

Date of Action: <i>Dec. 11, 2017</i>	
Approved <input checked="" type="checkbox"/>	Denied <input type="checkbox"/>
By: <i>[Signature]</i>	

CITY COUNCIL ACTION MEMORANDUM

AM No. 17-48: Acceptance of the City of Wasilla's Fiscal Year 2017 Comprehensive Annual Financial Report for public record.

Originator: Troy Tankersley, Finance Director

Date: 11/1/2017

Agenda of: 11/27/2017

Route to:	Department Head	Signature	Date
X	Finance Director	<i>[Signature]</i>	<i>11/1/17</i>
X	Deputy Administrator	<i>[Signature]</i>	<i>11/1/17</i>
X	City Clerk	<i>[Signature]</i>	<i>11/3/17</i>

Reviewed by Bert L. Cottle: *[Signature]* *11/02/2017*

Fiscal Impact: yes or no

Funds Available: yes or no

Account name/number/amount:

Attachments: 1) Audit Wrap-Up, Year Ended June 30, 2017
2) Fiscal Year 2017 Comprehensive Annual Financial Report
3) Fiscal Year 2017 Federal and State of Alaska Single Audit Reports and Supplementary Information

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

BDO USA, LLP, has examined the City's Fiscal Year 2017 (FY2017) Financial Records and its Financial Statements. The Clerk will distribute the results of this examination and the Accountant's opinion on the Financial Statements (Comprehensive Annual Financial Report) to the Council Members.

Mrs. Joy Merriner, CPA (Assurance Partner) will present the results of the examination at the November 27, 2017, Wasilla City Council Meeting. If the Council is in agreement with the results of the examination, the City Council shall accept the City's Financial Statements for public record per City of Wasilla Municipal Code 5.04.060.


Staff Recommendation: Accept the City of Wasilla's Fiscal Year 2017 Comprehensive Annual Financial Report and Federal and State of Alaska Single Audit Reports and Supplementary Information for Public Record.



City of Wasilla, Alaska

AUDIT WRAP-UP

Year Ended June 30, 2017



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

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.





Tel: 907-278-8827
Fax: 907-278-5779
www.bdo.com

3601 C Street, Suite 600
Anchorage, AK 99503

November 20, 2017

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

Professional standards require us to communicate with you regarding matters related to the audit, that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. We presented an overview of our plan for the audit of the financial statements of City of Wasilla, Alaska (the City) as of and for the year ended June 30, 2017, including a summary of our overall objectives for the audit, and the nature, scope, and timing of the planned audit work.

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

We are pleased to be of service to the City and look forward to meeting with you on November 20, 2017 to discuss our audit findings, as well as other matters that may be of interest to you, and to answer any questions you might have.

Respectfully,

BDO USA, LLP

Discussion Outline

	Page
Status of Our Audit	3
Results of Our Audit	4
Internal Control over Financial Reporting.....	6
Other Required Communications	7
Independence Communication.....	8
Significant Accounting and Reporting Matters.....	9
Get to Know BDO.....	10
Exhibit A.....	14

Status of Our Audit

We have completed our audit of the financial statements as of and for the year ended June 30, 2017. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. This audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

- The objective of our audit was to obtain reasonable - not absolute - assurance about whether the financial statements are free from material misstatements.
 - The scope of the work performed was substantially the same as that described to you in our earlier Audit Planning communications.
 - We issued an unmodified opinion on the financial statements and released our report on November 20, 2017.
 - Our responsibility for other information in documents containing the City's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform procedures to corroborate such other information. However, in accordance with professional standards, we have read the information included by the City and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements. Our responsibility also includes calling to management's attention any information that we believe is a material misstatement of fact. We have not identified any material inconsistencies or concluded there are any material misstatements of facts in the other information that management has chosen not to correct.
-
- All records and information requested by BDO were freely available for our inspection.
 - Management's cooperation was excellent. We received full access to all information that we requested while performing our audit, and we acknowledge the full cooperation extended to us by all levels of City personnel throughout the course of our work.

Results of Our Audit

ACCOUNTING PRACTICES, POLICIES, ESTIMATES, AND SIGNIFICANT UNUSUAL TRANSACTIONS

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

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

- A summary of recently issued accounting pronouncements is included in Note 1 to the City's financial statements.
- There were no changes in significant accounting policies and practices during 2017.

Significant estimates are those that require management's most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain. The City's significant accounting estimates, including a description of management's processes and significant assumptions used in development of the estimates, are disclosed in Note 1 of the financial statements. Overall, the City has few significant accounting estimates. The most significant estimates are disclosed below:

Significant accounting estimates include:

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

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

- Management did not make any significant changes to the processes or significant assumptions used to develop the significant accounting estimates in 2017.

The methods used to account for significant or unusual transactions, and related disclosures, are considered appropriate.

CORRECTED AND UNCORRECTED MISSTATEMENTS

There were two corrected misstatements made to the original trial balance presented by management to BDO at the start of the audit fieldwork.

The first misstatement was to adjust the opening fund balance in the Road Capital Project Fund. The City had properly posted the opening fund balance but there was an error in the report parameters used to run the preliminary trial balance provided to auditors.

The second adjustment was to record the fiscal year 2017 adjustments to the PERS net pension liability, and related deferred inflows and outflows of resources and pension expense. The State of Alaska did not release the audited plan allocation reports until after audit fieldwork had commenced; as a result, it was not possible for management to record these entries prior to the audit.

Results of Our Audit

Please see the attached representation letter for both adjustments.

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

QUALITY OF THE CITY'S FINANCIAL REPORTING

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

- Qualitative aspects of significant accounting policies and practices
- We concur with the City's interpretation and application of generally accepted accounting principles and practices derived from the standards set by the Governmental Accounting Standards Board (GASB).
 - Our conclusions regarding significant accounting estimates
- We conclude that the significant accounting estimates by the City appear reasonable and in line with accounting standards.
 - Significant unusual transactions
- We did not note any significant or unusual transactions.
 - Financial statement presentation
- To our knowledge all necessary disclosures have been included in the footnotes to the financial statements.
 - New accounting pronouncements
- There were no new accounting pronouncements adopted.
 - Alternative accounting treatments
- We did not identify any accounting treatments that did not comply with generally accepted accounting principles and standards set by GASB.

Internal Control over Financial Reporting

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

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

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

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

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

Other Required Communications

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

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

Independence Communication

Our engagement letter to you dated August 1, 2017 describes our responsibilities in accordance with professional standards and certain regulatory authorities and *Governmental Auditing Standards* with regard to independence and the performance of our services. This letter also stipulates the responsibilities of the City with respect to independence as agreed to by the City. Please refer to that letter for further information.

Significant Accounting and Reporting Matters

There are no noted significant accounting and reporting matters.

Get to Know BDO

A FIRM BUILT ON VALUES

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



What we are proud of:

- ▶ Alfred P. Sloan Awards for Business Excellence in Workplace Flexibility (winner, multiple locations, and multiple years)
- ▶ Alliance for Work-Life Progress, Work-Life Seal of Distinction (multiple years)
- ▶ BDO Counts! And 100 Good Deeds Volunteerism Programs
- ▶ Best and Brightest Companies to Work For (multiple years)
- ▶ Best Places to Work for Recent Grads, Experience, Inc.
- ▶ Diversity Leader, named by *Profiles in Diversity Journal*
- ▶ Nation's Best & Brightest Companies and Best & Brightest in Wellness
- ▶ Tax Adviser of the Year, *International Accounting Bulletin* (multiple years)
- ▶ Top Entry Level Employer by collegegrad.com
- ▶ Vault Accounting 50 List
- ▶ Working Mother 100 Best Company (multiple years)

BDO'S NATIONAL PRESENCE



For more than 100 years, BDO USA has been recognized as a premier accounting, tax and consulting organization for our exceptional client service; experienced, accessible service teams; focus on quality and efficiency; and our ability to adapt to, and navigate successfully in, a changing marketplace.

Founded as Seidman & Seidman in New York City in 1910, the firm has grown to serve clients through over 60 offices and more than 500 independent alliance firm locations nationwide. Today, BDO USA, LLP, a Delaware limited liability partnership, is the U.S. Member of BDO International Limited, a UK company limited by guarantee, which forms part of the international BDO network of independent member firms.

BDO USA, LLP

\$1.41 billion Revenues

49% Assurance **34%** Tax **17%** Advisory

563 Partners **5,394** Professional Personnel **60+** Offices
5 Total Personnel

550+ Independent Alliance firm locations nationwide

Statistics as of and for the year ended 6-30-17.

BDO'S GLOBAL REACH



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

As our clients expand globally, our access to our international network can help them do business with a depth of experience in international matters, significant resources and international client service capabilities.

BDO INTERNATIONAL

\$7.6 billion
Revenues

57% Accounting & Auditing **22%** Tax **21%** Advisory (Consulting, Corp. Fin., Other)

5,736 Partners
52,486 Professional Personnel
67,731 Total Personnel
158 countries

5th largest accountancy network in the world

1,401 offices

Statistics as of and for the year ended 9-30-16.

BDO'S INDUSTRY FOCUS

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

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

A variety of publications and insights depicting specific industry issues, emerging trends and developments are available [here](#). For BDO's employee benefit plan publication, the EBP Commentator, please visit the following link: <http://bit.ly/EBPInsights>.

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



Consumer Business



Financial Services



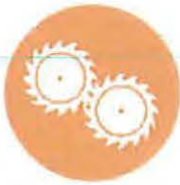
Gaming, Hospitality and Leisure



Government Contracting



Healthcare



Manufacturing and Distribution



Natural Resources



Nonprofit and Education



Private Equity



Public Sector



Real Estate and Construction



Restaurants



Technology and Life Sciences

Exhibit A

- Representation Letter is attached



CITY OF WASILLA

Finance Department

290 East Herning Avenue

Wasilla, Alaska 99654-7091

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

November 20, 2017

BDO USA, LLP
3601 C Street Suite 600
Anchorage, Alaska 99503

Ladies and gentlemen:

We are providing this letter in connection with your audit (of the financial statements of City of Wasilla, Alaska (the City)), which comprise the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows for the period then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the preparation and fair presentation in the financial statements of financial position, changes in net position, and cash flows in conformity with accounting principles generally accepted in the United States of America.

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

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

- (1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated August 1, 2017, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
- (2) We have fulfilled our responsibility, as set out in the terms of the aforementioned audit engagement letter, for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- (3) The financial statements include all properly classified funds and other financial information of the primary government and all component units required to be included in the financial reporting entity by accounting principles generally accepted in the United States of America. All funds required to be presented as major funds are identified and presented as such.
- (4) We have made available to you:
 - (a) All financial records, and related data and state awards (including amendments, if any, and any other correspondence with state agencies or pass-through entities relevant to state programs and related activities), as agreed upon in the terms of the aforementioned audit engagement letter.
 - (b) All additional information that you have requested from us for the purpose of the audit.

