

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

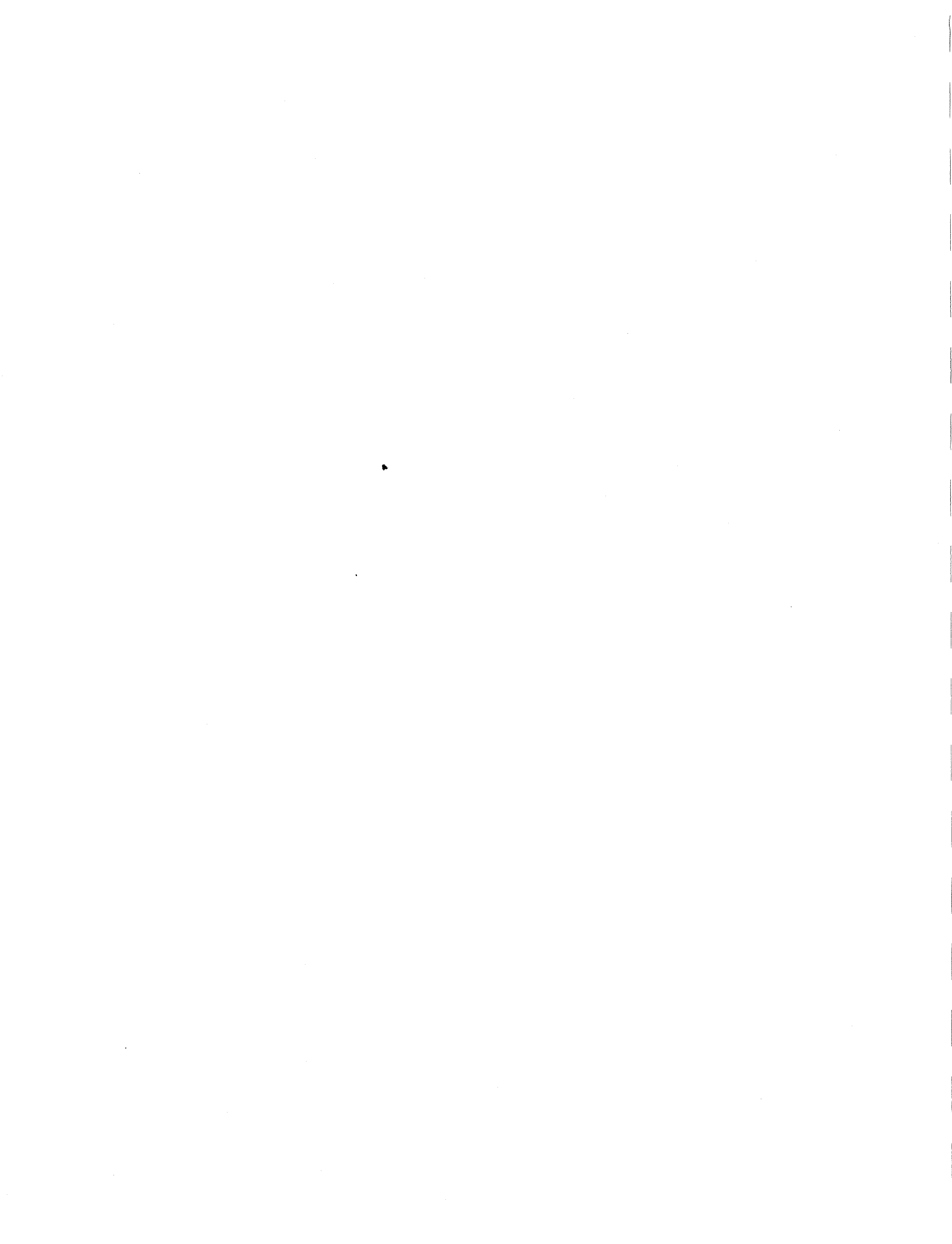
CITY OF WASILLA, ALASKA

June 30, 2006

Dianne M. Keller
Mayor

Prepared By
Finance Department

Ted Leonard
Finance Director



CITY OF WASILLA, ALASKA

Comprehensive Annual Financial Report

Year Ended June 30, 2006

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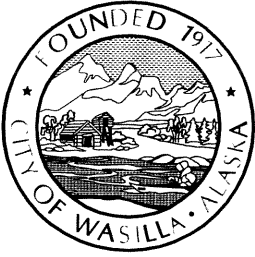
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CITY OF WASILLA

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

November 18, 2006

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, 2006, is hereby submitted. The City's Finance Department prepared the report. 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, museums, library and other cultural services. In addition to general governmental activities, the City provides financial support to certain community service organizations, which promote education, health care, recreation, arts, and economic stability for the citizens of the community.

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 much less than in Anchorage due to an abundance of less expensive land. Many residents in our workforce travel the daily commute to Anchorage and find the quality of life quite high 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 most significant actions that the City took in FY06 were the initiation of projects to improve our infrastructure, including resurfacing of roads, and major extensions to our water and sewer system. The road improvements and water and sewer extensions will continue to help spur development in the core area of the City. We are continuing to work with other government agencies to improve the traffic flow in and around our community.

Major improvements in parks and recreation facilities built at Iditapark are progressing. One of the most exciting initiatives for the City has been the completion of construction of our Multi-use Sports Complex. Due to the opening of the sports complex, we are becoming more of a “destination point” in South Central Alaska.

The voters passed a bond proposition on March 5, 2002 to build a \$14,700,000 Multi-use Sports Complex and it was opened in February 2004. In FY 07, we will be adding a commercial kitchen to the complex. We believe that with continued improvements and additions to the facility, the facility will continue to be a key component in spurring more economic development in the surrounding area.

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. Any outstanding operating encumbrances are charged against the new year's budget. 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 the 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 Joint 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 Susan Colligan, Sally Schug, Sharon Sinko, Kelly Caldwell, Deborah Davis, April Dwyer, 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.

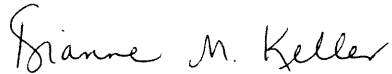
Certificate of Achievement

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, 2005. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

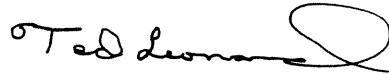
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal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



Ted Leonard, CMA, SPHR
Director of Finance and Admin. Services

CITY OF WASILLA, ALASKA

CITY OFFICIALS

CITY COUNCIL

Howard O'Neil (Deputy Mayor)
Steven Menard
Ron Cox

Diana L. Straub
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
Deputy Director of Finance
Culture & Recreation Manager
Police Chief
Deputy Police Chief
Deputy Administrator

Dianne M. Keller
Archie Giddings
William W. Harvey
Kristie Smithers
Jamie Newman
Ted Leonard
Susan Colligan
Bruce Urban
Don Savage
John Glass
Sandra Garley

PLANNING COMMISSION

Jessie Elkins
Dorothy (Peaches) Hamilton
Gregory Koskela
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

John L. Maketa
Raymond J. Block (Chair)

CONSULTANTS

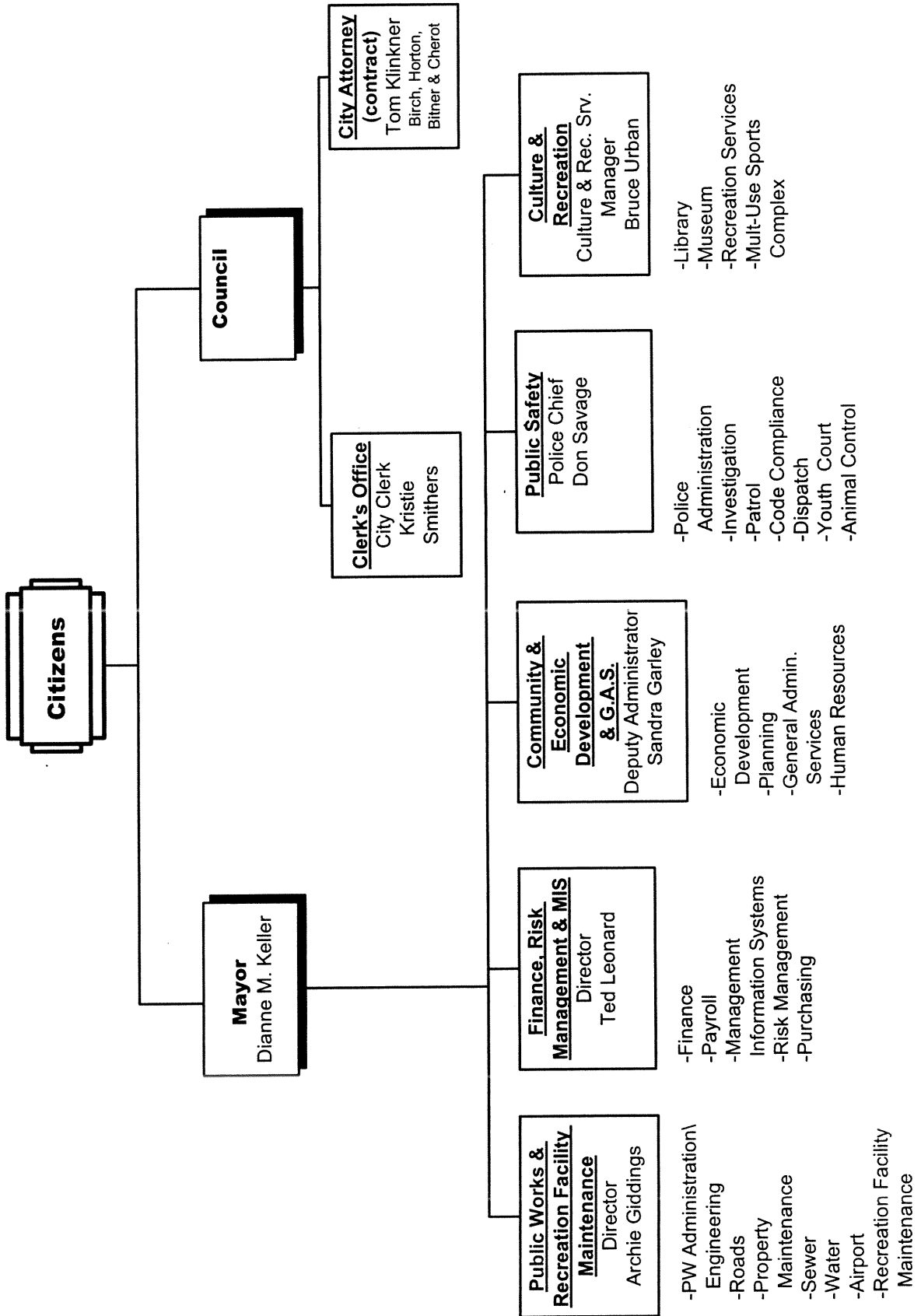
City Attorney
Auditors
Insurance Pool

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, 2005

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.



Carla E. Fudge

President

Jeffrey R. Emmer

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, 2006 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, 2006, 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 October 6, 2006 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.

October 6, 2006

CITY OF WASILLA

Management's Discussion and Analysis

June 30, 2006

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, 2006. 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 \$77,076,418 (total net assets). Of this amount, \$11,879,168 (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 \$9,176,222. Of this total, \$5,584,426 is undesignated and available for spending at the government's discretion.
- The City's total outstanding debt decreased by \$1,549,176 to a year-end balance of \$19,878,944. 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 Nonmajor Governmental Funds on the Governmental Funds Balance Sheet and Governmental Statement of Revenues, Expenditures, and Changes in Fund Balances. Individual fund information for the 19 nonmajor funds is presented in Combining Balance Sheets for Nonmajor Governmental Funds and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances for Nonmajor Funds, by fund type.

The City 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 30-49 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 44-47 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented on pages 61 and 62. Combining and individual fund statements and schedules can be found on pages 64 through 108.

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 \$77,076,418 at the close of the most recent fiscal year.

By far the largest portion of the City of Wasilla's net assets (82.5%) 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, 2006

	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>		<u>Activities</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Current and other assets	\$ 9,543,502	9,715,327	5,787,923	5,358,492	15,331,425	15,073,819
Capital assets, net of depreciation	<u>27,609,283</u>	<u>25,604,561</u>	<u>55,148,607</u>	<u>53,810,491</u>	<u>82,757,890</u>	<u>79,415,052</u>
Total assets	<u>\$ 37,152,785</u>	<u>35,319,888</u>	<u>60,936,530</u>	<u>59,168,983</u>	<u>98,089,315</u>	<u>94,488,871</u>
Long-term liabilities outstanding	\$ 5,182,246	5,288,315	14,763,012	16,215,592	19,945,258	21,503,907
Other liabilities	<u>111,658</u>	<u>650,238</u>	<u>955,981</u>	<u>855,018</u>	<u>1,067,639</u>	<u>1,505,256</u>
Total liabilities	<u>\$ 5,293,904</u>	<u>5,938,553</u>	<u>15,718,993</u>	<u>17,070,610</u>	<u>21,012,897</u>	<u>23,009,163</u>
Net assets:						
Invested in capital assets, net of related debt	\$ 23,130,317	20,799,331	40,517,807	37,690,590	63,648,124	58,489,921
Restricted for debt service	-	-	1,549,126	1,010,688	1,549,126	1,010,688
Unrestricted	<u>8,728,564</u>	<u>8,582,004</u>	<u>3,150,604</u>	<u>3,397,095</u>	<u>11,879,168</u>	<u>11,979,099</u>
Total net assets	<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>

An additional portion of the City of Wasilla's net assets (2.0%) represents sources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$11,879,168) 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.

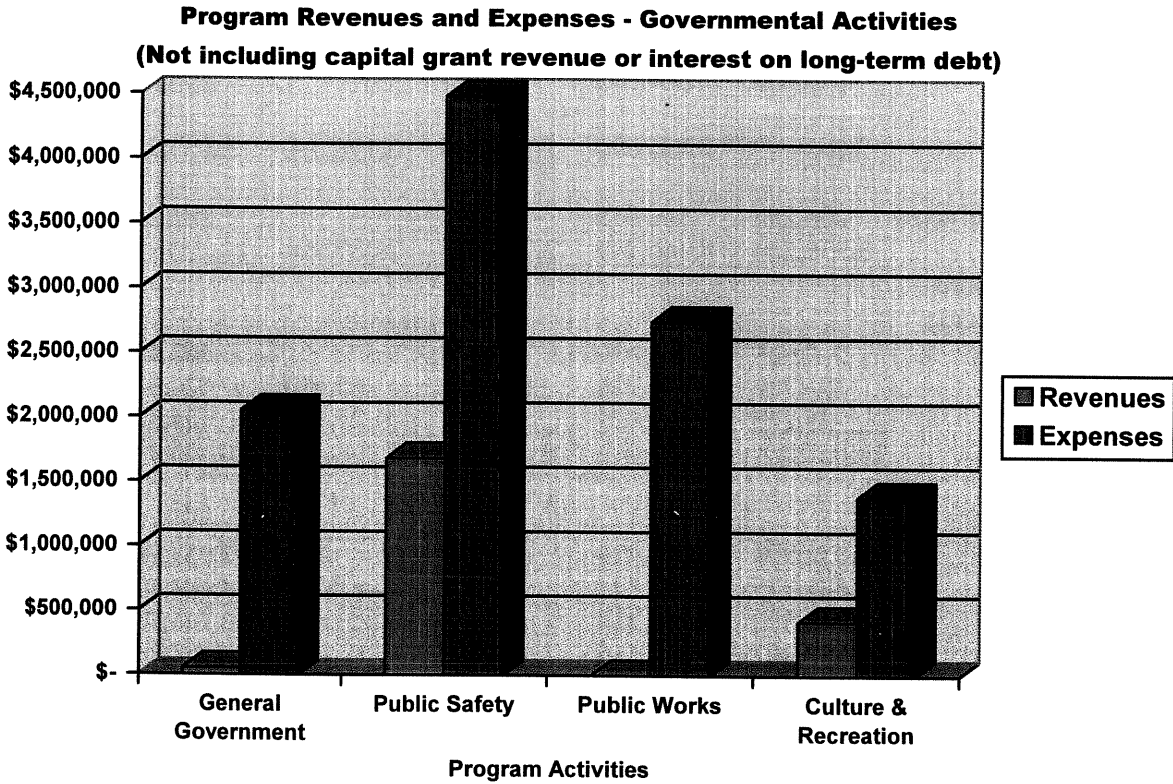
The government's net assets increased by \$5,596,710 during the current fiscal year. Over 71% of this increase represents capital grant and contributions for construction of capital projects. The remainder of the growth largely reflects the degree to which increases in ongoing revenues have outstripped similar increases in ongoing expenses.

Governmental Activities. Governmental activities increased the City of Wasilla's net assets by \$2,477,546. The largest portion of this increase resulted from capital grants and contributions at \$2,053,199. The remainder of the increase largely reflects the degree to which increases of ongoing revenues exceed ongoing expenses and transfers to other funds (\$424,437).

City of Wasilla's Changes in Net Assets
For Year Ended June 30, 2006

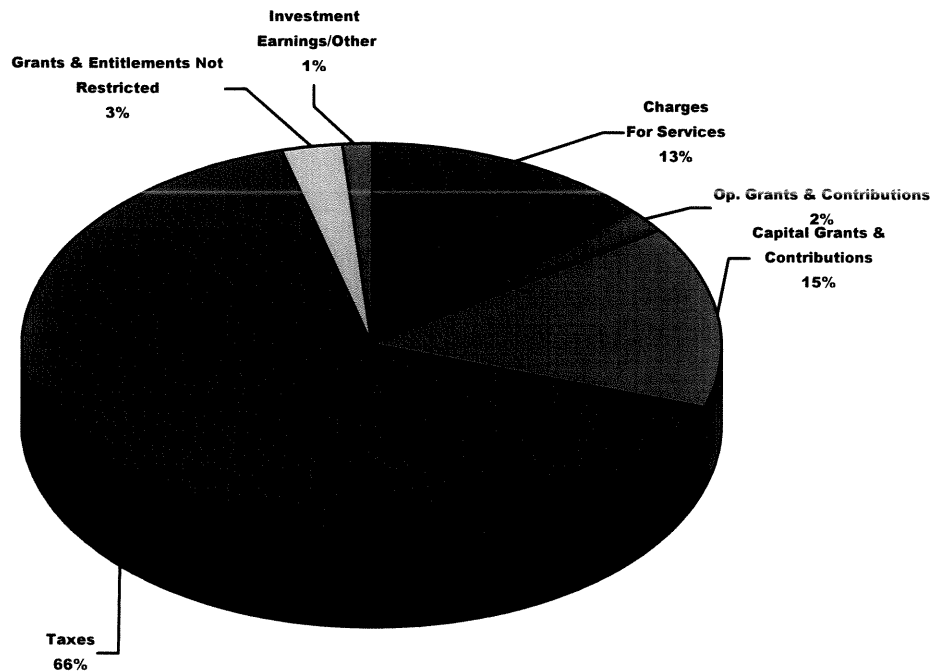
	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>		<u>Activities</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Revenues:						
Program Revenues:						
Charges for services	\$ 1,864,533	2,201,367	2,129,291	2,018,828	3,993,824	4,220,195
Operating grants and contributions	293,038	364,245	-	-	293,038	364,245
Capital grants and contributions	2,053,199	2,835,696	1,906,555	3,196,010	3,959,754	6,031,706
General revenues:						
Property and vehicle taxes	286,257	280,272	-	-	286,257	280,272
Sales taxes	8,976,284	8,346,749	2,244,071	2,087,056	11,220,355	10,433,805
Grants and contributions not restricted to specific programs						
	376,984	226,516	25,628	-	402,612	226,516
Investment income	181,753	176,928	143,066	65,450	324,819	242,378
Other	<u>25,213</u>	<u>121,429</u>	<u>-</u>	<u>27,104</u>	<u>25,213</u>	<u>148,533</u>
Total revenues	<u>14,057,261</u>	<u>14,553,202</u>	<u>6,448,611</u>	<u>7,394,448</u>	<u>20,505,872</u>	<u>21,947,650</u>
Expenses:						
General government	2,053,904	2,050,929	-	-	2,053,904	2,050,929
Public safety	4,483,195	3,692,121	-	-	4,483,195	3,692,121
Public works	2,746,502	2,254,234	-	-	2,746,502	2,254,234
Culture and recreation	1,387,867	1,314,516	-	-	1,387,867	1,314,516
Interest on long-term debt	232,958	239,298	-	-	232,958	239,298
Water utility	-	-	948,453	946,892	948,453	946,892
Sewer utility	-	-	986,383	967,021	986,383	967,021
Municipal Airport	-	-	456,878	434,727	456,878	434,727
Multi-Use Sports Complex	-	-	<u>1,613,022</u>	<u>1,613,148</u>	<u>1,613,022</u>	<u>1,613,148</u>
Total expenses	<u>10,904,426</u>	<u>9,551,098</u>	<u>4,004,736</u>	<u>3,961,788</u>	<u>14,909,162</u>	<u>13,512,886</u>
Increase in net assets before transfers	3,152,835	5,002,104	2,443,875	3,432,660	5,596,710	8,434,764
Transfers	<u>(675,289)</u>	<u>(1,080,002)</u>	<u>675,289</u>	<u>1,080,002</u>	<u>-</u>	<u>-</u>
Increase in net assets	2,477,546	3,922,102	3,119,164	4,512,662	5,596,710	8,434,764
Net assets - Beginning	<u>29,381,335</u>	<u>25,459,233</u>	<u>42,098,373</u>	<u>37,585,711</u>	<u>71,479,708</u>	<u>63,044,944</u>
Net assets - Ending	\$ <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>

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.



