	406,469
Transfers out	(11,500)	(16,500)	-	(6,500)	(34,500)
Increase in due to other funds	-	-	(441,089)	-	(441,089)
Interest paid on internal borrowing	-	-	(32,223)	-	(32,223)
Net cash flows from capital and related financing activities	<u>(538,462)</u>	<u>35,106</u>	<u>100,361</u>	<u>331,199</u>	<u>(71,796)</u>
Cash flows from investing activities:					
Investment income received	53,707	63,338	-	88,356	205,401
Principal payments received on notes receivable	-	3,711	-	-	3,711
Net cash flows from investing activities	<u>53,707</u>	<u>67,049</u>	<u>-</u>	<u>88,356</u>	<u>209,112</u>
Net increase (decrease) in cash and investments	(235,279)	83,160	179,798	589,504	617,183
Beginning cash and investments	<u>1,213,317</u>	<u>1,048,659</u>	<u>-</u>	<u>1,760,629</u>	<u>4,022,605</u>
Ending cash and investments	\$ <u>978,038</u>	<u>1,131,819</u>	<u>179,798</u>	<u>2,350,133</u>	<u>4,639,788</u>
Reconciliation of cash and investments to balance sheet:					
Cash and investments:					
Current assets	\$ 978,038	1,131,819	179,798	666,227	2,955,882
Restricted assets	-	-	-	1,683,906	1,683,906
	\$ <u>978,038</u>	<u>1,131,819</u>	<u>179,798</u>	<u>2,350,133</u>	<u>4,639,788</u>
Noncash capital and related financing activities - Increase in land and legal settlements payable	\$ -	-	-	1,027,028	1,027,028

See accompanying notes to basic financial statements.

**CITY OF WASILLA, ALASKA**  
**Enterprise Funds**  
**Statement of Cash Flows, continued**

	Major Funds				Total Enterprise Funds
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Municipal Airport</u>	<u>Multi-Use Sports Complex</u>	
Reconciliation of operating loss to net cash flows from operating activities:					
Operating loss	\$ (226,479)	(395,239)	(390,312)	(510,925)	(1,522,955)
Adjustments to reconcile operating loss to net cash flows from operating activities:					
Depreciation and amortization	383,688	373,685	337,248	342,968	1,437,589
Noncash expense - PERS relief	8,467	11,010	553	8,007	28,037
Other	-	2,738	-	-	2,738
Increase in allowance for doubtful accounts	4,764	3,898	-	-	8,662
(Increase) decrease in assets:					
Accounts receivable	(23,017)	(496)	446	(7,770)	(30,837)
Inventory	(4,462)	(6,045)	-	-	(10,507)
Prepaid expense	(515)	(507)	-	(63)	(1,085)
Increase (decrease) in liabilities:					
Accounts payable	85,511	5,135	51,128	16,121	157,895
Revenue billed in advance	384	-	4,505	-	4,889
Accrued payroll and employee benefits	2,028	(1,852)	(634)	1,688	1,230
Accrued annual and sick leave	1,757	(2,373)	119	2,271	1,774
Customer deposits	17,350	(8,949)	-	5,000	13,401
Deferred revenue	-	-	-	(936)	(936)
Net cash flows from operating activities \$	<u>249,476</u>	<u>(18,995)</u>	<u>3,053</u>	<u>(143,639)</u>	<u>89,895</u>

See accompanying notes to basic financial statements.



## **NOTES TO BASIC FINANCIAL STATEMENTS**

The Notes to the Basic Financial Statements are a summary of significant accounting policies and other notes to the financial statements necessary for adequate disclosure.

# CITY OF WASILLA, ALASKA

## Notes to Basic Financial Statements

June 30, 2007

### (1) Summary of Significant Accounting Policies

#### General

The accompanying financial statements include all activities of the City of Wasilla, 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.

#### Reporting Entity

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units by using criteria provided by the Governmental Accounting Standards Board. Based upon the application of these criteria, there are no component units for which the City of Wasilla is financially accountable, nor do any special financial relationships exist between the City and any other entity.

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

#### Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the City. In general, the effect of interfund activity has been removed from these statements to minimize the double-counting of internal activities. *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.

#### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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.

# CITY OF WASILLA, ALASKA

## Notes to Basic Financial Statements, continued

### **Summary of Significant Accounting Policies, continued**

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued**

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 revenues to be available if they are collected within 60 days after year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to accrued leave are recorded only to the extent they have matured.

Property taxes, sales taxes, licenses, 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 cash is received by the government.

The City reports the following major funds:

#### 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 Projects Capital Project Fund* accounts for various capital activities of the City.

#### 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 *Multi-Use Sport Complex Enterprise Fund* is used to account for the operations of the recreational sports complex facility.

## CITY OF WASILLA, ALASKA

### Notes to Basic Financial Statements, continued

#### **Summary of Significant Accounting Policies, continued**

##### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued**

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The City has elected not to follow subsequent private-sector guidance.

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.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. In addition, general revenues include all taxes (including the City's dedicated sales taxes), investment income, and State of Alaska entitlement revenues.

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.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

#### **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. 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.

# CITY OF WASILLA, ALASKA

## Notes to Basic Financial Statements, continued

### **Summary of Significant Accounting Policies, continued**

#### Budgets, continued

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, generally accepted accounting principles do not require the adoption of budgets for Enterprise Funds, and budgetary comparisons are not included for these funds since the measurement focus is upon determination of net income and financial position.

#### Central Treasury

The cash transactions of the City's funds are handled primarily in an overnight repurchase agreement account. Investment earnings are allocated among the funds based on their respective equity in the central treasury.

#### Cash and Cash Equivalents

For purposes of the statement of cash flows, the Enterprise 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.

#### Prepaid Items

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.

#### Inventory

Inventory is valued at the lower of average cost or market in the Enterprise Funds.

#### Short-Term Interfund Receivables/Payables

Short-term interfund loans are classified as "due from other funds" or "due to other funds" on the balance sheet.

#### Advances to Other Funds

Noncurrent portions of long-term interfund loans receivable are reported as advances and are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation. The City did not have any advances to other funds at June 30, 2007.

#### Accrued Leave

All full-time employees are eligible for paid time off (PTO). Employees may accrue a maximum of 720 hour of PTO which may be cashed out upon termination at 100% of value. On July 31, 2003 the City converted from annual and sick leave to a PTO system. At the end of fiscal year 2007, 1,355 hours of sick leave remained on the books. Sick leave may be cashed out at 25% of the value upon termination. A liability for these amounts is reported in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental fund financial statements only if they have matured (e.g. the employee has terminated employment).

# CITY OF WASILLA, ALASKA

## Notes to Basic Financial Statements, continued

### Summary of Significant Accounting Policies, continued

#### Capital Assets

Capital assets, which include property, plant, and equipment, 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 market value at the date of donation. In the case of the initial capitalization of infrastructure assets, the City chose to include all such items, regardless of their acquisition date.

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.

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	20-40 years
Infrastructure	50 years
System infrastructure	20-50 years
Machinery and equipment	3-8 years

#### Deferred Grant Revenue

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

#### Long-Term Debt

In the government-wide and the 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 statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method.

#### Encumbrances

Encumbrances outstanding at year end, including purchase orders, contracts and other commitments for the expenditure of monies, are reported as reservations of fund balances in the General Fund, Special Revenue Funds, Debt Service Funds and Capital Project Funds since they do not constitute expenditures or liabilities.

# CITY OF WASILLA, ALASKA

## Notes to Basic Financial Statements, continued

### **Summary of Significant Accounting Policies, continued**

#### 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.

#### Grants and Other Intergovernmental Revenues

In applying the measurable and available concepts to grants and intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts are considered "earned"; therefore, revenues are recognized based upon expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the measurable and available criteria are met.

#### Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Operating subsidies are also recorded as transfers.

#### Administrative Fees

Grants are charged an administrative fee if allowable under the terms of the grants. The fee is recorded as revenue in the General Fund.

#### Pension Plans

Substantially all employees of the City participate in the Public Employees' Retirement System (PERS) administered by the State of Alaska.

#### Reclassifications

Certain reclassifications have been made to the 2006 financial statements to make them comparable with the 2007 presentation.

#### Comparative Data

Comparative data for the prior year have been presented in some of the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations.

# CITY OF WASILLA, ALASKA

## Notes to Basic Financial Statements, continued

### (2) Cash and Investments

The City of Wasilla 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."

#### Reconciliation of Deposit and Investment Balances

The following is a reconciliation of the City's deposit and investment balances to the financial statements as of June 30, 2007.

Bank deposits	\$ (10,084)
Investments	<u>13,241,190</u>
	\$ <u>13,231,106</u>
Cash and investments	\$ 11,156,823
Restricted cash and investments	<u>2,074,283</u>
	\$ <u>13,231,106</u>

Cash and cash investments are restricted as follows:

General Fund – HRA plan	\$ 390,377
Multi-Use Sports Complex Enterprise Fund – Bond redemption	<u>1,683,906</u>
	\$ <u>2,074,283</u>

#### General Investments

##### *Investment Policy*

The City is authorized to invest in the following:

- Government obligations: shares of SEC registered money market mutual funds conforming to Rule 2a-7 of the Investment Company Act of 1940 that invest primarily in direct obligations of the United States and repurchase agreements backed by those obligations and rated in the highest category by S&P and Moody's.
- Commercial paper: having original maturities of not more than two hundred seventy (270) days and rated at all times "A-1" or better by S&P and "P-1" or better by Moody's, and bearing interest at a rate at least twenty-five basis points (.25%) above the rate of interest on United States Treasury obligations of the same maturity at the time of purchase.
- Interest bearing obligations of a corporation, or of any state of the United States of America or any political subdivision thereof, which obligations at all times are rated at least "AA" by S&P or Moody's; provided, that any such obligation of a corporation shall bear interest at a rate of at least twenty-five basis points (.25%) above the rate of interest on United States Treasury obligations of the same maturity at the time of purchase.



## CITY OF WASILLA, ALASKA

### Notes to Basic Financial Statements, continued

#### Cash and Investments, continued

##### *Investment Policy, continued*

- Certificates of deposit of any rated bank, provided that such certificates of deposit are:
  - Fully insured by an appropriate insuring agency of the United States; and
  - To the extent not so insured, collateralized with government obligations held by a third party custodian, in an amount equal to one hundred-two percent (102%) of the principal and unpaid accrued interest.
- Repurchase agreements with primary dealers or rated banks, collateralized with government obligations held by a third party custodian, in an amount equal to one hundred-two percent (102%) of the principal and unpaid accrued interest.
- The Alaska Municipal League Investment Pool, Inc. (AMLIP).

##### *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 maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Investment maturities in investments at June 30, 2007 are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>	
		<u>Less Than 1</u>	<u>1-5</u>
U.S. Treasuries	\$ 2,200,504	-	2,200,504
U.S. government agencies	2,987,693	-	2,987,693
Corporate bonds	1,221,060	-	1,221,060
Repurchase agreement	<u>489,029</u>	<u>489,029</u>	<u>-</u>
Total subject to interest rate risk	6,898,286	<u>489,029</u>	<u>6,409,257</u>
Pooled investments	<u>6,342,904</u>		
 Total investments	 \$ <u>13,241,190</u>		

##### *Credit Risk*

Generally, 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.

The corporate bonds are subject to credit risk. The corporate bonds were rated by Standard & Poor's as follows:

\$ 484,820	AAA
<u>736,240</u>	AA
\$ <u>1,221,060</u>	

# CITY OF WASILLA, ALASKA

## Notes to Basic Financial Statements, continued

### Cash and Investments, continued

#### *Credit Risk, continued*

Pooled investments are invested with the Alaska Municipal League Investment Pool, Inc. (AMLIP). The AMLIP is an external investment pool which is not SEC registered and is not rated 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 share value of investments in the AMLIP is approximately equal to fair value.

### (3) Capital Assets

Capital asset activity for the year ended June 30, 2007 follows:

	Balance July 1, <u>2006</u>	Additions and <u>Reclassifications</u>	Deletions and <u>Reclassifications</u>	Balance June 30, <u>2007</u>
<b><u>Governmental Activities</u></b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 4,533,005	132,540	17,947	4,647,598
Construction in progress	<u>2,041,546</u>	<u>1,068,757</u>	<u>883,550</u>	<u>2,226,753</u>
Total assets not being depreciated	<u>6,574,551</u>	<u>1,201,297</u>	<u>901,497</u>	<u>6,874,351</u>
<i>Capital assets being depreciated:</i>				
Buildings	4,215,974	351,083	-	4,567,057
Office furniture and equipment	2,517,973	363,127	8,580	2,872,520
Vehicles and equipment	2,047,212	273,350	-	2,320,562
Infrastructure	<u>21,798,441</u>	<u>832,023</u>	-	<u>22,630,464</u>
Total assets being depreciated	<u>30,579,600</u>	<u>1,819,583</u>	<u>8,580</u>	<u>32,390,603</u>
Less accumulated depreciation for:				
Buildings	1,133,385	129,205	-	1,262,590
Office furniture and equipment	752,292	270,405	-	1,022,697
Vehicles and equipment	1,195,938	227,765	-	1,423,703
Infrastructure	<u>6,463,253</u>	<u>713,241</u>	-	<u>7,176,494</u>
Total accumulated depreciation	<u>9,544,868</u>	<u>1,340,616</u>	-	<u>10,885,484</u>
Total capital assets being depreciated, net	<u>21,034,732</u>	<u>478,967</u>	<u>8,580</u>	<u>21,505,119</u>
Governmental activity capital assets, net	<u>\$ 27,609,283</u>	<u>1,680,264</u>	<u>910,077</u>	<u>28,379,470</u>
<b><u>Business-type Activities</u></b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 2,757,728	1,291,242	-	4,048,970
Construction in progress	<u>6,685,899</u>	<u>4,923,322</u>	<u>2,342,197</u>	<u>9,267,024</u>
Total assets not being depreciated	<u>9,443,627</u>	<u>6,214,564</u>	<u>2,342,197</u>	<u>13,315,994</u>
<i>Capital assets being depreciated:</i>				
Land improvements	5,620,175	2,268,542	-	7,888,717
Buildings	15,144,627	-	-	15,144,627
Treatment system	8,080,804	-	-	8,080,804
Collection/distribution system	19,976,130	174,872	-	20,151,002
Water tank and fence	6,565,877	-	-	6,565,877
Wells/well house	368,659	-	-	368,659
Vehicle and equipment	<u>6,250,380</u>	-	-	<u>6,250,380</u>
Total assets being depreciated	<u>62,006,652</u>	<u>2,443,414</u>	-	<u>64,450,066</u>

**CITY OF WASILLA, ALASKA**

Notes to Basic Financial Statements, continued

**Capital Assets, continued**

	Balance July 1, <u>2006</u>	Additions and <u>Reclassifications</u>	Deletions and <u>Reclassifications</u>	Balance June 30, <u>2007</u>
<b><u>Business-type Activities, continued</u></b>				
Less accumulated depreciation for:				
Land improvements	\$ 3,292,517	274,783	-	3,567,300
Buildings	594,276	302,893	-	897,169
Treatment system	2,017,249	145,954	-	2,163,203
Collection/distribution system	5,446,507	384,048	-	5,830,555
Water tank and fence	1,095,376	123,421	-	1,218,797
Wells/well house	173,735	5,446	-	179,181
Vehicle and equipment	<u>3,682,012</u>	<u>200,663</u>	-	<u>3,882,675</u>
Total accumulated depreciation	<u>16,301,672</u>	<u>1,437,208</u>	-	<u>17,738,880</u>
Total capital assets being depreciated, net	<u>45,704,980</u>	<u>1,006,206</u>	-	<u>46,711,186</u>
Business-type activity capital assets, net	\$ <u>55,148,607</u>	<u>7,220,770</u>	<u>2,342,197</u>	<u>60,027,180</u>

Depreciation expense was charged to the functions as follows:

**Governmental Activities**

General government	\$ 86,066
Public safety	366,846
Public works	817,321
Culture and recreation	<u>70,383</u>
Total depreciation expense – governmental activities	<u>1,340,616</u>

**Business-type Activities**

Water utility	\$ 383,307
Sewer utility	373,685
Municipal airport	337,248
Multi-use sports complex	<u>342,968</u>
Total depreciation expense – business-type activities	<u>1,437,208</u>
Total depreciation expense	\$ <u>2,777,824</u>

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

A schedule of interfund balances and transfers for the year ended June 30, 2007, follows:

***Due from other funds:***

Due from nonmajor funds to the General Fund for short-term operating subsidy	\$ <u><u>1,682</u></u>
------------------------------------------------------------------------------	------------------------

**CITY OF WASILLA, ALASKA**

Notes to Basic Financial Statements, continued

**Interfund Receivables, Payables, and Transfers, continued**

***Transfers:***

From General Fund to:

Miscellaneous Projects Capital Project Fund for capital expenditures	\$ 710,000
Nonmajor governmental funds for capital expenditures	495,000
Sewer Utility Enterprise Fund for capital expenditures	53,000
Water Utility Enterprise Fund for capital expenditures	233,000
Municipal Airport Enterprise Fund for capital expenditures	120,469
Municipal Airport Enterprise Fund for operating subsidy	76,384
Nonmajor governmental funds for operating subsidy	343,141
Multi-Use Sports Complex Enterprise Fund for operating subsidy	313,588
Nonmajor governmental funds for debt service	<u>433,810</u>

Total from General Fund \$ 2,778,392

From Miscellaneous Projects Capital Project Fund to nonmajor governmental funds for capital expenditures 33,184

From Sewer Utility Enterprise Fund to nonmajor governmental funds for capital expenditures 16,500

From Water Utility Enterprise Fund to nonmajor governmental funds for capital expenditures 11,500

From Multi-Use Sports Complex Enterprise Fund to nonmajor governmental funds for capital expenditures 6,500

From nonmajor governmental funds to:

Nonmajor governmental funds for operating subsidy	39,451
General Fund to transfer interest for operating subsidy	10,978
Miscellaneous Projects Capital Project Fund for capital expenditures	317,776
Nonmajor governmental funds for capital expenditures	<u>13,000</u>

Total transfers to other funds \$ 3,227,281

(5) **Long-Term Debt**

Long-term debt consists of the following at June 30, 2007:

	Balance			Balance	Due
	<u>July 1, 2006</u>	<u>Additions</u>	<u>Retired</u>	<u>June 30, 2007</u>	<u>Within</u>
<b><u>Governmental Activities</u></b>					<u>One Year</u>
Special Assessment Bonds:					
\$329,300 1986 Southside					
Water District Bond, due in					
annual installments of \$3,954					
to \$6,454 through June 30, 2015;					
plus interest at 6.125%	\$ 45,452	-	4,202	41,250	3,954

**CITY OF WASILLA, ALASKA**

Notes to Basic Financial Statements, continued

**Long-Term Debt, continued**

	<u>Balance</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2007</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
<b><u>Governmental Activities, continued</u></b>					
\$626,000 1987 Sewer Improvement District Bond, due in annual installments of \$3,900 to \$4,900 through August 17, 2027; plus interest at 6.5%	\$ 95,800	-	3,900	91,900	3,900
\$287,200 2001 Wood Crest/Patricia/Century Park Paving Improvement Districts Bond, due in annual installments of \$16,120 through November 24, 2008; plus interest at 5.9%	42,000	-	16,120	25,880	16,120
Special Assessment Bonds, continued:					
\$189,320 2002 North Country Paving Improvement District Bond, due in final installment of \$6,996 on April 6, 2008; plus interest at 6.545%	25,928	-	18,932	6,996	6,996
\$199,088 2001 Talerico Paving Improvement District Bond, due in final installment of \$16,569 on June 28, 2007; plus interest at 4.55%	16,569	-	16,569	-	-
\$117,690 2003 Prospector Hills and WVCSA Paving Bond, due in annual installments of \$11,769 through March 1, 2010; plus interest at 5.25%	38,382	-	11,769	26,613	11,769
\$228,338 2003 GVC/GGL Subdivision Paving Bond, due in annual installments of \$22,834 through March 1, 2010; plus interest at 5.25%	<u>84,835</u>	<u>-</u>	<u>22,834</u>	<u>62,001</u>	<u>22,834</u>
Total special assessment bonds	<u>348,966</u>	<u>-</u>	<u>94,326</u>	<u>254,640</u>	<u>65,573</u>
General Obligation Bonds:					
\$5,500,000 1998 refunding Street Paving/Street Improvements General Obligation Bonds, due in annual installments of \$245,000 to \$260,000 through October 1, 2008; plus interest at 5.0%	4,130,000	-	3,625,000	505,000	245,000
\$3,380,000 2006 Street Paving/Street Improvements General Obligation Refunding Bonds, due in annual installments of \$5,000 to \$415,000 through December 1, 2018; plus variable interest from 4.0% to 5.5%	<u>-</u>	<u>3,380,000</u>	<u>-</u>	<u>3,380,000</u>	<u>5,000</u>
Total general obligation bonds	<u>4,130,000</u>	<u>3,380,000</u>	<u>3,625,000</u>	<u>3,885,000</u>	<u>250,000</u>

**CITY OF WASILLA, ALASKA**

Notes to Basic Financial Statements, continued

**Long - Term Debt, continued**

	Balance July 1, 2006	Additions	Retired	Balance June 30, 2007	Due Within One Year
<b><u>Governmental Activities, continued</u></b>					
Accrued leave	\$ 382,013	388,340	334,403	435,950	435,950
Net pension/OPEB obligation	<u>321,267</u>	<u>-</u>	<u>-</u>	<u>321,267</u>	<u>-</u>
Total governmental activities	\$ <u>5,182,246</u>	<u>3,768,340</u>	<u>4,053,729</u>	4,896,857	<u>751,523</u>
Plus unamortized bond premium				157,596	
Less unamortized deferred loss				<u>(102,008)</u>	
				\$ <u>4,952,445</u>	

Other long-term liabilities related to governmental activities, such as accrued leave and pension liabilities, are generally liquidated by the General Fund.