- (c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - (d) Minutes of the meetings of the City Council that were held from July 1, 2016 to the date of this letter, or summaries of actions of recent meetings for which minutes have not yet been prepared.
- (5) There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices.
- (6) There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements or schedule of state financial assistance (SSFA). All financial statement misstatements relating to accounts and disclosures identified and discussed with us in the course of the audit (as listed in the attached Schedule of Audit Adjustments) have been corrected. We have evaluated the propriety of the corrected misstatements based on a review of both the applicable authoritative literature and the underlying supporting evidence from our files and confirm our responsibility for the decision to correct them.
- (7) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud or noncompliance. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud or noncompliance. We have no knowledge of any:
- (a) Fraud or suspected fraud involving management or involving employees who have significant roles in internal control, whether or not perceived to have a material effect on the financial statements.
 - (b) Fraud or suspected fraud involving others where the fraud could have a material effect on the financial statements.
 - (c) Allegations of fraud or suspected fraud affecting the City received in communications from employees, former employees, regulatory agencies, law firms, predecessor accounting firms, or others.
 - (d) Instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse, whose effects should be considered when preparing the financial statements.
- (8) We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- (9) The following, where applicable and material, have been properly recorded or disclosed in the financial statements:
- (a) The identity of related parties and all related party relationships and transactions of which we are aware, including revenues, expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
 - (b) Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements.
 - (c) Guarantees, whether written or oral, under which the City is contingently liable.
 - (d) Significant estimates and material concentrations known to management that are required to be disclosed in accordance with accounting principles generally accepted in the United States of America. In that regard, all accounting estimates that could be material to the financial statements, including key factors and significant assumptions underlying those estimates, have been identified, and we believe the estimates are reasonable in the circumstances.
 - (e) The effects of all known actual or possible litigation, claims, and other liabilities or gain or loss contingencies that are required to be accrued or disclosed by accounting principles generally accepted in the United States of America, including:

- Pending or anticipated tax refunds, other potential or pending claims, lawsuits by or against any branch of government or others;
- Written or oral guarantees, endorsements, or unused letters of credit;
- Unusual guarantees; or
- Labor claims or negotiations.

Accounting principles generally accepted in the United States of America require loss contingencies to be accrued if it is probable an asset has been impaired or a liability incurred at the statement of financial position date and the amount of loss can be reasonably estimated. Such contingencies must be disclosed, but may not be accrued, if the loss is reasonably possible (but not probable) or the loss is probable but the amount of loss cannot be reasonably estimated.

(f) Commitments, such as:

- Major capital asset purchase agreements;
- More-than-one-year employment arrangements or contracts with suppliers or customers, or one-year-or-longer term leases;
- Deferred compensation, bonuses, pensions plans, or severance pay; or
- Pending sale or merger of all or a portion of the business or of an interest therein or acquisition of all or a portion of the business, assets or securities of another entity;

(g) Joint ventures or other participations, the detailed transactions of which are not carried on our books.

(10) There are no:

- (a) Violations or possible violations of budget ordinances, laws or regulations and provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects could be material to the financial statements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
- (b) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with accounting principles generally accepted in the United States of America.
- (c) Restrictions of net position that were not properly authorized and approved, or reclassifications of net position that have not been properly reflected in the financial statements.

(11) Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the statement of financial position date and have been appropriately reduced to their estimated net realizable value.

(12) The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

(13) We have appropriately disclosed the City's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available and have determined that net position is properly recognized under the policy.

(14) We have complied with all aspects of contractual agreements, including debt covenants that would have a material effect on the financial statements in the event of noncompliance. We have also complied with the SEC disclosure rules for reporting annual financial information and material events to repositories in accordance with SEC Rule N.240, 15c2-12.

- (15) We believe that the actuarial assumptions and methods used to measure pension and/or other postretirement liabilities and costs for financial accounting and disclosure purposes are appropriate in the circumstances.
- (16) No discussions have taken place with your firm's personnel regarding employment with the City.
- (17) We are responsible for compliance with laws, regulations and provisions of contracts and grant agreements applicable to us and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts.
- (18) Components of net position (net investment in capital assets, restricted and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned and unassigned) are properly classified and, if applicable, approved.
- (19) Revenues are appropriately classified in the statement of activities within program revenues, contributions, and general revenues. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- (20) In regards to the assistance provided in drafting the financial statements, services performed by you, we have:
 - (1) assumed all management responsibilities,
 - (2) designated an individual (within senior management) with suitable skill, knowledge, or experience to oversee the services,
 - (3) evaluated the adequacy and results of the services performed, and
 - (4) accepted responsibility for the results of the services.
- (21) We acknowledge our responsibility for presenting the supplementary information in accordance with accounting principles generally accepted in the United State of America and we believe it is fairly presented. The methods of measurement and presentation of the supplementary information have not changed from the prior period and we have disclosed to you any significant assumptions underlying the measurement and presentation of the supplementary information.
- (22) Required supplementary information is measured and presented in accordance with prescribed guidelines.
- (23) Expenditures of federal awards were below the \$750,000 threshold in the year ended June 30, 2017, and we were not required to be audited in accordance with the Uniform Guidance.
- (24) With respect to state award programs:
 - (a) We are responsible for understanding and complying with, and have complied with, the requirements of the State of Alaska Compliance Supplement and State Single Audit Guide (State Single Audit Guide), including requirements relating to the preparation of the schedule of state financial assistance (SSFA).
 - (b) We have, in accordance with the State Single Audit Guide, identified and disclosed to you in the schedule of state financial assistance (SSFA), expenditures made during the audit period for all government programs and related activities provided by state agencies in the form of state awards, grants, state cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
 - (c) We acknowledge our responsibility for the preparation of the SSFA and related notes in accordance with the requirements of the State Single Audit Guide, and we believe the SSFA, including its form and content, is fairly presented in accordance with the State Single Audit Guide. The methods of measurement or presentation of the SSFA have not changed from those used in the prior period, and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SSFA below.
 - (d) We will include the auditor's report on the SSFA in any document that contains the SSFA and that indicates you have reported on such information.
 - (f) If the SSFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SSFA no later than the date we issue the SSFA and the auditor's report thereon.

- (g) We are responsible for understanding and complying with, and have complied with in all material respects, the requirements of state statutes, regulations, and the terms and conditions of state awards related to each of our state programs and have identified and disclosed to you the requirements of state statutes, regulations, and the terms and conditions considered to have a direct and material effect on each state program.
- (h) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for state programs that provides reasonable assurance that we are managing our state awards in compliance with state statutes, regulations, and the terms and conditions that could have a material effect on our state programs. We believe the internal control system is adequate and is functioning as intended. Also, subsequent to the date of the auditor's report as of which compliance was audited, no changes have occurred in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies and material weaknesses in internal control over compliance as reported in the schedule of findings and questioned costs.
- (i) We have made available to you all state award contracts and grant agreements (including amendments, if any) and any other correspondence with state agencies or pass-through entities relating to each major state program and related activities that have taken place with state agencies or pass-through entities.
- (j) We have received no requests from a state agency to audit one or more specific programs as a major program.
- (k) We have complied, in all material respects, with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the State Single Audit Guide, relating to state awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material requirements of state awards, including the results of other audits or program reviews. or confirmed that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of state awards. We also know of no instances of noncompliance occurring subsequent to the end of the period audited.
- (l) We have disclosed to you any communications from state awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- (m) We have disclosed to you our interpretations of compliance requirements that are subject to varying interpretations, if any.
- (n) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to state program financial reports and claims for advances and reimbursements.
- (o) We have disclosed to you the nature of any subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.
- (p) State program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared, and are prepared on a basis consistent with the SSFA.
- (q) The copies of state program financial reports provided to you are true copies of the reports submitted or electronically transmitted, to the respective state agency or pass-through entity, as applicable.
- (r) We have charged costs to state awards in accordance with applicable compliance supplement.
- (s) We have identified and disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, internal or external monitoring, and other studies directly related to the audit objectives of the compliance audit, including findings received and corrective actions

taken from the end of the audit period covered by the compliance audit report to the date of the auditor's report.


(t) We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.

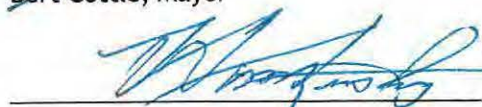
(25) In connection with any electronic presentation of the financial statements and your audit report thereon on our web site, we acknowledge that:

- We are responsible for the preparation, presentation, and content of the financial statements in the electronic format.
- If your audit report is presented on our web site, the full financial statements upon which you reported and to which you appended your signed report will be presented.
- We will clearly indicate in the electronic presentation on our web site the financial information that is subject to your audit report. We will clearly differentiate any information that may also be presented by us on or in connection with our web site that was contained in the published version of the financial statements and other supplementary information, but which is not part of the audited financial statements or other financial information covered by your audit report.
- We have assessed the security over financial statement information and the audit report presented on our web site, and are satisfied that procedures in place are adequate to ensure the integrity of the information provided. We understand the risk of potential misrepresentation inherent in publishing financial information on our web site through internal failure or external manipulation.
- Our web site, which contains the electronic financial statements, will advise the reader that such financial statements are presented for convenience and information purposes only, and while reasonable efforts have been made to ensure the integrity of such information, they should not be relied on. A copy of the printed financial statements will be provided on request.