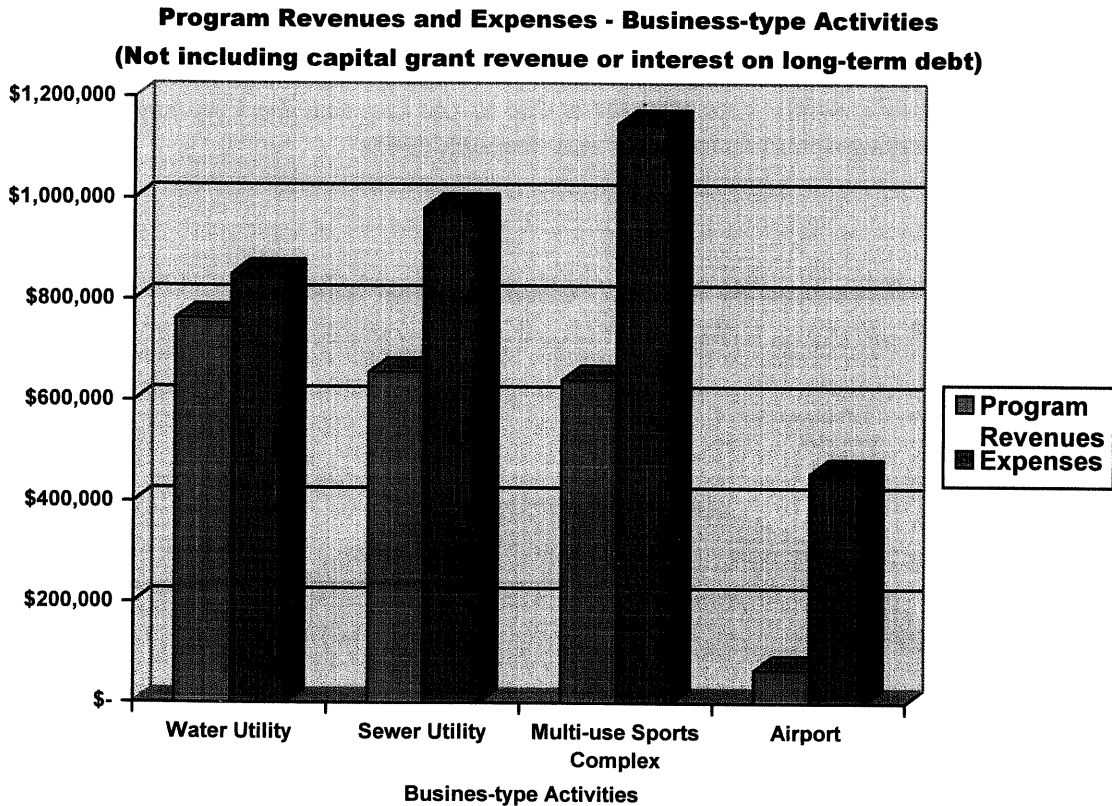
The following graph shows the percentages of all revenue sources for governmental activities. Taxes are the largest revenue source the City of Wasilla has, followed in order by Capital Grants and Contributions, Charges for Services, Nonrestricted Grants and Entitlements, Operating Grants and Contributions, and Investment Income/Other Revenue. Taxes increased from 2005 to 2006 by \$635,520. This increase in tax revenues is the result of the continued trend in growth of sales tax revenue. Sales tax revenue increased by over 7.5% 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. One exception is the public safety expenditures. Those expenditures have increased by \$791,074. The main reason for this increase in public safety expenditures is due to the fact that the City has increased staff by 18% to meet increasing demands in patrol and dispatch needs.

Revenues By Source - Governmental Activities



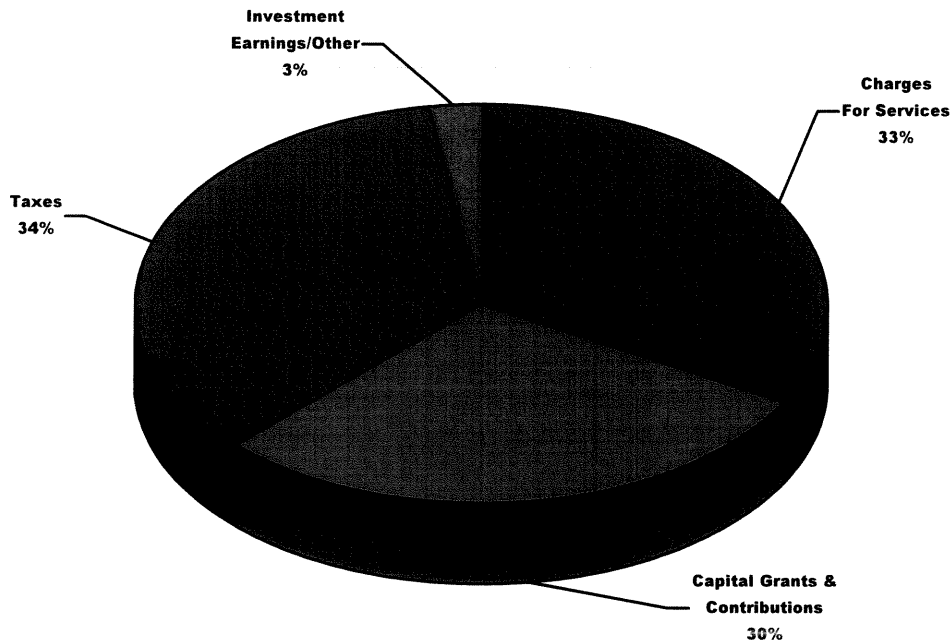
Business-type activities. Business-type activities increased the City of Wasilla's net assets by \$3,119,164. The largest portion of this increase resulted from Capital Grants and Contributions at \$1,906,555. Sales tax dedicated for payment of the debt service on the multi-use sports complex net of interest paid on the debt in FY06 was the second largest contribution at \$1,778,438. 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. Taxes are the largest revenue source the City of Wasilla has, followed in order by Charges for Services, Capital Grants and Contributions, and Investment Earnings and Other Revenue. Taxes increased from 2005 to 2006 by \$157,015. This increase in tax revenues is the result of the continued trend in growth of sales tax revenue. Sales tax revenue increased by over 7.5% from last fiscal year. This growth trend in sales tax is projected to continue in the near future. Charges for services increased by \$110,463. This increase was mainly attributable to an increase in the customer base for the Multi-use Sports Complex. Capital Grants and Contributions decreased from 2005 to 2006 by \$1,289,455.

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 \$9,176,222, an increase of \$519,354 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 16.8% (\$1,540,811) of the total fund balance. The next component is designated fund balance. Our designated fund balance is 22.4% (\$2,050,985) 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 \$5,584,426 (60.8% 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 \$5,201,696 while total fund balance was \$5,820,222. 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 62.3% of total General Fund expenditures, while total fund balance represents 69.7% of that same amount.

The fund balance of the City of Wasilla's General Fund increased by \$271,865 during the current fiscal year. The revised budget for fiscal year 2006 budgeted for a reduction in General Fund balance of \$708,653. Key factors in the fund balance increasing and not decreasing by the budgeted amount include:

- Actual Sales Tax collections were \$264,284 over projections based on the continued expansion in the local economy.
- All expenditure functions of the General Fund were under the revised budget by \$874,676.

The other major fund, the Miscellaneous Projects Capital Project Fund, has a total fund balance of \$933,051. This total amount is reserved and designated for future capital project construction expenditures and encumbrances. The fund balance in this fund has decreased by \$311,885 over the prior year. The key factor in the decrease is that the fund balance was spent on current capital projects.

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 \$1,480,830. 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 \$1,122,000. Unrestricted net assets are projected to remain steady in fiscal year 2007.

The Airport Fund's unrestricted net assets were \$301,031. Unrestricted net assets are projected to remain steady in fiscal year 2007. 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 \$246,743. \$1,549,126 of the net assets is restricted and is 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 \$624,146. The major components of the difference are as follows:

- An appropriation of \$404,613 to transfer funds to the Capital Reserve Fund for future funding of capital construction.
- Increase appropriation of grant revenue of \$130,953 and expenditures were increased in the public safety, and culture and recreation functions for the same amount.
- An appropriation of \$230,148 to transfer funds to the Capital Project Fund to fund current capital projects.

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 \$980,518. The major components of the difference are as follows:

- A positive budget variance in tax revenue collected was primarily due to actual sales tax collected being higher than projected sales tax collected by \$264,284.
- A positive budgetary variance in public safety expenditures was largely due to the actual salaries and benefits being \$250,421 under budget. This positive variance was due to vacancies in budgeted positions and health insurance savings from changing from a low deductible insurance plan to a high deductible insurance plan.
- A negative variance in investment income of \$59,872 that was largely due to actual interest rates being lower than projected interest rates used in the budget due to market conditions.
- A positive variance of \$394,368 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, 2006 amounts to \$82,757,890 (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:

- Dispatch Center completed (both hardware and software implementation completed).
- Miscellaneous road construction projects completed.
- Water and sewer line extensions.
- Airport apron expansion.

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

	Governmental Activities		Business-type Activities		Total Activities	
	2006	2005	2006	2005	2006	2005
Land and land improvements	\$ 4,533,005	4,533,005	5,085,386	5,316,131	9,618,391	9,849,136
Buildings	3,082,589	2,912,639	14,550,351	14,800,695	17,632,940	17,713,334
Improvements other than buildings	-	-	26,258,603	26,831,123	26,258,603	26,831,123
Infrastructure	15,335,188	15,972,608	-	-	15,335,188	15,972,608
Furniture and equipment	1,765,681	626,525	-	-	1,765,681	626,525
Vehicles and equipment	851,274	775,548	2,568,368	2,678,488	3,419,642	3,454,036
Construction in progress	<u>2,041,546</u>	<u>784,236</u>	<u>6,685,899</u>	<u>4,184,054</u>	<u>8,727,445</u>	<u>4,968,290</u>
Total capital assets	<u>\$ 27,609,283</u>	<u>25,604,561</u>	<u>55,148,607</u>	<u>53,810,491</u>	<u>82,757,890</u>	<u>79,415,052</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 \$19,878,944 including \$447,922 of compensated absences and \$387,570 of net pension/OPEB obligation. Of this amount, \$14,605,000 comprises debt backed by the full faith and credit of the government. The remainder of the City of Wasilla's debt represents special assessment bonds and loans secured solely by specified revenue sources in the amount of \$4,438,452 and compensated absences and net pension/OPEB obligation of \$ 835,492.

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

	Governmental Activities		Business-type Activities		Total Activities	
	2006	2005	2006	2005	2006	2005
General Obligation	\$ 4,130,000	4,355,000	10,475,000	11,715,000	14,605,000	16,070,000
Other Debt	703,280	483,085	132,212	95,691	835,492	578,776
Loans, Long-Term	<u>348,966</u>	<u>450,230</u>	<u>4,089,486</u>	<u>4,329,114</u>	<u>4,438,452</u>	<u>4,779,344</u>
Total Long-Term Debt	<u>\$ 5,182,246</u>	<u>5,288,315</u>	<u>14,696,698</u>	<u>16,139,805</u>	<u>19,878,944</u>	<u>21,428,120</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 2007 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 07 revenue budget is based on that trend continuing.

- User fees and charges in the business-type activities will increase by 4% due to the fact that the City has completed several large infrastructure projects that will increase the utility customer base by 8%.
- The City of Wasilla will continue to implement programs to keep local government small, efficient, and accountable to the citizens of Wasilla while absorbing increases in personnel services due to PERS retirement contribution increases (projected increase of 5% of total wages) and health and worker's compensation insurance increases (projected average increase of 7% for health insurance and 10% for worker's compensation insurance).
- The City of Wasilla will continue to aggressively invest in needed infrastructure and will transfer at least \$1,534,000 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.
- The City of Wasilla is not intending to appropriate any of the current fiscal year, undesignated fund balance in the General Fund to be used for FY 07 spending.

All of these factors were considered in preparing the City's budget for fiscal year 2007. As a result the fiscal year 2007 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.

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BASIC FINANCIAL STATEMENTS

CITY OF WASILLA, ALASKA

Statement of Net Assets

June 30, 2006

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and investments	\$ 6,597,702	2,940,912	9,538,614
Receivables, net of allowance for uncollectible amounts:			
Accounts	25,740	170,734	196,474
Sales and property taxes	893,218	223,210	1,116,428
Service oil and gas	48,533	-	48,533
Grants	1,051,613	1,207,848	2,259,461
Shared revenues	234,733	-	234,733
Special assessments	306,938	9,299	316,237
Notes	-	1,200	1,200
Other	7,125	-	7,125
Prepaid items	16,753	3,500	20,253
Inventories	-	134,372	134,372
Restricted cash and investments	361,147	1,081,693	1,442,840
Deferred charges, net of accumulated amortization	-	12,644	12,644
Notes receivable, net of current portion	-	2,511	2,511
Capital assets not being depreciated - land and construction in progress	6,574,551	9,443,627	16,018,178
Other capital assets, net of accumulated depreciation	<u>21,034,732</u>	<u>45,704,980</u>	<u>66,739,712</u>
 Total assets	 \$ <u>37,152,785</u>	 <u>60,936,530</u>	 <u>98,089,315</u>
<u>Liabilities</u>			
Accounts payable	164,686	241,140	405,826
Accrued payroll and employee benefits	332,555	52,655	385,210
Customer deposits	-	43,341	43,341
Accrued interest	51,046	150,422	201,468
Unearned revenue	4,460	27,334	31,794
Internal balances	(441,089)	441,089	-
Noncurrent liabilities:			
Due within one year:			
Accrued leave	382,013	65,909	447,922
ADEC loans	-	230,726	230,726
General obligation bonds	235,000	1,365,000	1,600,000
Special assessment bonds	97,258	8,471	105,729
Due in more than one year:			
ADEC loans	-	3,826,235	3,826,235
General obligation bonds	3,895,000	9,110,000	13,005,000
Special assessment bonds	251,708	24,054	275,762
Unamortized bond premium	-	66,314	66,314
Net pension obligation	<u>321,267</u>	<u>66,303</u>	<u>387,570</u>
Total liabilities	<u>5,293,904</u>	<u>15,718,993</u>	<u>21,012,897</u>
<u>Net Assets</u>			
Invested in capital assets, net of related debt	23,130,317	40,517,807	63,648,124
Restricted for debt service	-	1,549,126	1,549,126
Unrestricted	<u>8,728,564</u>	<u>3,150,604</u>	<u>11,879,168</u>
Total net assets	<u>31,858,881</u>	<u>45,217,537</u>	<u>77,076,418</u>
 Total liabilities and net assets	 \$ <u>37,152,785</u>	 <u>60,936,530</u>	 <u>98,089,315</u>

See accompanying notes to basic financial statements.

CITY OF WASILLA, ALASKA

Statement of Activities
Year Ended June 30, 2006

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
Governmental:							
General government	\$ 2,053,904	52,967	-	-	(2,000,937)	-	(2,000,937)
Public safety	4,483,195	1,394,672	289,463	776,818	(2,022,242)	-	(2,022,242)
Public works	2,746,502	100	-	1,258,081	(1,488,321)	-	(1,488,321)
Culture and recreation	1,387,867	416,794	3,575	18,300	(949,198)	-	(949,198)
Interest on long-term debt	232,958	-	-	-	(232,958)	-	(232,958)
Total governmental activities	<u>10,904,426</u>	<u>1,864,533</u>	<u>293,038</u>	<u>2,053,199</u>	<u>(6,693,656)</u>	<u>-</u>	<u>(6,693,656)</u>
Business-type:							
Water Utility	948,453	764,216	-	949,445	-	765,208	765,208
Sewer Utility	986,383	656,759	-	50,822	-	(278,802)	(278,802)
Municipal Airport	456,878	66,225	-	906,288	-	515,635	515,635
Multi-Use Sports Complex	<u>1,613,022</u>	<u>642,091</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(970,931)</u>	<u>(970,931)</u>
Total business-type activities	<u>4,004,736</u>	<u>2,129,291</u>	<u>-</u>	<u>1,906,555</u>	<u>-</u>	<u>31,110</u>	<u>31,110</u>
Totals	\$ <u>14,909,162</u>	<u>3,993,824</u>	<u>293,038</u>	<u>3,959,754</u>	<u>(6,693,656)</u>	<u>31,110</u>	<u>(6,662,546)</u>
General revenues:							
Sales taxes					\$ 8,976,284	2,244,071	11,220,355
Property and vehicle taxes					286,257	-	286,257
Grants and entitlements not restricted to a specific purpose					376,984	25,628	402,612
Investment income					181,753	143,066	324,819
Other					25,213	-	25,213
Transfers					(675,289)	675,289	-
Total general revenues and transfers					<u>9,171,202</u>	<u>3,088,054</u>	<u>12,259,256</u>
Change in net assets					2,477,546	3,119,164	5,596,710
Net assets at beginning of year					<u>29,381,335</u>	<u>42,098,373</u>	<u>71,479,708</u>
Net assets at end of year					\$ <u>31,858,881</u>	<u>45,217,537</u>	<u>77,076,418</u>

See accompanying notes to basic financial statements.

CITY OF WASILLA, ALASKA

Governmental Funds

Balance Sheet

June 30, 2006

<u>Assets</u>	<u>Major Funds</u>			<u>Total Governmental Funds</u>
	<u>General</u>	<u>Miscellaneous Projects Capital Project</u>	<u>Nonmajor Funds</u>	
Cash and investments	\$ 3,957,141	237,733	2,402,828	6,597,702
Receivables, net of allowance for uncollectible accounts:				
Accounts	25,740	-	-	25,740
Sales taxes	893,218	-	-	893,218
Service Oil and Gas	48,533	-	-	48,533
Grants	56,168	810,759	184,686	1,051,613
Shared revenues	234,733	-	-	234,733
Special assessments	-	-	306,938	306,938
Other	-	7,125	-	7,125
Prepaid items	16,753	-	-	16,753
Due from other funds	607,272	-	-	607,272
Restricted cash and investments	361,147	-	-	361,147
Total assets	\$ 6,200,705	1,055,617	2,894,452	10,150,774
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	80,483	57,436	26,767	164,686
Accrued payroll and employee benefits	296,095	5,130	31,330	332,555
Due to other funds	-	-	166,183	166,183
Deferred revenue	3,905	-	307,223	311,128
Total liabilities	380,483	62,566	531,503	974,552
Fund balances:				
Reserved:				
Encumbrances	137,759	312,271	78,928	528,958
Insurance premium increases	54,334	-	-	54,334
Prepaid items	16,753	-	-	16,753
Long-term receivable	48,533	-	-	48,533
HRA plan	361,147	-	-	361,147
Debt service	-	-	355,381	355,381
Investments	-	-	175,705	175,705
Unreserved:				
Designated:				
Special revenue fund operations	-	-	613,996	613,996
Capital project fund capital improvements	-	680,780	756,209	1,436,989
Undesignated:				
General Fund	5,201,696	-	-	5,201,696
Debt service funds	-	-	382,730	382,730
Total fund balances	5,820,222	993,051	2,362,949	9,176,222
Total liabilities and fund balances	\$ 6,200,705	1,055,617	2,894,452	10,150,774

See accompanying notes to basic financial statements.

CITY OF WASILLA, ALASKA
 Reconciliation of Governmental Funds Balance Sheet
 to Statement of Net Assets
 June 30, 2006

Total fund balances for governmental funds	\$ 9,176,222	(20)
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	\$ 4,533,005	
Buildings	4,215,974	
Office furniture and equipment	2,517,973	
Vehicles and equipment	2,047,212	
Infrastructure	21,798,441	
Construction in progress	2,041,546	
Accumulated depreciation	<u>(9,544,868)</u>	
Total capital assets		27,609,283
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.		
		306,668
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	(4,130,000)	
Special assessment bonds payable	(348,966)	
Accrued interest on bonds	(51,046)	
Accrued leave	(382,013)	
Net pension/OPEB obligation	<u>(321,267)</u>	
Total long term liabilities		<u>(5,233,292)</u>
Total net assets of governmental activities	\$ <u>31,858,881</u>	(1a)

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, 2006

	Major Funds			Total Governmental Funds
	General	Miscellaneous Projects Capital Project	Nonmajor Funds	
Revenues:				
Taxes	\$ 9,262,541	-	-	9,262,541
Licenses and permits	38,336	-	-	38,336
Fines, forfeitures and penalties	115,613	-	37,167	152,780
Intergovernmental	669,937	1,170,783	1,176,256	3,016,976
Special assessments	-	-	200,821	200,821
Charges for services	1,129,460	-	-	1,129,460
Investment income	90,128	9,649	81,976	181,753
Lot sales	-	-	11,200	11,200
Other	38,956	161,553	18,297	218,806
Total revenues	<u>11,344,971</u>	<u>1,341,985</u>	<u>1,525,717</u>	<u>14,212,673</u>
Expenditures:				
Current:				
General government	1,842,698	-	37,659	1,880,357
Public safety	3,950,162	-	134,999	4,085,161
Public works	1,905,214	-	-	1,905,214
Culture and recreation	620,317	-	699,278	1,319,595
Nondepartmental	32,987	-	-	32,987
Debt service:				
Principal	-	-	326,264	326,264
Interest	-	-	235,771	235,771
Capital outlay	-	2,065,406	1,167,275	3,232,681
Total expenditures	<u>8,351,378</u>	<u>2,065,406</u>	<u>2,601,246</u>	<u>13,018,030</u>
Excess of revenues over (under) expenditures	2,993,593	(723,421)	(1,075,529)	1,194,643
Other financing sources (uses):				
Transfers in	7,262	861,536	2,071,278	2,940,076
Transfers out	(2,728,990)	(450,000)	(436,375)	(3,615,365)
Net other financing sources (uses)	<u>(2,721,728)</u>	<u>411,536</u>	<u>1,634,903</u>	<u>(675,289)</u>
Net change in fund balances	271,865	(311,885)	559,374 ⁽²³⁾	519,354
Beginning fund balances	<u>5,548,357</u>	<u>1,304,936</u>	<u>1,803,575</u>	<u>8,656,868</u>
Ending fund balances	\$ <u>5,820,222</u>	<u>993,051</u>	<u>2,362,949</u>	<u>9,176,222</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, 2006

Net change in fund balances - total governmental funds

\$ 519,354

The change in net assets reported for governmental activities in the
Statement of Activities is different because:

Governmental funds report capital outlays as expenditures. However on
the Statement of Activities, depreciation expense is recognized to allocate
the cost of these items over their estimated useful lives. This is the amount
by which capital outlays (\$3,194,967) exceeded depreciation (\$1,190,245).