	Balance July 1, 2006	Additions	Retired	Balance June 30, 2007	Due Within One Year
<b><u>Business-type Activities</u></b>					
Special Assessment Bonds - \$84,711 2001 Broadview Sewer Improvement District Bond, due in annual installments of \$8,471 through June 28, 2010; plus interest at 4.55%	\$ <u>32,525</u>	<u>-</u>	<u>8,471</u>	<u>24,054</u>	<u>8,471</u>
General Obligation Bonds - \$14,700,000 2002 Multi-Use Sports Complex General Obligation Bonds, due in annual installments of \$1,495,000 to \$2,180,000 through April 1, 2012; plus variable interest from 3.0% to 4.5%	<u>10,475,000</u>	<u>-</u>	<u>1,365,000</u>	<u>9,110,000</u>	<u>1,495,000</u>
Loans Payable:					
\$177,100 Water loan payable, due in annual installments of \$8,754 through August 3, 2018, plus interest at 2.5%	113,805	-	8,754	105,051	8,754
\$745,939 Water loan payable, due in annual installments of \$37,299 through November 15, 2022; plus interest at 2.5%	634,087	-	37,300	596,787	37,299
\$301,066 Sewer loan payable, due in annual installments of \$15,053 through November 15, 2022; plus interest at 1.5%	255,907	-	15,054	240,853	15,053
\$39,049 Water loan payable, due in annual installments of \$1,952 through September 30, 2023; plus interest at 2.5%	35,145	-	1,952	33,193	1,952

**CITY OF WASILLA, ALASKA**

Notes to Basic Financial Statements, continued

**Long - Term Debt, continued**

	<u>Balance</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2007</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
<b><u>Business-type Activities, continued</u></b>					
\$44,353 Sewer loan payable, due in annual installments of \$2,194 through September 30, 2023; plus interest at 1.5%	\$ 39,917	-	2,218	37,699	2,194
\$3,309,000 Water loan payable, due in annual installments of \$165,450 through March 4, 2024; plus interest at 2.5%	<u>2,978,100</u>	<u>-</u>	<u>165,450</u>	<u>2,812,650</u>	<u>165,450</u>
Total loans payable	<u>4,056,961</u>	<u>-</u>	<u>230,728</u>	<u>3,826,233</u>	<u>230,702</u>
Accrued leave	65,909	70,001	68,227	67,683	67,683
Net pension/OPEB obligation	<u>66,303</u>	<u>-</u>	<u>-</u>	<u>66,303</u>	<u>-</u>
Total business-type activities	\$ <u>14,696,698</u>	<u>70,001</u>	<u>1,672,426</u>	13,094,273	<u>1,801,856</u>
Plus unamortized bond premium				<u>56,840</u>	
				\$ <u>13,151,113</u>	

Annual debt service requirements to maturity for all of the above obligations, except the accrued leave and net pension obligation, follow:

**Governmental Activities**

<u>Year Ending</u> <u>June 30,</u>	<u>Special Assessment Bonds</u>			<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 65,573	15,123	80,696	250,000	172,769	422,769
2009	52,210	11,421	63,631	265,000	159,944	424,944
2010	27,265	8,543	35,808	275,000	147,844	422,844
2011	7,854	7,028	14,882	290,000	136,544	426,544
2012	10,354	6,532	16,886	295,000	124,844	419,844
2013-2017	38,484	23,342	61,826	1,700,000	405,250	2,105,250
2018-2022	23,500	14,268	37,768	810,000	37,828	847,828
2023-2027	24,500	6,370	30,870	-	-	-
2028	4,900	319	5,219	-	-	-
	\$ <u>254,640</u>	<u>92,946</u>	<u>347,586</u>	<u>3,885,000</u>	<u>1,185,023</u>	<u>5,070,023</u>

**Business-type Activities**

<u>Year Ending</u> <u>June 30,</u>	<u>Special Assessment Bonds</u>			<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 8,471	1,094	9,565	1,495,000	391,369	1,886,369
2009	8,471	709	9,180	1,645,000	331,569	1,976,569
2010	7,112	324	7,436	1,805,000	261,656	2,066,656
2011	-	-	-	1,985,000	184,944	2,169,944
2012	-	-	-	<u>2,180,000</u>	<u>98,100</u>	<u>2,278,100</u>
	\$ <u>24,054</u>	<u>2,127</u>	<u>26,181</u>	<u>9,110,000</u>	<u>1,267,638</u>	<u>10,377,638</u>

## CITY OF WASILLA, ALASKA

### Notes to Basic Financial Statements, continued

#### Long - Term Debt, continued

##### Business-type Activities, continued

Year Ending June 30,	<u>Loans</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 230,703	92,864	323,567
2009	230,703	87,269	317,972
2010	230,703	81,675	312,378
2011	230,703	76,079	306,782
2012	230,703	70,485	301,188
2013-2017	1,153,513	268,491	1,422,004
2018-2022	1,127,255	129,272	1,256,527
2023-2024	<u>391,950</u>	<u>13,813</u>	<u>405,763</u>
	<u>\$ 3,826,233</u>	<u>819,948</u>	<u>4,646,181</u>

#### Special Assessment Bond Covenants

By City Ordinance 82-14 and as amended by subsequent ordinances, the City created a bond guarantee fund. The purpose of the fund is to guarantee the payment of the principal of all special assessment bonds, warrants, and notes issued on any special assessment district funds and interest pertaining thereto. The City covenants that:

- The Bond Guarantee Fund shall be kept separate from all other money and funds of the City and shall be held in trust for the uses and purposes provided for in the ordinances.
- From the date of delivery of the bonds, the City will make certain minimum payments into the bond guarantee fund. The payments vary with each special assessment bond issue.

All special assessment bonds are secured by special assessments levied against properties specifically benefited by the improvement within each district

#### General Obligation Bonds

The City issued general obligation refunding bonds of \$3,380,000 (par value) with an interest rate of 4.0% to 5.5% to advance refund \$3,390,000 of 1998 general obligation bonds with an interest rate of 4.625% to 5%. The new bonds were issued at a premium of \$157,596 and after paying issuance and other costs of \$40,632, the net proceeds were \$3,496,964. Of the proceeds \$3,492,008 were deposited into an irrevocable trust with an escrow agent to provide debt payments on the old bonds and \$4,956 was refunded to the City. The advance refunding met the requirements of an in-substance debt defeasance and \$3,390,000 of the old bonds were removed from the City's financial statements. As a result of the advanced refunding, the City reduced its total debt service requirements by \$130,091, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$137,159. The balance of the defeased bonds at June 30, 2007 was \$3,390,000.



# CITY OF WASILLA, ALASKA

## Notes to Basic Financial Statements, continued

### (6) Defined Benefit Pension Plan

#### Description of Plan

The following information conforms to the requirements of Governmental Accounting Standards Board (GASB) Statement 27, *Accounting for Pensions by State and Local Government Employers*. In addition, this note includes the information required by GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

The City participates in the Public Employees' Retirement System (PERS), an agent multiple employer defined benefit plan which covers eligible State and local government employees. The plan was established and is administered by the State of Alaska to provide pension, postemployment healthcare, death, and disability benefits. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature.

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

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

#### Funding Policy

Employees are required to contribute 6.75% of their annual covered salary (3.95% for pension and 2.80% for healthcare). Peace officers and firefighters must contribute 7.5% (4.5% pension and 3.0% healthcare). The funding policy provides for periodic employer contributions based on actuarially determined rates that, expressed as a percentage of annual covered payroll, are sufficient to accumulate sufficient assets to pay both pension and postemployment healthcare benefits when due, subject to an increase limitation. Under current regulations, employer rates cannot be increased by more than five percentage points annually.

The five percentage point limit regulation was repealed in 2005, but will not affect rates until fiscal year 2008, since the rates are established three years in advance of their effective date.

The City's contribution rates for PERS for the year ended June 30, 2007 follow:

	Adjusted Actual Rate	Actuarially Required Rate
Pension	11.09%	11.09%
Postemployment healthcare	<u>7.82%</u>	<u>7.82%</u>
Total contribution rate	<u>18.91%</u>	<u>18.91%</u>

## CITY OF WASILLA, ALASKA

### Notes to Basic Financial Statements, continued

#### **Defined Benefit Pension Plan, continued**

##### **Funding Policy, continued**

Employer contribution rates are a level percentage of payroll and are determined using the projected unit credit actuarial funding method. Unfunded liabilities and future gains/losses are amortized over a twenty-five year period as a level percentage of pay. The net amortization period will not exceed 30 years.

The required contribution for the plan was determined as part of the June 30, 2004 actuarial valuation. The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and the plan members at that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial values of assets. The significant actuarial assumptions used in the valuation of the plan follow:

1. Investment return of 8.25% per annum, compounded annually, net of expenses;
2. Projected salary increases of 5.5% for the first ten years and 4.0% thereafter (Police and fire 6.0% for the first five years and 4.5% thereafter);
3. Medical cost inflation of 9.5% for 2005, trending downward 0.5% per year to 5.0% in FY14, and remaining at 5.0%; and prescription cost inflation of 14% for 2005, trending downward 1% per year to 5.0% in FY14 and remaining at 5.0% thereafter;
4. Total inflation, as measured by the Consumer Price Index for urban and clerical workers for Anchorage, is assumed to increase 3.5% annually; and
5. Asset valuation – recognizes 20% of the investment gain or loss in each of the current and preceding four years. Assets are valued at market value and are accounted for on an accrued basis. Valuation assets cannot be outside the range of 80% to 120% of market value of assets.

#### **Annual Pension and Postemployment Healthcare Cost**

In 2006, the State of Alaska Legislature approved Senate Bill 231 which granted fiscal relief related to increased cost of the FY07 contribution rates. This relief was in the form of a cash payment made directly to the PERS system on behalf of the participating employers. The amount of the fiscal relief payment for City of Wasilla was \$228,380. For financial statement purposes, this amount has been reported as grant revenue and PERS expenditures/expenses and is included in the amount reported as “contributions made” as noted below.

**CITY OF WASILLA, ALASKA**

Notes to Basic Financial Statements, continued

**Defined Benefit Pension Plan, continued**

**Annual Pension and Postemployment Healthcare Cost, continued**

For the year ended June 30, 2007, the City's annual pension and other post-employment benefit (OPEB) costs were as follows:

	<u>Pension</u>	<u>OPEB</u>	<u>Total</u>
Annual required contribution	\$ 565,041	398,535	963,576
Interest on net pension obligation	-	-	-
Adjustment to annual required contribution	-	-	-
Annual pension cost	<u>565,041</u>	<u>398,535</u>	<u>963,576</u>
Contributions made	<u>565,041</u>	<u>398,535</u>	<u>963,576</u>
Increase in net pension/OPEB obligation	-	-	-
Net pension/OPEB obligation, beginning of year	<u>313,282</u>	<u>74,288</u>	<u>387,570</u>
Net pension/OPEB obligation, end of year	<u>\$ 313,282</u>	<u>74,288</u>	<u>387,570</u>

Three-year trend information for PERS follows:

	<u>Year Ending June 30,</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Contributions</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
Pension	2005	\$ 479,313	\$ 281,335	59%	\$ 197,979
	2006	557,113	441,810	79%	313,282
	2007	565,041	565,041	100%	313,282
	<u>Year Ending June 30,</u>	<u>Annual OPEB Cost</u>	<u>Actual Contributions</u>	<u>Percentage of OPEB Contributed</u>	<u>Net OPEB Obligation</u>
Postemployment healthcare	2005	\$ 291,163	\$ 170,896	59%	\$ 120,267
	2006	369,566	295,278	80%	74,288
	2007	398,535	398,535	100%	74,288

A schedule of funding progress for PERS for the three most recently published actuarial valuations follows:

	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Liability as Percentage of Covered Payroll</u>
June 30, 2003:							
Pension		\$ 4,734,000	\$ 6,358,000	\$ 1,624,000	74%	\$ 2,873,000	57%
Postemployment healthcare		3,164,000	4,250,000	1,086,000	74%	2,873,000	38%

**CITY OF WASILLA, ALASKA**

Notes to Basic Financial Statements, continued

**Defined Benefit Pension Plan, continued**

**Annual Pension and Postemployment Healthcare Cost, continued**

	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Liability as Percentage of Covered Payroll</u>
June 30, 2004:							
Pension		\$ 5,366,000	\$ 7,352,000	\$ 1,986,000	73%	\$ 3,878,000	51%
Postemployment healthcare		3,784,000	5,184,000	1,400,000	73%	3,878,000	36%
June 30, 2005:							
Pension		5,192,316	7,623,486	2,431,170	68%	4,456,043	55%
Postemployment healthcare		5,181,522	7,607,638	2,426,116	68%	4,456,043	54%

(7) **Defined Contribution Pension Plan**

The State of Alaska Legislature approved Senate Bill 141 to create the Public Employees' Tier IV Defined Contribution Retirement Plan for employees hired after July 1, 2006 or for employees converting from Tier I, II or III defined benefit plans. The Plan is administered by the State of Alaska, Department of Administration Commissioner, and benefit and contribution provisions are established by State law and may be amended only by the State Legislature. The Alaska Retirement Management Board may also amend contribution requirements. Included in the plan are individual pension accounts, retiree medical insurance plan and a separate Health Reimbursement Arrangement account that will help retired members pay medical premiums and other eligible medical expenses not covered by the medical plan. Employees are required to contribute 8.0% of their annual covered salary and the City is required to make the following contributions:

Individual account	5.00 %
Health reimbursement arrangement (HRA)	3.00
Retiree medical plan	1.75
Occupational death and disability benefits	<u>.30</u>
	<u>10.05 %</u>

The City and employee contributions to the plan for the year ended June 30, 2007 were \$35,866 and \$28,088, respectively.

# CITY OF WASILLA, ALASKA

## Notes to Basic Financial Statements, continued

(8) **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.

(9) **Risk Management**

The City faces a considerable number of 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. The Association'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, 2007. Coverage limits and the deductibles on the policies have stayed relatively constant for the past few years.

(10) **Conduit Debt**

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, 2007 was \$1,784,926.

## CITY OF WASILLA, ALASKA

### Notes to Basic Financial Statements, continued

#### **Conduit Debt, continued**

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, 2007 was \$7,984,728.

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

#### (11) **Commitments and Contingencies**

In 2007 the City filed an eminent domain action to acquire the site for the Multi-Use Sports Complex, and certain related property interests. The court has ruled that the City has authority and necessity to take the property under the power of eminent domain, and the City has deposited with the court a total sum of \$175,350. The valuation of the interests taken was submitted to a master appointed by the court, and the master has determined the valuation to be \$836,378 (inclusive of the amount the City has deposited with the court). Both the City and landowner have waived an appeal of the master's valuation. The final condemnation award will consist of the master's valuation, plus prejudgment interest (presently estimated to be approximately \$366,000) and the landowner's costs and attorney fees (which are subject to the landowner's future application to the court, and to the court's ruling on the application). While not appealing the master's award, the landowner has attempted to reserve legal issues for future determination, which the landowner claims could affect the date of valuation of the interest taken, or the scope of the interest temporarily or permanently taken. The City believes that the landowner's position on these issues is without merit, and will defend against that position vigorously. As of June 30, 2007, the City has recorded a liability in the Multi-Use Sports Complex Enterprise Fund of \$1,027,028 as a legal settlement payable.

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.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies. Any disallowed claims, including amounts already collected, would become a liability of the applicable funds.

COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES

## GENERAL FUND

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



**CITY OF WASILLA, ALASKA**  
 General Fund  
 Balance Sheet  
 June 30, 2007  
 (With Comparative Amounts for 2006)

<u>Assets</u>	<u>2007</u>	<u>2006</u>
Cash and investments	\$ <u>5,031,149</u>	<u>3,957,141</u>
Receivables:		
Accounts	21,887	25,740
Sales taxes	912,455	893,218
Crowley Petroleum	46,475	48,533
Grants	64,926	56,168
Shared revenues	<u>18,414</u>	<u>234,733</u>
Total receivables	<u>1,064,157</u>	<u>1,258,392</u>
Prepaid items	18,582	16,753
Due from other funds	1,682	607,272
Restricted cash and investments	<u>390,377</u>	<u>361,147</u>
Total assets	\$ <u>6,505,947</u>	<u>6,200,705</u>
<u>Liabilities and Fund Balance</u>		
Liabilities:		
Accounts payable	81,638	80,483
Accrued payroll and employee benefits	310,607	296,095
Deferred revenue	<u>2,845</u>	<u>3,905</u>
Total liabilities	<u>395,090</u>	<u>380,483</u>
Fund balance:		
Reserved:		
Encumbrances	40,633	137,759
Insurance premium increases	54,334	54,334
Prepaid items	18,582	16,753
Long-term receivable	46,475	48,533
HRA plan	390,377	361,147
Unreserved and undesignated	<u>5,560,456</u>	<u>5,201,696</u>
Total fund balance	<u>6,110,857</u>	<u>5,820,222</u>
Total liabilities and fund balance	\$ <u>6,505,947</u>	<u>6,200,705</u>

**CITY OF WASILLA, ALASKA**  
 General Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 Year Ended June 30, 2007  
 (With Comparative Amounts for 2006)

	<u>2007</u>	<u>2006</u>
Revenues:		
Taxes	\$ 9,757,105	9,262,541
Licenses and permits	29,670	38,336
Fines, forfeitures and penalties	141,346	115,613
Intergovernmental	1,114,161	669,937
Charges for services	1,281,647	1,129,460
Investment income	287,235	90,128
Other	40,237	38,956
Total revenues	<u>12,651,401</u>	<u>11,344,971</u>
Expenditures:		
General government:		
City clerk	313,950	-
City council	175,446	-
City council/clerk	-	381,399
Administration	219,905	202,481
General administration services	375,573	345,238
Finance	631,239	612,225
Community and economic development	474,264	-
Economic development	-	148,608
Management information systems	163,636	152,747
Total general government	<u>2,354,013</u>	<u>1,842,698</u>
Public safety:		
Police	453,979	394,440
Multitask drug enforcement	105,241	88,961
Child abuse investigation	84,001	-
General investigation	221,258	149,438
Police patrol	1,771,806	1,619,794
Patrol - motorcycle grant	20,549	37,488
COPS - universal hiring grant	95,073	81,415
COPS - school resource officer grant	91,364	81,157
Dispatch center	1,624,744	1,374,258
Animal control	60,000	50,000
Code compliance	92,916	73,211
Total public safety	<u>4,620,931</u>	<u>3,950,162</u>
Public works:		
Administration	495,767	422,917
Road maintenance	858,358	778,939
Property maintenance	517,826	477,032
Planning	-	226,326
Total public works	<u>1,871,951</u>	<u>1,905,214</u>
Culture and recreation:		
Museum	159,175	130,047
Parks maintenance	459,511	419,351
Recreation services	97,243	70,919
Total culture and recreation	<u>715,929</u>	<u>620,317</u>
Nondepartmental	<u>30,528</u>	<u>32,987</u>
Total expenditures	<u>9,593,352</u>	<u>8,351,378</u>
Excess of revenues over expenditures	3,058,049	2,993,593
Other financing sources (uses):		
Transfers in	10,978	7,262
Transfers out	<u>(2,778,392)</u>	<u>(2,728,990)</u>
Net other financing sources (uses)	<u>(2,767,414)</u>	<u>(2,721,728)</u>
Net change in fund balance	290,635	271,865
Beginning fund balance	<u>5,820,222</u>	<u>5,548,357</u>
Ending fund balance	<u>\$ 6,110,857</u>	<u>5,820,222</u>

## CITY OF WASILLA, ALASKA

## General Fund

## Schedule of Revenues, Expenditures and Changes in Fund Balance -

## Budget and Actual

Year Ended June 30, 2007

(With Comparative Amounts for 2006)

	2007		Variance Positive (Negative)	2006
	Budget	Actual		Actual
Revenues:				
Taxes:				
Sales taxes, including penalty and interest	\$ 9,355,513	9,658,193	302,680	8,976,284
Property and vehicle taxes	105,463	98,912	(6,551)	286,257
Total taxes	<u>9,460,976</u>	<u>9,757,105</u>	<u>296,129</u>	<u>9,262,541</u>
Licenses and permits:				
City business licenses	23,250	17,250	(6,000)	21,300
Land use permits	16,000	10,850	(5,150)	14,731
Utility permits	2,563	-	(2,563)	-
Driveway permits	1,743	1,025	(718)	1,850
Animal licenses	154	245	91	455
Vendor permits	563	300	(263)	-
Total licenses and permits	<u>44,273</u>	<u>29,670</u>	<u>(14,603)</u>	<u>38,336</u>
Fines, forfeitures and penalties	<u>180,244</u>	<u>141,346</u>	<u>(38,898)</u>	<u>115,613</u>
Intergovernmental:				
Electric and telephone co-op tax	277,651	251,133	(26,518)	224,621
Public safety grants	312,715	272,722	(39,993)	191,657
Culture and recreation grants	2,000	2,000	-	1,490
Alcoholic beverage tax	38,629	20,700	(17,929)	20,200
Aviation fuel tax revenue sharing	2,500	1,069	(1,431)	1,125
Matanuska-Susitna Borough - School resource officer	65,130	66,193	1,063	97,806
Fisheries tax	-	103	103	-
Municipal energy assistance program	316,729	316,729	-	-
State PERS relief	228,380	183,512	(44,868)	131,038
Miscellaneous	-	-	-	2,000
Total intergovernmental	<u>1,243,734</u>	<u>1,114,161</u>	<u>(129,573)</u>	<u>669,937</u>
Charges for services	<u>1,264,573</u>	<u>1,281,647</u>	<u>17,074</u>	<u>1,129,460</u>
Investment income	<u>231,395</u>	<u>287,235</u>	<u>55,840</u>	<u>90,128</u>
Other:				
Administration fee revenue	500	549	49	1,068
Building rentals	1,616	1,200	(416)	11,100
Donations	35,000	-	(35,000)	75
Youth litter patrol	5,000	3,500	(1,500)	3,500
Sale of capital assets	40,000	18,597	(21,403)	13,017
Miscellaneous	21,538	16,391	(5,147)	10,196
Total other	<u>103,654</u>	<u>40,237</u>	<u>(63,417)</u>	<u>38,956</u>
Total revenues	<u>12,528,849</u>	<u>12,651,401</u>	<u>122,552</u>	<u>11,344,971</u>

**CITY OF WASILLA, ALASKA**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual, continued**

	2007			2006
	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)	<u>Actual</u>
<b>Expenditures:</b>				
<b>General government:</b>				
<b>City clerk:</b>				
Salaries	\$ 139,178	154,733	(15,555)	-
Employee benefits	64,233	60,342	3,891	-
Professional and technical services	58,100	55,990	2,110	-
Property services	4,600	4,137	463	-
Other purchased services	43,886	32,834	11,052	-
Supplies	8,914	5,914	3,000	-
<b>Total city clerk</b>	<b>318,911</b>	<b>313,950</b>	<b>4,961</b>	<b>-</b>
<b>City council:</b>				
Salaries	20,250	27,692	(7,442)	-
Employee benefits	5,378	9,412	(4,034)	-
Professional and technical services	127,000	118,706	8,294	-
Property services	6,300	1,385	4,915	-
Other purchased services	33,390	17,963	15,427	-
Supplies	4,600	288	4,312	-
<b>Total city council</b>	<b>196,918</b>	<b>175,446</b>	<b>21,472</b>	<b>-</b>
<b>City council/clerk:</b>				
Salaries	-	-	-	150,297
Employee benefits	-	-	-	54,997
Professional and technical services	-	-	-	92,227
Property services	-	-	-	6,896
Other purchased services	-	-	-	54,289
Supplies	-	-	-	6,821
Capital expenditures	-	-	-	15,872
<b>Total city council/clerk</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>381,399</b>
<b>Administration:</b>				
Salaries	124,826	124,714	112	120,387
Employee benefits	53,722	53,656	66	48,646
Professional and technical services	23,100	22,026	1,074	15,632
Property services	2,900	2,154	746	3,648
Other purchased services	15,500	13,960	1,540	10,991
Supplies	3,825	3,395	430	3,177
<b>Total administration</b>	<b>223,873</b>	<b>219,905</b>	<b>3,968</b>	<b>202,481</b>
<b>General administration services:</b>				
Salaries	94,454	94,011	443	74,262
Employee benefits	38,857	38,809	48	29,194
Professional and technical services	159,076	152,791	6,285	156,187
Property services	4,856	5,296	(440)	8,702
Other purchased services	66,883	66,870	13	62,103
Supplies	17,819	17,796	23	14,790
<b>Total general administration services</b>	<b>381,945</b>	<b>375,573</b>	<b>6,372</b>	<b>345,238</b>

## CITY OF WASILLA, ALASKA

## General Fund

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

	2007		Variance Positive (Negative)	2006
	Budget	Actual		Actual
Expenditures, continued:				
General government, continued:				
Finance:				
Salaries	\$ 376,802	376,532	270	362,025
Employee benefits	180,606	179,045	1,561	159,642
Professional and technical services	28,500	23,366	5,134	21,584
Property services	3,712	2,755	957	3,374
Other purchased services	54,995	37,599	17,396	32,622
Supplies	17,019	11,942	5,077	20,839
Capital expenditures	-	-	-	12,139
Total finance	<u>661,634</u>	<u>631,239</u>	<u>30,395</u>	<u>612,225</u>
Community and economic development:				
Salaries	243,252	241,146	2,106	-
Employee benefits	85,599	81,433	4,166	-
Professional and technical services	97,488	96,892	596	-
Property services	1,000	527	473	-
Other purchased services	50,808	47,636	3,172	-
Supplies	7,685	6,630	1,055	-
Total community and economic development	<u>485,832</u>	<u>474,264</u>	<u>11,568</u>	<u>-</u>
Economic development:				
Salaries	-	-	-	61,590
Employee benefits	-	-	-	21,453
Professional and technical services	-	-	-	50,479
Other purchased services	-	-	-	12,917
Supplies	-	-	-	2,169
Total economic development	<u>-</u>	<u>-</u>	<u>-</u>	<u>148,608</u>
Management information systems:				
Salaries	29,440	28,393	1,047	24,435
Employee benefits	12,195	9,588	2,607	8,258
Professional and technical services	500	426	74	6,002
Property services	134,405	116,950	17,455	107,268
Other purchased services	5,400	4,894	506	-
Supplies	10,000	3,385	6,615	6,784
Total management information systems	<u>191,940</u>	<u>163,636</u>	<u>28,304</u>	<u>152,747</u>
Total general government	<u>2,461,053</u>	<u>2,354,013</u>	<u>107,040</u>	<u>1,842,698</u>
Public safety:				
Police:				
Salaries	231,533	231,533	-	185,352
Employee benefits	78,388	73,124	5,264	52,868
Professional and technical services	33,549	33,549	-	41,640
Property services	21,259	18,724	2,535	8,524
Other purchased services	83,872	83,872	-	98,017
Supplies	13,177	13,177	-	8,039
Total police	<u>461,778</u>	<u>453,979</u>	<u>7,799</u>	<u>394,440</u>

**CITY OF WASILLA, ALASKA**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual, continued**

	2007			2006
	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)	<u>Actual</u>
Expenditures, continued:				
Public safety, continued:				
Multitask drug enforcement:				
Salaries	\$ 70,270	70,270	-	58,658
Employee benefits	33,752	31,958	1,794	23,906
Property services	-	-	-	165
Other purchased services	2,649	2,649	-	-
Supplies	364	364	-	-
Other	-	-	-	6,232
Total multitask drug enforcement	<u>107,035</u>	<u>105,241</u>	<u>1,794</u>	<u>88,961</u>
Child abuse investigation:				
Salaries	53,481	53,481	-	-
Employee benefits	35,885	25,141	10,744	-
Property services	775	775	-	-
Other purchased services	2,842	3,200	(358)	-
Supplies	3,583	1,404	2,179	-
Capital expenditures	7,500	-	7,500	-
Total child abuse investigation	<u>104,066</u>	<u>84,001</u>	<u>20,065</u>	<u>-</u>
General investigation:				
Salaries	141,332	141,332	-	98,892
Employee benefits	69,982	64,050	5,932	39,486
Professional and technical services	2,500	1,016	1,484	145
Property services	775	775	-	332
Other purchased services	12,081	9,876	2,205	7,835
Supplies	6,002	4,209	1,793	2,748
Total general investigation	<u>232,672</u>	<u>221,258</u>	<u>11,414</u>	<u>149,438</u>
Police patrol:				
Salaries	1,066,876	1,066,617	259	1,002,899
Employee benefits	486,098	439,981	46,117	396,030
Professional and technical services	12,072	11,035	1,037	8,105
Property services	37,098	37,098	-	32,943
Other purchased services	77,744	76,427	1,317	69,653
Supplies	168,760	140,648	28,112	110,164
Total police patrol	<u>1,848,648</u>	<u>1,771,806</u>	<u>76,842</u>	<u>1,619,794</u>
Patrol - motorcycle grant:				
Salaries	12,798	12,798	-	24,461
Employee benefits	6,351	6,161	190	9,360
Professional and technical services	-	-	-	793
Other purchased services	500	500	-	1,172
Supplies	1,090	1,090	-	1,702
Total patrol - motorcycle grant	<u>20,739</u>	<u>20,549</u>	<u>190</u>	<u>37,488</u>

## CITY OF WASILLA, ALASKA

## General Fund

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

	2007		Variance Positive (Negative)	2006
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Expenditures continued:				
Public safety, continued:				
COPS - universal hiring grant:				
Salaries	\$ 65,430	65,430	-	58,397
Employee benefits	29,643	29,643	-	23,018
Total COPS - universal hiring grant	<u>95,073</u>	<u>95,073</u>	<u>-</u>	<u>81,415</u>
COPS - school resource officer grant:				
Salaries	58,732	58,732	-	54,026
Employee benefits	24,879	24,879	-	16,362
Property services	-	-	-	50
Other purchased services	5,726	5,288	438	5,317
Supplies	4,021	2,465	1,556	5,402
Total COPS - school resource officer grant	<u>93,358</u>	<u>91,364</u>	<u>1,994</u>	<u>81,157</u>
Dispatch center:				
Salaries	1,014,863	1,014,863	-	887,786
Employee benefits	511,284	439,437	71,847	350,476
Professional and technical services	1,827	83	1,744	3,467
Property services	100,749	100,748	1	58,093
Other purchased services	73,532	58,632	14,900	41,466
Supplies	16,000	10,981	5,019	32,970
Total dispatch center	<u>1,718,255</u>	<u>1,624,744</u>	<u>93,511</u>	<u>1,374,258</u>
Animal control - other purchased services	<u>60,000</u>	<u>60,000</u>	<u>-</u>	<u>50,000</u>
Code compliance:				
Salaries	63,514	63,514	-	49,036
Employee benefits	26,836	19,388	7,448	17,159
Professional and technical services	500	-	500	-
Property services	1,321	1,321	-	50
Other purchased services	5,098	3,371	1,727	1,600
Supplies	9,820	5,322	4,498	5,366
Total code compliance	<u>107,089</u>	<u>92,916</u>	<u>14,173</u>	<u>73,211</u>
Total public safety	<u>4,848,713</u>	<u>4,620,931</u>	<u>227,782</u>	<u>3,950,162</u>
Public works:				
Administration:				
Salaries	271,488	269,215	2,273	251,574
Employee benefits	126,048	124,185	1,863	104,106
Professional and technical services	56,508	51,965	4,543	4,335
Property services	13,810	7,154	6,656	10,270
Other purchased services	37,638	30,390	7,248	38,500
Supplies	17,500	12,858	4,642	14,132
Total administration	<u>522,992</u>	<u>495,767</u>	<u>27,225</u>	<u>422,917</u>

**CITY OF WASILLA, ALASKA**  
 General Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget and Actual, continued

	2007			2006
	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)	<u>Actual</u>
Expenditures continued:				
Public works, continued:				
Road maintenance:				
Salaries	\$ 245,504	219,603	25,901	205,104
Employee benefits	126,969	114,991	11,978	88,956
Property services	65,000	38,599	26,401	47,323
Other purchased services	235,080	230,985	4,095	270,244
Supplies	223,000	197,690	25,310	167,312
Capital expenditures	57,000	56,490	510	-
Total road maintenance	<u>952,553</u>	<u>858,358</u>	<u>94,195</u>	<u>778,939</u>
Property maintenance:				
Salaries	140,477	135,717	4,760	112,514
Employee benefits	67,174	50,612	16,562	35,702
Property services	150,848	135,598	15,250	167,221
Other purchased services	45,145	45,082	63	31,143
Supplies	152,500	150,817	1,683	130,452
Total property maintenance	<u>556,144</u>	<u>517,826</u>	<u>38,318</u>	<u>477,032</u>
Planning:				
Salaries	-	-	-	121,815
Employee benefits	-	-	-	45,226
Professional and technical services	-	-	-	41,067
Property services	-	-	-	10
Other purchased services	-	-	-	14,901
Supplies	-	-	-	3,307
Total planning	<u>-</u>	<u>-</u>	<u>-</u>	<u>226,326</u>
Total public works	<u>2,031,689</u>	<u>1,871,951</u>	<u>159,738</u>	<u>1,905,214</u>
Culture and recreation:				
Museum:				
Salaries	65,406	67,577	(2,171)	55,439
Employee benefits	34,496	32,407	2,089	21,895
Professional and technical services	2,324	2,200	124	1,504
Property services	10,570	8,780	1,790	8,731
Other purchased services	25,406	23,335	2,071	22,433
Supplies	22,000	24,876	(2,876)	20,045
Total museum	<u>160,202</u>	<u>159,175</u>	<u>1,027</u>	<u>130,047</u>
Parks maintenance:				
Salaries	245,979	245,815	164	219,778
Employee benefits	73,782	67,038	6,744	59,907
Property services	58,500	37,739	20,761	43,918
Other purchased services	24,771	21,889	2,882	19,426
Supplies	77,355	77,031	324	76,322
Capital expenditures	10,000	9,999	1	-
Total parks maintenance	<u>490,387</u>	<u>459,511</u>	<u>30,876</u>	<u>419,351</u>



**CITY OF WASILLA, ALASKA**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual, continued**

	2007		Variance Positive (Negative)	2006
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Expenditures continued:				
Public works, continued:				
Recreation services:				
Salaries	\$ 38,023	37,634	389	37,338
Employee benefits	17,486	13,503	3,983	14,679
Professional and technical services	19,669	15,050	4,619	6,117
Other purchased services	25,861	25,678	183	9,568
Supplies	5,600	5,378	222	3,217
Total recreation services	<u>106,639</u>	<u>97,243</u>	<u>9,396</u>	<u>70,919</u>
Total culture and recreation	<u>757,228</u>	<u>715,929</u>	<u>41,299</u>	<u>620,317</u>
Nondepartmental:				
Insurance deductible	20,000	7,848	12,152	22,687
Foreclosed tax payments	10,000	-	10,000	-
Lawsuit costs	-	-	-	10,300
Other employee benefits	7,680	7,680	-	-
Other agreements	-	15,000	(15,000)	-
Total nondepartmental	<u>37,680</u>	<u>30,528</u>	<u>7,152</u>	<u>32,987</u>
Total expenditures	<u>10,136,363</u>	<u>9,593,352</u>	<u>543,011</u>	<u>8,351,378</u>
Excess of revenues over expenditures	2,392,486	3,058,049	665,563	2,993,593
Other financing sources (uses):				
Transfers in	3,000	10,978	7,978	7,262
Transfers out	<u>(2,785,871)</u>	<u>(2,778,392)</u>	<u>7,479</u>	<u>(2,728,990)</u>
Net other financing sources (uses)	<u>(2,782,871)</u>	<u>(2,767,414)</u>	<u>15,457</u>	<u>(2,721,728)</u>
Net change in fund balance	\$ <u>(390,385)</u>	290,635	<u>681,020</u>	271,865
Beginning fund balance		<u>5,820,222</u>		<u>5,548,357</u>
Ending fund balance		\$ <u>6,110,857</u>		<u>5,820,222</u>

(This page left blank intentionally)

## CITY OF WASILLA, ALASKA

## Nonmajor Governmental Funds

## Combining Balance Sheet

June 30, 2007

<u>Assets</u>	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Cemetery Permanent Fund	Total Nonmajor Governmental Funds
Cash and investments	\$ 495,538	764,477	857,188	187,105	2,304,308
Receivables:					
Grants	14,430	-	769	-	15,199
Special assessments, net	-	211,801	-	-	211,801
Prepaid items	<u>138</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>138</u>
 Total assets	 \$ <u>510,106</u>	 <u>976,278</u>	 <u>857,957</u>	 <u>187,105</u>	 <u>2,531,446</u>
 <u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	8,931	-	1,190	-	10,121
Accrued payroll and employee benefits	30,314	-	-	-	30,314
Due to other funds	-	1,682	-	-	1,682
Deferred revenue	<u>-</u>	<u>211,801</u>	<u>-</u>	<u>-</u>	<u>211,801</u>
Total liabilities	<u>39,245</u>	<u>213,483</u>	<u>1,190</u>	<u>-</u>	<u>253,918</u>
 Fund balances:					
Reserved:					
Encumbrances	7,155	-	26,153	-	33,308
Prepaid items	138	-	-	-	138
Debt service	-	339,156	-	-	339,156
Investments	-	-	-	187,105	187,105
Unreserved:					
Designated:					
Operations	463,568	-	-	-	463,568
Capital improvements	-	-	830,614	-	830,614
Undesignated	<u>-</u>	<u>423,639</u>	<u>-</u>	<u>-</u>	<u>423,639</u>
Total fund balances	<u>470,861</u>	<u>762,795</u>	<u>856,767</u>	<u>187,105</u>	<u>2,277,528</u>
 Total liabilities and fund balances	 \$ <u>510,106</u>	 <u>976,278</u>	 <u>857,957</u>	 <u>187,105</u>	 <u>2,531,446</u>

**CITY OF WASILLA, ALASKA**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Year Ended June 30, 2007**

	Special Revenue <u>Funds</u>	Debt Service <u>Funds</u>	Capital Project <u>Funds</u>	Cemetery Permanent <u>Fund</u>	Total Nonmajor Governmental <u>Funds</u>
<b>Revenues:</b>					
Intergovernmental	\$ 506,650	-	129,461	-	636,111
Fines and charges	35,409	-	-	-	35,409
Special assessments	-	114,398	-	-	114,398
Investment income	33,321	44,426	45,538	10,978	134,263
Lot sales	-	-	-	11,400	11,400
Other	10,736	-	-	-	10,736
Total revenues	<u>586,116</u>	<u>158,824</u>	<u>174,999</u>	<u>22,378</u>	<u>942,317</u>
<b>Expenditures:</b>					
General government	41,621	-	-	-	41,621
Public safety	152,087	-	-	-	152,087
Culture and recreation	720,935	-	-	-	720,935
Debt service :					
Principal	-	329,196	-	-	329,196
Interest	-	186,483	-	-	186,483
Other debt service costs	-	40,632	-	-	40,632
Capital outlay	-	-	613,253	-	613,253
Total expenditures	<u>914,643</u>	<u>556,311</u>	<u>613,253</u>	<u>-</u>	<u>2,084,207</u>
Excess of revenues over (under) expenditures	(328,527)	(397,487)	(438,254)	22,378	(1,141,890)
<b>Other financing sources (uses):</b>					
Transfers in	498,092	433,810	460,184	-	1,392,086
Transfers out	(313,000)	(57,227)	-	(10,978)	(381,205)
Proceeds from bond issuance:					
Par value	-	3,380,000	-	-	3,380,000
Bond premium	-	157,596	-	-	157,596
Payment to refunding escrow agent	-	(3,492,008)	-	-	(3,492,008)
Net other financing sources (uses)	<u>185,092</u>	<u>422,171</u>	<u>460,184</u>	<u>(10,978)</u>	<u>1,056,469</u>
Net change in fund balances	(143,435)	24,684	21,930	11,400	(85,421)
Beginning fund balances	<u>614,296</u>	<u>738,111</u>	<u>834,837</u>	<u>175,705</u>	<u>2,362,949</u>
Ending fund balances	\$ <u>470,861</u>	<u>762,795</u>	<u>856,767</u>	<u>187,105</u>	<u>2,277,528</u>

## SPECIAL REVENUE FUNDS

Library – This fund is used to account for the activities of the City library.