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

Very truly yours,


Bert Cottle, Mayor


Troy Tankersley, Finance Director

City of Wasilla, Alaska
Schedule of Audit Adjustments
For the Year Ended June 30, 2017

<u>Account Description</u>	<u>Debit</u>	<u>Credit</u>
Deferred Outflow of Resources	1,057,106	
Deferred Inflow of Resources	36,552	
Net Pension Liability		3,839,746
On-Behalf Revenue	81,961	
Pension Expense	2,664,127	

To record annual adjustment to net pension liability as required
under GASB statement 68

CITY OF WASILLA
ALASKA

Comprehensive Annual Financial Report

For the Fiscal Year Ended

June 30, 2017



City of Wasilla, Alaska

Comprehensive Annual Financial Report Year Ended June 30, 2017

Bert Cottle
Mayor

Prepared by
Finance Department

Troy Tankersley
Finance Director

City of Wasilla, Alaska

Contents

	<u>Exhibit</u>	<u>Page</u>
INTRODUCTORY SECTION		
Letter of Transmittal		i-v
City Officials		vii
Organizational Chart		viii
Certificate of Achievement for Excellence in Financial Reporting		ix
FINANCIAL SECTION		
Independent Auditor's Report		1-3
Management's Discussion and Analysis		6-16
Basic Financial Statements		
Government-wide Financial Statements:		
Statement of Net Position	A-1	18
Statement of Activities	A-2	19
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	B-1	20
Reconciliation of Governmental Funds		
Balance Sheet to Statement of Net Position	B-2	21
Statement of Revenues, Expenditures and Changes in		
Fund Balances	B-3	22
Reconciliation of the Change in Fund Balances of		
Governmental Funds to Statement of Activities	B-4	23
Enterprise Funds:		
Statement of Net Position	C-1	24-25
Statement of Revenues, Expenses and Changes		
in Net Position	C-2	26
Statement of Cash Flows	C-3	27-28
Notes to Basic Financial Statements		29-55
Required Supplementary Information		
General Fund Schedule of Revenues, Expenditures and Changes in		
Fund Balance - Budget and Actual	D-1	59
Public Employees Retirement System:		
Schedule of the City's Information on the Net Pension Liability	E-1	60
Schedule of the City Contributions	E-2	61
Notes to Required Supplementary Information		62-63

City of Wasilla, Alaska

Contents

	<u>Exhibit</u>	<u>Page</u>
FINANCIAL SECTION, continued		
Supplementary Information		
General Fund:		
Balance Sheet	F-1	66
Statement of Revenues, Expenditures and Changes In Fund Balance	F-2	67-68
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	F-3	69-74
Nonmajor Governmental Funds:		
Combining Balance Sheet	G-1	75
Combining Statement of Revenues, Expenditures and Changes In Fund Balances	G-2	76
Nonmajor Special Revenue Funds:		
Combining Balance Sheet	H-1	78
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	H-2	79
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:		
Youth Court Special Revenue Fund	H-3	80
Federal Asset Forfeiture Special Revenue Fund	H-4	81
State Asset Forfeiture Special Revenue Fund	H-5	82
Nonmajor Capital Project Funds:		
Combining Balance Sheet	I-1	84
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	I-2	85
Miscellaneous Capital Projects Fund - Schedule of Expenditures by Project	I-3	86
Cemetery Permanent Fund:		
Balance Sheet	J-1	88
Statement of Revenues, Expenditures and Changes in Fund Balance	J-2	89

City of Wasilla, Alaska

Contents

	<u>Exhibit</u>	<u>Page</u>
FINANCIAL SECTION, continued		
Supplementary Information, continued		
Enterprise Funds:		
Water Utility:		
Statement of Net Position	K-1	92-93
Statement of Revenues, Expenses and Changes in Net Position	K-2	94
Statement of Cash Flows	K-3	95
Sewer Utility:		
Statement of Net Position	K-4	96-97
Statement of Revenues, Expenses and Changes in Net Position	K-5	98
Statement of Cash Flows	K-6	99
Municipal Airport:		
Statement of Net Position	K-7	100
Statement of Revenues, Expenses and Changes in Net Position	K-8	101
Statement of Cash Flows	K-9	102
Curtis D. Menard Memorial Sports Center:		
Statement of Net Position	K-10	103
Statement of Revenues, Expenses and Changes in Net Position	K-11	104
Statement of Cash Flows	K-12	105

City of Wasilla, Alaska

Contents

STATISTICAL SECTION

	<u>Table</u>	<u>Page</u>
Net Position by Component	1	108
Changes in Net Position	2	109-110
Fund Balances of Governmental Funds	3	111
Changes in Fund Balances of Governmental Funds	4	112
Governmental Activities Tax Revenues by Source	5	113
General Government Sales Tax Revenue by Category	6	114
Assessed Value and Estimated Actual Value of Taxable Property	7	115
Sales and Property Tax Rates - Direct and Overlapping Governments	8	116
Principal Property Taxpayers	9	117
Ratio of General Bonded Debt Outstanding	10	118
Ratios of Outstanding Debt by Type	11	119
Direct and Overlapping General Obligation Debt	12	120
Demographic and Economic Statistics	13	121
Full-Time Equivalent Employees by Function	14	122
Operating Indicators by Function	15	123
Capital Asset Statistics by Function	16	124

TAB (INTRODUCTORY SECTION) DO NOT PRINTXXXXXX



CITY OF WASILLA

290 East Herning Avenue

Wasilla, Alaska 99654-7091

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

November 20, 2017

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

State of Alaska statutes and local charter provisions require that all general purpose local governments publish a complete set of audited financial statements. This report is published to fulfill those requirements for the fiscal year ended June 30, 2017.

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

BDO USA LLP, a firm of licensed certified public accountants, has issued an unmodified (clean) opinion on the City of Wasilla's financial statements for the year ended June 30, 2017. The independent auditor's report is located at the front of the financial section of this report.

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

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

Profile of the Government

The City of Wasilla (the City) is located in the south central part of the state and is approximately 42 miles north of Anchorage. Two beautiful lakes canvas the city limits – Wasilla Lake and Lake Lucile. The lakes were once connected by water flow until construction of the Alaska Railroad line and road development effectively separated the watersheds. The City is a First Class city incorporated in 1974 under Title 29 of the Alaska State Statutes and City code establishes a June 30 fiscal year end. The City currently occupies a land area of approximately 13.60 square miles within the Matanuska Susitna Borough. It serves the City resident population of an estimated 8,704. It also serves as a central commercial district to the Matanuska Susitna Borough residents of an estimated 102,598. The City is empowered to levy a property tax on both real and personal property located within its boundaries, however at this time the City levies no said tax. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate. The

last annexation occurred in FY2014 which extended the City's western boundary; encompassing largely undeveloped, commercial-zoned property along the Parks Highway and a portion of Jacobson Lake. The City's current annexation project under review would extend the northeast boundary approximately ½ mile down Bogard Road.

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

The City provides a full range of municipal services authorized by state statute and city code. This includes police, planning and land use control, animal control, sewer, water, road maintenance, parks and recreation, museum, library, and cultural services. Funding for the City's operations is primarily supported by a 2% sales tax, charges for services, grants, state revenue sharing and other sources.

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

Local Economy

The City of Wasilla is located in what continues to be one of the fastest growing regions of Alaska and serves as the retail center for the Matanuska Susitna Borough. The City remains primarily a bedroom community of Anchorage due to a lack of large-scale, primary industry. The City offers an attractive lifestyle and a competitive housing market which is why an estimated 30% of its residents in the workforce commute to Anchorage and another 8% commute to the North Slope.

The service-oriented economy of the City continues to remain relatively stable but far from the growth during 2003 to 2009 when the City enjoyed an average of 7% increases in sales tax receipts year over year. Since 2010, sales tax receipts have increased year over year at variable rates between 1.0% and 4.5% (percentages normalized for any dedicated sales tax). The current local unemployment rate increased from 8.3% to 8.6% while the national average decreased from 5.0% to 4.2%. The effect of significantly low oil prices, declining oil production, and a large state government budget gap generates much speculation as to its impact on the local economy. The FY 2018 state legislative session provided no new significant capital grant awards.

The City continues to look toward growth in the service industries to maintain our position as the trade center of the Matanuska-Susitna Valley. In addition to the service industries, petroleum exploration and extraction continue to fuel our economy both directly and indirectly. South of the City, projects benefitting our economy include continued development of and new lessees for the Port MacKenzie which is America's northernmost deep draft dock; allowing heavy industrial and bulk materials to move through Alaska and beyond. The MacKenzie Rail Extension began construction in 2012 and includes construction of 32 miles of new rail line to Port MacKenzie. Already funded \$184M by the Alaska Legislature, the project is under construction in segments and needs \$125M to complete. The longest industrial rail loop in the state will provide for efficient movement of materials between ship, rail, truck, and barge. Just north of the City at Hatcher's Pass, 7.5 km of designed trails and a 4,000 square-foot Chalet/Adventure Center has created a regional venue for Nordic skiing and tourism. Additionally, the Matanuska Susitna Borough continues to fund unprecedented levels of road construction which supports the local economy today and land development in the future.

Long-Term Financial Planning and Major Initiatives

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

The City's Comprehensive Plan (the Plan) which was revised and adopted in FY 2012 also provides a flexible, forward-thinking road map to address important community elements. The Plan focuses on matters of transportation, land use, development of its downtown, use of community assets and economic vitality. It also provides alignment and consistency with other adopted plans of the City; such as, the 'Downtown Area Plan' which was adopted by Wasilla City Council and Matanuska Susitna Borough Assembly in FY 2014 and focuses specifically on the development and re-development of the historical downtown district. Enhancement of the aesthetics, economic and functional values of the City were further promoted by creating a downtown overlay district setting specific design guidelines and other conditions. The downtown overlay was approved by council in April 2016 and certain provisions are expected to be revisited in the upcoming fiscal year; as matters become known through actual implementation and enforcement.

Major initiatives impacting the community include revision of its Main Street to form a one-way couplet. Main Street is a state-owned road and the Alaska Department of Transportation (DOT) is responsible for the administration and funding of this project. The City plays a governing role to ensure the community needs are met and was awarded five million dollars (\$5,000,000) in state legislative funding in FY 2012 to assist in the acceleration and enhancement of this project – through right-of-way purchase, design work, etc. This project targets traffic flow but plays an almost equally critical role in defining the community's downtown by re-shaping the core area, providing sidewalks, on-street parking, beautification, lighting, and streetscape design opportunities. In the prior year, the City expended most of the grant funds for land to relocate the train stop and right-of-way for connector roads. With regard to the right-of-way purchase, approximately 7.2 acres of the total 13.6 acres purchased will not be required for the project and shall be sold on the private market. This asset is reflected as 'land held for resale' at year end and has a book value of approximately \$1.7M. The connector road was nearly completed in the current year. Survey work to complete the plat and recordings is anticipated to be completed in FY 2018. The 'land held for resale' could then be marketed in FY 2019 with proceeds from the sale being returned to the project. The DOT's design work continues and is estimated to be 50% complete at year end. Approximately \$5.7M in federal and state match funding has been secured with an estimated \$27.1M expected in FY 2019. The project entails a two-year construction period with commencement expected in FY 2020. The City will be responsible for maintenance of the project when completed.

The City's original library was built in 1978 and as the third busiest library in the state, no longer met the needs of the community at large. In October 2013, voters approved a ballot initiative to increase the City sales tax by one percent (1%) to construct a new library. The tax increase was in effect January 1, 2014 and ended December 31, 2015 at which time the required \$15M for construction had been reached through a combination of funding sources. The City completed construction in the current year and the new library was opened to the public in September 2016. The old library will be used to expand the Dorothy G. Page Museum. Approximately \$500,000 has been budgeted over a three-year period to renovate the building. The building is expected to open in the fall of 2018.