2,004,722

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.

(155,412)

The repayment of principal of long-term debt (\$326,264) consumes current
financial resources in governmental funds, but does not have any effect on
net assets.

326,264

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.

2,813

Accrued leave and net pension 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.

The following are net increases:

Accrued leave \$ (53,212)

Net pension/OPEB obligation (166,983)

(220,195)

Change in net assets of governmental activities

\$ 2,477,546

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, 2006

	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 9,004,900	9,004,900	9,262,541	257,641
Licenses and permits	43,900	43,900	38,336	(5,564)
Fines, forfeitures and penalties	137,935	137,935	115,613	(22,322)
Intergovernmental	538,646	669,599	669,937	338
Charges for services	1,135,158	1,191,788	1,129,460	(62,328)
Investment income	150,000	150,000	90,128	(59,872)
Other	58,400	58,400	38,956	(19,444)
Total revenues	<u>11,068,939</u>	<u>11,256,522</u>	<u>11,344,971</u>	<u>88,449</u>
Expenditures:				
General government	1,942,462	1,940,452	1,842,698	97,754
Public safety	4,276,477	4,449,282	3,950,162	499,120
Public works	1,963,714	1,986,474	1,905,214	81,260
Culture and recreation	739,096	739,846	620,317	119,529
Nondepartmental	120,000	110,000	32,987	77,013
Total expenditures	<u>9,041,749</u>	<u>9,226,054</u>	<u>8,351,378</u>	<u>874,676</u>
Excess of revenues over expenditures	2,027,190	2,030,468	2,993,593	963,125
Other financing sources (uses):				
Transfers in	1,500	1,500	7,262	5,762
Transfers out	<u>(2,113,197)</u>	<u>(2,740,621)</u>	<u>(2,728,990)</u>	11,631
Net other financing sources (uses)	<u>(2,111,697)</u>	<u>(2,739,121)</u>	<u>(2,721,728)</u>	<u>17,393</u>
Net change in fund balance	\$ <u>(84,507)</u>	<u>(708,653)</u>	271,865	<u>980,518</u>
Beginning fund balance			<u>5,548,357</u>	
Ending fund balance			\$ <u>5,820,222</u>	

See accompanying notes to basic financial statements.

CITY OF WASILLA, ALASKA

Enterprise Funds
Statement of Net Assets
June 30, 2006

Assets	Major Funds				Total Enterprise Funds
	Water Utility	Sewer Utility	Municipal Airport	Multi-Use Sports Complex	
Current assets:					
Cash and investments	\$ 1,213,317	1,048,659	-	678,936	2,940,912
Receivables:					
Accounts	111,425	79,324	756	-	191,505
Allowance for doubtful accounts	(11,424)	(9,347)	-	-	(20,771)
Grants	265,254	-	942,594	-	1,207,848
Special assessments	-	9,299	-	-	9,299
Notes	-	1,200	-	-	1,200
Sales taxes	-	-	-	223,210	223,210
Prepaid expense	1,750	1,750	-	-	3,500
Inventories	49,380	84,992	-	-	134,372
Total current assets	<u>1,629,702</u>	<u>1,215,877</u>	<u>943,350</u>	<u>902,146</u>	<u>4,691,075</u>
Noncurrent assets:					
Restricted cash - bond redemption	-	-	-	1,081,693	1,081,693
Notes receivable, net of current portion	-	2,511	-	-	2,511
Property, plant and equipment	21,540,379	23,020,823	11,027,732	15,861,345	71,450,279
Less accumulated depreciation	(3,995,632)	(7,954,582)	(3,689,537)	(661,921)	(16,301,672)
Net property, plant and equipment	<u>17,544,747</u>	<u>15,066,241</u>	<u>7,338,195</u>	<u>15,199,424</u>	<u>55,148,607</u>
Deferred charges, net of accumulated amortization	12,644	-	-	-	12,644
Total noncurrent assets	<u>17,557,391</u>	<u>15,068,752</u>	<u>7,338,195</u>	<u>16,281,117</u>	<u>56,245,455</u>
Total assets	\$ <u>19,187,093</u>	<u>16,284,629</u>	<u>8,281,545</u>	<u>17,183,263</u>	<u>60,936,530</u>
<u>Liabilities and Net Assets</u>					
Liabilities:					
Current liabilities:					
Accounts payable	33,860	7,213	192,436	7,631	241,140
Accrued payroll and employee benefits	14,864	18,905	1,638	17,248	52,655
Accrued annual and sick leave	12,385	29,982	1,734	21,808	65,909
Customer deposits	31,942	11,399	-	-	43,341
Accrued interest	36,948	2,835	-	110,639	150,422
Deferred revenue	12,222	-	4,525	10,587	27,334
Current portion of bonds and loans	213,455	25,742	-	1,365,000	1,604,197
Due to other funds	-	-	441,089	-	441,089
Total current liabilities	<u>355,676</u>	<u>96,076</u>	<u>641,422</u>	<u>1,532,913</u>	<u>2,626,087</u>
Long-term debt, net of current portion:					
General obligation bonds	-	-	-	9,110,000	9,110,000
Special assessment bonds	-	24,054	-	-	24,054
ADEC loans	3,547,682	278,553	-	-	3,826,235
Unamortized bond premium	-	-	-	66,314	66,314
Net pension/OPEB obligation	19,295	26,054	897	20,057	66,303
Total long-term debt, net of current portion	<u>3,566,977</u>	<u>328,661</u>	<u>897</u>	<u>9,196,371</u>	<u>13,092,906</u>
Total liabilities	<u>3,922,653</u>	<u>424,737</u>	<u>642,319</u>	<u>10,729,284</u>	<u>15,718,993</u>
Net assets:					
Invested in capital assets, net of related debt	13,783,610	14,737,892	7,338,195	4,658,110	40,517,807
Restricted for debt service	-	-	-	1,549,126	1,549,126
Unrestricted	1,480,830	1,122,000	301,031	246,743	3,150,604
Total 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>
Total liabilities and net assets	\$ <u>19,187,093</u>	<u>16,284,629</u>	<u>8,281,545</u>	<u>17,183,263</u>	<u>60,936,530</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, 2006

	Major Funds				Total Enterprise Funds
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Municipal Airport</u>	<u>Multi-Use Sports Complex</u>	
Operating revenues - charges for services	\$ 764,216	656,759	66,225	642,091	2,129,291
Operating expenses:					
Salaries and benefits	277,781	396,443	37,129	447,161	1,158,514
Other operating expenses	199,999	208,606	82,501	359,808	850,914
Depreciation	<u>373,177</u>	<u>375,917</u>	<u>337,248</u>	<u>340,420</u>	<u>1,426,762</u>
Total operating expenses	<u>850,957</u>	<u>980,966</u>	<u>456,878</u>	<u>1,147,389</u>	<u>3,436,190</u>
Operating loss	(86,741)	(324,207)	(390,653)	(505,298)	(1,306,899)
Nonoperating revenues (expenses):					
Sales tax revenue	-	-	-	2,244,071	2,244,071
Payments in lieu of assessments	13,557	41,632	-	-	55,189
Interest expense	(97,496)	(5,417)	-	(465,633)	(568,546)
Investment income	45,771	42,977	2,934	51,384	143,066
State PERS relief	<u>7,686</u>	<u>8,670</u>	<u>1,088</u>	<u>8,184</u>	<u>25,628</u>
Net nonoperating revenues (expenses)	<u>(30,482)</u>	<u>87,862</u>	<u>4,022</u>	<u>1,838,006</u>	<u>1,899,408</u>
Income (loss) before transfers and contributions	(117,223)	(236,345)	(386,631)	1,332,708	592,509
Transfers in	422,138	67,750	69,296	145,605	704,789
Transfers out	(11,500)	(16,500)	-	(1,500)	(29,500)
Capital contributions	<u>935,888</u>	<u>9,190</u>	<u>906,288</u>	<u>-</u>	<u>1,851,366</u>
Change in net assets	1,229,303	(175,905)	588,953	1,476,813	3,119,164
Beginning net assets	<u>14,035,137</u>	<u>16,035,797</u>	<u>7,050,273</u>	<u>4,977,166</u>	<u>42,098,373</u>
Ending 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>

See accompanying notes to basic financial statements.

CITY OF WASILLA, ALASKA

Enterprise Funds
Statement of Cash Flows
Year Ended June 30, 2006

	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	\$ 741,751	646,298	66,843	641,477	2,096,369
Payments to suppliers	(531,648)	(206,916)	(54,380)	(400,372)	(1,193,316)
Payments to employees	(259,663)	(361,240)	(35,758)	(421,470)	(1,078,131)
Net cash flows from operating activities	<u>(49,560)</u>	<u>78,142</u>	<u>(23,295)</u>	<u>(180,365)</u>	<u>(175,078)</u>
Cash flows from noncapital financing activities - transfers in	-	-	69,296	145,605	214,901
Cash flows from capital and related financing activities:					
Principal and interest paid on long-term debt	(312,819)	(33,747)	-	(1,725,956)	(2,072,522)
Special assessments received	-	1,114	-	-	1,114
Receipt of payments in lieu of assessments	13,557	41,632	-	-	55,189
Acquisition and construction of capital assets	(1,600,533)	(128,659)	(929,527)	(106,159)	(2,764,878)
Capital contributions received	936,234	9,274	226,535	-	1,172,043
Sales tax received	-	-	-	2,227,838	2,227,838
Transfers in	422,138	67,750	-	-	489,888
Transfers out	(11,500)	(16,500)	-	(1,500)	(29,500)
Increase in due to other funds	-	-	441,089	-	441,089
Net cash flows from capital and related financing activities	<u>(552,923)</u>	<u>(59,136)</u>	<u>(261,903)</u>	<u>394,223</u>	<u>(479,739)</u>
Cash flows from investing activities:					
Investment income received	45,771	42,977	2,934	51,384	143,066
Principal payments received on notes receivable	-	2,296	-	-	2,296
Net cash flows from investing activities	<u>45,771</u>	<u>45,273</u>	<u>2,934</u>	<u>51,384</u>	<u>143,362</u>
Net increase (decrease) in cash and investments	(556,712)	64,279	(212,968)	410,847	(294,554)
Beginning cash and investments	<u>1,770,029</u>	<u>984,380</u>	<u>212,968</u>	<u>1,349,782</u>	<u>4,317,159</u>
Ending 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>
Reconciliation of cash and investments to balance sheet:					
Cash and investments:					
Current assets	1,213,317	1,048,659	-	678,936	2,940,912
Restricted assets	-	-	-	1,081,693	1,081,693
	\$ <u>1,213,317</u>	<u>1,048,659</u>	<u>-</u>	<u>1,760,629</u>	<u>4,022,605</u>

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	\$ (86,741)	(324,207)	(390,653)	(505,298)	(1,306,899)
Adjustments to reconcile operating loss to net cash flows from operating activities:					(10)
Depreciation and amortization	373,558	375,917	337,248	340,420	1,427,143
Noncash expense - PERS relief	7,686	8,670	1,088	8,184	25,628
Increase in allowance for doubtful accounts	3,261	2,171	-	-	5,432
(Increase) decrease in assets:					
Accounts receivable	(30,600)	(7,125)	(207)	419	(37,513)
Inventory	2,784	577	-	-	3,361
Prepaid expense	(1,750)	(1,750)	-	-	(3,500)
Increase (decrease) in liabilities:					
Accounts payable	(333,064)	2,863	28,121	(40,564)	(342,644)
Revenue billed in advance	(1,279)	-	825	-	(454)
Accrued payroll and employee benefits	3,979	9,489	263	4,503	18,234
Accrued annual and sick leave	1,002	6,332	69	6,509	13,912
Net pension/OPEB obligation	5,451	10,712	(49)	6,495	22,609
Customer deposits	6,153	(5,507)	-	-	646
Deferred revenue	-	-	-	(1,033)	(1,033)
Net cash flows from operating activities	\$ (49,560)	78,142	(23,295)	(180,365)	(175,078)

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, 2006

(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, 2006.

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 2006, 2176 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.

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.

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.

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 2005 financial statements to make them comparable with the 2006 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, 2006.

Bank deposits	\$ 1,332,956
Investments	<u>9,648,498</u>
	\$ <u>10,981,454</u>
Cash and investments	\$ 9,538,614
Restricted cash and investments	<u>1,442,840</u>
	\$ <u>10,981,454</u>

Cash and cash investments are restricted as follows:

General Fund – HRA plan	\$ 361,147
Multi-Use Sports Complex Enterprise Fund – Bond redemption	<u>1,081,693</u>
	\$ <u>1,442,840</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

Investment maturities in general investments at June 30, 2006 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	\$ 1,613,968	-	1,613,968
U.S. government agencies	2,335,869	-	2,335,869
Corporate bonds	725,020	-	725,020
Repurchase agreement	<u>803,453</u>	<u>803,453</u>	-
Total subject to interest rate risk	5,478,310	<u>803,453</u>	<u>4,674,857</u>
Pooled investments	<u>4,170,188</u>		
 Total investments	 <u>\$ 9,648,498</u>		

Credit Risk

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

\$ 473,255	AAA
<u>251,765</u>	AA
<u>\$ 725,020</u>	

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.

CITY OF WASILLA, ALASKA

Notes to Basic Financial Statements, continued

(3) **Capital Assets**

Capital asset activity for the year ended June 30, 2006 follows:

	Balance July 1, 2005	Additions and Reclassifications	Deletions and Reclassifications	Balance June 30, 2006
<u>Governmental Activities</u>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 4,533,005	-	-	4,533,005
Construction in progress	<u>784,236</u>	<u>1,978,285</u>	<u>720,975</u>	<u>2,041,546</u>
Total assets not being depreciated	<u>5,317,241</u>	<u>1,978,285</u>	<u>720,975</u>	<u>6,574,551</u>
<i>Capital assets being depreciated:</i>				
Buildings	3,930,846	285,128	-	4,215,974
Office furniture and equipment	1,289,236	1,336,794	108,057	2,517,973
Vehicles and equipment	1,782,255	361,597	96,640	2,047,212
Infrastructure	<u>21,725,537</u>	<u>72,904</u>	<u>-</u>	<u>21,798,441</u>
Total assets being depreciated	<u>28,727,874</u>	<u>2,056,423</u>	<u>204,697</u>	<u>30,579,600</u>
Less accumulated depreciation for:				
Buildings	1,018,207	115,178	-	1,133,385
Office furniture and equipment	662,711	154,415	64,834	752,292
Vehicles and equipment	1,006,707	210,328	21,097	1,195,938
Infrastructure	<u>5,752,929</u>	<u>710,324</u>	<u>-</u>	<u>6,463,253</u>
Total accumulated depreciation	<u>8,440,554</u>	<u>1,190,245</u>	<u>85,931</u>	<u>9,544,868</u>
Total capital assets being depreciated, net	<u>20,287,320</u>	<u>866,178</u>	<u>118,766</u>	<u>21,034,732</u>
Governmental activity capital assets, net	<u>\$ 25,604,561</u>	<u>2,844,463</u>	<u>839,741</u>	<u>27,609,283</u>
<u>Business-type Activities</u>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 2,713,691	44,037	-	2,757,728
Construction in progress	<u>4,184,054</u>	<u>2,501,845</u>	<u>-</u>	<u>6,685,899</u>
Total assets not being depreciated	<u>6,897,745</u>	<u>2,545,882</u>	<u>-</u>	<u>9,443,627</u>
<i>Capital assets being depreciated:</i>				
Land improvements	5,620,175	-	-	5,620,175
Buildings	15,093,128	51,499	-	15,144,627
Treatment system	8,080,804	-	-	8,080,804
Collection/distribution system	19,893,938	82,192	-	19,976,130
Water tank and fence	6,565,877	-	-	6,565,877
Wells/well house	367,793	866	-	368,659
Vehicle and equipment	<u>6,165,941</u>	<u>84,439</u>	<u>-</u>	<u>6,250,380</u>
Total assets being depreciated	<u>61,787,656</u>	<u>218,996</u>	<u>-</u>	<u>62,006,652</u>
Less accumulated depreciation for:				
Land improvements	3,017,734	274,783	-	3,292,517
Buildings	292,413	301,863	-	594,276
Treatment system	1,871,031	146,218	-	2,017,249
Collection/distribution system	5,067,385	379,122	-	5,446,507
Water tank and fence	970,586	124,790	-	1,095,376
Wells/well house	168,307	5,428	-	173,735
Vehicle and equipment	<u>3,487,454</u>	<u>194,558</u>	<u>-</u>	<u>3,682,012</u>
Total accumulated depreciation	<u>14,874,910</u>	<u>1,426,762</u>	<u>-</u>	<u>16,301,672</u>
Total capital assets being depreciated, net	<u>46,912,746</u>	<u>(1,207,766)</u>	<u>-</u>	<u>45,704,980</u>
Business-type activity capital assets, net	<u>\$ 53,810,491</u>	<u>1,338,116</u>	<u>-</u>	<u>55,148,607</u>

CITY OF WASILLA, ALASKA

Notes to Basic Financial Statements, continued

Capital Assets, continued

Depreciation expense was charged to the functions as follows:

Governmental Activities

General government	\$ 70,783
Public safety	248,115
Public works	802,442
Culture and recreation	<u>68,905</u>
Total depreciation expense – governmental activities	<u>1,190,245</u>

Business-type Activities

Water utility	\$ 373,177
Sewer utility	375,917
Municipal airport	337,248
Multi-use sports complex	<u>340,420</u>
Total depreciation expense – business-type activities	<u>1,426,762</u>
Total depreciation expense	<u>\$ 2,617,007</u>

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

A schedule of interfund balances and transfers for the year ended June 30, 2006, follows:

Due from other funds:

Due from nonmajor funds to the General Fund for short-term operating subsidy and capital advance	\$ 166,183
Due from Municipal Airport Enterprise Fund to the General Fund for short-term capital advance	<u>441,089</u>
Total due from other funds	<u>\$ 607,272</u>

Transfers:

From General Fund to:

Sewer Utility Enterprise Fund for capital expenditures	67,750
Water Utility Enterprise Fund for capital expenditures	133,250
Multi-Use Sports Complex Enterprise Fund for operating subsidy	145,605
Municipal Airport Enterprise Fund for operating subsidy	69,296
Miscellaneous Projects Capital Project Fund for capital expenditures	852,648
Nonmajor governmental funds for debt service	434,810
Nonmajor governmental funds for operating subsidy	304,105
Nonmajor governmental funds for capital expenditures	<u>721,526</u>

Total from General Fund	<u>2,728,990</u>
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CITY OF WASILLA, ALASKA

Notes to Basic Financial Statements, continued

Interfund Receivables, Payables, and Transfers, continued

Transfers, continued:

From Miscellaneous Projects Capital Project Fund to nonmajor governmental funds for capital expenditures	\$ 450,000
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	1,500
From nonmajor governmental funds to:	
General Fund for operating costs	7,262
Miscellaneous Projects Capital Project Fund for capital expenditures	8,888
Water Utility Enterprise Fund for capital expenditures	288,888
Nonmajor governmental funds to close fund	18,337
Nonmajor governmental funds for capital expenditures	<u>113,000</u>
 Total transfers to other funds	 <u>\$ 3,644,865</u>

(5) **Long-Term Debt**

Long-term debt consists of the following at June 30, 2006:

<u>Governmental Activities</u>	<u>Balance</u> <u>July 1, 2005</u>	<u>Additions</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2006</u>	<u>Due</u> <u>Within</u> <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%	\$ 48,748	-	3,296	45,452	3,954
\$626,000 1987 Sewer Improvement District Bond, due in annual installments of \$3,775 to \$4,900 through August 17, 2027; plus interest at 6.5%	99,575	-	3,775	95,800	3,900
\$287,200 2001 Wood Crest/Patricia/Century Park Paving Improvement Districts Bond, due in annual installments of \$19,300 through November 24, 2008; plus interest at 5.9%	61,300	-	19,300	42,000	19,300

CITY OF WASILLA, ALASKA

Notes to Basic Financial Statements, continued

Long-Term Debt, continued

<u>Governmental Activities, continued</u>	Balance <u>July 1, 2005</u>	<u>Additions</u>	<u>Retired</u>	Balance <u>June 30, 2006</u>	Due Within <u>One Year</u>
Special Assessment Bonds, continued:					
\$189,320 2002 North Country Paving Improvement District Bond, due in annual installments of \$18,932 through April 6, 2008; plus interest at 6.545%	\$ 44,860	-	18,932	25,928	18,932
\$17,400 2001 Susitna Area Paving Improvement District Bond, due in final installment of \$1,449 on June 28, 2006; plus interest at 4.55%	1,449	-	1,449	-	-
\$199,088 2001 Talerico Paving Improvement District Bond, due in final installment of \$16,569 on June 28, 2007; plus interest at 4.55%	36,478	-	19,909	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%	50,151	-	11,769	38,382	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>107,669</u>	<u>-</u>	<u>22,834</u>	<u>84,835</u>	<u>22,834</u>
Total special assessment bonds	<u>450,230</u>	<u>-</u>	<u>101,264</u>	<u>348,966</u>	<u>97,258</u>
General Obligation Bonds -					
\$5,500,000 1998 Street Paving/Street Improvements General Obligation Bonds, due in annual installments of \$225,000 to \$420,000 through October 1, 2018; plus variable interest from 4.625% to 5.0%	<u>4,355,000</u>	<u>-</u>	<u>225,000</u>	<u>4,130,000</u>	<u>235,000</u>
Accrued leave	328,801	368,784	315,572	382,013	382,013
Net pension/OPEB obligation	<u>154,284</u>	<u>166,983</u>	<u>-</u>	<u>321,267</u>	<u>-</u>
Total governmental activities	<u>\$ 5,288,315</u>	<u>535,767</u>	<u>641,836</u>	<u>5,182,246</u>	<u>714,271</u>