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

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

Capital Reserve – This fund is used to accumulate monies for funding of capital projects.

Technology Replacement – This fund is used to accumulate monies for technology upgrades and replacements.

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

**CITY OF WASILLA, ALASKA**  
**Nonmajor Special Revenue Funds**  
**Combining Balance Sheet**  
**June 30, 2007**

<u>Assets</u>	<u>Library</u>	<u>Youth Court</u>	<u>Federal Asset Forfeiture</u>	<u>Capital Reserve</u>	<u>Technology Replacement</u>	<u>State Asset Forfeiture</u>	<u>Totals</u>
Cash and investments	\$ 89,288	52,354	31	71,519	271,746	10,600	495,538
Receivables - grants	-	14,430	-	-	-	-	14,430
Prepaid items	<u>111</u>	<u>27</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>138</u>
 Total assets	 \$ <u>89,399</u>	 <u>66,811</u>	 <u>31</u>	 <u>71,519</u>	 <u>271,746</u>	 <u>10,600</u>	 <u>510,106</u>
 <u>Liabilities and Fund Balances</u>							
Liabilities:							
Accounts payable	8,557	269	-	-	105	-	8,931
Accrued payroll and employee benefits	<u>23,780</u>	<u>6,534</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,314</u>
Total liabilities	<u>32,337</u>	<u>6,803</u>	<u>-</u>	<u>-</u>	<u>105</u>	<u>-</u>	<u>39,245</u>
 Fund balances:							
Reserved:							
Encumbrances	7,155	-	-	-	-	-	7,155
Prepaid items	111	27	-	-	-	-	138
Unreserved - designated for operations	<u>49,796</u>	<u>59,981</u>	<u>31</u>	<u>71,519</u>	<u>271,641</u>	<u>10,600</u>	<u>463,568</u>
Total fund balances	<u>57,062</u>	<u>60,008</u>	<u>31</u>	<u>71,519</u>	<u>271,641</u>	<u>10,600</u>	<u>470,861</u>
 Total liabilities and fund balances	 \$ <u>89,399</u>	 <u>66,811</u>	 <u>31</u>	 <u>71,519</u>	 <u>271,746</u>	 <u>10,600</u>	 <u>510,106</u>

**CITY OF WASILLA, ALASKA**  
 Nonmajor Special Revenue Funds  
 Combining Statement of Revenues, Expenditures  
 and Changes in Fund Balances  
 Year Ended June 30, 2007

	<u>Library</u>	<u>Youth Court</u>	<u>Federal Asset Forfeiture</u>	<u>Capital Reserve</u>	<u>Technology Replacement</u>	<u>State Asset Forfeiture</u>	<u>Totals</u>
<b>Revenues:</b>							
Intergovernmental	\$ 380,601	114,342	-	-	-	11,707	506,650
Fines and charges	24,428	10,981	-	-	-	-	35,409
Investment income	177	3,630	13	14,536	14,965	-	33,321
Other	1,402	9,334	-	-	-	-	10,736
Total revenues	<u>406,608</u>	<u>138,287</u>	<u>13</u>	<u>14,536</u>	<u>14,965</u>	<u>11,707</u>	<u>586,116</u>
<b>Expenditures:</b>							
Salaries	390,680	88,500	-	-	-	-	479,180
Employee benefits	148,926	42,656	-	-	-	-	191,582
Professional and technical services	23,863	-	-	-	-	-	23,863
Property services	19,283	-	-	-	-	-	19,283
Other purchased services	39,978	14,336	-	-	-	-	54,314
Supplies	91,952	5,157	1,438	-	35,367	6,254	140,168
Capital expenditures	6,253	-	-	-	-	-	6,253
Total expenditures	<u>720,935</u>	<u>150,649</u>	<u>1,438</u>	<u>-</u>	<u>35,367</u>	<u>6,254</u>	<u>914,643</u>
Excess of revenues over (under) expenditures	(314,327)	(12,362)	(1,425)	14,536	(20,402)	5,453	(328,527)
<b>Other financing sources (uses):</b>							
Transfers in	343,141	-	-	39,451	115,500	-	498,092
Transfers out	(13,000)	-	-	(300,000)	-	-	(313,000)
Net other financing sources (uses)	<u>330,141</u>	<u>-</u>	<u>-</u>	<u>(260,549)</u>	<u>115,500</u>	<u>-</u>	<u>185,092</u>
Net change in fund balances	15,814	(12,362)	(1,425)	(246,013)	95,098	5,453	(143,435)
Beginning fund balances	<u>41,248</u>	<u>72,370</u>	<u>1,456</u>	<u>317,532</u>	<u>176,543</u>	<u>5,147</u>	<u>614,296</u>
Ending fund balances	\$ <u>57,062</u>	<u>60,008</u>	<u>31</u>	<u>71,519</u>	<u>271,641</u>	<u>10,600</u>	<u>470,861</u>

## CITY OF WASILLA, ALASKA

## Library Special Revenue Fund

## Schedule of Revenues, Expenditures and Changes in Fund Balance -

## Budget and Actual

Year Ended June 30, 2007

(With Comparative Amounts for 2006)

	2007		Variance Positive (Negative)	2006
	Budget	Actual		Actual
Revenues:				
Intergovernmental	\$ 366,794	380,601	13,807	382,180
Charges	2,300	2,896	596	2,935
Library fines	18,000	21,532	3,532	21,625
Investment income	-	177	177	1,234
Other	5,000	1,402	(3,598)	500
Total revenues	<u>392,094</u>	<u>406,608</u>	<u>14,514</u>	<u>408,474</u>
Expenditures:				
Salaries	368,877	390,680	(21,803)	372,310
Employee benefits	156,003	148,926	7,077	132,252
Professional and technical services	27,550	23,863	3,687	31,846
Property services	20,160	19,283	877	15,253
Other purchased services	41,365	39,978	1,387	29,593
Supplies	102,330	91,952	10,378	111,824
Capital expenditures	6,250	6,253	(3)	6,200
Total expenditures	<u>722,535</u>	<u>720,935</u>	<u>1,600</u>	<u>699,278</u>
Excess of revenues over (under) expenditures	(330,441)	(314,327)	16,114	(290,804)
Other financing sources (uses):				
Transfers in	343,141	343,141	-	304,105
Transfers out	<u>(13,000)</u>	<u>(13,000)</u>	-	<u>(13,000)</u>
Net other financing sources (uses)	<u>330,141</u>	<u>330,141</u>	-	<u>291,105</u>
Net change in fund balance	\$ <u>(300)</u>	15,814	<u>16,114</u>	<u>301</u>
Beginning fund balance		<u>41,248</u>		<u>40,947</u>
Ending fund balance		\$ <u>57,062</u>		<u>41,248</u>



## CITY OF WASILLA, ALASKA

## Youth Court Special Revenue Fund

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

Year Ended June 30, 2007

(With Comparative Amounts for 2006)

	2007		Variance Positive (Negative)	2006
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Intergovernmental	\$ 111,812	114,342	2,530	128,384
Charges	11,100	10,981	(119)	12,607
Investment income	750	3,630	2,880	2,752
Other	21,900	9,334	(12,566)	17,797
Total revenues	<u>145,562</u>	<u>138,287</u>	<u>(7,275)</u>	<u>161,540</u>
Expenditures:				
Salaries	88,473	88,500	(27)	83,249
Employee benefits	47,031	42,656	4,375	35,791
Property services	200	-	200	-
Other purchased services	20,732	14,336	6,396	11,118
Supplies	6,900	5,157	1,743	4,841
Total expenditures	<u>163,336</u>	<u>150,649</u>	<u>12,687</u>	<u>134,999</u>
Net change in fund balance	\$ <u>(17,774)</u>	(12,362)	<u>5,412</u>	26,541
Beginning fund balance		<u>72,370</u>		<u>45,829</u>
Ending fund balance	\$	<u>60,008</u>		<u>72,370</u>

**CITY OF WASILLA, ALASKA**  
 Federal Asset Forfeiture Special Revenue Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget and Actual  
 Year Ended June 30, 2007  
 (With Comparative Amounts for 2006)

	<u>2007</u>			<u>2006</u>
	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)	<u>Actual</u>
Revenues:				
Intergovernmental	\$ 1,438	-	(1,438)	1,438
Investment income	<u>100</u>	<u>13</u>	<u>(87)</u>	<u>18</u>
Total revenues	1,538	13	(1,525)	1,456
 Expenditures - supplies	<u>1,438</u>	<u>1,438</u>	<u>-</u>	<u>-</u>
 Net change in fund balance	\$ <u>100</u>	(1,425)	<u>(1,525)</u>	1,456
 Beginning fund balance		<u>1,456</u>		<u>-</u>
 Ending fund balance		\$ <u>31</u>		<u>1,456</u>

**CITY OF WASILLA, ALASKA**  
**Capital Reserve Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual**  
**Year Ended June 30, 2007**  
**(With Comparative Amounts for 2006)**

	2007		Variance	2006
	<u>Budget</u>	<u>Actual</u>	Positive	<u>Actual</u>
			(Negative)	
Revenues - investment income	\$ <u>3,500</u>	<u>14,536</u>	<u>11,036</u>	<u>10,095</u>
Other financing sources (uses):				
Transfers in	37,524	39,451	1,927	404,613
Transfers out	<u>(300,000)</u>	<u>(300,000)</u>	<u>-</u>	<u>(380,000)</u>
Net other financing sources (uses)	<u>(262,476)</u>	<u>(260,549)</u>	<u>1,927</u>	<u>24,613</u>
Net change in fund balance	\$ <u>(258,976)</u>	(246,013)	<u>12,963</u>	34,708
Beginning fund balance		<u>317,532</u>		<u>282,824</u>
Ending fund balance		\$ <u>71,519</u>		<u>317,532</u>

**CITY OF WASILLA, ALASKA**  
**Technology Replacement Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual**  
**Year Ended June 30, 2007**  
**(With Comparative Amounts for 2006)**

	2007		Variance Positive (Negative)	2006
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues - investment income	\$ <u>3,500</u>	<u>14,965</u>	<u>11,465</u>	<u>7,119</u>
Expenditures:				
Supplies	67,769	35,367	32,402	36,625
Capital expenditures	<u>22,000</u>	<u>-</u>	<u>22,000</u>	<u>-</u>
Total expenditures	<u>89,769</u>	<u>35,367</u>	<u>54,402</u>	<u>36,625</u>
Excess of revenues over (under) expenditures	(86,269)	(20,402)	65,867	(29,506)
Other financing sources - transfers in	<u>115,500</u>	<u>115,500</u>	<u>-</u>	<u>104,000</u>
Net change in fund balance	\$ <u>29,231</u>	95,098	<u>65,867</u>	74,494
Beginning fund balance		<u>176,543</u>		<u>102,049</u>
Ending fund balance		\$ <u>271,641</u>		<u>176,543</u>

## CITY OF WASILLA, ALASKA

## State Asset Forfeiture Special Revenue Fund

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

Year Ended June 30, 2007

(With Comparative Amounts for 2006)

	<u>2007</u>		Variance Positive (Negative)	<u>2006</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues - intergovernmental	\$ <u>11,707</u>	<u>11,707</u>	<u>-</u>	<u>-</u>
Expenditures:				
Other purchased services	-	-	-	1,034
Supplies	<u>11,707</u>	<u>6,254</u>	<u>5,453</u>	<u>-</u>
Total expenditures	<u>11,707</u>	<u>6,254</u>	<u>5,453</u>	<u>1,034</u>
Net change in fund balance	\$ <u>-</u>	5,453	<u>5,453</u>	(1,034)
Beginning fund balance		<u>5,147</u>		<u>6,181</u>
Ending fund balance		\$ <u>10,600</u>		<u>5,147</u>

(this page left blank intentionally)

## DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general obligation bond, and special assessment debt principal, interest and related costs for issuances that are not accounted for in the Enterprise Funds.

CITY OF WASILLA, ALASKA  
 Nonmajor Debt Service Funds  
 Combining Balance Sheet  
 June 30, 2007

Assets	1986		1987		1988		Street Paving General Obligation Bond		Totals
	1982 Original Water Bond	Southside Water District Bond	Sewer Improvement District Bond	Street Paving Assessment Bonds	Gas Assessments	Overlook Sewer Improvement Bond	Bond Guarantee	Bond	
Cash and investments	\$ 168,648	-	221,130	247,256	1,641	38,926	49,502	37,374	764,477
Receivables - special assessments, net	60,066	22,471	21,690	107,574	-	-	-	-	211,801
Total assets	\$ 228,714	22,471	242,820	354,830	1,641	38,926	49,502	37,374	976,278

Liabilities and Fund Balances (Deficit)

Liabilities:									
Due to other funds	-	1,682	-	-	-	-	-	-	1,682
Deferred revenue	60,066	22,471	21,690	107,574	-	-	-	-	211,801
Total liabilities	60,066	24,153	21,690	107,574	-	-	-	-	213,483
Fund balances (deficit):									
Reserved for debt service	-	-	91,900	247,256	-	-	-	-	339,156
Unreserved and undesignated (deficit)	168,648	(1,682)	129,230	-	1,641	38,926	49,502	37,374	423,639
Total fund balances (deficit)	168,648	(1,682)	221,130	247,256	1,641	38,926	49,502	37,374	762,795
Total liabilities and fund balances	\$ 228,714	22,471	242,820	354,830	1,641	38,926	49,502	37,374	976,278



**CITY OF WASILLA, ALASKA**  
 Nonmajor Debt Service Funds  
 Combining Statement of Revenues, Expenditures and  
 Changes in Fund Balances (Deficit)  
 Year Ended June 30, 2007

		1986	1987	1988		Street Paving General Obligation Bond	Totals	
		1982 Original Water Bond	1986 Southside Water District Bond	1987 Sewer Improvement District Bond	1988 Overlook Sewer Improvement Bond	Gas Assessments	Street Paving General Obligation Bond Guarantee	Totals
Revenues:								
Special assessments	\$	23,898	6,952	14,566	-	-	-	114,398
Investment income		9,834	82	12,187	1,641	-	2,364	44,426
Total revenues		<u>33,732</u>	<u>7,034</u>	<u>26,753</u>	<u>1,641</u>	<u>1,641</u>	<u>2,364</u>	<u>158,824</u>
Expenditures - debt service:								
Principal		-	4,202	3,900	-	-	-	329,196
Interest		-	2,525	6,227	-	-	-	186,483
Other debt service costs - bond issuance		-	-	-	-	-	-	40,632
Total expenditures		<u>-</u>	<u>6,727</u>	<u>10,127</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>556,311</u>
Excess of revenues over (under) expenditures		33,732	307	16,626	1,641	1,641	2,364	(397,487)
Other financing sources (uses):								
Transfers in		-	-	-	-	-	-	433,810
Transfers out		(17,776)	-	-	(39,451)	-	-	(57,227)
Proceeds from bond issuance:								
Par value		-	-	-	-	-	-	3,380,000
Bond premium		-	-	-	-	-	-	157,596
Payment to refunding escrow agent		-	-	-	-	-	-	(3,492,008)
Net other financing sources (uses)		<u>(17,776)</u>	<u>-</u>	<u>-</u>	<u>(39,451)</u>	<u>-</u>	<u>-</u>	<u>422,171</u>
Net change in fund balances		15,956	307	16,626	(37,810)	(37,810)	2,364	24,684
Beginning fund balances (deficit)		<u>152,692</u>	<u>(1,989)</u>	<u>204,504</u>	<u>39,451</u>	<u>39,451</u>	<u>47,138</u>	<u>738,111</u>
Ending fund balances (deficit)	\$	<u>168,648</u>	<u>(1,682)</u>	<u>221,130</u>	<u>247,256</u>	<u>1,641</u>	<u>49,502</u>	<u>762,795</u>

**CITY OF WASILLA, ALASKA**  
 1982 Original Water Bond Debt Service Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget and Actual  
 Year Ended June 30, 2007  
 (With Comparative Amounts for 2006)

	2007		Variance Positive (Negative)	2006
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Special assessments	\$ 64,000	23,898	(40,102)	19,382
Investment income	<u>2,750</u>	<u>9,834</u>	<u>7,084</u>	<u>6,188</u>
Total revenues	66,750	33,732	(33,018)	25,570
Other financing uses - transfers out	<u>(17,776)</u>	<u>(17,776)</u>	-	<u>(17,776)</u>
Net change in fund balance	\$ <u>48,974</u>	15,956	<u>(33,018)</u>	7,794
Beginning fund balance		<u>152,692</u>		<u>144,898</u>
Ending fund balance		\$ <u>168,648</u>		<u>152,692</u>

**CITY OF WASILLA, ALASKA**  
 1986 Southside Water District Bond Debt Service Fund  
 Schedule of Revenues, Expenditures and Changes in Deficit -  
 Budget and Actual  
 Year Ended June 30, 2007  
 (With Comparative Amounts for 2006)