In October 2017, subsequent to year end, the Wasilla residents approved a ballot initiative to increase the City sales tax by one percent (1%) beginning January 1, 2018 with the increase being dedicated to funding construction of a new public safety building and related equipment. The 1% increase is for a period of two years or until \$12M is collected, whichever is earlier. The sales tax will then decrease one-half percent (.5%) to two and one-half percent (2.5%). The one-half percent (.5%) will be available for operations or other projects as approved through the regular budgeting process. Construction shall be a design build beginning in the spring of 2019. Construction is expected to be complete in 2020.

In FY 2017, the City was awarded and accepted a contract with the Matanuska Susitna Borough to provide 911 call taking and dispatch services for emergency fire, EMS, and rescue services in the Borough. The contract is for approximately five years with service beginning July 1, 2017. The contract includes payments of approximately \$6.8M total for operations (~\$1.3M/year) and \$1.8M total for capital upgrades. A portion of the required capital upgrades will be forward-funded by the City and ultimately reimbursed over the life of the contract. Separately, but with related functionality, the City was awarded and accepted federal grant monies passed through the State of Alaska, Department of Transportation to upgrade its' wireless communications system. The grant award was approximately \$3.5M with city match requirements.

In FY 2013, the City completed the replacement of a wooden dam structure at the western outlet of Lake Lucile. Replacement ensured that the waterline would not drop to its pre-'60s level posing much concern for the property owners who had built docks and waterfront landscaping based on the modern shoreline. In the prior year, the City completed its purchase of an aquatic weed harvester to improve the lake's water quality. Harvesting began last year and continued throughout the current summer season again. Installation of the steel dam and purchase of the aquatic harvester demonstrate the City's commitment to sustaining the property values and vitality of one of its core neighborhoods.

The City experienced approximately 14% average annual increases in health insurance from FY 2008 to FY 2011, prompting the City to establish a partially self-insured program in FY 2012 that provided aggregate and individual stop loss coverage. Effective July 1, 2016 the City returned to a fully insured model. The three labor unions present at the City each maintain and operate separate health benefit plans. The City established agreements for each union to provide health insurance for their respective members at an agreed upon rate. Non-represented employees are offered coverage through one of the union's plan. The health insurance expense in FY2017 and FY2016 was \$1,792,293 and \$2,048,862 respectively. The decrease relates almost entirely to the final closeout of the IBNR reserve under the partially self-insured model. The significant cost highlights the City's importance and efforts made in managing this important benefit.

Relevant Financial Policies

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

One, it is the policy of the City to maintain the fund balances and net position of the various City operating funds at levels sufficient to maintain the City's creditworthiness, and to provide financial resources for unforeseeable emergencies. As such, the general fund and the enterprise funds' unrestricted net position (as defined by the policy) must not fall below the prescribed minimum or exceed the prescribed maximum. At the end of FY 2017, the unrestricted net position of the general fund exceeded the calculated maximum by approximately \$6,220,757. This amount was committed through legislation for capital projects and referenced as "capital improvements" in the governmental fund balance sheet as per policy.

The City provides pension benefits for all eligible employees through the State of Alaska Public Employees Retirement System (PERS). The system consists of three defined benefit (DB) Tiers, and one defined contribution (DC) Tier. This City has no obligations in connection with employee benefits offered through these plans beyond its annual required payments to the plans. The City pays its annual required contribution rates timely. The annual contribution rates have been capped at 22% of covered payroll for both DB and DC plans based on legislative action committing the State of Alaska to cover costs exceeding 22%. The legislature's cap on local government contribution rates brings stability to Wasilla's retirement rates although it is important to note that a future State legislature can eliminate its contributions. The transition from a single-agent, multiple-employer plan, to a cost-sharing plan as of July 1, 2008, provided a single rate for all participating PERS employers, eliminating the previous methodology of assessing each employer its own rate. The City now shares in the pooled liability of the PERS plan.

In FY 2015, Governmental Accounting Standards Board (GASB) Statement No. 68 required the City to recognize its proportionate share of the cost sharing plan's net pension liability. In the subsequent year, the PERS plan revised its methodology for calculating the net pension liability to each employer. The original methodology used actual contributions for the fiscal year to determine the percentage of allocation of the net pension liability to each employer. Because the State of Alaska had made a special contribution of \$1B to the plan in FY 2015 and the amortization schedule for the liability was being lengthened, the validity of using the actual contribution methodology was called into question. The new methodology uses the actuarial method. This method looks at contributions from FY 2017 to the projected fully funded year of FY2039, and then assesses the present values of them. Allocation percentages are then derived from the present value calculation and applied to the net pension liability to determine each employer's share. The City's total portion of the liability at June 30, 2016 was \$11,580,779. The net pension liability at June 30, 2017 is \$15,420,525, an increase of \$3,569,746. This does not change the actual contributions by the employers, as those are based on Alaska Statutes. For additional detail, reference footnote 7 in the basic financial statements.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Wasilla for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2016. This was the twenty first consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

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

The government also received the GFOA's Distinguished Budget Presentation Award for its biennial budget document for the period beginning July 1, 2016. To qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

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

Respectfully submitted,



Bert Cottle
Mayor



Troy Tankersley
Finance Director

This page intentionally left blank.

City of Wasilla, Alaska

City Officials Year Ended June 30, 2017

ELECTED OFFICIALS

Mayor	Bert L. Cottle
City Council - Seat A	Glenda Ledford
City Council - Seat B	Tim Burney
City Council - Seat C	Stu Graham
City Council - Seat D	Mike Dryden
City Council - Seat E	Gretchen O' Barr
City Council - Seat F	James Harvey

APPOINTED OFFICIALS

Staff

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

Planning Commission

Eric Bushnell	Simon Brown
Darrell Breese	Brian Mayer (Co-Chair)
Jessica Dean (Chair)	

Parks and Recreation Commission

Mary Shampine	Lee Mitchell (Co-Chair)
Dave Tuttle (Chair)	Mary Kay Robinson
Andrew Tyler Chambers	

Airport Commission

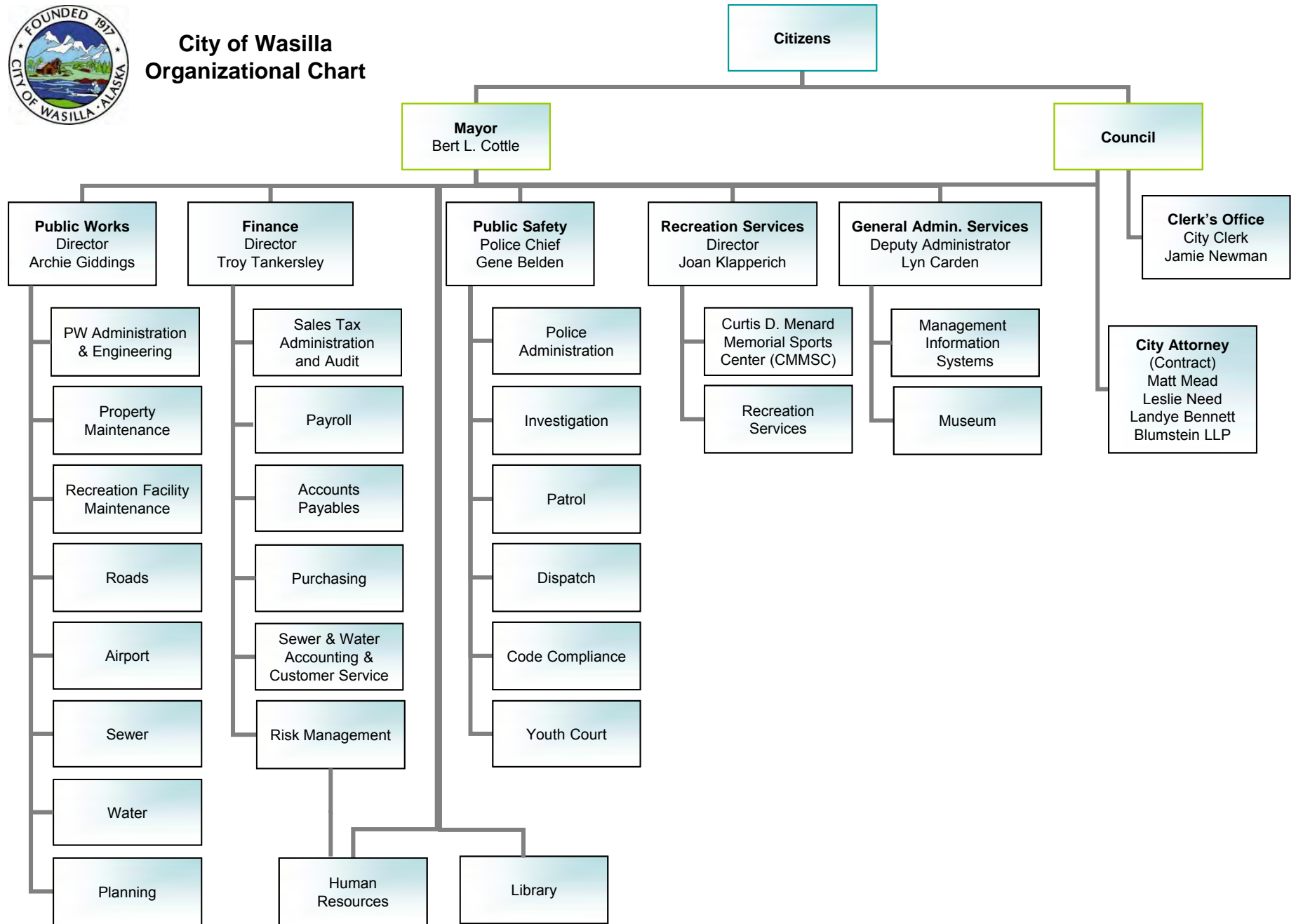
Noel Lowe	Adam Paulick (Chair)
Charles Morris	Cameron Sharick
John Popecki	Michael Lucas (Co-Chair)
Raymond Block	

CONSULTANTS

City Attorney	Landye Bennett Blumstein, LLP
Auditors	BDO, LLP
Insurance Pool	Alaska Public Entity Joint Insurance
Insurance Broker	Association
	Michael Combs, Combs Insurance Agency, Inc.



City of Wasilla Organizational Chart





Government Finance Officers Association

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

Presented to

**City of Wasilla
Alaska**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

This page intentionally left blank.