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

CITY OF WASILLA, ALASKA

Notes to Basic Financial Statements, continued

Long-Term Debt, continued

<u>Business-type Activities</u>	<u>Balance</u> <u>July 1, 2005</u>	<u>Additions</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2006</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
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>41,427</u>	<u>-</u>	<u>8,902</u>	<u>32,525</u>	<u>8,471</u>
General Obligation Bonds - \$14,700,000 2002 Multi-Use Sports Complex General Obligation Bonds, due in annual installments of \$1,240,000 to \$2,180,000 through April 1, 2012; plus variable interest from 3.0% to 4.5%	<u>11,715,000</u>	<u>-</u>	<u>1,240,000</u>	<u>10,475,000</u>	<u>1,365,000</u>
Loans Payable:					
\$177,100 Water loan payable, due in annual installments of \$8,754 through August 3, 2018, plus interest at 2.5%	122,559	-	8,754	113,805	8,754
\$745,939 Water loan payable, due in annual installments of \$37,299 through November 15, 2022; plus interest at 2.5%	671,386	-	37,299	634,087	37,299
\$301,066 Sewer loan payable, due in annual installments of \$15,053 through November 15, 2022; plus interest at 1.5%	270,960	-	15,053	255,907	15,053
\$39,049 Water loan payable, due in annual installments of \$1,952 through September 30, 2023; plus interest at 2.5%	37,097	-	1,952	35,145	1,952
\$44,353 Sewer loan payable, due in annual installments of \$2,218 through September 30, 2023; plus interest at 1.5%	42,135	-	2,218	39,917	2,218
\$3,309,000 Water loan payable, due in annual installments of \$165,450 through March 4, 2024; plus interest at 2.5%	<u>3,143,550</u>	<u>-</u>	<u>165,450</u>	<u>2,978,100</u>	<u>165,450</u>
Total loans payable	<u>4,287,687</u>	<u>-</u>	<u>230,726</u>	<u>4,056,961</u>	<u>230,726</u>
Accrued leave	51,997	65,736	51,824	65,909	65,909
Net pension/OPEB obligation	<u>43,694</u>	<u>22,609</u>	<u>-</u>	<u>66,303</u>	<u>-</u>
Total business-type activities	<u>\$ 16,139,805</u>	<u>88,345</u>	<u>1,531,452</u>	14,696,698	<u>1,670,106</u>
Plus unamortized bond premium				<u>66,314</u>	
				<u>\$ 14,763,012</u>	

CITY OF WASILLA, ALASKA

Notes to Basic Financial Statements, continued

Long-Term Debt, continued

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

Governmental Activities

Year Ending June 30,	<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>
2007	\$ 97,258	20,403	117,661	235,000	198,310	433,310
2008	68,751	14,965	83,716	245,000	186,310	431,310
2009	45,857	11,056	56,913	260,000	173,685	433,685
2010	27,265	8,543	35,808	270,000	160,941	430,941
2011	7,854	7,028	14,882	285,000	147,929	432,929
2012-2016	45,181	26,181	71,362	1,635,000	512,330	2,147,330
2017-2021	22,500	15,730	38,230	1,200,000	92,000	1,292,000
2022-2026	24,500	7,963	32,463	-	-	-
2027-2028	9,800	956	10,756	-	-	-
	<u>\$ 348,966</u>	<u>112,825</u>	<u>461,791</u>	<u>4,130,000</u>	<u>1,471,505</u>	<u>5,601,505</u>

Business-type Activities

Year Ending June 30,	<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>
2007	\$ 8,471	1,480	9,951	1,365,000	442,556	1,807,556
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	-	-	-	2,180,000	98,100	2,278,100
	<u>\$ 32,525</u>	<u>3,607</u>	<u>36,132</u>	<u>10,475,000</u>	<u>1,710,194</u>	<u>12,185,194</u>

Year Ending June 30,	<u>Loans</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 230,726	98,466	329,192
2008	230,726	92,870	323,596
2009	230,726	87,274	318,000
2010	230,726	81,680	312,406
2011	230,727	76,084	306,811
2012-2016	1,153,633	296,487	1,450,120
2017-2021	1,136,129	156,821	1,292,950
2022-2024	<u>613,568</u>	<u>28,785</u>	<u>642,353</u>
	<u>\$ 4,056,961</u>	<u>918,467</u>	<u>4,975,428</u>

CITY OF WASILLA, ALASKA

Notes to Basic Financial Statements, continued

Long-Term Debt, continued

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

(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 has elected to early implement GASB Statement 45 effective with this financial statement.

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

CITY OF WASILLA, ALASKA

Notes to Basic Financial Statements, continued

Defined Benefit Pension Plan, continued

Funding Policy

Employees are required to contribute 6.75% of their annual covered salary (4.05% for pension and 2.70% 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.

As a result of the five percentage point limit, a significant difference exists between the actuarial rate and the actual pay-in rate during fiscal year 2006. 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, 2006 follow:

	Adjusted Actual <u>Rate</u>	Actuarially Required <u>Rate</u>
Pension	9.85%	11.49%
Postemployment healthcare	<u>6.59%</u>	<u>7.69%</u>
Total contribution rate	<u>16.44%</u>	<u>19.18%</u>

Employer contribution rates are a level percentage of payroll and are determined using the projected unit credit actuarial funding method. The plan uses the level dollar method to amortize the unfunded liability over an open, rolling twenty-five year period. Funding surpluses are also amortized over twenty-five years.

The required contribution for the plan was determined as part of the June 30, 2003 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 plans 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.

CITY OF WASILLA, ALASKA

Notes to Basic Financial Statements, continued

Defined Benefit Pension Plan, continued

Funding Policy, continued

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. Health cost inflation of 12.0% for 2004 through 2005, trending downward 0.5% per year to 7.0% in FY15, 6.0% in FY16, and 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

During 2005, the State of Alaska Legislature approved Senate Bill 46 which granted fiscal relief related to increased cost of the FY06 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 \$173,593. 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.

The provisions of GASB Statement 45 allow for prospective reporting of the net other post-employment benefit (OPEB) liability. As such, these financial statements include a liability relating to the 2006 end of year net OPEB obligation; however, no liability was recorded for the 2005 net OPEB obligation. In accordance with the provisions of GASB Statement 27, a net pension obligation was recorded for the year ended June 30, 2005.

For the year ended June 30, 2006, the City’s annual pension and OPEB costs were as follows:

	<u>Pension</u>	<u>OPEB</u>	<u>Total</u>
Annual required contribution	\$ 552,965	369,566	922,531
Interest on net pension obligation	16,333	-	16,333
Adjustment to annual required contribution	<u>(12,185)</u>	<u>-</u>	<u>(12,185)</u>
Annual pension cost	557,113	369,566	926,679
Contributions made	<u>441,810</u>	<u>295,277</u>	<u>737,087</u>
Increase in net pension/OPEB obligation	115,303	74,289	189,592
Net pension/OPEB obligation, beginning of year	<u>197,978</u>	<u>-</u>	<u>197,978</u>
 Net pension/OPEB obligation, end of year	 <u>\$ 313,281</u>	 <u>74,289</u>	 <u>387,570</u>

CITY OF WASILLA, ALASKA

Notes to Basic Financial Statements, continued

Defined Benefit Pension Plan, continued

Annual Pension and Postemployment Healthcare Cost, continued

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	2004	\$ 127,793	\$ 127,793	100%	\$ -
	2005	479,313	281,335	59%	197,978
	2006	557,113	441,810	79%	115,303
	<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	2004	\$ 85,409	\$ 85,409	100%	\$ -
	2005	291,163	170,896	59%	120,267
	2006	369,566	295,277	80%	74,289

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%
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%

CITY OF WASILLA, ALASKA

Notes to Basic Financial Statements, continued

(7) **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.

(8) **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, 2006. Coverage limits and the deductibles on the policies have stayed relatively constant for the past few years.

(9) **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, 2006 was \$1,853,172.

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, 2006 was \$8,333,275.

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.

(10) **Contingencies**

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.

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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, 2006
 (With Comparative Amounts for 2005)

<u>Assets</u>	<u>2006</u>	<u>2005</u>
Cash and investments	\$ <u>3,957,141</u>	<u>4,753,301</u>
Receivables:		
Accounts	25,740	6,628
Sales taxes	893,218	827,909
Service Oil and Gas	48,533	50,603
Grants	56,168	55,870
Shared revenues	<u>234,733</u>	<u>229,395</u>
Total receivables	<u>1,258,392</u>	<u>1,170,405</u>
Prepaid items	16,753	16,899
Due from other funds	607,272	4,454
Restricted cash and investments	<u>361,147</u>	<u>-</u>
Total assets	\$ <u>6,200,705</u>	<u>5,945,059</u>
<u>Liabilities and Fund Balance</u>		
Liabilities:		
Accounts payable	80,483	136,741
Accrued payroll and employee benefits	296,095	211,771
Deferred revenue	<u>3,905</u>	<u>48,190</u>
Total liabilities	<u>380,483</u>	<u>396,702</u>
Fund balance:		
Reserved:		
Encumbrances	137,759	93,518
Insurance premium increases	54,334	54,336
Prepaid items	16,753	16,899
Long-term receivable	48,533	50,603
HRA plan	361,147	-
Unreserved and undesignated	<u>5,201,696</u>	<u>5,333,001</u>
Total fund balance	<u>5,820,222</u>	<u>5,548,357</u>
Total liabilities and fund balance	\$ <u>6,200,705</u>	<u>5,945,059</u>

CITY OF WASILLA, ALASKA

General Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Year Ended June 30, 2006
 (With Comparative Amounts for 2005)

	<u>2006</u>	<u>2005</u>
Revenues:		
Taxes	\$ 9,262,541	8,627,021
Licenses and permits	38,336	39,155
Fines, forfeitures and penalties	115,613	100,652
Intergovernmental	669,937	604,721
Charges for services	1,129,460	928,882
Investment income	90,128	152,326
Other	38,956	26,595
Total revenues	<u>11,344,971</u>	<u>10,479,352</u>
Expenditures:		
General government:		
City Council	381,399	365,809
Administration	202,481	201,569
General administration services	345,238	362,595
Finance	612,225	524,082
Economic development	148,608	167,688
Management information systems	152,747	160,876
Total general government	<u>1,842,698</u>	<u>1,782,619</u>
Public safety:		
Police	394,440	454,268
Multitask drug enforcement	88,961	81,436
Stop violence against women grant	-	97,981
General investigation	149,438	-
Police patrol	1,619,794	1,448,560
Patrol - motorcycle grant	37,488	41,727
COPS - universal hiring grant	81,415	16,122
COPS - school resource officer grant	81,157	-
Dispatch center	1,374,258	1,083,986
Animal control	50,000	-
Code compliance	73,211	62,286
Total public safety	<u>3,950,162</u>	<u>3,286,366</u>
Public works:		
Administration	422,917	338,192
Road maintenance	778,939	653,921
Property maintenance	477,032	427,628
Planning	226,326	192,024
Total public works	<u>1,905,214</u>	<u>1,611,765</u>
Culture and recreation:		
Museum	130,047	97,362
Parks maintenance	419,351	409,889
Recreation services	70,919	73,885
Total culture and recreation	<u>620,317</u>	<u>581,136</u>
Nondepartmental		
	<u>32,987</u>	<u>66,590</u>
Total expenditures	<u>8,351,378</u>	<u>7,328,476</u>
Excess of revenues over expenditures	2,993,593	3,150,876
Other financing sources (uses):		
Transfers in	7,262	15,971
Transfers out	<u>(2,728,990)</u>	<u>(3,122,135)</u>
Net other financing sources (uses)	<u>(2,721,728)</u>	<u>(3,106,164)</u>
Net change in fund balance	271,865	44,712
Beginning fund balance	<u>5,548,357</u>	<u>5,503,645</u>
Ending fund balance	\$ <u>5,820,222</u>	<u>5,548,357</u>

CITY OF WASILLA, ALASKA
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
Year Ended June 30, 2006
(With Comparative Amounts for 2005)

	2006		Variance Positive (Negative)	2005
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Taxes:				
Sales taxes, including penalty and interest	\$ 8,712,000	8,976,284	264,284	8,346,749
Property and vehicle taxes	292,900	286,257	(6,643)	280,272
Total taxes	<u>9,004,900</u>	<u>9,262,541</u>	<u>257,641</u>	<u>8,627,021</u>
Licenses and permits:				
City business licenses	24,000	21,300	(2,700)	20,615
Land use permits	15,000	14,731	(269)	15,700
Utility permits	2,500	-	(2,500)	50
Driveway permits	1,700	1,850	150	2,400
Taxicab permits	-	-	-	150
Animal licenses	150	455	305	140
Vendor permits	550	-	(550)	100
Total licenses and permits	<u>43,900</u>	<u>38,336</u>	<u>(5,564)</u>	<u>39,155</u>
Fines, forfeitures and penalties	<u>137,935</u>	<u>115,613</u>	<u>(22,322)</u>	<u>100,652</u>
Intergovernmental:				
Electric and telephone co-op tax	250,000	224,621	(25,379)	225,103
Public safety grants	293,319	191,657	(101,662)	333,022
Culture and recreation grants	1,500	1,490	(10)	14,151
Alcoholic beverage tax	26,000	20,200	(5,800)	17,500
Aviation fuel tax revenue sharing	2,000	1,125	(875)	1,413
Matanuska-Susitna Borough:				
Tourism infrastructure	-	-	-	13,532
School resource officer	96,780	97,806	1,026	-
State PERS relief	-	131,038	131,038	-
Miscellaneous	-	2,000	2,000	-
Total intergovernmental	<u>669,599</u>	<u>669,937</u>	<u>338</u>	<u>604,721</u>
Charges for services	<u>1,191,788</u>	<u>1,129,460</u>	<u>(62,328)</u>	<u>928,882</u>
Investment income	<u>150,000</u>	<u>90,128</u>	<u>(59,872)</u>	<u>152,326</u>
Other:				
Administration fee revenue	1,000	1,068	68	852
Building rentals	12,400	11,100	(1,300)	12,000
Donations	2,000	75	(1,925)	40
Youth litter patrol	5,000	3,500	(1,500)	3,500
Sale of capital assets	20,000	13,017	(6,983)	-
Miscellaneous	18,000	10,196	(7,804)	10,203
Total other	<u>58,400</u>	<u>38,956</u>	<u>(19,444)</u>	<u>26,595</u>
Total revenues	<u>11,256,522</u>	<u>11,344,971</u>	<u>88,449</u>	<u>10,479,352</u>

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

	2006		Variance Positive (Negative)	2005
	Budget	Actual		Actual
Expenditures:				
General government:				
City Council:				
Salaries	\$ 148,351	150,297	(1,946)	137,719
Employee benefits	65,577	54,997	10,580	43,788
Professional and technical services	91,532	92,227	(695)	110,070
Property services	8,100	6,896	1,204	6,801
Other purchased services	52,750	54,289	(1,539)	46,993
Supplies	8,870	6,821	2,049	12,169
Capital expenditures	15,875	15,872	3	8,269
Total City Council	391,055	381,399	9,656	365,809
Administration:				
Salaries	117,244	120,387	(3,143)	118,386
Employee benefits	54,123	48,646	5,477	45,758
Professional and technical services	20,400	15,632	4,768	16,911
Property services	3,500	3,648	(148)	3,525
Other purchased services	13,000	10,991	2,009	11,302
Supplies	3,150	3,177	(27)	5,535
Other	-	-	-	152
Total administration	211,417	202,481	8,936	201,569
General administration services:				
Salaries	78,892	74,262	4,630	74,426
Employee benefits	34,122	29,194	4,928	25,333
Professional and technical services	129,300	156,187	(26,887)	163,294
Property services	11,500	8,702	2,798	9,896
Other purchased services	79,487	62,103	17,384	74,082
Supplies	16,700	14,790	1,910	15,564
Total general administration services	350,001	345,238	4,763	362,595
Finance:				
Salaries	340,328	362,025	(21,697)	327,499
Employee benefits	167,283	159,642	7,641	130,718
Professional and technical services	49,900	21,584	28,316	18,736
Property services	4,000	3,374	626	3,766
Other purchased services	54,900	32,622	22,278	30,167
Supplies	22,186	20,839	1,347	13,196
Capital expenditures	-	12,139	(12,139)	-
Total finance	638,597	612,225	26,372	524,082
Economic development:				
Salaries	76,436	61,590	14,846	71,270
Employee benefits	26,753	21,453	5,300	22,676
Professional and technical services	60,000	50,479	9,521	58,365
Other purchased services	10,638	12,917	(2,279)	12,468
Supplies	2,300	2,169	131	2,909
Total economic development	176,127	148,608	27,519	167,688

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

	2006		Variance Positive (Negative)	2005
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Expenditures, continued:				
General government, continued:				
Management information systems:				
Salaries	\$ 20,317	24,435	(4,118)	19,726
Employee benefits	8,743	8,258	485	7,065
Professional and technical services	6,800	6,002	798	15,686
Property services	116,545	107,268	9,277	91,704
Other purchased services	7,400	-	7,400	4,876
Supplies	<u>13,450</u>	<u>6,784</u>	<u>6,666</u>	<u>21,819</u>
Total management information systems	<u>173,255</u>	<u>152,747</u>	<u>20,508</u>	<u>160,876</u>
Total general government	<u>1,940,452</u>	<u>1,842,698</u>	<u>97,754</u>	<u>1,782,619</u>
Public safety:				
Police:				
Salaries	207,877	185,352	22,525	144,955
Employee benefits	84,826	52,868	31,958	47,998
Professional and technical services	20,430	41,640	(21,210)	25,977
Property services	11,200	8,524	2,676	5,685
Other purchased services	76,463	98,017	(21,554)	60,296
Supplies	<u>4,632</u>	<u>8,039</u>	<u>(3,407)</u>	<u>169,357</u>
Total police	<u>405,428</u>	<u>394,440</u>	<u>10,988</u>	<u>454,268</u>
Multitask drug enforcement:				
Salaries	56,913	58,658	(1,745)	55,565
Employee benefits	31,222	23,906	7,316	25,469
Property services	4,000	165	3,835	-
Other purchased services	1,811	-	1,811	402
Other	<u>6,232</u>	<u>6,232</u>	<u>-</u>	<u>-</u>
Total multitask drug enforcement	<u>100,178</u>	<u>88,961</u>	<u>11,217</u>	<u>81,436</u>
Stop violence against women grant:				
Salaries	-	-	-	62,033
Employee benefits	-	-	-	27,038
Property services	-	-	-	100
Other purchased services	-	-	-	6,968
Supplies	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,842</u>
Total stop violence against women grant	<u>-</u>	<u>-</u>	<u>-</u>	<u>97,981</u>
General investigation:				
Salaries	116,532	98,892	17,640	-
Employee benefits	58,479	39,486	18,993	-
Professional and technical services	-	145	(145)	-
Property services	1,200	332	868	-
Other purchased services	8,229	7,835	394	-
Supplies	<u>24,250</u>	<u>2,748</u>	<u>21,502</u>	<u>-</u>
Total general investigation	<u>208,690</u>	<u>149,438</u>	<u>59,252</u>	<u>-</u>

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

	2006		Variance Positive (Negative)	2005
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Expenditures continued:				
Public safety, continued:				
Police patrol:				
Salaries	\$ 1,073,142	1,002,899	70,243	902,603
Employee benefits	471,696	396,030	75,666	349,082
Professional and technical services	10,300	8,105	2,195	6,713
Property services	31,103	32,943	(1,840)	31,261
Other purchased services	96,198	69,653	26,545	69,218
Supplies	165,311	110,164	55,147	89,683
Total police patrol	<u>1,847,750</u>	<u>1,619,794</u>	<u>227,956</u>	<u>1,448,560</u>
Patrol - motorcycle grant:				
Salaries	21,265	24,461	(3,196)	22,001
Employee benefits	11,647	9,360	2,287	8,945
Professional and technical services	-	793	(793)	809
Other purchased services	3,200	1,172	2,028	3,868
Supplies	2,700	1,702	998	538
Capital expenditures	-	-	-	5,566
Total patrol - motorcycle grant	<u>38,812</u>	<u>37,488</u>	<u>1,324</u>	<u>41,727</u>
COPS - universal hiring grant:				
Salaries	60,850	58,397	2,453	11,834
Employee benefits	25,699	23,018	2,681	4,288
Total COPS - universal hiring grant	<u>86,549</u>	<u>81,415</u>	<u>5,134</u>	<u>16,122</u>
COPS - school resource officer grant:				
Salaries	49,439	54,026	(4,587)	-
Employee benefits	19,832	16,362	3,470	-
Property services	250	50	200	-
Other purchased services	6,478	5,317	1,161	-
Supplies	18,050	5,402	12,648	-
Total COPS - school resource officer grant	<u>94,049</u>	<u>81,157</u>	<u>12,892</u>	<u>-</u>
Dispatch center:				
Salaries	883,708	887,786	(4,078)	687,213
Employee benefits	444,853	350,476	94,377	274,543
Professional and technical services	10,000	3,467	6,533	16,895
Property services	83,800	58,093	25,707	44,995
Other purchased services	63,064	41,466	21,598	34,111
Supplies	42,900	32,970	9,930	26,229
Total dispatch center	<u>1,528,325</u>	<u>1,374,258</u>	<u>154,067</u>	<u>1,083,986</u>
Animal control - other purchased services	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>-</u>