	<u>2007</u>			<u>2006</u>
	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)	<u>Actual</u>
Revenues:				
Special assessments	\$ 5,000	6,952	1,952	4,379
Investment income	<u>100</u>	<u>82</u>	<u>(18)</u>	<u>32</u>
Total revenues	<u>5,100</u>	<u>7,034</u>	<u>1,934</u>	<u>4,411</u>
Expenditures - debt service:				
Principal	3,954	4,202	(248)	3,296
Interest	<u>2,741</u>	<u>2,525</u>	<u>216</u>	<u>2,975</u>
Total expenditures	<u>6,695</u>	<u>6,727</u>	<u>(32)</u>	<u>6,271</u>
Net change in fund balance	\$ <u>(1,595)</u>	307	<u>1,902</u>	(1,860)
Beginning deficit		<u>(1,989)</u>		<u>(129)</u>
Ending deficit		\$ <u>(1,682)</u>		<u>(1,989)</u>

**CITY OF WASILLA, ALASKA**  
 1987 Sewer Improvement District Bond Debt Service Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget and Actual  
 Year Ended June 30, 2007  
 (With Comparative Amounts for 2006)

	<u>2007</u>		Variance	<u>2006</u>
	<u>Budget</u>	<u>Actual</u>	Positive (Negative)	<u>Actual</u>
Revenues:				
Special assessments	\$ 10,000	14,566	4,566	6,260
Investment income	<u>200</u>	<u>12,187</u>	<u>11,987</u>	<u>8,204</u>
Total revenues	<u>10,200</u>	<u>26,753</u>	<u>16,553</u>	<u>14,464</u>
Expenditures - debt service:				
Principal	3,775	3,900	(125)	3,775
Interest	<u>6,227</u>	<u>6,227</u>	<u>-</u>	<u>6,472</u>
Total expenditures	<u>10,002</u>	<u>10,127</u>	<u>(125)</u>	<u>10,247</u>
Net change in fund balance	\$ <u>198</u>	16,626	<u>16,428</u>	4,217
Beginning fund balance		<u>204,504</u>		<u>200,287</u>
Ending fund balance		\$ <u>221,130</u>		<u>204,504</u>

## CITY OF WASILLA, ALASKA

## Street Paving Assessment Bonds Debt Service Fund

## Schedule of Revenues, Expenditures and Changes in Fund Balance -

## Budget and Actual

Year Ended June 30, 2007

(With Comparative Amounts for 2006)

	2007		Variance Positive (Negative)	2006
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Special assessments	\$ 60,000	68,982	8,982	170,800
Investment income	<u>6,000</u>	<u>16,126</u>	<u>10,126</u>	<u>9,752</u>
Total revenues	<u>66,000</u>	<u>85,108</u>	<u>19,108</u>	<u>180,552</u>
Expenditures - debt service:				
Principal	89,404	86,094	3,310	94,193
Interest	<u>29,749</u>	<u>11,339</u>	<u>18,410</u>	<u>16,514</u>
Total expenditures	<u>119,153</u>	<u>97,433</u>	<u>21,720</u>	<u>110,707</u>
Net change in fund balance	\$ <u>(53,153)</u>	(12,325)	<u>40,828</u>	69,845
Beginning fund balance		<u>259,581</u>		<u>189,736</u>
Ending fund balance		\$ <u>247,256</u>		<u>259,581</u>

**CITY OF WASILLA, ALASKA**  
**Gas Assessments Debt Service Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual**  
**Year Ended June 30, 2007**  
**(With Comparative Amounts for 2006)**

	2007		Variance Positive (Negative)	2006
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues - investment income	\$ -	1,641	1,641	1,613
Other financing uses - transfers out	<u>(37,524)</u>	<u>(39,451)</u>	<u>(1,927)</u>	<u>-</u>
Net change in fund balance	\$ <u>(37,524)</u>	(37,810)	<u>(286)</u>	1,613
Beginning fund balance		<u>39,451</u>		<u>37,838</u>
Ending fund balance		\$ <u>1,641</u>		<u>39,451</u>

**CITY OF WASILLA, ALASKA**

1988 Overlook Sewer Improvement Bond Debt Service Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget and Actual  
 Year Ended June 30, 2007  
 (With Comparative Amounts for 2006)

	<u>2007</u>			<u>2006</u>
	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)	<u>Actual</u>
Revenues - investment income	\$ <u>100</u>	2,192	<u>2,092</u>	1,501
Beginning fund balance		<u>36,734</u>		<u>35,233</u>
Ending fund balance		\$ <u>38,926</u>		<u>36,734</u>

**CITY OF WASILLA, ALASKA**  
**Bond Guarantee Debt Service Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual**  
**Year Ended June 30, 2007**  
**(With Comparative Amounts for 2006)**

	2007		Variance Positive (Negative)	2006
	Budget	Actual		Actual
Revenues - investment income	\$ <u>800</u>	2,364	<u>1,564</u>	102
Beginning fund balance		<u>47,138</u>		<u>47,036</u>
Ending fund balance	\$ <u>49,502</u>			<u>47,138</u>



**CITY OF WASILLA, ALASKA**  
 Street Paving General Obligation Bond Debt Service Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget and Actual  
 Year Ended June 30, 2007  
 (With Comparative Amounts for 2006)

	<u>2007</u>		Variance Positive (Negative)	<u>2006</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues	\$ -	-	-	-
Expenditures - debt service:				
Principal	235,000	235,000	-	225,000
Interest	198,810	166,392	32,418	209,810
Other debt service costs - bond issuance	-	40,632	(40,632)	-
Total expenditures	<u>433,810</u>	<u>442,024</u>	<u>(8,214)</u>	<u>434,810</u>
Excess of revenues over (under) expenditures	(433,810)	(442,024)	(8,214)	(434,810)
Other financing sources (uses):				
Transfers in	433,810	433,810	-	434,810
Proceeds from bond issuance:	-	3,380,000	3,380,000	-
Par value				
Bond premium	-	157,596	157,596	-
Payment to refunding escrow agent	-	(3,492,008)	(3,492,008)	-
Net other financing sources (uses)	<u>433,810</u>	<u>479,398</u>	<u>45,588</u>	<u>434,810</u>
Net change in fund balance	\$ -	37,374	37,374	-
Beginning fund balance		-		-
Ending fund balance	\$	<u><u>37,374</u></u>		<u><u>-</u></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  
 June 30, 2007

<u>Assets</u>	<u>Vehicle Replacement</u>	<u>Right- of-Way Acquisition</u>	<u>Regional Dispatch Center</u>	<u>Road</u>	<u>Totals</u>
Cash and investments	\$ 499,817	73,897	5,598	277,876	857,188
Receivables - grants	<u>-</u>	<u>-</u>	<u>-</u>	<u>769</u>	<u>769</u>
 Total assets	 \$ <u>499,817</u>	 <u>73,897</u>	 <u>5,598</u>	 <u>278,645</u>	 <u>857,957</u>
 <u>Liabilities and Fund Balances</u>					
 Liabilities - accounts payable	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>1,190</u>	 <u>1,190</u>
 Fund balances:					
Reserved for encumbrances	19,000	-	-	7,153	26,153
Unreserved - designated for capital improvements	<u>480,817</u>	<u>73,897</u>	<u>5,598</u>	<u>270,302</u>	<u>830,614</u>
Total fund balances	<u>499,817</u>	<u>73,897</u>	<u>5,598</u>	<u>277,455</u>	<u>856,767</u>
 Total liabilities and fund balances	 \$ <u>499,817</u>	 <u>73,897</u>	 <u>5,598</u>	 <u>278,645</u>	 <u>857,957</u>

**CITY OF WASILLA, ALASKA**  
**Nonmajor Capital Project Funds**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**Year Ended June 30, 2007**

	<u>Vehicle</u> <u>Replacement</u>	<u>Right-</u> <u>of-Way</u> <u>Acquisition</u>	<u>Regional</u> <u>Dispatch</u> <u>Center</u>	<u>Road</u>	<u>Totals</u>
Revenues:					
Intergovernmental	\$ -	-	46,253	83,208	129,461
Investment income	<u>30,387</u>	<u>4,132</u>	<u>-</u>	<u>11,019</u>	<u>45,538</u>
Total revenues	30,387	4,132	46,253	94,227	174,999
Expenditures - capital outlay	<u>220,584</u>	<u>11,254</u>	<u>46,816</u>	<u>334,599</u>	<u>613,253</u>
Excess of revenues over (under) expenditures	(190,197)	(7,122)	(563)	(240,372)	(438,254)
Other financing sources - transfers in	<u>227,000</u>	<u>20,000</u>	<u>-</u>	<u>213,184</u>	<u>460,184</u>
Net change in fund balances	36,803	12,878	(563)	(27,188)	21,930
Beginning fund balances	<u>463,014</u>	<u>61,019</u>	<u>6,161</u>	<u>304,643</u>	<u>834,837</u>
Ending fund balances	\$ <u><u>499,817</u></u>	<u><u>73,897</u></u>	<u><u>5,598</u></u>	<u><u>277,455</u></u>	<u><u>856,767</u></u>

**CITY OF WASILLA, ALASKA**  
Miscellaneous Projects Capital Project Fund  
Schedule of Expenditures by Project  
Year Ended June 30, 2007

Expenditures:	
Record retention project	\$ 50,509
City website	5,655
Software acquisition	33,902
Homeland terror prevention tower	28,675
Mobile data network	31,880
Police staffing study	9,267
Police training room - City	11,471
Dispatch workstations	114,587
Police building air conditioning	120,898
Police station storage	8,985
Road upgrading	16,377
Storm drain phase II	14,679
Land acquisition	132,540
New maintenance shop	86,576
MASCOT bus facility	550,596
Council chambers sound system	18,510
Library architectural design	60,465
Economic development marketing plan	33,201
Area master plan	75,535
Iditapark	72,927
Bumpus recreation	11,382
Walter Trench cabin	10,939
Wasilla Lake park	8,800
Cemetery road paving	29,735
Parks master plan	24,713
Smith ballfield	14,938
Other projects	2,376
	<u>\$ 1,580,118</u>

## PERMANENT FUND

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

**CITY OF WASILLA, ALASKA**  
Cemetery Permanent Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Year Ended June 30, 2007  
(With Comparative Amounts for 2006)

	<u>2007</u>	<u>2006</u>
Revenues:		
Lot sales	\$ 11,400	11,200
Investment income	<u>10,978</u>	<u>7,187</u>
Total revenues	22,378	18,387
Other financing uses - transfers out	<u>(10,978)</u>	<u>(7,187)</u>
Net change in fund balance	11,400	11,200
Beginning fund balance	<u>175,705</u>	<u>164,505</u>
Ending fund balance	\$ <u>187,105</u>	<u>175,705</u>

(this page left blank intentionally)



## ENTERPRISE FUNDS

The Water Utility Fund is used to account for the provision of water services to the residents of the City. The Sewer Utility Fund is used to account for sewer services for local residents. The Municipal Airport Fund is used to account for the activities of the Wasilla Municipal Airport. The Multi-Use Sports Complex Fund accounts for the operations of the Multi-Use Sports Complex facilities. 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 Assets**  
**June 30, 2007**  
(With Comparative Amounts for 2006)

<u>Assets</u>	<u>2007</u>	<u>2006</u>
Current assets:		
Cash and investments	\$ 978,038	1,213,317
Receivables:		
Accounts	134,442	111,425
Allowance for doubtful accounts	(16,188)	(11,424)
Grants	565,164	265,254
Inventory	53,842	49,380
Prepaid expense	2,265	1,750
Total current assets	<u>1,717,563</u>	<u>1,629,702</u>
Noncurrent assets:		
Property, plant and equipment:		
Land	149,170	149,170
Collection/distribution system	11,161,618	10,986,746
Water tank and fence	6,565,877	6,565,877
Wells/well house	368,659	368,659
Equipment	226,719	226,719
Construction in progress	4,987,586	3,243,208
Total property, plant and equipment	23,459,629	21,540,379
Less accumulated depreciation	<u>(4,378,939)</u>	<u>(3,995,632)</u>
Net property, plant and equipment	<u>19,080,690</u>	<u>17,544,747</u>
Deferred charges, net of accumulated amortization	<u>12,263</u>	<u>12,644</u>
Total noncurrent assets	<u>19,092,953</u>	<u>17,557,391</u>
Total assets	<u>\$ 20,810,516</u>	<u>19,187,093</u>

**CITY OF WASILLA, ALASKA**  
Water Utility Enterprise Fund  
Statement of Net Assets, continued

<u>Liabilities and Net Assets</u>	<u>2007</u>	<u>2006</u>
Liabilities:		
Current liabilities:		
Accounts payable	\$ 119,371	33,860
Accrued payroll and employee benefits	16,892	14,864
Accrued annual and sick leave	14,142	12,385
Customer deposits	49,292	31,942
Accrued interest	34,812	36,948
Revenue billed in advance	12,606	12,222
Current portion of ADEC loans	<u>213,455</u>	<u>213,455</u>
Total current liabilities	<u>460,570</u>	<u>355,676</u>
Long-term debt, net of current portion:		
ADEC loans	3,334,226	3,547,682
Net pension/OPEB obligation	<u>19,295</u>	<u>19,295</u>
Total long-term debt, net of current portion	<u>3,353,521</u>	<u>3,566,977</u>
Total liabilities	<u>3,814,091</u>	<u>3,922,653</u>
Net assets:		
Invested in capital assets, net of related debt	15,533,009	13,783,610
Unrestricted	<u>1,463,416</u>	<u>1,480,830</u>
Total net assets	<u>16,996,425</u>	<u>15,264,440</u>
Total liabilities and net assets	<u>\$ 20,810,516</u>	<u>19,187,093</u>

**CITY OF WASILLA, ALASKA**  
**Water Utility Enterprise Fund**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
**Year Ended June 30, 2007**  
**(With Comparative Amounts for 2006)**

	<u>2007</u>	<u>2006</u>
Operating revenues:		
Sales and user charges	\$ 749,780	749,235
Water meters	19,596	14,981
Total operating revenues	<u>769,376</u>	<u>764,216</u>
Operating expenses:		
Salaries	241,354	187,415
Employee benefits	114,344	90,366
Professional and technical services	51,259	22,336
Property services	35,027	23,356
Other purchased services	38,502	31,345
Supplies	132,062	122,962
Total operating expenses	<u>612,548</u>	<u>477,780</u>
Operating income before depreciation	156,828	286,436
Depreciation	<u>383,307</u>	<u>373,177</u>
Operating loss	<u>(226,479)</u>	<u>(86,741)</u>
Nonoperating revenues (expenses):		
Payments in lieu of assessments	61,642	13,557
Interest expense	(91,893)	(97,496)
Investment income	53,707	45,771
State PERS relief	8,467	7,686
Net nonoperating revenues (expenses)	<u>31,923</u>	<u>(30,482)</u>
Loss before transfers and contributions	(194,556)	(117,223)
Transfers in	233,000	422,138
Transfers out	(11,500)	(11,500)
Capital contributions	<u>1,705,041</u>	<u>935,888</u>
Change in net assets	1,731,985	1,229,303
Beginning net assets	<u>15,264,440</u>	<u>14,035,137</u>
Ending net assets	\$ <u>16,996,425</u>	<u>15,264,440</u>

**CITY OF WASILLA, ALASKA**  
**Water Utility Enterprise Fund**  
**Statement of Cash Flows**  
**Year Ended June 30, 2007**  
(With Comparative Amounts for 2006)

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities:		
Receipts from customers and users	\$ 769,238	741,751
Payments to suppliers	(176,316)	(531,648)
Payments to employees	<u>(343,446)</u>	<u>(259,663)</u>
Net cash flows from operating activities	<u>249,476</u>	<u>(49,560)</u>
Cash flows from capital and related financing activities:		
Principal and interest paid on long-term debt	(307,485)	(312,819)
Payments in lieu of assessments received	61,642	13,557
Acquisition and construction of capital assets	(1,919,250)	(1,600,533)
Capital contributions received	1,405,131	936,234
Transfers in	233,000	422,138
Transfers out	<u>(11,500)</u>	<u>(11,500)</u>
Net cash flows from capital and related financing activities	<u>(538,462)</u>	<u>(552,923)</u>
Cash flows from investing activities - investment income received	<u>53,707</u>	<u>45,771</u>
Net decrease in cash and investments	(235,279)	(556,712)
Beginning cash and investments	<u>1,213,317</u>	<u>1,770,029</u>
Ending cash and investments	\$ <u>978,038</u>	<u>1,213,317</u>
Reconciliation of operating loss to net cash flows from operating activities:		
Operating loss	(226,479)	(86,741)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation and amortization	383,688	373,558
Noncash expense - PERS relief	8,467	7,686
Increase in allowance for doubtful accounts	4,764	3,261
(Increase) decrease in assets:		
Accounts receivable	(23,017)	(30,600)
Inventory	(4,462)	2,784
Prepaid expense	(515)	(1,750)
Increase (decrease) in liabilities:		
Accounts payable	85,511	(333,064)
Revenue billed in advance	384	(1,279)
Accrued payroll and employee benefits	2,028	3,979
Accrued annual and sick leave	1,757	1,002
Net pension/OPEB obligation	-	5,451
Customer deposits	<u>17,350</u>	<u>6,153</u>
Net cash flows from operating activities	\$ <u>249,476</u>	<u>(49,560)</u>

**CITY OF WASILLA, ALASKA**  
**Sewer Utility Enterprise Fund**  
**Statement of Net Assets**  
**June 30, 2007**  
(With Comparative Amounts for 2006)

<u>Assets</u>	<u>2007</u>	<u>2006</u>
Current assets:		
Cash and investments	\$ 1,131,819	1,048,659
Receivables:		
Accounts	79,820	79,324
Allowance for doubtful accounts	(13,245)	(9,347)
Grants	3,042	-
Special assessments	8,251	9,299
Notes	-	1,200
Prepaid expense	2,257	1,750
Inventory	<u>91,037</u>	<u>84,992</u>
Total current assets	<u>1,302,981</u>	<u>1,215,877</u>
Noncurrent assets:		
Notes receivable	<u>-</u>	<u>2,511</u>
Property, plant and equipment:		
Land	657,810	657,810
Treatment system	8,080,804	8,080,804
Collection/distribution system	8,989,384	8,989,384
Equipment	5,117,783	5,117,783
Construction in progress	<u>210,650</u>	<u>175,042</u>
Total property, plant and equipment	23,056,431	23,020,823
Less accumulated depreciation	<u>(8,328,267)</u>	<u>(7,954,582)</u>
Net property, plant and equipment	<u>14,728,164</u>	<u>15,066,241</u>
Total noncurrent assets	<u>14,728,164</u>	<u>15,068,752</u>
Total assets	<u>\$ 16,031,145</u>	<u>16,284,629</u>

**CITY OF WASILLA, ALASKA**  
**Sewer Utility Enterprise Fund**  
**Statement of Net Assets, continued**

<u>Liabilities and Net Assets</u>	<u>2007</u>	<u>2006</u>
Liabilities:		
Current liabilities:		
Accounts payable	\$ 12,348	7,213
Accrued payroll and employee benefits	17,053	18,905
Accrued annual and sick leave	27,609	29,982
Customer deposits	2,450	11,399
Accrued interest	2,665	2,835
Current portion:		
Special assessment bonds	8,471	8,471
ADEC loans	17,247	17,271
Total current liabilities	<u>87,843</u>	<u>96,076</u>
Long-term debt, net of current portion:		
Special assessment bonds	15,583	24,054
ADEC loans	261,305	278,553
Net pension/OPEB obligation	26,054	26,054
Total long-term debt, net of current portion	<u>302,942</u>	<u>328,661</u>
Total liabilities	<u>390,785</u>	<u>424,737</u>
Net assets:		
Invested in capital assets, net of related debt	14,425,558	14,737,892
Unrestricted	<u>1,214,802</u>	<u>1,122,000</u>
Total net assets	<u>15,640,360</u>	<u>15,859,892</u>
Total liabilities and net assets	<u>\$ 16,031,145</u>	<u>16,284,629</u>