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

3601 C Street, Suite 600
Anchorage, AK 99503

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of City of Wasilla, Alaska (the City), as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of City of Wasilla, as of June 30, 2017, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 6 through 16, the budgetary comparison information on page 59, and the Schedules of Net Pension Liability and Pension Contributions on pages 60 and 61, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit for the year ended June 30, 2017 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules for the year ended June 30, 2017 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of City of Wasilla as of and for the year ended June 30, 2016 (not presented herein), and have issued our report thereon dated November 18, 2016 which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The individual fund financial statements and schedules for the year ended June 30, 2016 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the June 30, 2016 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2016 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2016.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2017 on our consideration of City of Wasilla's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Wasilla's internal control over financial reporting and compliance.

BDO USA, LLP

Anchorage, Alaska
November 20, 2017

This page intentionally left blank.

Management's Discussion and Analysis

City of Wasilla, Alaska
Management's Discussion and Analysis
June 30, 2017

As management of the City of Wasilla, (the City) we offer readers of these financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-v.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most current fiscal year by \$143,346,863 (total net position). Of this amount, \$19,337,477 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of business of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$22,534,689. Of this total, \$8,829,752 is unassigned and available for spending at the government's discretion.
- The City's total outstanding debt decreased by \$833,418 to a year-end balance of \$1,975,637. The City's long-term debt information can be found on pages 43-45 of the notes to the basic financial statements.
- The City recorded a net pension liability of \$15,420,525, deferred outflows related to pensions of \$3,365,877, and deferred inflows related to pensions of \$171,888. The City's retirement plan information can be found on pages 45-53 of the notes to the basic financial statements.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, and culture and recreation. The business-type activities of

City of Wasilla, Alaska
Management's Discussion and Analysis
June 30, 2017

the City include water, sewer, airport, and operation of the Curtis D. Menard Memorial Sports Center (sports center).

The government-wide financial statements can be found on pages 18-19 of this report.

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

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

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

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

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

The basic governmental fund financial statements can be found on pages 20-23 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sewer, sports center, and airport, all of which are considered to be major funds of the City. The basic proprietary fund financial statements can be found on pages 24-28 of this report.

City of Wasilla, Alaska
Management's Discussion and Analysis
June 30, 2017

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-55 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's budgetary comparison schedule for the General Fund and progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 59-61 of this report.

Government-wide Overall Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$143,346,863 at the close of the most recent fiscal year.

The largest portion of the City's net position (85%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment) less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated to satisfy these liabilities.

City of Wasilla's Net Position

	Governmental Activities		Business-type Activities		Total Activities	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 24,153,676	\$ 26,887,547	\$ 12,409,466	\$ 10,808,407	\$ 36,563,142	\$ 37,695,954
Capital assets, net of depreciation	58,992,061	51,940,783	64,958,582	66,348,028	123,950,643	118,288,811
Total assets	83,145,737	78,828,330	77,368,048	77,156,435	160,513,785	155,984,765
Total deferred outflows of resources	2,876,496	1,971,401	489,604	362,876	3,366,100	2,334,277
Noncurrent liabilities	14,727,840	11,640,617	3,554,755	3,548,805	16,835,712	15,189,422
Other liabilities	1,620,995	2,475,267	457,544	468,151	3,525,422	2,943,418
Total liabilities	16,348,835	14,115,884	4,012,299	4,016,956	20,361,134	18,132,840
Total deferred inflows of resources	146,885	175,680	25,003	32,760	171,888	208,440
Net position:						
Net investment in capital assets	58,174,797	50,741,890	63,800,432	64,763,372	121,975,229	115,505,262
Restricted for permanent						

City of Wasilla, Alaska
Management's Discussion and Analysis
June 30, 2017

fund principal	298,275	290,615	-	-	298,275	290,615
Restricted for federal and state drug enforcement	13,146	13,146	-	-	13,146	13,146
Restricted for new library construction	-	3,028,960	-	-	-	3,028,960
Restricted for Main Street couplet construction	1,722,736	1,722,736	-	-	1,722,736	1,722,736
Unrestricted	9,317,559	10,710,820	10,019,918	8,706,223	19,337,477	19,417,043
Total Net Position	\$ 69,526,513	\$ 66,508,167	\$ 73,820,350	\$ 73,469,595	\$ 143,346,863	\$ 139,977,762

An additional portion of the City' net position, approximately 2.9%, represents resources that are subject to external restrictions on how they may be used. Certain restrictions or eligibility requirements related to grant funds makes up this balance. The remaining balance of unrestricted net position of \$19,337,477 may be used to meet the government's ongoing obligations to citizens and creditors. The City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

During the current fiscal year, the government's net position increased by \$3,369,101 during the current fiscal year compared to \$7,883,050 in the prior fiscal year. The decrease resulted primarily from decreased sales tax of approximately \$3.5M as the 1% sales tax dedicated to fund construction of a new library ended December 31, 2015.

Governmental Activities

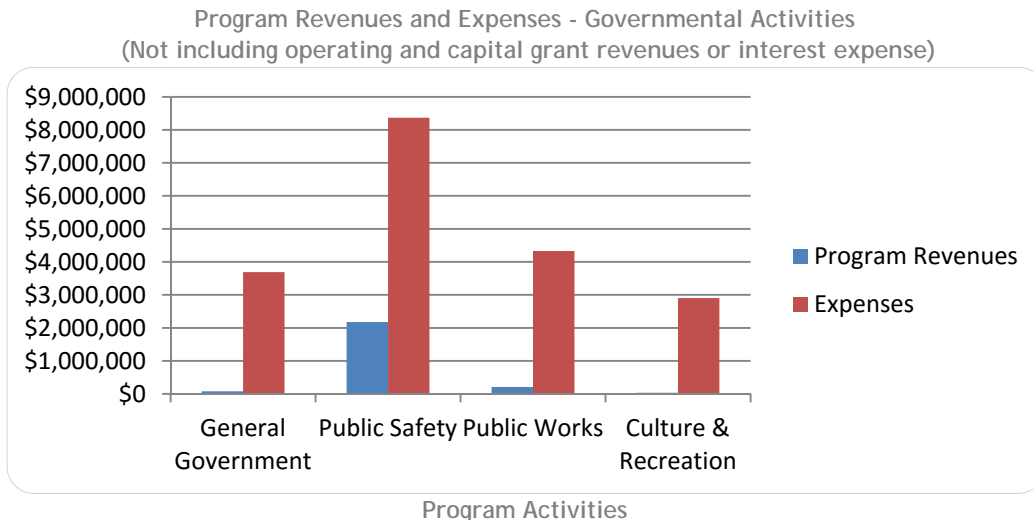
During fiscal year 2017, the City's net position increased by \$3,018,346 for governmental activities. Highlights of governmental activities net position changes include contributions from state grantor agencies for upgrades to dispatch services and donated infrastructure, roads and right-of-way, from private and public sources.

	Governmental Activities		Business-type Activities		Total Activities	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenues:						
Fees, fines, and charges for services	\$ 2,500,273	\$ 2,202,929	\$ 4,267,211	\$ 4,295,467	\$ 6,767,484	\$ 6,498,396
Operating grants and contributions	664,240	1,166,891	111,881	506,656	776,121	1,673,547
Capital grants and contributions	5,915,710	7,170,916	956,673	234,831	6,872,383	7,405,747
General revenues:						
Sales taxes	13,319,335	16,975,061	-	-	13,319,335	16,975,061
Vehicle taxes	59,270	57,920	-	-	59,270	57,920
Grants and entitlements not restricted to a specific purpose						
	567,868	720,520	-	-	567,868	720,520
Investment income	119,083	169,528	7,702	1,166	126,785	170,694
Other	219,742	123,683	55,124	115,062	274,866	238,745
Total revenues	\$ 23,365,521	\$ 28,587,448	\$ 5,398,591	\$ 5,153,182	\$ 28,764,112	\$ 33,740,630

City of Wasilla, Alaska
Management's Discussion and Analysis
June 30, 2017

	Governmental Activities		Business-type Activities		Total Activities	
	2017	2016	2017	2016	2017	2016
Expenses						
General government	\$ 3,689,430	\$ 3,466,671	\$ -	\$ -	\$ 3,689,430	\$ 3,466,671
Public safety	8,368,172	7,621,942	-	-	8,368,172	7,621,942
Public works	4,330,629	5,681,096	-	-	4,330,629	5,681,096
Culture and recreation	2,903,528	2,288,903	-	-	2,903,528	2,288,903
Interest on long-term debt	11,916	59,559	-	-	11,916	59,559
Water utility	-	-	1,731,372	2,024,454	1,731,372	2,024,454
Sewer utility	-	-	1,670,499	1,902,514	1,670,499	1,902,514
Municipal airport Curtis D. Menard Memorial Sports Center	-	-	988,841	976,676	988,841	976,676
	-	-	1,700,624	1,835,765	1,700,624	1,835,765
Total expenses	\$ 19,303,675	\$ 19,118,171	\$ 6,091,336	\$ 6,739,409	\$ 25,395,011	\$ 25,857,580
Increase (decrease) in net position before transfers						
	\$ 4,061,846	\$ 9,469,277	\$ (692,745)	\$ (1,586,227)	\$ 3,369,101	\$ 7,883,050
Transfers	(1,043,500)	(529,068)	1,043,500	529,068	-	-
Increase (decrease) in net position						
	3,018,346	8,940,209	350,755	(1,057,159)	3,369,101	7,883,050
Net position- beginning	66,508,167	57,567,958	73,469,595	74,526,754	139,977,762	132,094,712
Net Position- Ending	\$ 69,526,513	\$ 66,508,167	\$ 73,820,350	\$ 73,469,595	\$ 143,346,863	\$ 139,977,762