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

	2006		Variance Positive (Negative)	2005
	Budget	Actual		Actual
Expenditures continued:				
Public safety, continued:				
Code compliance:				
Salaries	\$ 47,562	49,036	(1,474)	39,015
Employee benefits	27,428	17,159	10,269	12,164
Property services	-	50	(50)	-
Other purchased services	6,226	1,600	4,626	4,810
Supplies	8,285	5,366	2,919	6,297
Total code compliance	<u>89,501</u>	<u>73,211</u>	<u>16,290</u>	<u>62,286</u>
Total public safety	<u>4,449,282</u>	<u>3,950,162</u>	<u>499,120</u>	<u>3,286,366</u>
Public works:				
Administration:				
Salaries	228,973	251,574	(22,601)	178,820
Employee benefits	114,509	104,106	10,403	74,165
Professional and technical services	42,808	4,335	38,473	17,930
Property services	17,189	10,270	6,919	7,166
Other purchased services	39,744	38,500	1,244	36,136
Supplies	18,300	14,132	4,168	23,975
Total administration	<u>461,523</u>	<u>422,917</u>	<u>38,606</u>	<u>338,192</u>
Road maintenance:				
Salaries	208,544	205,104	3,440	197,023
Employee benefits	98,563	88,956	9,607	88,662
Property services	50,000	47,323	2,677	15,899
Other purchased services	252,204	270,244	(18,040)	151,005
Supplies	165,634	167,312	(1,678)	186,332
Capital expenditures	15,000	-	15,000	15,000
Total road maintenance	<u>789,945</u>	<u>778,939</u>	<u>11,006</u>	<u>653,921</u>
Property maintenance:				
Salaries	100,159	112,514	(12,355)	79,472
Employee benefits	40,302	35,702	4,600	28,408
Property services	199,464	167,221	32,243	164,710
Other purchased services	32,799	31,143	1,656	40,304
Supplies	108,098	130,452	(22,354)	111,978
Special assessments	-	-	-	2,756
Total property maintenance	<u>480,822</u>	<u>477,032</u>	<u>3,790</u>	<u>427,628</u>
Planning:				
Salaries	135,818	121,815	14,003	118,872
Employee benefits	56,512	45,226	11,286	42,497
Professional and technical services	40,595	41,067	(472)	9,378
Property services	1,000	10	990	545
Other purchased services	15,669	14,901	768	16,180
Supplies	4,590	3,307	1,283	4,552
Total planning	<u>254,184</u>	<u>226,326</u>	<u>27,858</u>	<u>192,024</u>
Total public works	<u>1,986,474</u>	<u>1,905,214</u>	<u>81,260</u>	<u>1,611,765</u>

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

	2006		Variance Positive (Negative)	2005
	Budget	Actual		Actual
Expenditures continued:				
Culture and recreation:				
Museum:				
Salaries	\$ 60,010	55,439	4,571	33,481
Employee benefits	23,026	21,895	1,131	9,749
Professional and technical services	3,000	1,504	1,496	969
Property services	10,600	8,731	1,869	6,658
Other purchased services	22,115	22,433	(318)	30,724
Supplies	21,200	20,045	1,155	15,781
Total museum	139,951	130,047	9,904	97,362
Parks maintenance:				
Salaries	214,680	219,778	(5,098)	213,657
Employee benefits	71,540	59,907	11,633	61,092
Professional and technical services	-	-	-	1,459
Property services	118,255	43,918	74,337	45,644
Other purchased services	25,738	19,426	6,312	22,486
Supplies	72,897	76,322	(3,425)	60,151
Capital expenditures	10,000	-	10,000	5,400
Total parks maintenance	513,110	419,351	93,759	409,889
Recreation services:				
Salaries	35,760	37,338	(1,578)	37,254
Employee benefits	9,778	14,679	(4,901)	9,901
Professional and technical services	25,142	6,117	19,025	11,557
Other purchased services	14,605	9,568	5,037	11,020
Supplies	1,500	3,217	(1,717)	4,153
Total recreation services	86,785	70,919	15,866	73,885
Total culture and recreation	739,846	620,317	119,529	581,136
Nondepartmental:				
Insurance deductible	10,000	22,687	(12,687)	16,590
Foreclosed tax payments	10,000	-	10,000	-
Animal control	-	-	-	50,000
Lawsuit costs	10,300	10,300	-	-
General contingency	79,700	-	79,700	-
Total nondepartmental	110,000	32,987	77,013	66,590
Total expenditures	9,226,054	8,351,378	874,676	7,328,476
Excess of revenues over expenditures	2,030,468	2,993,593	963,125	3,150,876
Other financing sources (uses):				
Transfers in	1,500	7,262	5,762	15,971
Transfers out	(2,740,621)	(2,728,990)	11,631	(3,122,135)
Net other financing sources (uses)	(2,739,121)	(2,721,728)	17,393	(3,106,164)
Net change in fund balance	\$ (708,653)	271,865	980,518	44,712
Beginning fund balance		5,548,357		5,503,645
Ending fund balance		\$ 5,820,222		5,548,357

CITY OF WASILLA, ALASKA
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2006

<u>Assets</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Project Funds</u>	<u>Cemetery Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Cash and investments	\$ 639,577	740,100	847,446	175,705	2,402,828
Receivables:					
Grants	12,651	-	172,035	-	184,686
Special assessments, net	<u>-</u>	<u>306,938</u>	<u>-</u>	<u>-</u>	<u>306,938</u>
 Total assets	 \$ <u>652,228</u>	 <u>1,047,038</u>	 <u>1,019,481</u>	 <u>175,705</u>	 <u>2,894,452</u>
 <u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	6,317	-	20,450	-	26,767
Accrued payroll and employee benefits	31,330	-	-	-	31,330
Due to other funds	-	1,989	164,194	-	166,183
Deferred revenue	<u>285</u>	<u>306,938</u>	<u>-</u>	<u>-</u>	<u>307,223</u>
Total liabilities	<u>37,932</u>	<u>308,927</u>	<u>184,644</u>	<u>-</u>	<u>531,503</u>
 Fund balances:					
Reserved:					
Encumbrances	300	-	78,628	-	78,928
Debt service	-	355,381	-	-	355,381
Investments	-	-	-	175,705	175,705
Unreserved:					
Designated:					
Operations	613,996	-	-	-	613,996
Capital improvements	-	-	756,209	-	756,209
Undesignated	<u>-</u>	<u>382,730</u>	<u>-</u>	<u>-</u>	<u>382,730</u>
Total fund balances	<u>614,296</u>	<u>738,111</u>	<u>834,837</u>	<u>175,705</u>	<u>2,362,949</u>
 Total liabilities and fund balances	 \$ <u>652,228</u>	 <u>1,047,038</u>	 <u>1,019,481</u>	 <u>175,705</u>	 <u>2,894,452</u>

CITY OF WASILLA, ALASKA
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2006

	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>
Revenues:					
Intergovernmental	\$ 512,002	-	664,254	-	1,176,256
Fines and charges	37,167	-	-	-	37,167
Special assessments	-	200,821	-	-	200,821
Investment income	21,218	27,392	26,179	7,187	81,976
Lot sales	-	-	-	11,200	11,200
Other	18,297	-	-	-	18,297
Total revenues	<u>588,684</u>	<u>228,213</u>	<u>690,433</u>	<u>18,387</u>	<u>1,525,717</u>
Expenditures:					
General government	37,659	-	-	-	37,659
Public safety	134,999	-	-	-	134,999
Culture and recreation	699,278	-	-	-	699,278
Debt service :					
Principal	-	326,264	-	-	326,264
Interest	-	235,771	-	-	235,771
Capital outlay	-	-	1,167,275	-	1,167,275
Total expenditures	<u>871,936</u>	<u>562,035</u>	<u>1,167,275</u>	<u>-</u>	<u>2,601,246</u>
Excess of revenues over (under) expenditures	(283,252)	(333,822)	(476,842)	18,387	(1,075,529)
Other financing sources (uses):					
Transfers in	812,718	434,810	823,750	-	2,071,278
Transfers out	(393,000)	(17,776)	(18,412)	(7,187)	(436,375)
Net other financing sources (uses)	<u>419,718</u>	<u>417,034</u>	<u>805,338</u>	<u>(7,187)</u>	<u>1,634,903</u>
Net change in fund balances	136,466	83,212	328,496	11,200	559,374
Beginning fund balances	<u>477,830</u>	<u>654,899</u>	<u>506,341</u>	<u>164,505</u>	<u>1,803,575</u>
Ending fund balances	\$ <u>614,296</u>	<u>738,111</u>	<u>834,837</u>	<u>175,705</u>	<u>2,362,949</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, 2006

<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	\$ 71,141	67,758	1,456	317,532	176,543	5,147	639,577
Receivables - grants	<u>-</u>	<u>12,651</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,651</u>
 Total assets	 \$ <u>71,141</u>	 <u>80,409</u>	 <u>1,456</u>	 <u>317,532</u>	 <u>176,543</u>	 <u>5,147</u>	 <u>652,228</u>
 <u>Liabilities and Fund Balances</u>							
Liabilities:							
Accounts payable	5,118	1,199	-	-	-	-	6,317
Accrued payroll and employee benefits	24,775	6,555	-	-	-	-	31,330
Deferred revenue	<u>-</u>	<u>285</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>285</u>
Total liabilities	<u>29,893</u>	<u>8,039</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,932</u>
Fund balances:							
Reserved for encumbrances	300	-	-	-	-	-	300
Unreserved - designated for operations	<u>40,948</u>	<u>72,370</u>	<u>1,456</u>	<u>317,532</u>	<u>176,543</u>	<u>5,147</u>	<u>613,996</u>
Total 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>
 Total liabilities and fund balances	 \$ <u>71,141</u>	 <u>80,409</u>	 <u>1,456</u>	 <u>317,532</u>	 <u>176,543</u>	 <u>5,147</u>	 <u>652,228</u>

CITY OF WASILLA, ALASKA
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2006

	<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>
Revenues:							
Intergovernmental	\$ 382,180	128,384	1,438	-	-	-	512,002
Fines and charges	24,560	12,607	-	-	-	-	37,167
Investment income	1,234	2,752	18	10,095	7,119	-	21,218
Other	500	17,797	-	-	-	-	18,297
Total revenues	<u>408,474</u>	<u>161,540</u>	<u>1,456</u>	<u>10,095</u>	<u>7,119</u>	<u>-</u>	<u>588,684</u>
Expenditures:							
Salaries	372,310	83,249	-	-	-	-	455,559
Employee benefits	132,252	35,791	-	-	-	-	168,043
Professional and technical services	31,846	-	-	-	-	-	31,846
Property services	15,253	-	-	-	-	-	15,253
Other purchased services	29,593	11,118	-	-	-	1,034	41,745
Supplies	111,824	4,841	-	-	36,625	-	153,290
Capital expenditures	6,200	-	-	-	-	-	6,200
Total expenditures	<u>699,278</u>	<u>134,999</u>	<u>-</u>	<u>-</u>	<u>36,625</u>	<u>1,034</u>	<u>871,936</u>
Excess of revenues over (under) expenditures	(290,804)	26,541	1,456	10,095	(29,506)	(1,034)	(283,252)
Other financing sources (uses):							
Transfers in	304,105	-	-	404,613	104,000	-	812,718
Transfers out	(13,000)	-	-	(380,000)	-	-	(393,000)
Net other financing sources (uses)	<u>291,105</u>	<u>-</u>	<u>-</u>	<u>24,613</u>	<u>104,000</u>	<u>-</u>	<u>419,718</u>
Net change in fund balances	301	26,541	1,456	34,708	74,494	(1,034)	136,466
Beginning fund balances	<u>40,947</u>	<u>45,829</u>	<u>-</u>	<u>282,824</u>	<u>102,049</u>	<u>6,181</u>	<u>477,830</u>
Ending 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>

CITY OF WASILLA, ALASKA

Library Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -

Budget and Actual

Year Ended June 30, 2006

(With Comparative Amounts for 2005)

	2006		Variance Positive (Negative)	2005
	Budget	Actual		Actual
Revenues:				
Intergovernmental	\$ 368,094	382,180	14,086	385,769
Charges	2,300	2,935	635	2,176
Library fines	16,500	21,625	5,125	15,627
Investment income	250	1,234	984	-
Other	500	500	-	500
Total revenues	<u>387,644</u>	<u>408,474</u>	<u>20,830</u>	<u>404,072</u>
Expenditures:				
Salaries	351,158	372,310	(21,152)	345,351
Employee benefits	142,178	132,252	9,926	108,267
Professional and technical services	32,700	31,846	854	49,138
Property services	18,112	15,253	2,859	29,079
Other purchased services	36,341	29,593	6,748	37,203
Supplies	123,503	111,824	11,679	110,028
Capital expenditures	6,200	6,200	-	6,250
Total expenditures	<u>710,192</u>	<u>699,278</u>	<u>10,914</u>	<u>685,316</u>
Excess of revenues over (under) expenditures	(322,548)	(290,804)	31,744	(281,244)
Other financing sources (uses):				
Transfers in	327,577	304,105	(23,472)	292,915
Transfers out	(13,000)	(13,000)	-	(10,000)
Net other financing sources (uses)	<u>314,577</u>	<u>291,105</u>	<u>(23,472)</u>	<u>282,915</u>
Net change in fund balance	\$ <u>(7,971)</u>	301	<u>8,272</u>	<u>1,671</u>
Beginning fund balance		<u>40,947</u>		<u>39,276</u>
Ending fund balance	\$	<u>41,248</u>		<u>40,947</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, 2006
 (With Comparative Amounts for 2005)

	2006		Variance Positive (Negative)	2005
	Budget	Actual		Actual
Revenues:				
Intergovernmental	\$ 129,543	128,384	(1,159)	131,356
Charges	11,047	12,607	1,560	13,298
Investment income	150	2,752	2,602	490
Other	<u>20,000</u>	<u>17,797</u>	<u>(2,203)</u>	<u>27,703</u>
Total revenues	<u>160,740</u>	<u>161,540</u>	<u>800</u>	<u>172,847</u>
Expenditures:				
Salaries	97,871	83,249	14,622	78,442
Employee benefits	42,127	35,791	6,336	33,229
Property services	200	-	200	-
Other purchased services	18,700	11,118	7,582	14,426
Supplies	<u>8,004</u>	<u>4,841</u>	<u>3,163</u>	<u>14,915</u>
Total expenditures	<u>166,902</u>	<u>134,999</u>	<u>31,903</u>	<u>141,012</u>
Net change in fund balance	\$ <u>(6,162)</u>	26,541	<u>32,703</u>	31,835
Beginning fund balance		<u>45,829</u>		<u>13,994</u>
Ending fund balance		\$ <u>72,370</u>		<u>45,829</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, 2006
 (With Comparative Amounts for 2005)

	<u>2006</u>		<u>2005</u>	
			Variance	
			Positive	
	<u>Budget</u>	<u>Actual</u>	<u>(Negative)</u>	<u>Actual</u>
Revenues:				
Intergovernmental	\$ 1,438	1,438	-	-
Investment income	<u>100</u>	<u>18</u>	<u>(82)</u>	<u>-</u>
Total revenues	1,538	1,456	(82)	
Expenditures - supplies	<u>1,438</u>	<u>-</u>	<u>1,438</u>	<u>6</u>
Net change in fund balance	\$ <u>100</u>	1,456	<u>1,356</u>	(6)
Beginning fund balance		<u>-</u>		<u>6</u>
Ending fund balance		\$ <u>1,456</u>		<u>-</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, 2006
 (With Comparative Amounts for 2005)

	2006		Variance	2005
	<u>Budget</u>	<u>Actual</u>	Positive (Negative)	<u>Actual</u>
Revenues - investment income	\$ <u>500</u>	<u>10,095</u>	<u>9,595</u>	<u>3,568</u>
Other financing sources (uses):				
Transfers in	404,756	404,613	(143)	864,359
Transfers out	<u>(380,000)</u>	<u>(380,000)</u>	<u>-</u>	<u>(625,000)</u>
Net other financing sources (uses)	<u>24,756</u>	<u>24,613</u>	<u>(143)</u>	<u>239,359</u>
Net change in fund balance	\$ <u>25,256</u>	34,708	<u>9,452</u>	242,927
Beginning fund balance		<u>282,824</u>		<u>39,897</u>
Ending fund balance	\$	<u>317,532</u>		<u>282,824</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, 2006
 (With Comparative Amounts for 2005)

	2006		Variance Positive (Negative)	2005
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues - investment income	\$ 400	7,119	6,719	1,167
Expenditures - supplies	<u>38,000</u>	<u>36,625</u>	<u>1,375</u>	<u>25,568</u>
Excess of revenues over (under) expenditures	(37,600)	(29,506)	8,094	(24,401)
Other financing sources - transfers in	<u>102,500</u>	<u>104,000</u>	<u>1,500</u>	<u>94,000</u>
Net change in fund balance	\$ <u>64,900</u>	74,494	<u>9,594</u>	69,599
Beginning fund balance		<u>102,049</u>		<u>32,450</u>
Ending fund balance		\$ <u><u>176,543</u></u>		<u><u>102,049</u></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, 2006

(With Comparative Amounts for 2005)

	<u>2006</u>			<u>2005</u>
	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)	<u>Actual</u>
Revenues - intergovernmental	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>4,865</u>
Expenditures:				
Other purchased services	6,181	1,034	5,147	2,570
Supplies	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,865</u>
Total expenditures	<u>6,181</u>	<u>1,034</u>	<u>5,147</u>	<u>7,435</u>
Net change in fund balance	\$ <u>(6,181)</u>	<u>(1,034)</u>	<u>5,147</u>	<u>(2,570)</u>
Beginning fund balance		<u>6,181</u>		<u>8,751</u>
Ending fund balance		\$ <u>5,147</u>		<u>6,181</u>

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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, 2006

	1982	1986	1987	1988	Totals
<u>Assets</u>					
Cash and investments	\$ 152,692	-	204,504	36,734	740,100
Receivables - special assessments, net	<u>80,761</u>	<u>27,356</u>	<u>33,721</u>	-	<u>306,938</u>
Total assets	\$ <u>233,453</u>	<u>27,356</u>	<u>238,225</u>	<u>36,734</u>	<u>1,047,038</u>

Liabilities and Fund Balances

Liabilities:					
Due to other funds	-	1,989	-	-	1,989
Deferred revenue	<u>80,761</u>	<u>27,356</u>	<u>33,721</u>	-	<u>306,938</u>
Total liabilities	<u>80,761</u>	<u>29,345</u>	<u>33,721</u>	-	<u>308,927</u>
Fund balances:					
Reserved for debt service	-	-	95,800	-	355,381
Unreserved and undesignated (deficit)	<u>152,692</u>	<u>(1,989)</u>	<u>108,704</u>	<u>36,734</u>	<u>382,730</u>
Total fund balances	<u>152,692</u>	<u>(1,989)</u>	<u>204,504</u>	<u>36,734</u>	<u>738,111</u>
Total liabilities and fund balances	\$ <u>233,453</u>	<u>27,356</u>	<u>238,225</u>	<u>36,734</u>	<u>1,047,038</u>

CITY OF WASILLA, ALASKA
 Nonmajor Debt Service Funds
 Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances (Deficit)
 Year Ended June 30, 2006

		1986	1987	1988	Street Paving General Obligation Bond	Totals
	1982	Southside Water District Bond	Sewer Improvement District Bond	Overlook Sewer Improvement Bond	Bond Guarantee	Totals
	Original Water Bond	Water District Bond	Sewer Improvement District Bond	Overlook Sewer Improvement Bond	Bond Guarantee	Totals
		Street Paving Assessment Bonds	Gas Assessments			
Revenues:						
Special assessments	\$ 19,382	4,379	6,260	-	-	200,821
Investment income	6,188	32	8,204	1,613	102	27,392
Total revenues	<u>25,570</u>	<u>4,411</u>	<u>14,464</u>	<u>1,613</u>	<u>102</u>	<u>228,213</u>
Expenditures - debt service:						
Principal	-	3,296	3,775	-	-	225,000
Interest	-	2,975	6,472	-	-	209,810
Total expenditures	<u>-</u>	<u>6,271</u>	<u>10,247</u>	<u>-</u>	<u>-</u>	<u>434,810</u>
Excess of revenues over (under) expenditures	25,570	(1,860)	4,217	1,613	102	(333,822)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	434,810
Transfers out	(17,776)	-	-	-	-	(17,776)
Net other financing sources (uses)	<u>(17,776)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>434,810</u>
Net change in fund balances	7,794	(1,860)	4,217	1,613	102	83,212
Beginning fund balances (deficit)	<u>144,898</u>	<u>(129)</u>	<u>200,287</u>	<u>37,838</u>	<u>47,036</u>	<u>654,899</u>
Ending fund balances (deficit)	<u>\$ 152,692</u>	<u>(1,989)</u>	<u>204,504</u>	<u>39,451</u>	<u>47,138</u>	<u>738,111</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, 2006
 (With Comparative Amounts for 2005)