**CITY OF WASILLA, ALASKA**  
**Sewer Utility Enterprise Fund**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
**Year Ended June 30, 2007**  
**(With Comparative Amounts for 2006)**

	<u>2007</u>	<u>2006</u>
Operating revenues - sales and user charges	\$ <u>673,985</u>	<u>656,759</u>
Operating expenses:		
Salaries	270,373	275,276
Employee benefits	124,020	121,167
Professional and technical services	33,652	9,668
Property services	31,731	20,007
Other purchased services	37,492	32,403
Supplies	<u>198,271</u>	<u>146,528</u>
Total operating expenses	<u>695,539</u>	<u>605,049</u>
Operating income (loss) before depreciation	(21,554)	51,710
Depreciation	<u>373,685</u>	<u>375,917</u>
Operating loss	(395,239)	(324,207)
Nonoperating revenues (expenses):		
Payments in lieu of assessments	54,186	41,632
Interest expense	(6,145)	(5,417)
Investment income	63,338	42,977
State PERS relief	11,010	8,670
Other	<u>2,738</u>	<u>-</u>
Net nonoperating revenues (expenses)	<u>125,127</u>	<u>87,862</u>
Loss before transfers and contributions	(270,112)	(236,345)
Transfers in	53,000	67,750
Transfers out	(16,500)	(16,500)
Capital contributions	<u>14,080</u>	<u>9,190</u>
Change in net assets	(219,532)	(175,905)
Beginning net assets	<u>15,859,892</u>	<u>16,035,797</u>
Ending net assets	\$ <u>15,640,360</u>	<u>15,859,892</u>



**CITY OF WASILLA, ALASKA**  
**Sewer Utility Enterprise Fund**  
**Statement of Cash Flows**  
**Year Ended June 30, 2007**  
(With Comparative Amounts for 2006)

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities:		
Receipts from customers and users	\$ 671,176	646,298
Payments to suppliers	(302,563)	(206,916)
Payments to employees	(387,608)	(361,240)
Net cash flows from operating activities	<u>(18,995)</u>	<u>78,142</u>
Cash flows from capital and related financing activities:		
Principal and interest paid on long-term debt	(32,058)	(33,747)
Special assessments received	1,048	1,114
Payments in lieu of assessments received	54,186	41,632
Acquisition and construction of capital assets	(35,608)	(128,659)
Capital contributions received	11,038	9,274
Transfers in	53,000	67,750
Transfers out	(16,500)	(16,500)
Net cash flows from capital and related financing activities	<u>35,106</u>	<u>(59,136)</u>
Cash flows from investing activities:		
Investment income received	63,338	42,977
Principal payments received on notes receivable	3,711	2,296
Net cash flows from investing activities	<u>67,049</u>	<u>45,273</u>
Net increase in cash and investments	83,160	64,279
Beginning cash and investments	<u>1,048,659</u>	<u>984,380</u>
Ending cash and investments	\$ <u>1,131,819</u>	<u>1,048,659</u>
Reconciliation of operating loss to net cash flows from operating activities:		
Operating loss	(395,239)	(324,207)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation	373,685	375,917
Noncash expense - PERS relief	11,010	8,670
Other nonoperating revenues	2,738	-
Increase in allowance for doubtful accounts	3,898	2,171
(Increase) decrease in assets:		
Accounts receivable	(496)	(7,125)
Inventory	(6,045)	577
Prepaid expense	(507)	(1,750)
Increase (decrease) in liabilities:		
Accounts payable	5,135	2,863
Accrued payroll and employee benefits	(1,852)	9,489
Accrued annual and sick leave	(2,373)	6,332
Net pension/OPEB obligation	-	10,712
Customer deposits	(8,949)	(5,507)
Net cash flows from operating activities	\$ <u>(18,995)</u>	<u>78,142</u>

**CITY OF WASILLA, ALASKA**  
**Municipal Airport Enterprise Fund**  
**Statement of Net Assets**  
**June 30, 2007**  
(With Comparative Amounts for 2006)

<u>Assets</u>	<u>2007</u>	<u>2006</u>
Current assets:		
Cash and investments	\$ 179,798	-
Receivables:		
Accounts	310	756
Grants	413,333	942,594
Total current assets	<u>593,441</u>	<u>943,350</u>
Noncurrent assets - property, plant and equipment:		
Land	1,470,000	1,470,000
Land improvements	7,888,717	5,620,175
Buildings	21,744	21,744
Equipment	648,164	648,164
Construction in progress	3,839,159	3,267,649
Total property, plant and equipment	13,867,784	11,027,732
Less accumulated depreciation	<u>(4,026,785)</u>	<u>(3,689,537)</u>
Net property, plant and equipment	<u>9,840,999</u>	<u>7,338,195</u>
Total assets	\$ <u>10,434,440</u>	<u>8,281,545</u>
<u>Liabilities and Net Assets</u>		
Liabilities:		
Current liabilities:		
Accounts payable	243,564	192,436
Accrued payroll and employee benefits	1,004	1,638
Accrued annual and sick leave	1,853	1,734
Revenue billed in advance	9,030	4,525
Due to other funds	-	441,089
Total current liabilities	<u>255,451</u>	<u>641,422</u>
Net pension/OPEB obligation	<u>897</u>	<u>897</u>
Total liabilities	<u>256,348</u>	<u>642,319</u>
Net assets:		
Invested in capital assets	9,840,999	7,338,195
Unrestricted	337,093	301,031
Total net assets	<u>10,178,092</u>	<u>7,639,226</u>
Total liabilities and net assets	\$ <u>10,434,440</u>	<u>8,281,545</u>

**CITY OF WASILLA, ALASKA**  
Municipal Airport Enterprise Fund  
Statement of Revenues, Expenses and Changes in Net Assets  
Year Ended June 30, 2007  
(With Comparative Amounts for 2006)

	<u>2007</u>	<u>2006</u>
Operating revenues - fees and rentals	\$ <u>67,902</u>	<u>66,225</u>
Operating expenses:		
Salaries	17,592	27,905
Employee benefits	8,474	9,224
Professional and technical services	2,750	2,150
Property services	35,508	37,523
Other purchased services	29,188	24,431
Supplies	<u>27,454</u>	<u>18,397</u>
Total operating expenses	<u>120,966</u>	<u>119,630</u>
Operating loss before depreciation	(53,064)	(53,405)
Depreciation	<u>337,248</u>	<u>337,248</u>
Operating loss	(390,312)	(390,653)
Nonoperating revenues (expenses):		
Investment expense	(32,223)	-
Investment income	-	2,934
State PERS relief	<u>553</u>	<u>1,088</u>
Net nonoperating revenues (expenses)	<u>(31,670)</u>	<u>4,022</u>
Loss before transfers and contributions	(421,982)	(386,631)
Transfers in	196,853	69,296
Capital contributions	<u>2,763,995</u>	<u>906,288</u>
Change in net assets	2,538,866	588,953
Beginning net assets	<u>7,639,226</u>	<u>7,050,273</u>
Ending net assets	\$ <u>10,178,092</u>	<u>7,639,226</u>

**CITY OF WASILLA, ALASKA**  
**Municipal Airport Enterprise Fund**  
**Statement of Cash Flows**  
**Year Ended June 30, 2007**  
(With Comparative Amounts for 2006)

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities:		
Receipts from customers and users	\$ 72,853	66,843
Payments to suppliers	(43,772)	(54,380)
Payments to employees	<u>(26,028)</u>	<u>(35,758)</u>
Net cash flows from operating activities	<u>3,053</u>	<u>(23,295)</u>
Cash flows from noncapital financing activities - transfers in	<u>76,384</u>	<u>69,296</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(2,840,052)	(929,527)
Capital contributions received	3,293,256	226,535
Transfers in	120,469	-
Increase (decrease) in due to other funds	(441,089)	441,089
Interest paid on internal borrowing	<u>(32,223)</u>	<u>-</u>
Net cash flows from capital and related financing activities	<u>100,361</u>	<u>(261,903)</u>
Cash flows from investing activities - investment income received	<u>-</u>	<u>2,934</u>
Net increase (decrease) in cash and investments	179,798	(212,968)
Beginning cash and investments	<u>-</u>	<u>212,968</u>
Ending cash and investments	\$ <u>179,798</u>	<u>-</u>
Reconciliation of operating loss to net cash flows from operating activities:		
Operating loss	(390,312)	(390,653)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation	337,248	337,248
Noncash expense - PERS relief	553	1,088
(Increase) decrease in accounts receivable	446	(207)
Increase (decrease) in liabilities:		
Accounts payable	51,128	28,121
Revenue billed in advance	4,505	825
Accrued payroll and employee benefits	(634)	263
Accrued annual and sick leave	119	69
Net pension/OPEB obligation	<u>-</u>	<u>(49)</u>
Net cash flows from operating activities	\$ <u>3,053</u>	<u>(23,295)</u>

**CITY OF WASILLA, ALASKA**  
Multi-Use Sports Complex Enterprise Fund  
Statement of Net Assets  
June 30, 2007  
(With Comparative Amounts for 2006)

<u>Assets</u>	<u>2007</u>	<u>2006</u>
Current assets:		
Cash and investments	\$ 666,227	678,936
Receivables:		
Sales taxes	228,114	223,210
Accounts	7,770	-
Grants	300	-
Prepaid expense	63	-
Total current assets	<u>902,474</u>	<u>902,146</u>
Noncurrent assets:		
Restricted cash - bond redemption	<u>1,683,906</u>	<u>1,081,693</u>
Property, plant and equipment:		
Land	1,771,990	480,748
Buildings	15,122,883	15,122,883
Equipment	257,714	257,714
Construction in progress	229,629	-
Total property, plant and equipment	17,382,216	15,861,345
Less accumulated depreciation	<u>(1,004,889)</u>	<u>(661,921)</u>
Net property, plant and equipment	<u>16,377,327</u>	<u>15,199,424</u>
Total noncurrent assets	<u>18,061,233</u>	<u>16,281,117</u>
Total assets	<u>\$ 18,963,707</u>	<u>17,183,263</u>
<u>Liabilities and Net Assets</u>		
Liabilities:		
Current liabilities:		
Accounts payable	23,752	7,631
Accrued payroll and employee benefits	18,936	17,248
Accrued annual and sick leave	24,079	21,808
Customer deposits	5,000	-
Accrued interest	97,842	110,639
Deferred revenue	9,651	10,587
Legal settlement payable	1,027,028	-
Current portion of general obligation bonds	1,495,000	1,365,000
Total current liabilities	<u>2,701,288</u>	<u>1,532,913</u>
Long-term debt, net of current portion:		
General obligation bonds	7,615,000	9,110,000
Unamortized bond premium	56,840	66,314
Net pension/OPEB obligation	20,057	20,057
Total long-term debt, net of current portion	<u>7,691,897</u>	<u>9,196,371</u>
Total liabilities	<u>10,393,185</u>	<u>10,729,284</u>
Net assets:		
Invested in capital assets, net of related debt	7,210,487	4,658,110
Restricted for debt service	2,178,513	1,549,126
Unrestricted (deficit)	<u>(818,478)</u>	<u>246,743</u>
Total net assets	<u>8,570,522</u>	<u>6,453,979</u>
Total liabilities and net assets	<u>\$ 18,963,707</u>	<u>17,183,263</u>

**CITY OF WASILLA, ALASKA**  
**Multi-Use Sports Complex Enterprise Fund**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
**Year Ended June 30, 2007**  
**(With Comparative Amounts for 2006)**

	<u>2007</u>	<u>2006</u>
Operating revenues - fees and rentals	\$ <u>728,117</u>	<u>642,091</u>
Operating expenses:		
Salaries	338,870	329,178
Employee benefits	124,646	117,983
Professional and technical services	2,595	1,012
Property services	46,084	28,809
Other purchased services	74,696	76,422
Supplies	<u>309,183</u>	<u>253,565</u>
Total operating expenses	<u>896,074</u>	<u>806,969</u>
Operating loss before depreciation	(167,957)	(164,878)
Depreciation	<u>342,968</u>	<u>340,420</u>
Operating loss	(510,925)	(505,298)
Nonoperating revenues (expenses):		
Sales tax revenue	2,414,673	2,244,071
Interest expense	(420,286)	(465,633)
Investment income	88,356	51,384
State PERS relief	<u>8,007</u>	<u>8,184</u>
Net nonoperating revenues (expenses)	<u>2,090,750</u>	<u>1,838,006</u>
Income before transfers	1,579,825	1,332,708
Transfers in	313,588	145,605
Transfers out	(6,500)	(1,500)
Capital contributions	<u>229,630</u>	<u>-</u>
Change in net assets	2,116,543	1,476,813
Beginning net assets	<u>6,453,979</u>	<u>4,977,166</u>
Ending net assets	\$ <u>8,570,522</u>	<u>6,453,979</u>

**CITY OF WASILLA, ALASKA**  
Multi-Use Sports Complex Enterprise Fund  
Statement of Cash Flows  
Year Ended June 30, 2007  
(With Comparative Amounts for 2006)

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities:		
Receipts from customers and users	\$ 724,411	641,477
Payments to suppliers	(416,500)	(400,372)
Payments to employees	(451,550)	(421,470)
Net cash flows from operating activities	<u>(143,639)</u>	<u>(180,365)</u>
Cash flows from noncapital financing activities - transfers in	<u>313,588</u>	<u>145,605</u>
Cash flows from capital and related financing activities:		
Principal and interest paid on long-term debt	(1,807,557)	(1,725,956)
Acquisition and construction of capital assets	(493,843)	(106,159)
Capital contributions received	229,330	-
Sales tax revenue received	2,409,769	2,227,838
Transfers out	(6,500)	(1,500)
Net cash flows from capital and related financing activities	<u>331,199</u>	<u>394,223</u>
Cash flows from investing activities - investment income received	<u>88,356</u>	<u>51,384</u>
Net increase in cash and investments	589,504	410,847
Beginning cash and investments	<u>1,760,629</u>	<u>1,349,782</u>
Ending cash and investments	\$ <u>2,350,133</u>	<u>1,760,629</u>
Reconciliation of cash and investments to balance sheet:		
Cash and investments	666,227	678,936
Restricted cash and investments	<u>1,683,906</u>	<u>1,081,693</u>
	\$ <u>2,350,133</u>	<u>1,760,629</u>
Reconciliation of operating loss to net cash flows from operating activities:		
Operating loss	(510,925)	(505,298)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation	342,968	340,420
Noncash expense - PERS relief	8,007	8,184
(Increase) decrease in assets:		
Accounts receivable	(7,770)	419
Prepaid expense	(63)	-
Increase (decrease) in liabilities:		
Accounts payable	16,121	(40,564)
Accrued payroll and employee benefits	1,688	4,503
Accrued annual and sick leave	2,271	6,509
Net pension/OPEB obligation	-	6,495
Customer deposits	5,000	-
Deferred revenue	(936)	(1,033)
Net cash flows from operating activities	\$ <u>(143,639)</u>	<u>(180,365)</u>
Noncash capital and related financing activities - Increase in land and legal settlement payable	\$ <u>1,027,028</u>	<u>-</u>

**CITY OF WASILLA, ALASKA**  
Capital Assets  
Schedule of Governmental Capital Assets  
June 30, 2007

Capital assets:	
Land	\$ 4,647,598
Buildings	4,567,057
Office furniture and equipment	2,872,520
Vehicles and equipment	2,320,562
Infrastructure	22,630,464
Construction in progress	<u>2,226,753</u>
 Total capital assets	 \$ <u>39,264,954</u>



## CITY OF WASILLA, ALASKA

## Capital Assets

## Schedule of Governmental Capital Assets by Function and Activity

June 30, 2007

	<u>Land</u>	<u>Buildings</u>	<u>Office Furniture and Equipment</u>	<u>Vehicles and Equipment</u>	<u>Infrastructure</u>	<u>Construction in Progress</u>	<u>Total</u>
General government:							
Administration	\$ -	-	12,861	45,493	-	-	58,354
City Council	-	-	136,118	-	-	-	136,118
Finance	-	-	475,799	-	-	-	475,799
Nondepartmental	<u>1,119,041</u>	<u>1,361,501</u>	<u>9,229</u>	<u>-</u>	<u>-</u>	<u>9,123</u>	<u>2,498,894</u>
Total general government	<u>1,119,041</u>	<u>1,361,501</u>	<u>634,007</u>	<u>45,493</u>	<u>-</u>	<u>9,123</u>	<u>3,169,165</u>
Public safety	<u>600,000</u>	<u>1,197,393</u>	<u>2,175,525</u>	<u>1,190,155</u>	<u>-</u>	<u>189,782</u>	<u>5,352,855</u>
Public works:							
Public works	81,305	278,541	6,945	223,138	-	1,760,318	2,350,247
Streets	<u>1,958,534</u>	<u>-</u>	<u>-</u>	<u>674,971</u>	<u>22,630,464</u>	<u>69,282</u>	<u>25,333,251</u>
Total public works	<u>2,039,839</u>	<u>278,541</u>	<u>6,945</u>	<u>898,109</u>	<u>22,630,464</u>	<u>1,829,600</u>	<u>27,683,498</u>
Culture and recreation:							
Museum	90,650	120,232	19,539	-	-	-	230,421
Recreation services	783,068	751,404	-	186,805	-	137,783	1,859,060
Library	<u>15,000</u>	<u>857,986</u>	<u>36,504</u>	<u>-</u>	<u>-</u>	<u>60,465</u>	<u>969,955</u>
Total culture and recreation	<u>888,718</u>	<u>1,729,622</u>	<u>56,043</u>	<u>186,805</u>	<u>-</u>	<u>198,248</u>	<u>3,059,436</u>
Total capital assets allocated to functions	\$ <u>4,647,598</u>	<u>4,567,057</u>	<u>2,872,520</u>	<u>2,320,562</u>	<u>22,630,464</u>	<u>2,226,753</u>	<u>39,264,954</u>

## CITY OF WASILLA, ALASKA

## Capital Assets

Schedule of Changes in Governmental Capital Assets by Function and Activity  
Year Ended June 30, 2007

	Capital Assets July 1, <u>2006</u>	<u>Additions</u>	<u>Deletions</u>	Capital Assets June 30, <u>2007</u>
General government:				
Administration	\$ 58,354	-	-	58,354
City Council	67,099	69,019	-	136,118
Finance	416,309	59,490	-	475,799
Nondepartmental	<u>2,385,645</u>	<u>138,196</u>	<u>24,947</u>	<u>2,498,894</u>
Total general government	<u>2,927,407</u>	<u>266,705</u>	<u>24,947</u>	<u>3,169,165</u>
Public safety	<u>4,767,883</u>	<u>876,169</u>	<u>291,197</u>	<u>5,352,855</u>
Public works:				
Public works	2,326,033	24,214	-	2,350,247
Streets	<u>24,292,626</u>	<u>1,548,950</u>	<u>508,325</u>	<u>25,333,251</u>
Total public works	<u>26,618,659</u>	<u>1,573,164</u>	<u>508,325</u>	<u>27,683,498</u>
Culture and recreation:				
Museum	210,854	19,567	-	230,421
Recreation services	1,711,278	224,810	77,028	1,859,060
Library	<u>918,070</u>	<u>60,465</u>	<u>8,580</u>	<u>969,955</u>
Total culture and recreation	<u>2,840,202</u>	<u>304,842</u>	<u>85,608</u>	<u>3,059,436</u>
Total capital assets	\$ <u>37,154,151</u>	<u>3,020,880</u>	<u>910,077</u>	<u>39,264,954</u>