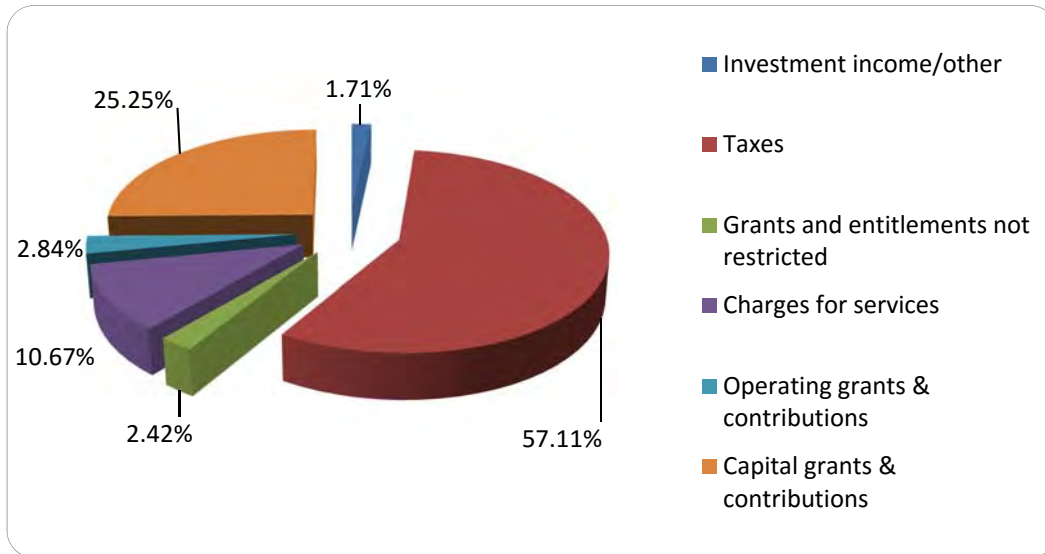
The following graph displays program revenues, not including operating and capital grants, and expenses dedicated to governmental activities. This shows the amount of revenues generated from these activities. Other revenues also support governmental activities, but are general in nature and apply to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



City of Wasilla, Alaska
Management's Discussion and Analysis
June 30, 2017

The following graph shows the percentages of all revenue sources for governmental activities. Taxes are the largest revenue source for the City, followed in order by capital grants and contributions, charges for services, operating grants and contributions, grants and entitlements not restricted, and investment/other income. Tax revenue for governmental activities decreased from 2016 to 2017 by \$3,655,726 or 21.5%. The decrease is largely due to the 1% dedicated sales tax for construction of the new library which ended December 31, 2015 as sufficient funding had been obtained.

Revenues by Source - Governmental Activities



Overall expenses for governmental activities remained fairly consistent with the prior year however the public works department decreased \$1,350,467 while public safety and culture and recreation increased \$746,230 and \$614,625 respectively. In the prior year, public works had more capital outlay that didn't meet the qualifications of a fixed asset and thus were expended. The increase to public safety is largely due to an increase in the net pension liability and general operations. The increase in culture and recreation relates to additional depreciation related to the new library which was placed into service in the current year.

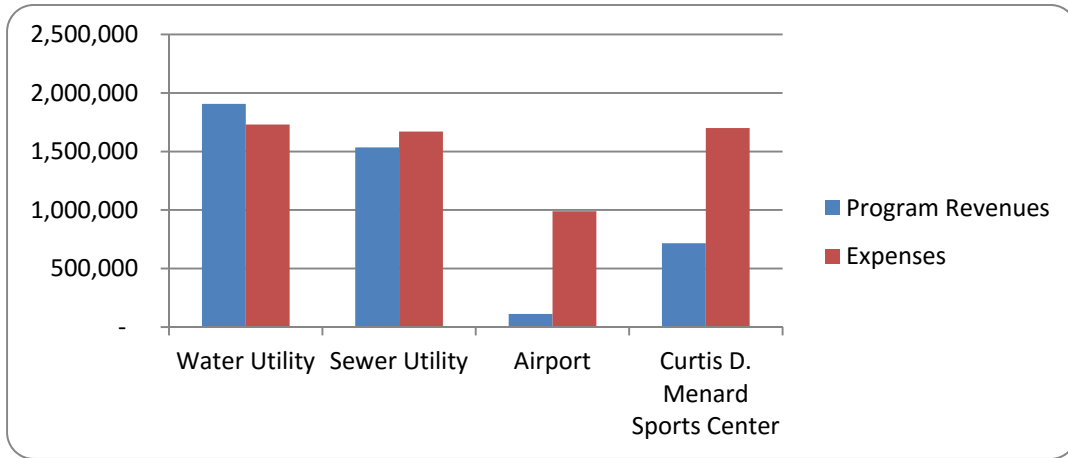
Business-type Activities

Business-type activities increased the City's net position by \$350,755. The increase in the water and sewer fund of \$1,111,934 and net transfers in of \$1,043,500 did not fully offset losses in the airport and sports center funds of \$876,034 and \$965,162, respectively. Increase in the water fund was largely due to a mainline extension donated by a developer and state grant funding for infrastructure. The decrease in net position for the airport fund and sports complex fund is due to depreciation and insufficient user fees and charges to cover operating costs.

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

City of Wasilla, Alaska
Management's Discussion and Analysis
June 30, 2017

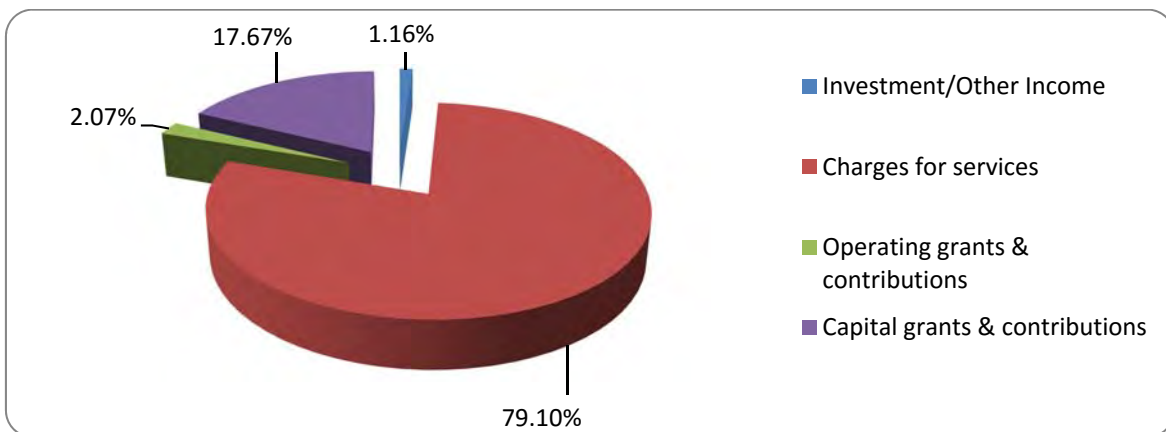
Program Revenues and Expenses - Business-Type Activities
 (Not including operating and capital grant revenue or interest expense)



The water and sewer fund continue to provide reasonable program revenue to absorb most of the funds expenditures. This is attributed primarily to the annual, five-year rate increase that was approved and made effective in FY 2010. The airport fund continues to fall short primarily due to the depreciation expense on infrastructure obtained through capital grants. The shortfall in revenue to expense for the Curtis D. Menard Memorial Sports Center includes depreciation, high minimum operating costs, and low user fees.

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

Revenues by Source - Business-type Activities



Financial Analysis of the Governmental Funds

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

City of Wasilla, Alaska
Management's Discussion and Analysis
June 30, 2017

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

As of June 30, 2017, the City's governmental funds reported combined ending fund balances of \$22,534,689, a decrease of \$1,882,262 in comparison with the prior year. The City's total fund balance is made up of the following components:

The first component is nonspendable, which indicates it is not in spendable form, or is legally or contractually required to remain intact. The nonspendable portion is 3.0% (\$669,874) of the total fund balance. The restricted classification includes amounts for which constraints have been placed by external parties (creditors, grantors, etc.) or enabling legislation. Restricted fund balance is 7.7% (\$1,735,882) of total fund balance. The committed classification can only be used for specific purposes by formal action of the City Council. The committed portion is 27.6% (\$6,220,757) of the total fund balance. The next component is assigned fund balance that includes amounts that are intended to be used for a specific purpose and have been expressly assigned by the person with designated authority. The assigned portion is 22.5% (\$5,078,424) of the total fund balance. Unassigned fund balance is the residual fund balance available for use for any purpose. The unassigned fund balance portion is 39.2% (\$8,829,752) of the total fund balance.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$8,829,752 while total fund balance was \$16,578,246. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures for the year. Unassigned fund balance represents 62.7% of total General Fund expenditures, while total fund balance represents 117.5% of that same amount.

Fund balance of the City's General Fund decreased by \$967,677 during the current year while in the prior year it increased \$2,434,362. The decrease from prior year of \$3,402,039 relates directly to increased transfers out of the General Fund. The increased transfers out relate largely to construction of the new library which went into service in the current fiscal year.

The Miscellaneous Capital Projects Fund has a total fund balance of \$2,360,379. This total amount is designated for future capital project construction expenditures. Fund balance decreased by \$1,091,482 over the prior year due to the significant construction of the new library. The one percent (1%) dedicated sales tax to fund construction of the new library was removed December 31, 2015 as sufficient funding had been reached. Capital outlay decreased by \$5,786,406 over the prior year as the project moved from full construction to the final phase of construction.

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

The water utility's unrestricted net position is \$5,058,579. Unrestricted net position has increased by \$588,674 in comparison with the prior year. This increase is due to contributed revenue from a private developer for a water main extension donated to the City and from a state grant to construct a new well and pumphouse.

City of Wasilla, Alaska
Management's Discussion and Analysis
June 30, 2017

The sewer utility's unrestricted net position is \$3,301,054. Unrestricted net position increased by \$275,300 over prior year resulting primarily from operating expenditures reimbursed by non-operating grants and capital contributions for improvements to the waste water treatment center.

The airport's unrestricted net position is \$452,734, an increase of \$177,447 from prior year due entirely from transfer in from the General Fund. The airport operations continue to generate losses even before depreciation. The City has received significant federal and state grant funding in previous years to construct infrastructure necessary to allow for commercial use and development in the future. As such, the City will continue to offset operating losses with transfers from the General Fund in an effort to support development of the airport and the economic opportunities it may bring to the community in the future.

The Curtis D. Menard Memorial Sports Center's unrestricted net position is \$1,207,551, an increase of \$272,274 over prior year due largely from transfers in from the General Fund. The sports center continues to generate operating losses before depreciation and operations are supported by routine transfers from the General Fund. In the current year, the transfers in were \$750,000. The City will continue to offset operating losses with transfers from the General Fund in an effort to support development of the sports center, the service it provides to the community, and the economic opportunities it brings to the community in the future.

General Fund Budgetary Highlights

Original budget compared to final budget. During the year there the only significant amendments to increase the original estimated revenues and original budgeted appropriations was for approximately \$325,000 to public safety revenues and expenditures for dispatch. In the current year, the City was awarded a contract to provide emergency management services (dispatching fire and ambulance services) for the Matanuska Susitna Borough. The contract required services to begin July 1, 2017 and the budget increase was to prepare for delivery of services by that date. Additionally, budget increases of \$1,778,885 were made to transfers out primarily to purchase fourteen acres of land from the Matanuska Susitna Borough (old Iditarod Elementary site) for \$1,500,000.