	2006		Variance Positive (Negative)	2005
	Budget	Actual		Actual
Revenues:				
Special assessments	\$ 10,000	19,382	9,382	13,843
Investment income	<u>300</u>	<u>6,188</u>	<u>5,888</u>	<u>2,645</u>
Total revenues	10,300	25,570	15,270	16,488
Other uses - transfers out	<u>(17,776)</u>	<u>(17,776)</u>	-	<u>(17,776)</u>
Net change in fund balance	\$ <u>(7,476)</u>	7,794	<u>15,270</u>	(1,288)
Beginning fund balance		<u>144,898</u>		<u>146,186</u>
Ending fund balance		\$ <u>152,692</u>		<u>144,898</u>

CITY OF WASILLA, ALASKA
 1986 Southside Water District Bond Debt Service Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit) -
 Budget and Actual
 Year Ended June 30, 2006
 (With Comparative Amounts for 2005)

	<u>2006</u>		Variance	<u>2005</u>
			Positive	
	<u>Budget</u>	<u>Actual</u>	<u>(Negative)</u>	<u>Actual</u>
Revenues:				
Special assessments	\$ 5,000	4,379	(621)	2,407
Investment income	<u>100</u>	<u>32</u>	<u>(68)</u>	<u>82</u>
Total revenues	<u>5,100</u>	<u>4,411</u>	<u>(689)</u>	<u>2,489</u>
Expenditures - debt service:				
Principal	3,954	3,296	658	3,954
Interest	<u>3,046</u>	<u>2,975</u>	<u>71</u>	<u>3,228</u>
Total expenditures	<u>7,000</u>	<u>6,271</u>	<u>729</u>	<u>7,182</u>
Net change in fund balance	\$ <u>(1,900)</u>	(1,860)	<u>40</u>	(4,693)
Beginning fund balance (deficit)		<u>(129)</u>		<u>4,564</u>
Ending deficit		\$ <u>(1,989)</u>		<u>(129)</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, 2006
 (With Comparative Amounts for 2005)

	2006		Variance	2005
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Special assessments	\$ 10,000	6,260	(3,740)	15,464
Investment income	200	8,204	8,004	3,320
Total revenues	10,200	14,464	4,264	18,784
Expenditures - debt service:				
Principal	3,775	3,775	-	3,775
Interest	6,472	6,472	-	6,718
Total expenditures	10,247	10,247	-	10,493
Net change in fund balance	\$ <u>(47)</u>	4,217	4,264	8,291
Beginning fund balance		200,287		191,996
Ending fund balance		\$ <u>204,504</u>		<u>200,287</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, 2006

(With Comparative Amounts for 2005)

	2006		Variance Positive (Negative)	2005
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Special assessments	\$ 100,000	170,800	70,800	186,278
Investment income	<u>5,000</u>	<u>9,752</u>	<u>4,752</u>	<u>5,130</u>
Total revenues	<u>105,000</u>	<u>180,552</u>	<u>75,552</u>	<u>191,408</u>
Expenditures - debt service:				
Principal	104,005	94,193	9,812	284,828
Interest	<u>17,328</u>	<u>16,514</u>	<u>814</u>	<u>32,171</u>
Total expenditures	<u>121,333</u>	<u>110,707</u>	<u>10,626</u>	<u>316,999</u>
Net change in fund balance	\$ <u>(16,333)</u>	69,845	<u>86,178</u>	(125,591)
Beginning fund balance		<u>189,736</u>		<u>315,327</u>
Ending fund balance		\$ <u>259,581</u>		<u>189,736</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, 2006
(With Comparative Amounts for 2005)

	2006		2005
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
		Variance	
		Positive	
		(Negative)	
Revenues - investment income	\$ <u>400</u>	1,613	<u>672</u>
Beginning fund balance		<u>37,838</u>	<u>37,166</u>
Ending fund balance	\$ <u>39,451</u>		<u>37,838</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, 2006
 (With Comparative Amounts for 2005)

	2006			2005
	<u>Budget</u>	<u>Actual</u>	Variance Positive - (Negative)	<u>Actual</u>
Revenues - investment income	\$ <u>50</u>	1,501	<u>1,451</u>	608
Beginning fund balance		<u>35,233</u>		<u>34,625</u>
Ending fund balance		\$ <u>36,734</u>		<u>35,233</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, 2006
 (With Comparative Amounts for 2005)

	<u>2006</u>			<u>2005</u>
	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)	<u>Actual</u>
Revenues - investment income	\$ <u>-</u>	102	<u>102</u>	1,222
Beginning fund balance		<u>47,036</u>		<u>45,814</u>
Ending fund balance		\$ <u>47,138</u>		<u>47,036</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, 2006
 (With Comparative Amounts for 2005)

	2006			2005
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues - investment income	\$ -	-	-	1
Expenditures - debt service:				
Principal	225,000	225,000	-	215,000
Interest	<u>209,810</u>	<u>209,810</u>	-	<u>221,348</u>
Total expenditures	<u>434,810</u>	<u>434,810</u>	-	<u>436,348</u>
Excess of revenues over (under) expenditures	(434,810)	(434,810)	-	(436,347)
Other financing sources - transfers in	<u>434,810</u>	<u>434,810</u>	-	<u>436,347</u>
Net change in fund balance	\$ <u>-</u>	-	<u>-</u>	-
Beginning fund balance		-		-
Ending fund balance	\$ <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, 2006

<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	\$ 463,014	61,019	-	323,413	847,446
Receivables - grants	<u>-</u>	<u>-</u>	<u>172,035</u>	<u>-</u>	<u>172,035</u>
 Total assets	 \$ <u>463,014</u>	 <u>61,019</u>	 <u>172,035</u>	 <u>323,413</u>	 <u>1,019,481</u>
 <u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	-	-	1,680	18,770	20,450
Due to other funds	<u>-</u>	<u>-</u>	<u>164,194</u>	<u>-</u>	<u>164,194</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>165,874</u>	<u>18,770</u>	<u>184,644</u>
Fund balances:					
Reserved for encumbrances	26,650	-	6,161	45,817	78,628
Unreserved - designated for capital improvements	<u>436,364</u>	<u>61,019</u>	<u>-</u>	<u>258,826</u>	<u>756,209</u>
Total fund balances	<u>463,014</u>	<u>61,019</u>	<u>6,161</u>	<u>304,643</u>	<u>834,837</u>
 Total liabilities and fund balances	 \$ <u>463,014</u>	 <u>61,019</u>	 <u>172,035</u>	 <u>323,413</u>	 <u>1,019,481</u>

CITY OF WASILLA, ALASKA
 Nonmajor Capital Project Funds
 Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances
 Year Ended June 30, 2006

	<u>Vehicle Replacement</u>	<u>Right- of-Way Acquisition</u>	<u>Honor Garden</u>	<u>Regional Dispatch Center</u>	<u>Road</u>	<u>Totals</u>
Revenues:						
Intergovernmental	\$ -	-	-	545,115	119,139	664,254
Investment income	20,321	2,015	680	-	3,163	26,179
Total revenues	<u>20,321</u>	<u>2,015</u>	<u>680</u>	<u>545,115</u>	<u>122,302</u>	<u>690,433</u>
Expenditures - capital outlay	<u>166,563</u>	<u>-</u>	<u>-</u>	<u>600,553</u>	<u>400,159</u>	<u>1,167,275</u>
Excess of revenues over (under) expenditures	(146,242)	2,015	680	(55,438)	(277,857)	(476,842)
Other financing sources (uses):						
Transfers in	221,250	20,000	-	-	582,500	823,750
Transfers out	<u>-</u>	<u>-</u>	<u>(18,412)</u>	<u>-</u>	<u>-</u>	<u>(18,412)</u>
Net other financing sources (uses)	<u>221,250</u>	<u>20,000</u>	<u>(18,412)</u>	<u>-</u>	<u>582,500</u>	<u>805,338</u>
Net change in fund balances	75,008	22,015	(17,732)	(55,438)	304,643	328,496
Beginning fund balances	<u>388,006</u>	<u>39,004</u>	<u>17,732</u>	<u>61,599</u>	<u>-</u>	<u>506,341</u>
Ending fund balances	\$ <u><u>463,014</u></u>	<u><u>61,019</u></u>	<u><u>-</u></u>	<u><u>6,161</u></u>	<u><u>304,643</u></u>	<u><u>834,837</u></u>

CITY OF WASILLA, ALASKA
 Miscellaneous Projects Capital Project Fund
 Schedule of Expenditures by Project
 Year Ended June 30, 2006

Expenditures:	
5 year fiscal plan	\$ 12,801
City website	4,235
Road upgrading	77,046
Storm water phase II	31,118
South Mack Garvey Road	72,901
Crusey Street and Lucas Road	26,681
Public safety building	77,716
Terror prevention plan	231,703
Police/dispatch improvements	102,743
Building modification	83,172
Street marking vehicle	54,869
MASCOT Building	990,209
Iditapark improvements	66,886
New maintenance shop	84,846
Aerial photo update	15,082
Area master plan	4,470
Bike paths	38,376
Ball park improvements	20,111
Cemetery markers	6,480
Green House addition	13,735
Carter Park equipment	20,000
Hydroseed parks	29,866
Total expenditures	\$ <u>2,065,046</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, 2006
(With Comparative Amounts for 2005)

	<u>2006</u>	<u>2005</u>
Revenues:		
Lot sales	\$ 11,200	18,800
Investment income	<u>7,187</u>	<u>2,725</u>
Total revenues	18,387	21,525
Other uses - transfers out	<u>(7,187)</u>	<u>(2,725)</u>
Net change in fund balance	11,200	18,800
Beginning fund balance	<u>164,505</u>	<u>145,705</u>
Ending fund balance	\$ <u>175,705</u>	<u>164,505</u>

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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, 2006
(With Comparative Amounts for 2005)

<u>Assets</u>	<u>2006</u>	<u>2005</u>
Current assets:		
Cash and investments	\$ 1,213,317	1,770,029
Receivables:		
Accounts	111,425	80,825
Allowance for doubtful accounts	(11,424)	(8,163)
Grants	265,254	265,600
Inventory	49,380	52,164
Prepaid expense	1,750	-
Total current assets	<u>1,629,702</u>	<u>2,160,455</u>
Noncurrent assets:		
Property, plant and equipment:		
Land	149,170	149,170
Collection/distribution system	10,986,746	10,944,990
Water tank and fence	6,565,877	6,565,877
Wells/well house	368,659	367,793
Equipment	226,719	168,738
Construction in progress	3,243,208	1,743,278
Total property, plant and equipment	21,540,379	19,939,846
Less accumulated depreciation	<u>(3,995,632)</u>	<u>(3,622,455)</u>
Net property, plant and equipment	<u>17,544,747</u>	<u>16,317,391</u>
Deferred charges, net of accumulated amortization	<u>12,644</u>	<u>13,025</u>
Total noncurrent assets	<u>17,557,391</u>	<u>16,330,416</u>
Total assets	<u>\$ 19,187,093</u>	<u>18,490,871</u>

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

<u>Liabilities and Net Assets</u>	<u>2006</u>	<u>2005</u>
Liabilities:		
Current liabilities:		
Accounts payable	\$ 33,860	366,924
Accrued payroll and employee benefits	14,864	10,885
Accrued annual and sick leave	12,385	11,383
Customer deposits	31,942	25,789
Accrued interest	36,948	38,816
Revenue billed in advance	12,222	13,501
Current portion of ADEC loans	<u>213,455</u>	<u>213,455</u>
Total current liabilities	<u>355,676</u>	<u>680,753</u>
Long-term debt, net of current portion:		
ADEC loans	3,547,682	3,761,137
Net pension/OPEB obligation	<u>19,295</u>	<u>13,844</u>
Total long-term debt, net of current portion	<u>3,566,977</u>	<u>3,774,981</u>
Total liabilities	<u>3,922,653</u>	<u>4,455,734</u>
Net assets:		
Invested in capital assets, net of related debt	13,783,610	12,342,799
Unrestricted	<u>1,480,830</u>	<u>1,692,338</u>
Total net assets	<u>15,264,440</u>	<u>14,035,137</u>
Total liabilities and net assets	<u>\$ 19,187,093</u>	<u>18,490,871</u>

CITY OF WASILLA, ALASKA
Water Utility Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Assets
Year Ended June 30, 2006
(With Comparative Amounts for 2005)

	<u>2006</u>	<u>2005</u>
Operating revenues:		
Sales and user charges	\$ 749,235	729,790
Water meters	<u>14,981</u>	<u>13,883</u>
Total operating revenues	<u>764,216</u>	<u>743,673</u>
Operating expenses:		
Salaries	187,415	205,684
Employee benefits	90,366	95,524
Professional and technical services	22,336	37,437
Property services	23,356	54,268
Other purchased services	31,345	35,256
Supplies	<u>122,962</u>	<u>126,926</u>
Total operating expenses	<u>477,780</u>	<u>555,095</u>
Operating income before depreciation	286,436	188,578
Depreciation	<u>373,177</u>	<u>362,924</u>
Operating loss	<u>(86,741)</u>	<u>(174,346)</u>
Nonoperating revenues (expenses):		
Payments in lieu of assessments	13,557	45,536
Interest expense	(97,496)	(28,873)
Investment income	45,771	22,409
State PERS relief	<u>7,686</u>	<u>-</u>
Net nonoperating revenues (expenses)	<u>(30,482)</u>	<u>39,072</u>
Loss before transfers and contributions	(117,223)	(135,274)
Transfers in	422,138	853,888
Transfers out	(11,500)	(1,500)
Capital contributions	<u>935,888</u>	<u>899,747</u>
Change in net assets	1,229,303	1,616,861
Beginning net assets	<u>14,035,137</u>	<u>12,418,276</u>
Ending net assets	\$ <u>15,264,440</u>	<u>14,035,137</u>

CITY OF WASILLA, ALASKA
Water Utility Enterprise Fund
Statement of Cash Flows
Year Ended June 30, 2006
(With Comparative Amounts for 2005)

	<u>2006</u>	<u>2005</u>
Cash flows from operating activities:		
Receipts from customers and users	\$ 741,751	750,981
Payments to suppliers	(531,648)	78,841
Payments to employees	<u>(259,663)</u>	<u>(288,220)</u>
Net cash flows from operating activities	<u>(49,560)</u>	<u>541,602</u>
Cash flows from capital and related financing activities:		
Principal and interest paid on long-term debt	(312,819)	(235,086)
Receipt of payments in lieu of assessments	13,557	45,536
Acquisition and construction of capital assets	(1,600,533)	(1,757,418)
Capital contributions received	936,234	1,310,713
Transfers in	422,138	853,888
Transfers out	<u>(11,500)</u>	<u>(1,500)</u>
Net cash flows from capital and related financing activities	<u>(552,923)</u>	<u>216,133</u>
Cash flows from investing activities - investment income received	<u>45,771</u>	<u>22,409</u>
Net increase (decrease) in cash and investments	(556,712)	780,144
Beginning cash and investments	<u>1,770,029</u>	<u>989,885</u>
Ending cash and investments	\$ <u><u>1,213,317</u></u>	<u><u>1,770,029</u></u>
Reconciliation of operating loss to net cash flows from operating activities:		
Operating loss	(86,741)	(174,346)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation and amortization	373,558	363,306
Noncash expense - PERS relief	7,686	-
Increase in allowance for doubtful accounts	3,261	2,720
(Increase) decrease in assets:		
Accounts receivable	(30,600)	3,903
Inventory	2,784	(8,711)
Prepaid expense	(1,750)	-
Increase (decrease) in liabilities:		
Accounts payable	(333,064)	341,057
Revenue billed in advance	(1,279)	7,695
Accrued payroll and employee benefits	3,979	302
Accrued annual and sick leave	1,002	(1,158)
Net pension/OPEB obligation	5,451	13,844
Customer deposits	<u>6,153</u>	<u>(7,010)</u>
Net cash flows from operating activities	\$ <u><u>(49,560)</u></u>	<u><u>541,602</u></u>

CITY OF WASILLA, ALASKA
 Sewer Utility Enterprise Fund
 Statement of Net Assets
 June 30, 2006
 (With Comparative Amounts for 2005)

<u>Assets</u>	<u>2006</u>	<u>2005</u>
Current assets:		
Cash and investments	\$ 1,048,659	984,380
Receivables:		
Accounts	79,324	72,199
Allowance for doubtful accounts	(9,347)	(7,176)
Grants	-	84
Special assessments	9,299	10,413
Notes	1,200	2,577
Prepaid expense	1,750	-
Inventory	<u>84,992</u>	<u>85,569</u>
Total current assets	<u>1,215,877</u>	<u>1,148,046</u>
Noncurrent assets:		
Notes receivable	<u>2,511</u>	<u>3,430</u>
Property, plant and equipment:		
Land	657,810	657,810
Treatment system	8,080,804	8,080,804
Collection/distribution system	8,989,384	8,948,948
Equipment	5,117,783	5,101,948
Construction in progress	<u>175,042</u>	<u>102,654</u>
Total property, plant and equipment	23,020,823	22,892,164
Less accumulated depreciation	<u>(7,954,582)</u>	<u>(7,578,665)</u>
Net property, plant and equipment	<u>15,066,241</u>	<u>15,313,499</u>
Total noncurrent assets	<u>15,068,752</u>	<u>15,316,929</u>
 Total assets	 \$ <u>16,284,629</u>	 <u>16,464,975</u>

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

<u>Liabilities and Net Assets</u>	<u>2006</u>	<u>2005</u>
Liabilities:		
Current liabilities:		
Accounts payable	\$ 7,213	4,350
Accrued payroll and employee benefits	18,905	9,416
Accrued annual and sick leave	29,982	23,650
Customer deposits	11,399	16,906
Accrued interest	2,835	4,992
Current portion:		
Special assessment bonds	8,471	8,471
ADEC loans	17,271	17,271
Total current liabilities	<u>96,076</u>	<u>85,056</u>
Long-term debt, net of current portion:		
Special assessment bonds	24,054	32,956
ADEC loans	278,553	295,824
Net pension/OPEB obligation	26,054	15,342
Total long-term debt, net of current portion	<u>328,661</u>	<u>344,122</u>
Total liabilities	<u>424,737</u>	<u>429,178</u>
Net assets:		
Invested in capital assets, net of related debt	14,737,892	14,958,977
Unrestricted	1,122,000	1,076,820
Total net assets	<u>15,859,892</u>	<u>16,035,797</u>
Total liabilities and net assets	<u>\$ 16,284,629</u>	<u>16,464,975</u>

CITY OF WASILLA, ALASKA
Sewer Utility Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Assets
Year Ended June 30, 2006
(With Comparative Amounts for 2005)

	<u>2006</u>	<u>2005</u>
Operating revenues - sales and user charges	\$ <u>656,759</u>	<u>642,553</u>
Operating expenses:		
Salaries	275,276	223,427
Employee benefits	121,167	110,165
Professional and technical services	9,668	22,127
Property services	20,007	59,988
Other purchased services	32,403	38,728
Supplies	<u>146,528</u>	<u>117,031</u>
Total operating expenses	<u>605,049</u>	<u>571,466</u>
Operating income before depreciation	51,710	71,087
Depreciation	<u>375,917</u>	<u>384,882</u>
Operating loss	(324,207)	(313,795)
Nonoperating revenues (expenses):		
Payments in lieu of assessments	41,632	64,650
Interest expense	(5,417)	(10,673)
Investment income	42,977	15,286
State PERS relief	<u>8,670</u>	<u>-</u>
Net nonoperating revenues (expenses)	<u>87,862</u>	<u>69,263</u>
Loss before transfers and contributions	(236,345)	(244,532)
Transfers in	67,750	80,000
Transfers out	(16,500)	(1,500)
Capital contributions	<u>9,190</u>	<u>8,054</u>
Change in net assets	(175,905)	(157,978)
Beginning net assets	<u>16,035,797</u>	<u>16,193,775</u>
Ending net assets	\$ <u>15,859,892</u>	<u>16,035,797</u>

CITY OF WASILLA, ALASKA
Sewer Utility Enterprise Fund
Statement of Cash Flows
Year Ended June 30, 2006
(With Comparative Amounts for 2005)

	<u>2006</u>	<u>2005</u>
Cash flows from operating activities:		
Receipts from customers and users	\$ 646,298	640,908
Payments to suppliers	(206,916)	(251,435)
Payments to employees	(361,240)	(316,450)
Net cash flows from operating activities	<u>78,142</u>	<u>73,023</u>
Cash flows from capital and related financing activities:		
Principal and interest paid on long-term debt	(33,747)	(36,377)
Special assessments received	1,114	31,782
Receipt of payments in lieu of assessments	41,632	64,650
Acquisition and construction of capital assets	(128,659)	(83,065)
Capital contributions received	9,274	162,136
Transfers in	67,750	80,000
Transfers out	(16,500)	(1,500)
Net cash flows from capital and related financing activities	<u>(59,136)</u>	<u>217,626</u>
Cash flows from investing activities:		
Investment income received	42,977	15,286
Principal payments received on notes receivable	2,296	4,412
Net cash flows from investing activities	<u>45,273</u>	<u>19,698</u>
Net increase in cash and investments	64,279	310,347
Beginning cash and investments	<u>984,380</u>	<u>674,033</u>
Ending cash and investments	\$ <u>1,048,659</u>	<u>984,380</u>
Reconciliation of operating loss to net cash flows from operating activities:		
Operating loss	(324,207)	(313,795)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation	375,917	384,882
Noncash expense - PERS relief	8,670	-
Increase in allowance for doubtful accounts	2,171	2,349
(Increase) decrease in assets:		
Accounts receivable	(7,125)	4,356
Inventory	577	(14,636)
Prepaid expense	(1,750)	-
Increase (decrease) in liabilities:		
Accounts payable	2,863	1,075
Accrued payroll and employee benefits	9,489	(779)
Accrued annual and sick leave	6,332	2,579
Net pension/OPEB obligation	10,712	15,342
Customer deposits	(5,507)	(8,350)
Net cash flows from operating activities	\$ <u>78,142</u>	<u>73,023</u>