**CITY OF WASILLA, ALASKA**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2007**

<u>Name of Award</u>	<u>Grant Number</u>	<u>Catalog of Federal Assistance Number</u>	<u>Total Grant Award</u>	<u>July 1, 2006 Receivable (Deferred)</u>	<u>Federal Share of Expenditures</u>	<u>Federal Receipts</u>	<u>June 30, 2007 Receivable (Deferred)</u>
<b>DEPARTMENT OF TRANSPORTATION</b>							
Wasilla Airport Apron Improvement Phase 1A	AIP3-02-0417-2004	20.106	\$ 1,996,880	184,721	-	118,620	66,101
Wasilla Airport Engineer Design Phase 1C	AIP3-02-0417-2005	20.106	250,000	40,241	37,050	40,241	37,050
Construct Apron Improvements Phase 1C	3-02-0417-012-2006	20.106	3,672,748	662,871	2,468,951	3,048,647	83,175
Construct Taxiway B	3-02-0417-013-2007	20.106	1,052,877	-	192,048	-	192,048
Wasilla Bus Facility	AK-03-0057-00	20.500	1,394,018	261,787	480,140	706,342	35,585
Passed through the State of Alaska:							
Department of Transportation and Public Facilities:							
Wasilla Police Traffic Grant	57870	20.600	19,072	-	3,372	2,609	763
ASTEP Impaired Overtime Enforcement	154AL 07 14 01	20.607	32,650	-	30,749	23,215	7,534
DRE Pre-School & Certification Course	57870	20.607	3,580	-	2,489	2,489	-
ASTEP Seatbelt Overtime Enforcement	406 K4 07-10-02	20.602	18,900	-	17,396	12,697	4,699
Department of Public Safety:							
Motorcycle Officer Grant	060511 PT	20.600	19,615	8,809	9,051	17,860	-
Wasilla PD Equipment/Speeding/DUI	060507 PT	20.600	40,204	12,339	8,488	20,827	-
ASTEP Seatbelt and DUI Enforcement	FY06 ASTEP DUI/SEAT	20.600	29,160	4,309	9,752	14,061	-
Total Department of Transportation				<u>1,175,077</u>	<u>3,259,486</u>	<u>4,007,608</u>	<u>426,955</u>
<b>ENVIRONMENTAL PROTECTION AGENCY</b>							
South Mack and Water Main Extension	XP-97048001-0	66.606	1,455,000	1,347	33,904	35,251	-
Garden Terrace Water Main Extension	XP-96002201-0	66.202	892,000	76,212	535,236	454,640	156,808
Total Environmental Protection Agency				<u>77,559</u>	<u>569,140</u>	<u>489,891</u>	<u>156,808</u>
<b>DEPARTMENT OF JUSTICE</b>							
2003 Bulletproof Vest	COW 03 BVP	16.607	309	-	295	295	-
Technology Dispatch Phase 2	2003CKWX0101	16.710	745,125	172,035	46,253	218,288	-
COPS Universal Hiring Grant	2004UMWX0134	16.710	75,000	7,500	20,000	22,500	5,000
COPS Law Enforcement Technology	2006CKWX0220	16.710	148,084	-	16,547	3,510	13,037
Public Safety Mobile Data Network	2005CKWX0057	16.710	986,643	-	31,880	26,840	5,040
Passed through the State of Alaska:							
Department of Health and Social Services:							
Youth Court and Community Panels	609-07-086	16.541	26,521	-	26,521	24,155	2,366
Youth Court and Community Panels	609-06-086	16.541	25,272	1,263	-	1,263	-
Department of Public Safety -							
Asset Forfeiture	05-16835	16.000	1,438	(1,438)	1,438	-	-
Total Department of Justice				<u>179,360</u>	<u>142,934</u>	<u>296,851</u>	<u>25,443</u>
<b>DEPARTMENT OF AGRICULTURE</b>							
Passed through the State of Alaska							
Department of Natural Resources:							
FY07 Arbor Day	FY07 Arbor Day	10.664	2,000	-	2,000	-	2,000
FY06 Arbor Day	FY06 Arbor Day	10.664	1,500	1,490	-	1,490	-
Total Department of Agriculture				<u>1,490</u>	<u>2,000</u>	<u>1,490</u>	<u>2,000</u>
<b>INSTITUTE OF MUSEUMS AND LIBRARIES</b>							
Museum Assessment Program	IM-03-05-0152-05	45.302	3,820	(1,170)	-	-	(1,170)
<b>DEPARTMENT OF EDUCATION</b>							
Passed through the State of Alaska							
Department of Education and Early Development:							
Governor's Drug & Violence Prevention	DA 06.057.01	84.186B	40,000	10,000	-	10,000	-
Governor's Drug & Violence Prevention	DA 07.057.01	84.186B	40,000	-	40,000	30,000	10,000
Passed through the Matanuska-Susitna Borough							
School District - Youth Court	P704050	84.186	5,020	-	4,476	4,476	-
Total Department of Education				<u>10,000</u>	<u>44,476</u>	<u>44,476</u>	<u>10,000</u>
<b>DEPARTMENT OF HOMELAND SECURITY</b>							
Passed through the State of Alaska							
Department of Military and Veteran Affairs:							
City of Wasilla Hazard Mitigation Plan	DR-1461-AK	97.039	10,000	2,465	-	2,465	-
Law Enforcement Terrorism Prevention Program	2005-GE-T5-0031	97.074	243,831	207,848	12,128	219,976	-
Total Department of Homeland Security				<u>210,313</u>	<u>12,128</u>	<u>222,441</u>	<u>-</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			\$	<u>1,652,629</u>	<u>4,030,164</u>	<u>5,062,757</u>	<u>620,036</u>

**CITY OF WASILLA, ALASKA**  
 Schedule of State Financial Assistance  
 Year Ended June 30, 2007

Name of Award	Grant Number	Total Grant Award	July 1, 2006 Receivable (Deferred)	State Share of Expenditures	State Receipts	June 30, 2007 Receivable (Deferred)
<b>DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT</b>						
* Municipal Energy Assistance Program	N/A	316,729	-	316,729	316,729	-
Community Projects & Improvements	05-MG-046	6,096	-	3,773	1,736	2,037
Design of an Extension of East Susitna Avenue	06-DC-351	125,000	-	23,100	22,331	769
* Mission Hills Water Line Extension	06-DC-350	500,000	-	79,066	57,543	21,523
* Pal-Was Water Improvements Phase 3 and Bumpus Well No. 2	07-DC-276	500,000	-	315,145	195,158	119,987
Storm Drain Improvements Phase 2	05-DC-103	150,000	3,933	12,701	16,634	-
Water Utility Improvement Along Palmer-Wasilla Highway	06-RR-030	226,480	1,000	2,466	3,466	-
Sports Complex Portable Floor	07-DC-279	75,000	-	3,085	2,785	300
* Sports Complex Parking Lot Paving	07-DC-278	250,000	-	208,219	208,420	(201)
Sports Complex Emergency Generators and Kitchen	06-DC-174	600,000	-	18,325	18,325	-
Gravel to Asphalt Road Improvements	05-DC-102	50,000	-	13,077	13,077	-
* Sexual Abuse Task Force Investigator	07-DC-277	75,000	-	75,000	54,949	20,051
* Drug Enforcement Position	07-DC-274	70,000	-	70,000	52,500	17,500
Drug Enforcement Position	06-DC-327	70,000	19,257	-	19,257	-
Total Department of Commerce, Community and Economic Development			<u>24,190</u>	<u>1,140,686</u>	<u>982,910</u>	<u>181,966</u>
<b>DEPARTMENT OF ENVIRONMENTAL CONSERVATION</b>						
Storm Water Pumping and Treatment Facility	90510	1,975,357	197,535	-	-	197,535
Water Main Improvement Program	90516	449,700	44,970	-	-	44,970
Sewer Treatment Plant Expansion Engineering	90520	27,164	-	14,080	11,038	3,042
Water Main Improvement Program Phase 2 and 3	90518	945,100	65,513	28,996	-	94,509
* Garden Terrace Water Main Extension Phase 2	90519	1,025,000	76,212	620,716	569,560	127,368
Total Department of Environmental Conservation			<u>384,230</u>	<u>663,792</u>	<u>580,598</u>	<u>467,424</u>
<b>DEPARTMENT OF REVENUE</b>						
Electric & Telephone Co-op Tax FY06	N/A	224,621	224,621	-	224,621	-
Revenue Sharing FY07	N/A	1,069	-	1,069	-	1,069
Revenue Sharing FY06	N/A	1,125	1,125	-	1,125	-
* Electric & Telephone Revenue Sharing FY07	N/A	251,133	-	251,133	251,133	-
Revenue Share Liquor License FY06	N/A	20,200	8,500	-	8,500	-
Revenue Share Liquor License FY07	N/A	20,700	-	20,700	3,700	17,000
Shared Fisheries	N/A	103	-	103	103	-
Total Department of Revenue			<u>234,246</u>	<u>273,005</u>	<u>489,182</u>	<u>18,069</u>
Asset Forfeiture	N/A	11,707	-	6,254	11,707	(5,453)
<b>DEPARTMENT OF HEALTH AND SOCIAL SERVICES</b>						
Youth Court and Community Panels FY06	609-06-086	25,272	1,263	-	1,263	-
Youth Court and Community Panels FY07	609-07-086	25,271	-	25,271	23,207	2,064
Total Department of Health and Social Services			<u>1,263</u>	<u>25,271</u>	<u>24,470</u>	<u>2,064</u>
<b>DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES</b>						
Wasilla Airport FY 03 AIP 3-02-0417-0903	57177 AIP	6,667	3,333	-	3,333	-
Church Road South Extension	56560	1,121,625	129,656	-	128,947	709
Wasilla Airport FY04 AIP 3-02-0417-2004	57588 AIP	52,549	27,622	-	-	27,622
Wasilla Airport FY05 AIP 3-02-0417-011-2005	58679	6,579	6,364	975	-	7,339
* Construction Apron Phase 2	59866	96,651	17,444	64,972	86,986	(4,570)
Total Department of Transportation and Public Facilities			<u>184,419</u>	<u>65,947</u>	<u>219,266</u>	<u>31,100</u>
<b>DEPARTMENT OF MILITARY AND VETERAN AFFAIRS</b>						
SECC After-Hours Answering Point	GF2007001	25,000	-	25,000	18,750	6,250
<b>DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT</b>						
Public Library Assistance Grant	PLA-07-787-85	6,250	-	6,250	6,250	-
<b>DEPARTMENT OF ADMINISTRATION</b>						
* Senate Bill 231-PERS Relief	N/A	228,380	-	228,380	228,380	-
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>		<b>\$</b>	<b><u>828,348</u></b>	<b><u>2,434,585</u></b>	<b><u>2,561,513</u></b>	<b><u>701,420</u></b>
* Major Programs						

## CITY OF WASILLA, ALASKA

### Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance

Year Ended June 30, 2007

#### Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance include the grant activity of City of Wasilla and are presented on the modified accrual basis of accounting. The information in the schedules is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*.

(this page left blank intentionally)

**STATISTICAL SECTION**

**CITY OF WASILLA**  
**Net Assets by Component**  
**Last Four Fiscal Years**  
 (accrual basis of accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Governmental activities:</b>				
Invested in capital assets, net of related debt	\$ 17,095,906	20,799,331	23,130,317	24,224,874
Restricted	-	-	-	-
Unrestricted	<u>8,363,327</u>	<u>8,582,004</u>	<u>8,728,564</u>	<u>8,892,421</u>
Total governmental activities net amounts	\$ <u>25,459,233</u>	<u>29,381,335</u>	<u>31,858,881</u>	<u>33,117,295</u>
<b>Business-type activities:</b>				
Invested in capital assets, net of related debt	\$ 33,769,762	37,833,931	40,517,807	47,010,053
Restricted	551,244	1,010,688	1,549,126	2,178,513
Unrestricted	<u>3,264,705</u>	<u>3,253,754</u>	<u>3,150,604</u>	<u>2,196,833</u>
Total business-type activities net assets	\$ <u>37,585,711</u>	<u>42,098,373</u>	<u>45,217,537</u>	<u>51,385,399</u>
<b>Total activities</b>				
Invested in capital assets, net of related debt	\$ 50,865,668	58,633,262	63,648,124	71,234,927
Restricted	551,244	1,010,688	1,549,126	2,178,513
Unrestricted	<u>11,628,032</u>	<u>11,835,758</u>	<u>11,879,168</u>	<u>11,089,254</u>
Total net assets	\$ <u>63,044,944</u>	<u>71,479,708</u>	<u>77,076,418</u>	<u>84,502,694</u>



**CITY OF WASILLA**  
**Changes in Net Assets**  
**Last Four Fiscal Years**  
 (accrual basis of accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Expenses</b>				
<b>Governmental activities:</b>				
General Government	\$ 1,794,203	2,050,929	2,053,904	2,631,085
Public Safety	2,592,610	3,692,121	4,483,195	5,142,112
Public Works	2,028,541	2,254,234	2,746,502	2,682,130
Cultural and recreation	1,245,813	1,314,516	1,387,867	1,529,659
Interest on long-term debt	<u>230,014</u>	<u>239,298</u>	<u>232,958</u>	<u>154,562</u>
Total governmental activities expenses	<u>7,891,181</u>	<u>9,551,098</u>	<u>10,904,426</u>	<u>12,139,548</u>
<b>Business-type activities:</b>				
Water Utility	746,930	946,892	948,453	1,087,748
Sewer Utility	890,619	967,021	986,383	1,075,369
Municipal Airport	404,940	434,727	456,878	490,437
Multi-Use Sports Complex	<u>382,024</u>	<u>1,613,148</u>	<u>1,613,022</u>	<u>1,659,328</u>
Total Business-type activities	<u>2,424,513</u>	<u>3,961,788</u>	<u>4,004,736</u>	<u>4,312,882</u>
Total Expenses	<u>\$ 10,315,694</u>	<u>13,512,886</u>	<u>14,909,162</u>	<u>16,452,430</u>
<b>Program Revenues</b>				
<b>Governmental activities:</b>				
Fees, Fines & Charges for services:				
General Government	\$ 46,632	84,850	52,967	34,274
Public Safety	66,492	1,165,503	1,394,672	1,557,226
Public Works	35,400	554,450	100	-
Cultural and recreation	26,240	396,564	416,794	419,207
Operating grants and contributions	787,076	364,245	293,038	340,915
Capital grants and contributions	<u>2,704,812</u>	<u>2,835,696</u>	<u>2,053,199</u>	<u>730,639</u>
Total governmental activities program revenues	<u>3,666,652</u>	<u>5,401,308</u>	<u>4,210,770</u>	<u>3,082,261</u>
<b>Business-type activities:</b>				
Water Utility	688,170	743,673	764,216	769,376
Sewer Utility	642,068	642,553	656,759	673,985
Municipal Airport	44,180	56,047	66,225	67,902
Multi-Use Sports Complex	63,599	576,555	642,091	728,117
Operating grants and contributions	-	-	-	-
Capital grants and contributions	<u>1,726,849</u>	<u>3,196,010</u>	<u>1,906,555</u>	<u>4,828,574</u>
Total business-type activities program revenues:	<u>3,164,866</u>	<u>5,214,838</u>	<u>4,035,846</u>	<u>7,067,954</u>
Total primary government program revenues	<u>\$ 6,831,518</u>	<u>10,616,146</u>	<u>8,246,616</u>	<u>10,150,215</u>
<b>Net (expenses)/revenue</b>				
Government activities	\$ (4,224,529)	(4,149,790)	(6,693,656)	(9,057,287)
Business-type activities	<u>740,353</u>	<u>1,253,050</u>	<u>31,110</u>	<u>2,755,072</u>
Total primary government net expense	<u>\$ (3,484,176)</u>	<u>(2,896,740)</u>	<u>(6,662,546)</u>	<u>(6,302,215)</u>

**CITY OF WASILLA**  
**Changes in Net Assets**  
**Last Four Fiscal Years**  
 (accrual basis of accounting)  
 continued

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental activities:				
Sales Taxes	\$ 7,659,612	8,346,749	8,976,284	9,658,193
Property Taxes	235,621	179,547	194,627	2,722
Vehicle Taxes	95,145	100,725	91,630	96,190
Grants and entitlements not restricted to a specific purpose	333,124	226,516	376,984	773,246
Investment earnings	76,293	176,928	181,753	457,286
Other	123,614	121,429	25,213	90,005
Transfers	<u>(1,108,823)</u>	<u>(1,080,002)</u>	<u>(675,289)</u>	<u>(761,941)</u>
Total governmental activities	<u>7,414,586</u>	<u>8,071,892</u>	<u>9,171,202</u>	<u>10,315,701</u>
Business-type activities:				
Taxes	1,880,477	2,087,056	2,244,071	2,414,673
Payments in lieu of assessments	92,367	-	-	-
Grants and entitlements not restricted to a specific purpose	-	-	25,628	28,037
Investment earnings	10,773	65,450	143,066	205,401
Other	35,930	27,104		2,738
Tranfers	<u>1,108,823</u>	<u>1,080,002</u>	<u>675,289</u>	<u>761,941</u>
Total business-type activities	<u>3,128,370</u>	<u>3,259,612</u>	<u>3,088,054</u>	<u>3,412,790</u>
Total primary government	10,542,956	11,331,504	12,259,256	13,728,491
<b>Changes in Net Assets</b>				
Governmental activities	3,190,057	3,922,102	2,477,546	1,258,414
Business-type activities	<u>3,868,723</u>	<u>4,512,662</u>	<u>3,119,164</u>	<u>6,167,862</u>
Total primary government	\$ <u>7,058,780</u>	<u>8,434,764</u>	<u>5,596,710</u>	<u>7,426,276</u>

**CITY OF WASILLA**  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Fund										
Reserved	\$ 190,823	162,943	255,479	225,465	190,173	227,553	183,998	164,753	618,526	550,401
Unreserved	4,568,288	4,694,445	4,237,415	4,676,505	4,417,739	4,562,994	5,319,647	5,383,604	5,201,696	5,560,456
Total General Fund	\$ 4,759,111	4,857,388	4,492,894	4,901,970	4,607,912	4,790,547	5,503,645	5,548,357	5,820,222	6,110,857
All Other Governmental Funds										
Reserved - other funds	\$ 744,021	2,731,815	880,567	1,332,408	1,133,777	591,798	1,016,659	659,965	746,580	788,915
Reserved - permanent funds	79,505	95,397	102,105	111,380	117,780	128,905	145,705	164,505	175,705	187,105
Unreserved, reported in:										
Special revenue funds	21,881	112,240	58,591	26,706	836,959	212,329	122,898	476,158	613,996	463,568
Debt service funds	237,958	297,601	332,828	367,578	232,475	332,400	357,001	365,588	382,730	423,639
Capital projects funds	7,054,862	3,525,143	3,911,251	1,471,383	15,628,390	1,926,885	939,960	1,442,295	1,436,989	1,482,878
Fiduciary	16,728	20,071	-	-	-	-	-	-	-	-
Total all other Governmental Fund	\$ 8,154,955	6,782,267	5,285,342	3,309,455	17,949,381	3,192,317	2,582,223	3,108,511	3,356,000	3,346,105