Final budget compared to actual results. The difference between estimated revenues and actual revenues was an unfavorable variance of \$198,734. Difference resulted from slightly lower sales tax revenue offset by the State of Alaska on-behalf pension payment which is not budgeted. The difference between estimated expenditures and actual expenditures was \$1,898,905. The positive variance in public safety largely related to unfilled positions in public safety and dispatch. Additionally, a positive variance in expenditures for health insurance of approximately \$838,000 resulted due to lesser than expected premium increases.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2017 amounts to \$123,950,643 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery, equipment, and construction in progress.

City of Wasilla, Alaska
Management's Discussion and Analysis
June 30, 2017

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

- Final construction of the new public library
- Iditarod Elementary land acquisition
- E911 upgrades and software service agreement
- Donated roads from developers; particularly Mack Road extension
- Vehicles and equipment
- Donated water main extension; Ranch Phase III

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

	Governmental Activities		Business-type Activities		Total Activities	
	2017	2016	2017	2016	2017	2016
Land	\$ 14,280,961	\$ 11,932,769	\$ 4,429,707	\$ 4,429,707	\$ 18,710,668	\$ 16,362,476
Buildings	20,395,663	6,580,478	12,944,370	13,160,033	33,340,033	19,740,511
Land improvements	-	-	7,061,202	7,820,224	7,061,202	7,820,224
Infrastructure	20,877,289	18,176,358	37,860,958	38,261,580	58,738,247	56,437,938
Furniture and equipment	574,824	80,714			574,824	80,714
Vehicles and equipment	2,230,244	1,980,832	2,426,475	2,620,114	4,656,719	4,600,943
Construction in progress	633,080	13,189,632	235,870	56,370	868,950	13,246,002
Total Capital Assets	\$ 58,992,061	\$ 51,940,783	\$ 64,958,582	\$ 66,348,028	\$123,950,643	\$118,288,811

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

Long-term Debt. At the end of the current fiscal year, the City had total long-term debt outstanding of \$1,975,637. Of this amount, \$817,487 comprises debt backed by the full faith and credit of the government. The remainder of the City's debt represents bonds and loans secured solely by specified revenue sources (i.e., special assessments levied against properties specifically benefited) in the amount of \$1,158,150.

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

	Governmental Activities		Business-type Activities		Total Activities	
	2017	2016	2017	2016	2017	2016
General obligation	\$ 817,487	\$ 1,224,399	\$ -	\$ -	\$ 817,487	\$ 1,224,399
Long-term loans	-	-	1,158,150	1,584,656	1,158,150	1,584,656
Total Long-term Debt	\$ 817,487	\$ 1,224,399	\$ 1,158,150	\$ 1,584,656	\$ 1,975,637	\$ 2,809,055

In November 2016, the City issued \$815,000 in 2016 series general obligation refunding bonds with proceeds of \$841,231 used to refund a total of \$810,000 principal from the 1998 general obligation paving and other road improvement bonds. The City's total debt decreased by \$833,418 or 29.6%, during the current fiscal year. The decrease is attributed to the City meeting its required debt payments and not issuing new debt.

City of Wasilla, Alaska
Management's Discussion and Analysis
June 30, 2017

State statutes do not impose debt limits on the City; however, its Municipal Code 5.02.040 requires that annual general obligation debt service not exceed twenty percent (20%) of annual general fund revenue. Additional information on the City's long-term debt can be found on pages 43-45 of this report.

Economic Factors and Next Year's Budgets and Rates

In setting the budget for fiscal year 2018, the City considered a number of issues with citywide impact. Among them are the following:

- In FY 2018, sales tax revenues are projected to increase 3.16% over budgeted sales tax revenue for FY2017 due to continued commercial development, population growth, inflation, and no annexations.
- One main component of charges for services are the fees from providing dispatch services for other agencies. The revenue for dispatch services is projected at approximately \$3,353,000 for FY 2018. This is a 14%, or \$1.3M, increase over FY 2017 due to a new agreement with the Matanuska Susitna Borough for emergency dispatch services (ambulance and fire services).
- User fees and charges in the business-type activities are expected to remain flat with the exception of added utility service connections due to land development. Rates for services are continually reviewed internally to ensure an equitable and adequate rate structure.
- The City continues to rely largely on state grant assistance to fund general, large-scale capital projects and federal funding for expansion of its airport. New grant awards declined significantly in FY 2017 given the budget constraints at the State level due to low oil prices. Intergovernmental revenues will continue strong into FY18 as the City spends down reimbursement grants awarded previously to FY 2017. Budgeted transfers to capital project funds from the General Fund in FY 2018 are \$2,086,868. A significant portion of the transfer includes forward funding to required dispatch upgrades required to deliver on the Matanuska Susitna Borough dispatch services. This agreement includes capital reimbursements over the five-year period of the agreement.
- On the expenditure side, personnel assumptions provide a wage increase of .85% - 3.35% in FY2018 largely related to employment contracts with three unions. Approximately \$1M in additional dispatch positions are anticipated to fulfill the Matanuska Susitna Borough dispatch services contract. Health care premiums were expected to increase a minimum of 8% at the time the budget was created. The employer contributions to the Public Employees Retirement System (PERS) is projected to remain at 22% despite prior legislative attempts to increase that percentage.

With the above considerations, the fiscal year 2018 budget included setting the City's property tax at an approved rate of 0.0 mills and maintaining a sales tax rate at 2.0% to fund ongoing operations.

Requests for Information

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

Basic Financial Statements

City of Wasilla, Alaska

Statement of Net Position

<i>June 30, 2017</i>	Governmental Activities	Business-type Activities	Total
Assets and Deferred Outflows of Resources			
Assets			
Cash and investments	\$ 20,416,242	\$ 11,610,528	\$ 32,026,770
Land held for resale	1,722,736	-	1,722,736
Receivables, net of allowance for uncollectible amounts:			
Accounts	57,690	312,360	370,050
Taxes	1,210,927	-	1,210,927
Grants	324,234	217,453	541,687
Shared revenues	32,053	-	32,053
Assessments	-	120,677	120,677
Prepaid items	389,794	74,173	463,967
Inventories	-	74,275	74,275
Capital assets not being depreciated	14,914,041	4,665,577	19,579,618
Other capital assets, net of accumulated depreciation	44,078,020	60,293,005	104,371,025
Total Assets	83,145,737	77,368,048	160,513,785
Deferred Outflows of Resources			
Deferred outflows of resources related to pensions	2,876,273	489,604	3,365,877
Deferred charge on refunding	223	-	223
Total Deferred Outflows of Resources	2,876,496	489,604	3,366,100
Total Assets and Deferred Outflows of Resources	\$ 86,022,233	\$ 77,857,652	\$ 163,879,885
Liabilities, Deferred Inflows of Resources and Net Position			
Liabilities			
Accounts payable	\$ 460,722	\$ 76,038	\$ 536,760
Accrued payroll and employee benefits	592,004	92,600	684,604
Customer deposits	18,641	45,382	64,023
Unearned revenue	547,620	237,908	785,528
Accrued interest	2,008	5,616	7,624
Noncurrent liabilities:			
Due within one year:			
Bonds and notes payable	395,000	165,450	560,450
Accrued compensated absences	732,913	153,520	886,433
Due in more than one year:			
Bonds and notes payable, including unamortized premium	422,487	992,700	1,415,187
Net pension liability	13,177,440	2,243,085	15,420,525
Total Liabilities	16,348,835	4,012,299	20,361,134
Deferred Inflows of Resources related to pensions	146,885	25,003	171,888
Net Position			
Net investment in capital assets	58,174,797	63,800,432	121,975,229
Restricted:			
Permanent Fund - Cemetery - nonexpendable	298,275	-	298,275
Federal and state drug enforcement	13,146	-	13,146
Main Street couplet	1,722,736	-	1,722,736
Unrestricted	9,317,559	10,019,918	19,337,477
Total Net Position	69,526,513	73,820,350	143,346,863
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 86,022,233	\$ 77,857,652	\$ 163,879,885

See accompanying notes to basic financial statements.

City of Wasilla, Alaska

Statement of Activities

Year Ended June 30, 2017	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Fees, Fines & Charges for Services	Operating Grants & Contri- butions	Capital Grants & Contri- butions	Govern- mental Activities	Business- type Activities	
Governmental Activities							
General government	\$ 3,689,430	\$ 77,403	\$ 47,458	\$ -	\$ (3,564,569)	\$ -	\$ (3,564,569)
Public safety	8,368,172	2,178,985	541,270	211,511	(5,436,406)	-	(5,436,406)
Public works	4,330,629	209,440	39,730	5,181,607	1,100,148	-	1,100,148
Culture and recreation	2,903,528	34,445	35,782	522,592	(2,310,709)	-	(2,310,709)
Interest on long-term debt	11,916	-	-	-	(11,916)	-	(11,916)
Total Governmental Activities	19,303,675	2,500,273	664,240	5,915,710	(10,223,452)	-	(10,223,452)
Business-Type Activities							
Water utility	1,731,372	1,906,725	10,355	894,743	-	1,080,451	1,080,451
Sewer utility	1,670,499	1,535,775	88,490	59,110	-	12,876	12,876
Municipal airport	988,841	111,764	1,043	-	-	(876,034)	(876,034)
Sports center	1,700,624	712,947	11,993	2,820	-	(972,864)	(972,864)
Total Business-Type Activities	6,091,336	4,267,211	111,881	956,673	-	(755,571)	(755,571)
Totals	\$ 25,395,011	\$ 6,767,484	\$ 776,121	\$ 6,872,383	(10,223,452)	(755,571)	(10,979,023)
General Revenues							
Sales taxes					13,319,335	-	13,319,335
Vehicle taxes					59,270	-	59,270
Grants and entitlements not restricted to a specific purpose					567,868	-	567,868
Investment income					119,083	1,350	120,433
Other					219,742	61,476	281,218
Transfers					(1,043,500)	1,043,500	-
Total General Revenues and Transfers					13,241,798	1,106,326	14,348,124
Change in Net Position					3,018,346	350,755	3,369,101
Net Position, beginning					66,508,167	73,469,595	139,977,762
Net Position, ending					\$ 69,526,513	\$ 73,820,350	\$ 143,346,863

See accompanying notes to basic financial statements.