CITY OF WASILLA, ALASKA
Municipal Airport Enterprise Fund
Statement of Net Assets
June 30, 2006
(With Comparative Amounts for 2005)

<u>Assets</u>	<u>2006</u>	<u>2005</u>
Current assets:		
Cash and investments	\$ -	212,968
Receivables:		
Accounts	756	549
Grants	942,594	262,841
Total current assets	<u>943,350</u>	<u>476,358</u>
Noncurrent assets - property, plant and equipment:		
Land	1,470,000	1,470,000
Land improvements	5,620,175	5,620,175
Buildings	21,744	21,744
Equipment	648,164	648,164
Construction in progress	3,267,649	2,338,122
Total property, plant and equipment	11,027,732	10,098,205
Less accumulated depreciation	(3,689,537)	(3,352,289)
Net property, plant and equipment	<u>7,338,195</u>	<u>6,745,916</u>
Total assets	\$ <u>8,281,545</u>	<u>7,222,274</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	192,436	164,315
Accrued payroll and employee benefits	1,638	1,375
Accrued annual and sick leave	1,734	1,665
Revenue billed in advance	4,525	3,700
Due to other funds	441,089	-
Total current liabilities	<u>641,422</u>	<u>171,055</u>
Net pension/OPEB obligation	897	946
Total liabilities	<u>642,319</u>	<u>172,001</u>
Net assets:		
Invested in capital assets	7,338,195	6,745,916
Unrestricted	301,031	304,357
Total net assets	<u>7,639,226</u>	<u>7,050,273</u>
Total liabilities and net assets	\$ <u>8,281,545</u>	<u>7,222,274</u>

CITY OF WASILLA, ALASKA
Municipal Airport Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Assets
Year Ended June 30, 2006
(With Comparative Amounts for 2005)

	<u>2006</u>	<u>2005</u>
Operating revenues - fees and rentals	\$ <u>66,225</u>	<u>56,047</u>
Operating expenses:		
Salaries	27,905	26,935
Employee benefits	9,224	8,162
Professional and technical services	2,150	2,700
Property services	37,523	24,849
Other purchased services	24,431	20,696
Supplies	<u>18,397</u>	<u>13,702</u>
Total operating expenses	<u>119,630</u>	<u>97,044</u>
Operating loss before depreciation	(53,405)	(40,997)
Depreciation	<u>337,248</u>	<u>337,683</u>
Operating loss	(390,653)	(378,680)
Nonoperating revenues:		
Sales tax revenue	-	255
Investment income	2,934	247
State PERS relief	<u>1,088</u>	<u>-</u>
Total nonoperating revenues	<u>4,022</u>	<u>502</u>
Loss before transfers and contributions	(386,631)	(378,178)
Transfers in	69,296	149,114
Capital contributions	<u>906,288</u>	<u>2,178,023</u>
Change in net assets	588,953	1,948,959
Beginning net assets	<u>7,050,273</u>	<u>5,101,314</u>
Ending net assets	\$ <u>7,639,226</u>	<u>7,050,273</u>

CITY OF WASILLA, ALASKA
Municipal Airport Enterprise Fund
Statement of Cash Flows
Year Ended June 30, 2006
(With Comparative Amounts for 2005)

	<u>2006</u>	<u>2005</u>
Cash flows from operating activities:		
Receipts from customers and users	\$ 66,843	53,157
Payments to suppliers	(54,380)	102,368
Payments to employees	(35,758)	(33,835)
Net cash flows from operating activities	<u>(23,295)</u>	<u>121,690</u>
Cash flows from noncapital financing activities - transfers in	<u>69,296</u>	<u>43,809</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(929,527)	(2,256,327)
Capital contributions received	226,535	1,956,576
Sales tax revenue received	-	255
Transfers in	-	105,305
Increase in due to other funds	441,089	-
Net cash flows from capital and related financing activities	<u>(261,903)</u>	<u>(194,191)</u>
Cash flows from investing activities - investment income received	<u>2,934</u>	<u>247</u>
Net decrease in cash and investments	(212,968)	(28,445)
Beginning cash and investments	<u>212,968</u>	<u>241,413</u>
Ending cash and investments	\$ <u>-</u>	<u>212,968</u>
Reconciliation of operating loss to net cash flows from operating activities:		
Operating loss	(390,653)	(378,680)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation	337,248	337,683
Noncash expense - PERS relief	1,088	-
Increase in accounts receivable	(207)	(438)
Increase (decrease) in liabilities:		
Accounts payable	28,121	164,315
Revenue billed in advance	825	(2,452)
Accrued payroll and employee benefits	263	57
Accrued annual and sick leave	69	259
Net pension/OPEB obligation	(49)	946
Net cash flows from operating activities	<u>\$ (23,295)</u>	<u>121,690</u>

CITY OF WASILLA, ALASKA
Multi-Use Sports Complex Enterprise Fund
Statement of Net Assets
June 30, 2006
(With Comparative Amounts for 2005)

<u>Assets</u>	<u>2006</u>	<u>2005</u>
Current assets:		
Cash and investments	\$ 678,936	768,938
Receivables:		
Sales taxes	223,210	206,977
Accounts	-	419
Total current assets	<u>902,146</u>	<u>976,334</u>
Noncurrent assets:		
Restricted cash - bond redemption	<u>1,081,693</u>	<u>580,844</u>
Property, plant and equipment:		
Land	480,748	436,711
Buildings	15,122,883	15,071,384
Equipment	<u>257,714</u>	<u>247,091</u>
Total property, plant and equipment	15,861,345	15,755,186
Less accumulated depreciation	<u>(661,921)</u>	<u>(321,501)</u>
Net property, plant and equipment	<u>15,199,424</u>	<u>15,433,685</u>
Total noncurrent assets	<u>16,281,117</u>	<u>16,014,529</u>
Total assets	<u>\$ 17,183,263</u>	<u>16,990,863</u>
<u>Liabilities and Net Assets</u>		
Liabilities:		
Current liabilities:		
Accounts payable	7,631	48,195
Accrued payroll and employee benefits	17,248	12,745
Accrued annual and sick leave	21,808	15,299
Accrued interest	110,639	121,489
Deferred revenue	10,587	11,620
Current portion of general obligation bonds	<u>1,365,000</u>	<u>1,240,000</u>
Total current liabilities	<u>1,532,913</u>	<u>1,449,348</u>
Long-term debt, net of current portion:		
General obligation bonds	9,110,000	10,475,000
Unamortized bond premium	66,314	75,787
Net pension/OPEB obligation	<u>20,057</u>	<u>13,562</u>
Total long-term debt, net of current portion	<u>9,196,371</u>	<u>10,564,349</u>
Total liabilities	<u>10,729,284</u>	<u>12,013,697</u>
Net assets:		
Invested in capital assets, net of related debt	4,658,110	3,786,239
Restricted for debt service	1,549,126	1,010,688
Unrestricted	<u>246,743</u>	<u>180,239</u>
Total net assets	<u>6,453,979</u>	<u>4,977,166</u>
Total liabilities and net assets	<u>\$ 17,183,263</u>	<u>16,990,863</u>

CITY OF WASILLA, ALASKA
Multi-Use Sports Complex Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Assets
Year Ended June 30, 2006
(With Comparative Amounts for 2005)

	<u>2006</u>	<u>2005</u>
Operating revenues - fees and rentals	\$ <u>642,091</u>	<u>576,555</u>
Operating expenses:		
Salaries	329,178	307,018
Employee benefits	117,983	126,833
Professional and technical services	1,012	40,189
Property services	28,809	34,452
Other purchased services	76,422	70,368
Supplies	<u>253,565</u>	<u>210,434</u>
Total operating expenses	<u>806,969</u>	<u>789,294</u>
Operating loss before depreciation	(164,878)	(212,739)
Depreciation	<u>340,420</u>	<u>321,501</u>
Operating loss	(505,298)	(534,240)
Nonoperating revenues (expenses):		
Sales tax revenue	2,244,071	2,086,801
Interest expense	(465,633)	(502,353)
Investment income	51,384	27,508
State PERS relief	8,184	-
Rate analysis grant	<u>-</u>	<u>27,104</u>
Net nonoperating revenues (expenses)	<u>1,838,006</u>	<u>1,639,060</u>
Income before transfers	1,332,708	1,104,820
Transfers in	145,605	-
Transfers out	<u>(1,500)</u>	<u>-</u>
Change in net assets	1,476,813	1,104,820
Beginning net assets	<u>4,977,166</u>	<u>3,872,346</u>
Ending net assets	\$ <u>6,453,979</u>	<u>4,977,166</u>

CITY OF WASILLA, ALASKA
Multi-Use Sports Complex Enterprise Fund
Statement of Cash Flows
Year Ended June 30, 2006
(With Comparative Amounts for 2005)

	<u>2006</u>	<u>2005</u>
Cash flows from operating activities:		
Receipts from customers and users	\$ 641,477	556,740
Other miscellaneous receipts	-	27,104
Payments to suppliers	(400,372)	(487,868)
Payments to employees	<u>(421,470)</u>	<u>(409,624)</u>
Net cash flows from operating activities	<u>(180,365)</u>	<u>(313,648)</u>
Cash flows from noncapital financing activities - transfers in	<u>145,605</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Principal and interest paid on long-term debt	(1,725,956)	(1,645,966)
Acquisition and construction of capital assets	(106,159)	(537,836)
Sales tax revenue received	2,227,838	2,068,572
Transfers out	<u>(1,500)</u>	<u>-</u>
Net cash flows from capital and related financing activities	<u>394,223</u>	<u>(115,230)</u>
Cash flows from investing activities - investment income received	<u>51,384</u>	<u>27,508</u>
Net (increase) decrease in cash and investments	410,847	(401,370)
Beginning cash and investments	<u>1,349,782</u>	<u>1,751,152</u>
Ending cash and investments	\$ <u>1,760,629</u>	<u>1,349,782</u>
Reconciliation of cash and investments to balance sheet:		
Cash and investments	678,936	768,938
Restricted cash and investments	<u>1,081,693</u>	<u>580,844</u>
	\$ <u>1,760,629</u>	<u>1,349,782</u>
Reconciliation of operating loss to net cash flows from operating activities:		
Operating loss	(505,298)	(534,240)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation	340,420	321,501
Noncash expense - PERS relief	8,184	-
Other nonoperating revenues	-	27,104
(Increase) decrease in assets - accounts receivable	419	(419)
Increase (decrease) in liabilities:		
Accounts payable	(40,564)	(132,425)
Accrued payroll and employee benefits	4,503	(2,127)
Accrued annual and sick leave	6,509	12,792
Net pension/OPEB obligation	6,495	13,562
Deferred revenue	<u>(1,033)</u>	<u>(19,396)</u>
Net cash flows from operating activities	\$ <u>(180,365)</u>	<u>(313,648)</u>

CITY OF WASILLA, ALASKA
Capital Assets
Schedule of Governmental Capital Assets
June 30, 2006

Capital assets:	
Land	\$ 4,533,005
Buildings	4,215,974
Office furniture and equipment	2,517,973
Vehicles and equipment	2,047,212
Infrastructure	21,798,441
Construction in progress	<u>2,041,546</u>
 Total capital assets	 \$ <u><u>37,154,151</u></u>

CITY OF WASILLA, ALASKA
 Capital Assets
 Schedule of Governmental Capital Assets by Function and Activity
 June 30, 2006

	<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	\$ -	-	-	29,951	-	-	29,951
City Council	-	-	67,099	-	-	-	67,099
Finance	-	-	409,309	-	-	7,000	416,309
Nondepartmental	1,004,448	1,361,501	10,573	-	-	9,123	2,385,645
Total general government	<u>1,004,448</u>	<u>1,361,501</u>	<u>486,981</u>	<u>29,951</u>	<u>-</u>	<u>16,123</u>	<u>2,899,004</u>
Public safety	<u>600,000</u>	<u>934,277</u>	<u>1,955,191</u>	<u>987,218</u>	<u>-</u>	<u>291,197</u>	<u>4,767,883</u>
Public works:							
Public works	81,305	278,541	6,945	837,695	-	1,121,547	2,326,033
Planning	-	-	12,861	15,542	-	-	28,403
Streets	1,958,534	-	-	-	21,798,441	535,651	24,292,626
Total public works	<u>2,039,839</u>	<u>278,541</u>	<u>19,806</u>	<u>853,237</u>	<u>21,798,441</u>	<u>1,657,198</u>	<u>26,647,062</u>
Culture and recreation:							
Museum	90,650	109,293	10,911	-	-	-	210,854
Recreation services	783,068	674,376	-	176,806	-	77,028	1,711,278
Library	15,000	857,986	45,084	-	-	-	918,070
Total culture and recreation	<u>888,718</u>	<u>1,641,655</u>	<u>55,995</u>	<u>176,806</u>	<u>-</u>	<u>77,028</u>	<u>2,840,202</u>
Total capital assets allocated to functions	\$ <u>4,533,005</u>	<u>4,215,974</u>	<u>2,517,973</u>	<u>2,047,212</u>	<u>21,798,441</u>	<u>2,041,546</u>	<u>37,154,151</u>

CITY OF WASILLA, ALASKA

Capital Assets

Schedule of Changes in Governmental Capital Assets by Function and Activity
Year Ended June 30, 2006

	Capital Assets July 1, <u>2005</u>	<u>Additions</u>	<u>Deletions</u>	Capital Assets June 30, <u>2006</u>
General government:				
Administration	\$ 15,542	29,951	15,542	29,951
City Council	67,099	-	-	67,099
Finance	406,761	9,548	-	416,309
Nondepartmental	<u>2,302,473</u>	<u>83,172</u>	<u>-</u>	<u>2,385,645</u>
Total general government	<u>2,791,875</u>	<u>122,671</u>	<u>15,542</u>	<u>2,899,004</u>
Public safety	<u>3,767,592</u>	<u>1,096,931</u>	<u>96,640</u>	<u>4,767,883</u>
Public works:				
Public works	1,166,310	1,174,280	14,557	2,326,033
Planning	39,107	15,597	26,301	28,403
Streets	<u>23,684,716</u>	<u>607,910</u>	<u>-</u>	<u>24,292,626</u>
Total public works	<u>24,890,133</u>	<u>1,797,787</u>	<u>40,858</u>	<u>26,647,062</u>
Culture and recreation:				
Museum	205,136	5,718	-	210,854
Recreation services	1,472,309	238,969	-	1,711,278
Library	<u>918,070</u>	<u>-</u>	<u>-</u>	<u>918,070</u>
Total culture and recreation	<u>2,595,515</u>	<u>244,687</u>	<u>-</u>	<u>2,840,202</u>
Total capital assets	\$ <u>34,045,115</u>	<u>3,262,076</u>	<u>153,040</u>	<u>37,154,151</u>

CITY OF WASILLA, ALASKA
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2006

Name of Award	Grant Number	Catalog of Federal Domestic Assistance Number	Total Grant Award	July 1, 2005 Receivable (Deferred)	Federal Share of Expenditures	Federal Receipts	June 30, 2006 Receivable (Deferred)
DEPARTMENT OF TRANSPORTATION							
Wasilla Airport Apron Improvement Phase 1A	AIP3-02-0417-1004	20.106	\$ 1,996,880	140,289	44,432	-	184,721
Wasilla Airport Engineer Design Phase 1C	AIP3-02-0417-2005	20.106	250,000	66,101	175,747	201,607	40,241
Construct Apron Improvements Phase 1C	3-02-0417-012-2006	20.106	3,672,748	-	662,871	-	662,871
Wasilla Bus Facility	AK-03-0057-00	20.500	1,394,018	-	836,701	574,914	261,787
Passed through the State of Alaska:							
Department of Transportation and Public Facilities:							
Commercial Vehicle Inspection	06-PD-002	20.218	3,315	-	1,130	100	1,030
Commercial Vehicle Inspection	FY05CVI	20.218	2,510	-	1,970	1,970	-
Department of Public Safety:							
Motorcycle Officer Grant	050507 PT	20.600	30,430	12,401	13,557	25,958	-
Motorcycle Officer Grant	060511 PT	20.600	19,615	-	8,809	-	8,809
Wasilla PD Equipment/Speeding/DUI	060507 PT	20.600	40,204	-	12,339	-	12,339
SES DUI Enforcement Wasilla PD	061007 SES DUI	20.600	4,388	-	3,988	3,988	-
SES DUI Enforcement Wasilla PD	050106 163 ID	20.600	1,990	-	1,309	1,309	-
Click It or Ticket Enforcement 2005	050303 OP	20.600	3,520	3,520	-	3,520	-
Click It or Ticket 2nd Mobilization 2005	050303 157 INN	20.600	5,350	-	297	297	-
Holiday DUI Enforcement Wasilla	FY06 Holiday DUI	20.600	9,050	-	1,437	1,437	-
2005 Impaired Driving Project	2005 IMPAIRED DRIVING	20.600	1,840	-	944	944	-
ASTEP Seatbelt and DUI Enforcement	FY06 ASTEP DUI/SEAT	20.600	29,160	-	5,171	862	4,309
Total Department of Transportation				<u>222,311</u>	<u>1,770,702</u>	<u>816,906</u>	<u>1,176,107</u>
ENVIRONMENTAL PROTECTION AGENCY							
South Mack and Water Main Extension	XP-97048001-0	66.606	1,455,000	84,621	333,169	416,443	1,347
Garden Terrace Water Main Extension	XP-96002201-0	66.606	892,000	-	76,212	-	76,212
Total Environmental Protection Agency				<u>84,621</u>	<u>409,381</u>	<u>416,443</u>	<u>77,559</u>
DEPARTMENT OF JUSTICE							
2003 Bulletproof Vest	COW 03 BVP	16.607	347	-	14	14	-
2002 Bulletproof Vest	COW 02 BVP	16.607	3,443	-	3,443	3,443	-
Technology Dispatch Phase 2	2003CKWX0101	16.710	745,125	78,682	474,239	380,886	172,035
COPS 2002 Technology Initiative	2002CKWX0008	16.710	1,000,000	28,257	70,875	99,132	-
COPS Universal Hiring Grant	2004UMWX0134	16.710	75,000	7,500	30,000	30,000	7,500
Matanuska-Susitna Drug Task Force	2005-DJ-BX-0776	16.738	12,464	-	12,464	12,464	-
Passed through the State of Alaska:							
Department of Health and Social Services -							
Youth Court and Community Panels	609-06-086	16.541	25,272	-	25,272	24,009	1,263
Department of Public Safety:							
Multi-Jurisdictional Task Force	04-023E	16.579	66,934	14,054	-	14,054	-
Asset Forfeiture	05-16835	16.5XX	1,438	-	-	1,438	(1,438) (2)
Stop Violence Against Women Formula	05-VAWA-01	16.588	75,703	15,395	-	15,395	-
Total Department of Justice				<u>143,888</u>	<u>616,307</u>	<u>580,835</u>	<u>179,360</u>
DEPARTMENT OF AGRICULTURE							
Passed through the State of Alaska							
Department of Natural Resources -							
COW Urban Forest 05	COW FY05 Urban Forest	10.664	3,000	3,000	-	3,000	-
INSTITUTE OF MUSEUMS AND LIBRARIES							
Museum Assessment Program	IM-03-05-0152-05	45.302	3,820	(1,170)	-	-	(1,170)
DEPARTMENT OF EDUCATION							
Passed through the State of Alaska							
Department of Education and Early Development:							
Governor's Drug & Violence Prevention	DA 05.057.01	84.186B	56,000	2,702	-	2,702	-
Governor's Drug & Violence Prevention	DA 06.057.01	84.186B	40,000	-	40,000	30,000	10,000
Total Department of Education				<u>2,702</u>	<u>40,000</u>	<u>32,702</u>	<u>10,000</u>
DEPARTMENT OF HOMELAND SECURITY							
Passed through the Matanuska-Susitna Borough							
Department of Homeland Security -							
FY05 MSB Northern Edge Exercise	FY05 MSB NEE	97.004	1,652	-	1,682	1,682	-
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	-	9,965	7,500	2,465
Communication Equipment Project #45158	COW MSB Homeland	97.004	139,440	-	1,132	1,132	-
Critical Infrastructure Protection	2003-MU-T3-0050	97.004	45,950	-	45,950	45,950	-
Law Enforcement Terrorism Prevention Program	2005-GE-T5-0031	97.074	243,831	-	231,703	23,855	207,848
Total Department of Homeland Security				<u>-</u>	<u>290,432</u>	<u>80,119</u>	<u>210,313</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			\$	<u>455,352</u>	<u>3,126,822</u>	<u>1,930,005</u>	<u>1,652,169</u>

CITY OF WASILLA, ALASKA
 Schedule of State Financial Assistance
 Year Ended June 30, 2006