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

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Revenues</b>										
Taxes:										
Sales Tax	\$ 4,656,270	4,932,494	5,509,279	5,985,169	6,497,070	7,135,583	7,659,612	8,346,749	8,976,284	9,658,193
Property and vehicle taxes	465,494	439,901	440,877	420,516	404,632	273,619	330,766	280,272	286,257	98,912
Intergovernmental	1,060,008	2,318,133	1,663,277	1,285,823	1,417,068	1,403,622	3,827,307	4,444,364	3,016,976	2,320,519
Investment earnings	490,879	653,695	528,552	522,855	349,055	258,862	76,294	176,928	181,753	457,286
Other revenues	712,870	717,316	1,049,012	760,067	563,718	673,972	593,593	1,474,404	1,751,403	1,719,860
<b>Total Revenues</b>	<u>7,385,521</u>	<u>9,061,539</u>	<u>9,190,997</u>	<u>8,974,430</u>	<u>9,231,543</u>	<u>9,745,658</u>	<u>12,487,572</u>	<u>14,722,717</u>	<u>14,212,673</u>	<u>14,254,770</u>
<b>Expenditures:</b>										
General government	1,283,709	1,335,308	1,362,431	1,468,399	1,524,348	1,845,071	1,706,023	1,815,628	1,880,357	2,395,634
Public safety	1,289,878	1,502,984	1,632,413	1,752,855	1,950,183	1,990,275	2,212,835	3,286,366	3,950,162	4,622,369
Public works	731,585	728,392	754,122	1,089,402	1,093,759	1,289,360	1,328,883	1,611,765	1,905,214	1,871,951
Culture and recreation	486,756	439,771	480,528	519,655	458,926	460,436	497,858	581,136	620,317	715,929
Non-departmental	-	-	63,326	59,951	59,238	54,204	66,154	66,590	32,987	30,528
Allocation of Admin services to other funds	(47,564)	-	-	-	-	-	-	-	-	-
Library	572,483	575,833	539,217	511,964	584,355	602,949	663,472	685,316	699,278	720,935
Youth Court	101,751	120,700	130,526	154,649	141,343	145,368	153,312	141,012	134,999	150,649
Capital Outlay	1,805,596	4,382,531	4,840,525	3,543,124	2,187,939	2,153,900	3,998,267	4,112,880	3,232,681	2,193,371
Debt Service	333,429	486,298	642,999	745,646	939,157	658,662	881,422	771,022	562,035	556,311
<b>Total expenditures</b>	<u>6,557,623</u>	<u>9,571,817</u>	<u>10,446,087</u>	<u>9,845,645</u>	<u>8,939,248</u>	<u>9,200,225</u>	<u>11,508,226</u>	<u>13,071,715</u>	<u>13,018,030</u>	<u>13,257,677</u>
Excess of revenues over (under) expenditures	827,898	(510,278)	(1,255,090)	(871,215)	292,295	545,433	979,346	1,651,002	1,194,643	997,093
<b>Other financing sources (uses)</b>										
Bond Proceeds	5,500,000	287,200	189,320	216,488	14,828,128	346,028	-	-	-	45,588
Transfers in	1,424,156	1,213,425	2,354,068	933,431	2,103,568	3,268,557	1,628,868	2,710,880	2,940,076	2,430,840
Transfers out	(1,483,012)	(1,311,267)	(2,506,686)	(1,084,495)	(2,184,523)	(3,339,061)	(2,737,691)	(3,790,882)	(3,615,365)	(3,192,781)
Cumulative affect of a change in accounting principle	-	-	-	-	-	-	232,481	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>5,441,144</u>	<u>189,358</u>	<u>36,702</u>	<u>65,424</u>	<u>14,747,173</u>	<u>275,524</u>	<u>(876,342)</u>	<u>(1,080,002)</u>	<u>(675,289)</u>	<u>(716,353)</u>
<b>Net change in fund balance</b>	<u>\$ 6,269,042</u>	<u>(320,920)</u>	<u>(1,218,388)</u>	<u>(805,791)</u>	<u>15,039,468</u>	<u>820,957</u>	<u>103,004</u>	<u>571,000</u>	<u>519,354</u>	<u>280,740</u>
Debt service as a percentage of noncapital expenditures	7.02%	9.37%	11.47%	11.83%	13.91%	9.35%	11.74%	8.61%	5.74%	5.03%
<b>Total non-capital expenditures</b>	\$ 4,752,027	5,189,286	5,605,562	6,302,521	6,751,309	7,046,325	7,509,959	8,958,835	9,785,349	11,064,306

**CITY OF WASILLA**  
**General Governmental Tax Revenues by Source**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)

Fiscal Year Ended June 30	Total <u>Taxes</u>	Property <u>Taxes</u>	Sales <u>Taxes</u>	Vehicle <u>Taxes</u>
1998	\$ 5,121,764	\$ 465,494	\$ 4,656,270	\$ -
1999	5,303,796	371,302	4,932,494	-
2000	5,950,156	363,867	5,509,279	77,010
2001	6,405,684	342,320	5,985,169	78,195
2002	6,901,701	321,112	6,497,069	83,520
2003	7,411,598	193,980	7,135,583	82,035
2004	7,990,378	235,621	7,659,612	95,145
2005	8,627,021	179,547	8,346,749	100,725
2006	9,262,541	194,627	8,976,284	91,630
2007	9,757,105	2,722	9,658,193	96,190

- (1) Property taxes were capped at 2 mils effective for FY 94.
- (2) During FY95 the City implemented GASB 22.
- (3) A dedicated .5% sales tax on retail sales and services was approved by the voters in October 2001, becoming effective July 1, 2002.  
The dedicated sales tax will be used to retire the Multi-use Sports complex general obligation bonds.
- (4) Property taxes were reduced to 0% effective FY07.

**CITY OF WASILLA**  
**General Government Sales Tax Revenue By Category**  
**June 30, 2007**

<u>Category</u>	<u>Total Sales Tax Revenue</u>	<u>Percentage of Total</u>
Retail & Food Stores	\$ 4,818,472	49.89%
Building Materials & Home Furnishings	1,262,326	13.07%
Service Stations (inc. oil & lube centers)	756,236	7.83%
Eating & Drinking Establishments	716,638	7.42%
Utilities	552,449	5.72%
Auto Dealers & Auto Supply Stores	236,626	2.45%
Other Outlets	<u>1,315,446</u>	<u>13.62%</u>
	\$ 9,658,193	100.00%

**CITY OF WASILLA**  
 Assessed Value and Estimated Actual Value of Taxable Property  
 Last Ten Fiscal Years

Fiscal Year	Real	Personal Property (1)	Total Assessed Value Net of	Estimated Actual Value (1)	Assessed Value as a Percentage of
1998	\$ 268,459,100	\$ 46,586,585	\$ 299,376,085	\$ 305,409,300	98.02%
1999	303,475,800	-	286,868,900	305,214,400	93.99%
2000	322,482,900	-	304,377,400	342,576,700	88.85%
2001	361,413,900	-	341,866,700	360,629,100	94.80%
2002	381,258,900	-	360,261,400	377,912,600	95.33%
2003	408,866,900	-	387,961,600	395,409,800	98.12%
2004	445,441,100	-	418,986,300	431,953,800	97.00%
2005	530,369,900	-	500,749,673	565,833,000	88.50%
2006	681,562,200	-	649,749,673	697,654,800	93.13%
2007	757,255,300	-	765,719,400	843,508,500	90.78%

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

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

<u>Fiscal Year</u>	<u>Mat-Su Borough</u>	<u>Wasilla Fire Service Area</u>	<u>City of Wasilla</u>	<u>Total</u>
1998	11.500	1.300	1.500	14.300
1999	11.730	1.000	1.300	14.030
2000	12.500	1.000	1.200	14.700
2001	11.940	1.000	1.000	13.940
2002	13.133	1.000	0.900	15.033
2003	11.702	1.000	0.500	13.202
2004	11.483	1.000	0.500	12.983
2005	11.800	1.500	0.400	13.700
2006	10.880	1.500	0.300	12.680
2007	9.644	1.42	0	11.064

Tax Rate - Millage per \$1,000 of assessed value.



**CITY OF WASILLA**  
**Principal Property Taxpayers**  
**June 30, 2007**

<u>Taxpayer</u>	<u>Nature of Business</u>	<u>Assessment Value</u>
Fred Meyer Stores	Retail Store	\$ 17,688,500
Wal-Mart Stores Inc.	Retail Store	16,933,600
Lowe's HIW Inc	Retail Store	16,227,700
Gary Lundgren	Real Estate Investor	15,314,900
DBC LLC	Property Development and Retail Mall	13,300,000
Wasilla LLC	Property Development and Retail Mall	12,712,500
Mat-Su Valley Medical Center	Medical Facilities	12,079,000
Global Finance & Investment Co.	Real Estate Investor	10,325,600
Home Depot USA	Retail Store	9,399,800
Newcomb Family Trust	Property Development	<u>8,472,400</u>
Total		\$ <u><u>132,454,000</u></u>

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

<u>Fiscal Year Ended June 30</u>	<u>City Levy</u>	<u>Amount Collected</u>	<u>Percentage of Levy</u>	<u>Amount of Levy Uncollected</u>	<u>Amount of Levy Uncollected as Percentage of Total Taxes</u>
1998	\$ 449,064	\$ 455,322	101.39%	\$ (6,258)	-1.39%
1999	372,930	371,302	99.56%	1,628	0.44%
2000	365,253	363,867	99.62%	1,386	0.38%
2001	341,867	342,320	100.13%	(453)	-0.13%
2002	324,235	321,112	99.04%	3,123	0.96%
2003	193,980	191,584	98.76%	2,396	1.24%
2004	207,000	235,620	113.83%	(28,620)	-13.83%
2005	200,299	179,547	89.64%	20,752	10.36%
2006	194,924	194,625	99.85%	299	0.15%
2007	-	-	-	-	-

**CITY OF WASILLA**  
Ratio of Annual Debt Service Expenditures  
For General Obligation Bonded Debt  
To Total General Governmental Expenditures  
Last Ten Fiscal Years (1)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest (2)</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures (3)</u>	<u>Ratio of Debt Service To General Governmental Expenditures</u>
1998	\$ -	\$ -	\$ -	\$4,799,591	0.00%
1999	-	281,341	281,341	5,189,286	5.42%
2000	170,000	276,241	446,241	5,605,562	7.96%
2001	175,000	265,891	440,891	6,302,521	7.00%
2002	185,000	255,323	440,323	6,751,309	6.52%
2003	195,000	244,398	439,398	7,046,325	6.24%
2004	205,000	233,026	438,026	7,891,181	5.55%
2005	225,000	209,810	434,810	8,958,835	4.85%
2006	225,000	209,810	434,810	9,785,349	4.44%
2007	235,000	166,392	401,392	11,064,306	3.63%

(1) The City of Wasilla issued its first general obligation debt in Fiscal Year 1998.

(2) Excludes bond issuance and other costs.

(3) Includes General, Special Revenue and Debt Service Funds.

(4) Does not include principal and interest payments on Multi-use Sports Complex General Obligation Bonds which are paid out of the Multi-use Sports Complex Enterprise Fund.

**CITY OF WASILLA**  
 Computation of Direct and Overlapping General Obligation Debt  
 June 30, 2007

<u>Name of Governmental Unit</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to this Governmental Unit</u>	<u>City of Wasilla's Share of Debt</u>
City of Wasilla	\$ 12,995,000	100.00%	\$ 12,995,000
Matanuska Susitna Borough	180,025,000	11%	20,596,585
 Total Direct and Overlapping	 \$ <u>193,020,000</u>		 \$ <u>33,591,585</u>

**CITY OF WASILLA**  
 Selected Demographics  
 Fiscal Years 1998-2007

City of Wasilla			Mat-Su Borough				
Fiscal Year	Population	School Enrollment	Population	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate (Annual)
1998	5,134	4,848	54,153	\$24,053	NA	12,781	6.9
1999	5,271	4,922	55,694	\$24,227	NA	12,699	8.1
2000	5,469	4,888	59,322	\$25,902	34.1	12,513	7.1
2001	5,963	5,178	61,737	\$28,693	34.2	12,745	6.9
2002	6,364	5,831	64,329	\$29,047	34.3	13,064	7.8
2003	7,067	6,063	67,841	\$28,962	34.3	13,588	8.3
2004	7,729	6,284	70,482	\$29,376	34.5	14,303	7.8
2005	8,471	6,435	74,041	\$30,279	34.6	14,662	7.2
2006	9,236	6,774	80,408	Not Available	35	15,949	6.5
2007	9,236	Not Available	80,408	Not Available	35	Not Available	6.5
Source	US Census	Mat-Su School Dist	US Census	Bureau of Economic	State of Alaska	Mat-Su School Dist	State of Alaska

**CITY OF WASILLA**  
Principal Employers in the City of Wasilla

<b>Employer</b>	<b>2007</b>	
	<b>Employees</b>	<b>Rank</b>
WAL-MART ASSOCIATES INC	375	1
FRED MEYER STORES INC	242	2
SPENARD BUILDERS SUPPLY INC	203	3
SAFEWAY INC	183	4
LOWES HIW INC	145	5
WASILLA CITY OF	134	6
HOME DEPOT THE	122	7
NYE FRONTIER FORD INC	118	8
JOB READY INC	117	9
MCDONALD'S RESTAURANTS OF AK	90	10
GCI COMMUNICATION CORP	89	11
SEARS ROEBUCK AND CO	75	12
LITHIA MOTORS SUPPORT SERVICES	73	13

Source: Alaska Department of Labor

**CITY OF WASILLA**  
**Fuel-Time Equivalent Employees By Function**  
**Last Seven Fiscal Years**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
City Clerk	2.50	2.50	2.50	2.00	2.00	2.00	2
Mayor	3.00	3.00	3.00	2.00	2.00	2.00	1
General Admin Services	1.00	1.00	1.00	1.00	1.00	1.00	2
Finance/MIS	7.00	7.00	7.00	7.00	7.75	7.75	9
Community & Econ Development	3.00	3.00	3.00	3.00	3.00	4.00	3
Police	18.00	20.00	20.00	26.00	40.00	47.00	47
Youth Court	2.50	2.50	2.50	2.50	2.50	1.50	1.5
Public Works	15.00	15.75	16.29	19.00	18.00	21.00	23
Museum	2.00	1.00	1.00	1.00	1.00	1.50	1.5
Recreation Facilities Maintenance	3.59	3.09	3.55	2.55	2.55	2.55	2
Sports Complex/Recreation Services				10.90	10.90	11.89	7
Library	9.00	9.50	9.50	9.50	9.50	9.50	9.5
<b>Total</b>	<u>66.59</u>	<u>68.34</u>	<u>69.34</u>	<u>86.45</u>	<u>100.20</u>	<u>111.69</u>	<u>108.5</u>

(1) Full-Time Equivalents represent number of full-time equivalent positions authorized.

**CITY OF WASILLA**  
 Operating Indicators by Function  
 Last Ten Years

Function	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Public Safety</b>										
Police Services:										
Police requests for service	7,242	7,831	8,057	8,429	8,378	8,102	6,759	6,651	6,730	11,175
Criminal arrests	735	732	668	766	811	740	672	608	729	605
Animal Control										
Total Calls	-	-	-	-	-	-	271	329	347	254
Animals Handled	-	-	-	-	-	-	171	187	70	145
<b>Water and Wastewater</b>										
Water Production Avg gallons per day	449,000	480,000	512,000	473,000	472,000	519,000	549,000	641,000	566,000	653,000
Average July Readings Spruce Ave. Only										
Wastewater Treatment Avg. gallons per day	201,000	208,000	308,000	169,000	254,000	371,000	306,000	300,000	338,000	337,900
Average July Readings										

\* Public Safety reported on Calendar Year.  
 Water and Wastewater reported on Fiscal Year.



**CITY OF WASILLA**  
 Capital Asset Statistics By Function  
 Last Ten Fiscal Years

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Miles of Streets:	61.90	62.06	62.35	62.35	62.47	62.47	63.26	63.26	63.26	63.62
Miles of Water Lines:	7.56	10.36	10.89	11.97	13.01	14.44	17.40	18.53	20.44	22.35
Miles of Sewer Lines:	19.67	20.68	20.68	20.68	21.20	21.81	22.76	22.97	23.02	23.02
Police Protection:										
Number of Stations:	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Recreation:										
Number of Facilities:										
Parks:	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Ball Fields:							5.00	5.00	5.00	5.00
Recreation Center:	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Fitness Trails:	1.00	1.00	1.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00
Multi-Purpose Facility:	-	-	-	-	-	-	1.00	1.00	1.00	1.00

(this page left blank intentionally)

**SINGLE AUDIT SECTION**

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Wasilla, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents and have issued our report thereon dated November 26, 2007. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Wasilla's internal control over financial reporting 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 of Wasilla's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Wasilla's internal control over financial reporting.

A *control deficiency* 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 misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Honorable Mayor and City Council  
City of Wasilla, Alaska

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Wasilla's financial statements are free of 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*.

This report is intended solely for the information and use of City of Wasilla's management, Honorable Mayor and City Council, and appropriate federal agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Mikunda, Cottrell & Co.*

Anchorage, Alaska  
November 26, 2007

Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

Honorable Mayor and City Council  
City of Wasilla, Alaska

Compliance

We have audited the compliance of City of Wasilla with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. City of Wasilla's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of City of Wasilla's management. Our responsibility is to express an opinion on City of Wasilla's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 federal program occurred. An audit includes examining, on a test basis, evidence about 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. Our audit does not provide a legal determination on City of Wasilla's compliance with those requirements.

In our opinion, City of Wasilla complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of City of Wasilla is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered City of Wasilla's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 City of Wasilla's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by an entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above.

This report is intended solely for the information and use of City of Wasilla's management, Honorable Mayor and City Council, and appropriate federal agencies, and is not intended to be and should not be used by anyone other than these specified parties.

*Mikunda, Cottrell & Co.*

Anchorage, Alaska  
November 26, 2007

**CITY OF WASILLA, ALASKA**

Schedule of Findings and Questioned Costs

Year Ended June 30, 2007

**AUDIT COMPONENT**

**AUDIT RESULT**

**I. Summary of Auditor's Results:**

Financial Statements:

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

- Material weaknesses identified?

yes  no

- Reportable conditions identified that are not considered to be material weaknesses?

yes  none reported

Noncompliance material to financial statements noted?

yes  no

Federal Awards:

Internal control over major programs:

- Material weaknesses identified?

yes  no

- Reportable conditions identified that are not considered to be material weaknesses?

yes  none reported

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

Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

yes  no

Major program:

<u>Agency</u>	<u>CFDA Number</u>
Department of Transportation	20.106
Environmental Protection Agency	66.202

<u>Program</u>
Wasilla Airport Apron
Garden Terrace Water Main Extension

Dollar threshold used to distinguish between Type A and B programs

\$300,000

Low-risk auditee

Yes

**II. Financial Statement Findings**

None noted

**III. Federal Awards Findings and Questioned Costs**

None noted



**CITY OF WASILLA, ALASKA**

**Summary Schedule of Prior Audit Findings**

**Year Ended June 30, 2007**

There were no prior year audit findings. ....

**CITY OF WASILLA, ALASKA**

Corrective Action Plan

Year Ended June 30, 2007

There are no current year findings; therefore no corrective action plan is required.

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Wasilla, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents and have issued our report thereon dated November 26, 2007. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Wasilla's internal control over financial reporting 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 of Wasilla's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Wasilla's internal control over financial reporting.

A *control deficiency* 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 misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Honorable Mayor and City Council  
City of Wasilla, Alaska

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Wasilla's financial statements are free of 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*.

This report is intended solely for the information and use of City of Wasilla's management, Honorable Mayor and City Council, and appropriate state agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Mikunda, Cottrell & Co.*

Anchorage, Alaska  
November 26, 2007

Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*

Honorable Mayor and City Council  
City of Wasilla, Alaska

Compliance

We have audited the compliance of City of Wasilla with the types of compliance requirements described in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that are applicable to each of its major state programs for the year ended June 30, 2007. City of Wasilla's major state programs are identified in the accompanying schedule of state financial assistance. Compliance with laws, regulations, contracts, and grants applicable to each of its major state programs is the responsibility of City of Wasilla's management. Our responsibility is to express an opinion on City of Wasilla's compliance based on our audit.

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 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. Our audit does not provide a legal determination of City of Wasilla's compliance with those requirements.

In our opinion, City of Wasilla complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended June 30, 2007.

Honorable Mayor and City Council  
City of Wasilla, Alaska

Internal Control Over Compliance

The management of City of Wasilla is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to state programs. In planning and performing our audit, we considered City of Wasilla's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a state program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a state program such that there is more than a remote likelihood that material noncompliance with a type of compliance requirement of a state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by an entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses as defined above.

This report is intended solely for the information and use of City of Wasilla's management, Honorable Mayor and City Council, and appropriate state agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Mikunda, Cottrell & Co.*

Anchorage, Alaska  
November 26, 2007