Name of Award	Grant Number	Total Grant Award	July 1, 2005 Receivable (Deferred)	State Share of Expenditures	State Receipts	June 30, 2006 Receivable (Deferred)
DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT						
Old Knik Landfill/Smith Ball Fields Ground Water	4/99-002	\$ 50,000	1,823	-	1,823	-
Ball Park Improvements	03-MG-064	45,000	549	7,100	7,649	-
Storm Drain Improvements Phase 2	05-DC-103	150,000	-	22,783	18,850	3,933
* Water Utility Improvement Along Palmer-Wasilla Highway	06-RR-030	226,480	-	224,013	223,013	1,000
* Drug Enforcement Position	06-DC-327	70,000	-	70,000	50,743	19,257
Total Department of Commerce, Community and Economic Development			<u>2,372</u>	<u>323,896</u>	<u>302,078</u>	<u>24,190</u>
DEPARTMENT OF ENVIRONMENTAL CONSERVATION						
Storm Water Pumping and Treatment Facility	90510	1,975,357	498,942	-	301,407	197,535
Emergency Water Source/Wastewater Treatment	90509	300,000	15,000	-	15,000	-
Parks Hwy West Water Main Extension	90512	862,800	86,281	-	86,281	-
* Water Main Improvement Program	90516	449,700	5,152	63,556	23,738	44,970
Septage Facility Emergency Generator	90517	34,736	84	-	84	-
* Water Main Improvement Program Phase 2 and 3	90518	945,100	74,546	86,750	95,783	65,513
* Garden Terrace Water Main Extension Phase 2	90519	1,025,000	-	76,212	-	76,212
Total Department of Environmental Conservation			<u>680,005</u>	<u>226,518</u>	<u>522,293</u>	<u>384,230</u>
DEPARTMENT OF REVENUE						
* Electric & Telephone Co-op Tax FY06	N/A	224,621	-	224,621	-	224,621
Electric & Telephone Co-op Tax FY05	N/A	225,103	225,103	-	225,103	-
Aviation Fuel Tax FY05	N/A	1,413	1,413	-	1,413	-
Total Department of Revenue			<u>226,516</u>	<u>224,621</u>	<u>226,516</u>	<u>224,621</u>
DEPARTMENT OF PUBLIC SAFETY						
Police Training and Thinking Driver Training	N/A	8,800	(5,000)	5,000	-	-
Crash Analysis Training	N/A	3,200	-	3,200	3,200	-
Tactical Dispatch Training	N/A	6,000	-	6,000	6,000	-
Total Department of Public Safety			<u>(5,000)</u>	<u>14,200</u>	<u>9,200</u>	<u>-</u>
DEPARTMENT OF HEALTH AND SOCIAL SERVICES						
Youth Court and Community Panels	609-06-086	25,271	-	25,271	24,008	1,263
Youth Court and Community Panels	7	36,000	1,800	-	1,800	-
Total Department of Health and Social Services			<u>1,800</u>	<u>25,271</u>	<u>25,808</u>	<u>1,263</u>
DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES						
Construction Zone Enforcement	N/A	50,000	-	29,283	29,283	-
FY 03 AIP 3-02-0417-0903	N/A	6,667	3,333	-	-	3,333
Church Road South Extension Traffic Signals	57043	225,000	84,683	-	84,683	-
* Church Road South Extension	56560	1,121,625	168,742	72,496	111,582	129,656
Wasilla Airport FY04 AIP 3-02-0417-2004	57588 AIP	52,549	51,380	1,169	24,927	27,622
Wasilla Airport FY05 AIP 3-02-0417-011-2005	58679	6,579	1,739	4,625	-	6,364
Construction Apron Phase 2	59866	96,651	-	17,444	-	17,444
Total Department of Transportation and Public Facilities			<u>309,877</u>	<u>125,017</u>	<u>250,475</u>	<u>184,419</u>
DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT						
Staying Connected	ILC-06-787-202	1,300	-	1,300	1,300	-
FY06 Public Assistance Grant	PLA0678786	6,200	-	6,200	6,200	-
Total Department of Education and Early Development			<u>-</u>	<u>7,500</u>	<u>7,500</u>	<u>-</u>
DEPARTMENT OF ADMINISTRATION						
* Senate Bill 46-PERS Relief	N/A	563,495	-	563,495	563,495	-
TOTAL STATE FINANCIAL ASSISTANCE		\$	<u>1,215,570</u>	<u>1,510,518</u>	<u>1,907,365</u>	<u>818,723</u>

* Major Programs

CITY OF WASILLA, ALASKA

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

Year Ended June 30, 2006

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*.

Note 2 – These amounts are included in fund balance and not in deferred revenue

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CITY OF WASILLA, ALASKA

Net Assets by Component

Last Three Fiscal Years

(accrual basis of accounting)

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

There is no history in this format prior to the implementation of GASB No. 34 in fiscal year 2004.

CITY OF WASILLA, ALASKA

Changes in Net Assets
 Last Three Fiscal Years
 (accrual basis of accounting)

Expenses:	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental activities:			
General government	\$ 1,794,203	2,050,929	2,053,904
Public safety	2,592,610	3,692,121	4,483,195
Public works	2,028,541	2,254,234	2,746,502
Cultural and recreation	1,245,813	1,314,516	1,387,867
Interest on long-term debt	<u>230,014</u>	<u>239,298</u>	<u>232,958</u>
Total governmental activities expenses	<u>7,891,181</u>	<u>9,551,098</u>	<u>10,904,426</u>
Business-type activities:			
Water Utility	746,930	946,892	948,453
Sewer Utility	890,619	967,021	986,383
Municipal Airport	404,940	434,727	456,878
Multi-Use Sports Complex	<u>382,024</u>	<u>1,613,148</u>	<u>1,613,022</u>
Total business-type activities	<u>2,424,513</u>	<u>3,961,788</u>	<u>4,004,736</u>
Total expenses	\$ <u>10,315,694</u>	<u>13,512,886</u>	<u>14,909,162</u>
Program revenues:			
Governmental activities:			
Fees, fines & charges for services:			
General government	46,632	84,850	52,967
Public safety	66,492	1,165,503	1,394,672
Public works	35,400	554,450	100
Cultural and recreation	26,240	396,564	416,794
Operating grants and contributions	787,076	364,245	293,038
Capital grants and contributions	<u>2,704,812</u>	<u>2,835,696</u>	<u>2,053,199</u>
Total governmental activities program revenues	<u>3,666,652</u>	<u>5,401,308</u>	<u>4,210,770</u>
Business-type activities:			
Water Utility	688,170	743,673	764,216
Sewer Utility	642,068	642,553	656,759
Municipal Airport	44,180	56,047	66,225
Multi-Use Sports Complex	63,599	576,555	642,091
Operating grants and contributions	-	-	-
Capital grants and contributions	<u>1,726,849</u>	<u>3,196,010</u>	<u>1,906,555</u>
Total business-type activities program revenues	<u>3,164,866</u>	<u>5,214,838</u>	<u>4,035,846</u>
Total program revenues	\$ <u>6,831,518</u>	<u>10,616,146</u>	<u>8,246,616</u>
Net (expenses)/revenue:			
Governmental activities	(4,224,529)	(4,149,790)	(6,693,656)
Business-type activities	<u>740,353</u>	<u>1,253,050</u>	<u>31,110</u>
Total net expenses	\$ <u>(3,484,176)</u>	<u>(2,896,740)</u>	<u>(6,662,546)</u>

CITY OF WASILLA, ALASKA

Changes in Net Assets, continued

Last Three Fiscal Years

(accrual basis of accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>
General revenues and other changes in net assets:			
Governmental activities:			
Sales taxes	\$ 7,659,612	8,346,749	8,976,284
Property taxes	235,621	179,547	194,627
Vehicle taxes	95,145	100,725	91,630
Grants and entitlements not restricted to a specific purpose	333,124	226,516	376,984
Investment income	76,293	176,928	181,753
Other	123,614	121,429	25,213
Transfers	<u>(1,108,823)</u>	<u>(1,080,002)</u>	<u>(675,289)</u>
Total governmental activities	<u>7,414,586</u>	<u>8,071,892</u>	<u>9,171,202</u>
Business-type activities:			
Sales taxes	1,880,477	2,087,056	2,244,071
Payments in lieu of assessments	92,367	-	-
Grants and entitlements not restricted to a specific purpose	-	-	25,628
Investment income	10,773	65,450	143,066
Other	35,930	27,104	-
Transfers	<u>1,108,823</u>	<u>1,080,002</u>	<u>675,289</u>
Total business-type activities	<u>3,128,370</u>	<u>3,259,612</u>	<u>3,088,054</u>
Total general revenues and other changes	\$ <u>10,542,956</u>	<u>11,331,504</u>	<u>12,259,256</u>
Changes in Net Assets:			
Governmental activities	3,190,057	3,922,102	2,477,546
Business-type activities	<u>3,868,723</u>	<u>4,512,662</u>	<u>3,119,164</u>
Total changes in net assets	\$ <u>7,058,780</u>	<u>8,434,764</u>	<u>5,596,710</u>

There is no history in this format prior to the implementation of GASB No. 34 in fiscal year 2004.

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

	<u>1997</u>	<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>
General Fund:										
Reserved	\$ 224,354	190,823	162,943	255,479	225,465	190,173	227,553	183,998	164,753	618,526
Unreserved	<u>4,414,386</u>	<u>4,568,288</u>	<u>4,694,445</u>	<u>4,237,415</u>	<u>4,676,505</u>	<u>4,417,739</u>	<u>4,562,994</u>	<u>5,319,647</u>	<u>5,383,604</u>	<u>5,201,696</u>
Total General Fund	<u>4,638,740</u>	<u>4,759,111</u>	<u>4,857,388</u>	<u>4,492,894</u>	<u>4,901,970</u>	<u>4,607,912</u>	<u>4,790,547</u>	<u>5,503,645</u>	<u>5,548,357</u>	<u>5,820,222</u>
All Other Governmental Funds:										
Reserved - other funds	542,108	744,021	2,731,815	880,567	1,332,408	1,133,777	591,798	1,016,659	659,965	746,580
Reserved - permanent funds	69,205	79,505	95,397	102,105	111,380	117,780	128,905	145,705	164,505	175,705
Unreserved, reported in:										
Special revenue funds	2,317	21,881	112,240	58,591	26,706	836,959	212,329	122,898	476,158	613,996
Debt service funds	176,779	237,958	297,601	332,828	367,578	232,475	332,400	357,001	365,588	382,730
Capital projects funds	2,109,080	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
Fiduciary funds	<u>12,247</u>	<u>16,728</u>	<u>20,071</u>	-	-	-	-	-	-	-
Total all Other Governmental Funds	<u>\$ 2,911,736</u>	<u>8,154,955</u>	<u>6,782,267</u>	<u>5,285,342</u>	<u>3,309,455</u>	<u>17,949,381</u>	<u>3,192,317</u>	<u>2,582,223</u>	<u>3,108,511</u>	<u>3,356,000</u>

CITY OF WASILLA, ALASKA
 Changes in Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues:										
Taxes:										
Sales taxes	\$ 4,406,359	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
Property and vehicle taxes	553,962	465,494	439,901	440,877	420,516	404,632	273,619	330,766	280,272	286,257
Intergovernmental	1,486,658	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
Investment income	83,424	490,879	653,695	528,552	522,855	349,055	258,862	76,294	176,928	181,753
Other revenues	992,126	712,870	717,316	1,049,012	760,067	563,718	673,972	593,593	1,474,404	1,751,403
Total revenues	<u>7,522,529</u>	<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>
Expenditures:										
General government	1,319,683	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
Public safety	1,280,540	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
Public works	668,716	731,585	728,392	754,122	1,089,402	1,093,759	1,289,360	1,328,883	1,611,765	1,905,214
Culture and recreation	477,911	486,756	439,771	480,528	519,655	458,926	460,436	497,858	581,136	620,317
Non-departmental	-	-	-	63,326	59,951	59,238	54,204	66,154	66,590	32,987
Allocation of admin svces to other funds	(46,359)	(47,564)	-	-	-	-	-	-	-	-
Library	556,981	572,483	575,833	539,217	511,964	584,355	602,949	663,472	685,316	699,278
Youth Court	96,261	101,751	120,700	130,526	154,649	141,343	145,368	153,312	141,012	134,999
Capital outlay	1,376,179	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
Debt service	264,826	333,429	486,298	642,999	745,646	939,157	658,662	881,422	771,022	562,035
Total expenditures	<u>5,994,738</u>	<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>
Excess of revenues over (under) expenditures	1,527,791	827,898	(510,278)	(1,255,090)	(871,215)	292,295	545,433	979,346	1,651,002	1,194,643
Other financing sources (uses):										
Bond proceeds	278,717	5,500,000	287,200	189,320	216,488	14,828,128	346,028	-	-	-
Transfers in	1,738,162	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
Transfers out	(2,279,989)	(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)
Cumulative effect of a change in accounting principle	-	-	-	-	-	-	-	232,481	-	-
Net other financing sources (uses)	<u>(263,110)</u>	<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>
Net change in fund balances	<u>\$ 1,264,681</u>	<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>
Debt service as a percentage of noncapital expenditures	5.73%	7.02%	9.37%	11.47%	11.83%	13.91%	9.35%	11.74%	8.61%	5.74%
Total noncapital expenditures	4,618,559	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

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

<u>Fiscal Year</u>	<u>Property Taxes</u>	<u>Sales Taxes</u>	<u>Vehicle Taxes</u>	<u>Total Taxes</u>
1997	\$ 553,962	\$ 4,406,359	\$ -	\$ 4,960,321
1998	465,494	4,656,270	-	5,121,764
1999	371,302	4,932,494	-	5,303,796
2000	363,867	5,509,279	77,010	5,950,156
2001	342,320	5,985,169	78,195	6,405,684
2002	321,112	6,497,069	83,520	6,901,701
2003	193,980	7,135,583	82,035	7,411,598
2004	235,621	7,659,612	95,145	7,990,378
2005	179,547	8,346,749	100,725	8,627,021
2006	194,627	8,976,284	91,630	9,262,541

- (1) Property taxes were capped at 2 mils effective for FY 94.
- (2) 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.

CITY OF WASILLA, ALASKA
 General Government Sales Tax Revenue By Category
 June 30, 2006

<u>Category</u>	<u>Total Sales Tax Revenues</u>	<u>Percentage of Total</u>
Retail & Food Stores	\$ 3,903,280	\$ 43.48%
Building Materials & Home Furnishings	1,355,939	15.11%
Service Stations (inc. oil & lubrication establishments)	612,126	6.82%
Eating & Drinking Establishments	422,339	4.71%
Utilities	359,486	4.00%
Auto Dealers & Suppliers	221,179	2.46%
Other Outlets	<u>2,101,935</u>	<u>23.42%</u>
Total	\$ <u>8,976,284</u>	<u>100.00%</u>

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

<u>Fiscal Year</u>	<u>Real</u>	<u>Personal Property (1)</u>	<u>Total Assessed Value Net of Exemptions (1)</u>	<u>Estimated Actual Value (1)</u>	<u>Assessed Value as a Percentage of Actual Value</u>
1997	\$ 244,837,100	\$ 41,981,450	\$ 273,538,950	\$ 297,377,900	91.98%
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	843,508,500	77.03%

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

Source: Matanuska-Susitna Borough and State of Alaska

CITY OF WASILLA, ALASKA
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>
1997	12.250	1.30	2.00	15.550
1998	11.500	1.30	1.50	14.300
1999	11.730	1.00	1.30	14.030
2000	12.500	1.00	1.20	14.700
2001	11.940	1.00	1.00	13.940
2002	13.130	1.00	0.90	15.030
2003	11.702	1.00	0.50	13.202
2004	11.483	1.00	0.50	12.983
2005	11.800	1.50	0.40	13.700
2006	10.880	1.50	0.30	12.680

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

Source: Matanuska-Susitna Borough and City of Wasilla

CITY OF WASILLA, ALASKA

Principal Property Taxpayers

June 30, 2006

<u>Taxpayer</u>	<u>Nature of Business</u>	<u>Assessment Value</u>
Fred Meyer Stores	Retail Store	\$ 26,005,921
Lowe's HIW, Inc.	Retail Store	23,676,099
Wal-Mart Stores, Inc.	Retail Store	18,171,296
Cottonwood Creek Mall, LLC	Property Development and Retail Mall	17,034,000
Home Depot USA	Retail Store	14,739,920
Gary Lundgren	Real Estate Investor	14,232,400
Mat-Su Valley Medical Center	Medical Facilities	13,375,400
Wasilla LLC	Property Development and Retail Mall	12,568,800
Global Finance & Investment Co.	Real Estate Investor	9,397,300
Newcomb Family Trust	Property Development	<u>8,395,100</u>
Total		\$ <u>157,596,236</u>

Source: Matanuska-Susitna Borough

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

<u>Fiscal Year</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 Percent of Total Taxes</u>
1997	\$ 465,016	\$ 553,962	119.13%	\$ (88,946)	-19.13%
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%

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

Fiscal Year	<u>Principal</u>	<u>Interest (2)</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures (3)</u>	Ratio of Debt Service To General Governmental Expenditures
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%

- (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, ALASKA

Computation of Direct and Overlapping General Obligation Debt
June 30, 2006

<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	\$ 14,605,000	100%	\$ 14,605,000
Matanuska Susitna Borough	<u>149,500,000</u>	11%	<u>17,104,233</u>
Total Direct and Overlapping	<u>\$ 164,105,000</u>		<u>\$ 31,709,233</u>

There is no debt limit mandated by City ordinance.

Source: Matanuska-Susitna Borough and City of Wasilla

CITY OF WASILLA, ALASKA

Selected Demographics

Fiscal Years 1997-2005

City of Wasilla			Mat-Su Borough				
Fiscal Year	Population	School Enrollment	Population	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate (Annual %)
1997	4,917	4,608	52,125	\$22,842	NA	12,371	10.5
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	Not Available	34.6	14,662	7.2
Source:	US Census	Mat-Su School District	US Census	Bureau of Economic Analysis	State of Alaska	Mat-Su School District	State of Alaska CWR (10-11-06)

CITY OF WASILLA, ALASKA
Principal Employers in the City of Wasilla

<u>Employer</u>	2006	
	<u>Employees</u>	<u>Rank</u>
Wal-Mart	395-400	1
Fred Meyer	250	2
Carr's Quality Centers	200	3
Mat-Su Regional Medical Center (includes outpatient center, homecare, and hospice)	152	4
Job Ready	150	5
Nye Frontier Ford	113	6
City of Wasilla	106	7
Spenard Builders Supply	102	8
Alaska Department of Health & Human Services	95	9
Sears	83	10
Tony Chevrolet of Wasilla	65	11
Wolverine Supply	52	12
Lake Lucille Inn (Best Western)	50	13

Source: Northern Economics, Inc. June 2006

Note: Comparative principal employers for 1997 is not available.

CITY OF WASILLA, ALASKA
 Full-Time Equivalent Employees by Function
 Last Nine 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>
City Clerk	2.00	2.00	2.50	2.50	2.50	2.50	2.00	2.00	2.00
Mayor	3.00	3.00	3.00	3.00	3.00	3.00	2.00	2.00	2.00
General Admin Services	-	-	1.00	1.00	1.00	0.90	1.25	1.25	1.00
Finance/MIS	7.00	7.00	7.00	7.00	7.00	7.10	7.00	7.50	7.75
Economic Development	-	-	-	-	-	-	1.00	1.00	1.00
Planning	2.00	3.00	3.00	3.00	3.00	3.00	2.00	2.00	2.00
Police	14.00	15.00	16.00	18.00	18.00	19.00	26.00	40.00	47.00
Youth Court	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	1.50
Public Works	12.00	12.00	14.00	15.00	16.50	18.50	19.50	18.50	21.50
Museum	2.00	2.00	2.00	2.00	1.00	1.00	1.00	1.00	1.50
Recreation Services	3.34	3.59	3.59	1.00	-	0.50	0.75	0.75	0.75
Recreation Facilities Maintenance	-	-	-	-	2.50	2.25	2.25	2.25	2.25
Sports Complex	-	-	-	-	-	-	10.65	10.65	9.76
Library	8.50	8.50	9.00	9.00	9.50	9.50	9.50	9.50	9.50
Total	<u>56.34</u>	<u>58.59</u>	<u>63.59</u>	<u>64.00</u>	<u>66.50</u>	<u>69.75</u>	<u>87.40</u>	<u>100.90</u>	<u>109.51</u>

CITY OF WASILLA, ALASKA
 Operating Indicators by Function
 Fiscal Years 1997 - 2005

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

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

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

	<u>1997</u>	<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>
Miles of Streets	61.90	61.90	62.06	62.35	62.35	62.47	62.47	63.26	63.26	63.26
Miles of Water Lines	7.39	7.56	10.36	10.89	11.97	13.01	14.44	17.40	18.53	20.44
Miles of Sewer Lines	19.67	19.67	20.68	20.68	20.68	21.20	21.81	22.76	22.97	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
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	1.00	2.00	2.00	2.00	2.00
Multi-Purpose Facility	-	-	-	-	-	-	-	1.00	1.00	1.00

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, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents and have issued our report thereon dated October 6, 2006. 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 in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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*.

Honorable Mayor and City Council
City of Wasilla, Alaska

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

Mikunda, Cottrell & Co.

October 6, 2006

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, 2006. 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, 2006.

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 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Mikunda, Cottrell & Co.

October 6, 2006

CITY OF WASILLA, ALASKA

Schedule of Findings and Questioned Costs

Year Ended June 30, 2006

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 x no

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

___yes x none reported

Noncompliance material to financial statements noted?

___ yes x no

Federal Awards:

Internal control over major programs:

- Material weaknesses identified?

___yes x no

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

___yes x 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 x no

Major program:

<u>Agency</u>
Department of Transportation
Department of Transportation

<u>CFDA Number</u>
20.106
20.500

<u>Program</u>
Wasilla Airport Apron
Wasilla Bus Facility

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, 2006

There were no prior year audit findings.

CITY OF WASILLA, ALASKA

Corrective Action Plan

Year Ended June 30, 2006

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, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents and have issued our report thereon dated October 6, 2006. 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 in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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*.

Honorable Mayor and City Council
City of Wasilla, Alaska

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.

October 6, 2006

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, 2006. City of Wasilla's major state programs are identified in the accompanying schedule of state financial assistance. Compliance with laws, regulations, contracts, and grants, general requirements, and specific requirements 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, 2006.

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 and to test and report on the internal control over compliance in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major state program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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.

October 6, 2006