City of Wasilla, Alaska

Governmental Funds
Balance Sheet

	Major Funds			Total Governmental Funds
	General	Miscellaneous Capital Projects	Nonmajor Funds	
<i>June 30, 2017</i>				
Assets				
Cash and investments	\$ 15,620,390	\$ 2,879,721	\$ 1,916,131	\$ 20,416,242
Land held for resale	-	-	1,722,736	1,722,736
Receivables, net of allowance for uncollectibles:				
Accounts	57,690	-	-	57,690
Taxes	1,210,927	-	-	1,210,927
Grants	17,506	217,337	89,391	324,234
Shared revenues	32,053	-	-	32,053
Prepaid items	366,795	18,195	4,804	389,794
Total Assets	\$ 17,305,361	\$ 3,115,253	\$ 3,733,062	\$ 24,153,676
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 120,018	\$ 289,927	\$ 50,777	\$ 460,722
Accrued payroll and employee benefits	565,718	-	26,286	592,004
Customer deposits	18,641	-	-	18,641
Unearned revenue	22,738	464,947	59,935	547,620
Total Liabilities	727,115	754,874	136,998	1,618,987
Fund Balances				
Nonspendable:				
Prepaid items	366,795	-	4,804	371,599
Permanent Fund - Cemetery	-	-	298,275	298,275
Restricted:				
Federal and state drug enforcement	-	-	13,146	13,146
Main Street couplet	-	-	1,722,736	1,722,736
Committed:				
Capital improvements	6,220,757	-	-	6,220,757
Assigned:				
Land bank	362,000	-	-	362,000
Capital improvements	-	2,360,379	-	2,360,379
Compensated absences	732,913	-	-	732,913
Youth court	-	-	51,833	51,833
Road projects	-	-	148,336	148,336
Vehicle replacement	-	-	568,306	568,306
Right-of-way acquisition	-	-	113,801	113,801
Technology replacement	-	-	674,827	674,827
Sexual Assault Response Team (SART)	49,500	-	-	49,500
WPD K9 Unit	4,635	-	-	4,635
Other purposes	11,894	-	-	11,894
Unassigned	8,829,752	-	-	8,829,752
Total Fund Balances	16,578,246	2,360,379	3,596,064	22,534,689
Total Liabilities and Fund Balances	\$ 17,305,361	\$ 3,115,253	\$ 3,733,062	\$ 24,153,676

See accompanying notes to basic financial statements.

City of Wasilla, Alaska
Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Position
June 30, 2017

Total fund balances for governmental funds		\$ 22,534,689
Total net position reported for governmental activities in the Statement of Net Position is different because:		
Capital assets (shown here, net of accumulated depreciation) used in governmental activities are not financial resources and therefore are not reported in the funds.		58,992,061
Deferred outflows of resources for governmental activities are not financial resources and therefore are not reported in the funds:		
Deferred outflows of resources related to pensions	\$ 2,876,273	
Deferred charge on refunding	<u>223</u>	
Total deferred outflows of resources		2,876,496
Long-term liabilities, including bonds payable, net pension liability, and compensated absences are not due and payable in the current period and therefore, are not reported in the funds:		
General obligation bonds payable, including unamortized premium	(817,487)	
Net pension liability	(13,177,440)	
Compensated absences	(732,913)	
Accrued interest on bonds	<u>(2,008)</u>	
Total long-term liabilities		(14,729,848)
Deferred inflows of resources for governmental activities are not financial resources and therefore are not reported in the funds:		
Deferred inflows of resources related to pensions		<u>(146,885)</u>
Total Net Position of Governmental Activities		<u>\$ 69,526,513</u>

See accompanying notes to basic financial statements.

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

	Major Funds			Total Governmental Funds
	General	Miscellaneous Capital Projects	Nonmajor Funds	
<i>Year Ended June 30, 2017</i>				
Revenues				
Taxes	\$ 13,376,718	\$ 1,887	\$ -	\$ 13,378,605
Licenses and permits	50,308	-	-	50,308
Fines and forfeitures	228,209	-	2,220	230,429
Intergovernmental	1,124,598	451,987	323,032	1,899,617
Charges for services	2,209,087	-	-	2,209,087
Investment income	118,674	409	-	119,083
Other	140,263	494,794	10,628	645,685
Total Revenues	17,247,857	949,077	335,880	18,532,814
Expenditures				
Current:				
General government	2,839,646	-	-	2,839,646
Public safety	6,522,876	-	191,280	6,714,156
Public works	2,212,748	-	-	2,212,748
Culture and recreation	2,049,395	-	-	2,049,395
Nondepartmental	55,701	-	-	55,701
Debt service:				
Principal	390,000	-	-	390,000
Interest	23,323	-	-	23,323
Bond issuance costs	12,333	-	-	12,333
Capital outlay	-	4,614,444	551,463	5,165,907
Total Expenditures	14,106,022	4,614,444	742,743	19,463,209
Excess of Revenues Over (Under) Expenditures	3,141,835	(3,665,367)	(406,863)	(930,395)
Other Financing Sources (Uses)				
Proceeds from sale of assets	79,300	-	-	79,300
Refunding bonds issued	815,000	-	-	815,000
Premium on refunding	26,231	-	-	26,231
Payment to refunded bond escrow agent	(828,898)	-	-	(828,898)
Transfers in	6,000	2,579,885	583,760	3,169,645
Transfers out	(4,207,145)	(6,000)	-	(4,213,145)
Net Other Financing Sources (Uses)	(4,109,512)	2,573,885	583,760	(951,867)
Net Change in Fund Balances	(967,677)	(1,091,482)	176,897	(1,882,262)
Fund Balances, beginning	17,545,923	3,451,861	3,419,167	24,416,951
Fund Balances, ending	\$ 16,578,246	\$ 2,360,379	\$ 3,596,064	\$ 22,534,689

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, 2017

Net change in fund balances - total governmental funds \$ (1,882,262)

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

Governmental funds report capital outlays as expenditures. However, on the Statement of Activities, depreciation expense is recognized to allocate the cost of these items over their estimated useful lives and reported as depreciation expense:

Capital outlays	\$ 4,669,348	
Contributed assets	4,823,446	
Depreciation expense	<u>(2,441,516)</u>	
		7,051,278

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. 2,663

The issuance of long-term debt provides current financial resources to governmental funds while the repayment of principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effects of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:

Issuance of general obligation bonds	(815,000)	
Premium on bond sale	(26,231)	
Principal repayment	390,000	
Payment to escrow agent for refunding	828,898	
Net change in premium and deferred charge on refunding	<u>3,962</u>	
		381,629

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Increase in compensated absences		(77,290)
Increase in net pension liability and related deferred outflows and inflows of resources		<u>(2,457,672)</u>

Change in Net Position of Governmental Activities \$ 3,018,346

See accompanying notes to basic financial statements.

City of Wasilla, Alaska
Enterprise Funds
Statement of Net Position

<i>June 30, 2017</i>	Water Utility	Sewer Utility	Municipal Airport	Curtis D. Menard Memorial Sports Center	Total Enterprise Funds
Assets and Deferred Outflows of Resources					
Current Assets					
Cash and investments	\$ 5,325,938	\$ 3,843,550	\$ 499,491	\$ 1,941,549	\$ 11,610,528
Receivables:					
Accounts	209,715	142,083	1,973	28,897	382,668
Allowance for doubtful accounts	(33,759)	(22,387)	-	(14,162)	(70,308)
Special assessments	11,393	24,685	-	-	36,078
Payment in lieu of assessments	84,599	-	-	-	84,599
Grants	91,943	97,006	28,504	-	217,453
Prepaid expenses	19,416	24,031	2,319	19,956	65,722
Inventory	45,710	28,565	-	-	74,275
Total Current Assets	5,754,955	4,137,533	532,287	1,976,240	12,401,015
Noncurrent Assets					
Prepaid expenses	8,451	-	-	-	8,451
Capital assets, net	27,740,643	13,242,975	10,052,627	13,922,337	64,958,582
Total Noncurrent Assets	27,749,094	13,242,975	10,052,627	13,922,337	64,967,033
Total Assets	33,504,049	17,380,508	10,584,914	15,898,577	77,368,048
Deferred Outflows of Resources related to pensions	132,942	189,287	13,392	153,983	489,604
Total Assets and Deferred Outflows of Resources	\$ 33,636,991	\$ 17,569,795	\$ 10,598,306	\$ 16,052,560	\$ 77,857,652

See accompanying notes to basic financial statements.

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

<i>June 30, 2017</i>	Water Utility	Sewer Utility	Municipal Airport	Curtis D. Menard Memorial Sports Center	Total Enterprise Funds
Liabilities, Deferred Inflows of Resources and Net Position					
Current Liabilities					
Accounts payable	\$ 43,890	\$ 10,944	\$ 4,728	\$ 16,476	\$ 76,038
Accrued payroll and employee benefits	24,255	36,326	2,233	29,786	92,600
Compensated absences	33,517	83,270	9,230	27,503	153,520
Customer deposits	17,128	18,354	-	9,900	45,382
Accrued interest	5,616	-	-	-	5,616
Unearned revenue	97,511	-	14,717	125,680	237,908
Current portion of notes payable	165,450	-	-	-	165,450
Total Current Liabilities	387,367	148,894	30,908	209,345	776,514
Noncurrent Liabilities					
Notes payable, net of current portion	992,700	-	-	-	992,700
Net pension liability	609,063	867,206	61,353	705,463	2,243,085
Total Noncurrent Liabilities	1,601,763	867,206	61,353	705,463	3,235,785
Total Liabilities	1,989,130	1,016,100	92,261	914,808	4,012,299
Deferred Inflows of Resources related to pensions	6,789	9,666	684	7,864	25,003
Net Position					
Net investment in capital assets	26,582,493	13,242,975	10,052,627	13,922,337	63,800,432
Unrestricted	5,058,579	3,301,054	452,734	1,207,551	10,019,918
Total Net Position	31,641,072	16,544,029	10,505,361	15,129,888	73,820,350
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 33,636,991	\$ 17,569,795	\$ 10,598,306	\$ 16,052,560	\$ 77,857,652

See accompanying notes to basic financial statements.

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

<i>Year Ended June 30, 2017</i>	Water Utility	Sewer Utility	Municipal Airport	Curtis D. Menard Memorial Sports Center	Total Enterprise Funds
Operating Revenues	\$ 1,906,725	\$ 1,535,775	\$ 111,764	\$ 712,947	\$ 4,267,211
Operating Expenses					
Salaries and employee benefits	559,654	794,330	59,083	701,377	2,114,444
Other operating expenses	339,558	385,156	111,757	502,491	1,338,962
Depreciation	812,238	491,013	779,778	496,756	2,579,785
Total Operating Expenses	1,711,450	1,670,499	950,618	1,700,624	6,033,191
Operating income (loss)	195,275	(134,724)	(838,854)	(987,677)	(1,765,980)
Nonoperating Revenues (Expenses)					
Payments in lieu of assessments	30,627	20,346	-	-	50,973
Interest expense	(20,532)	-	-	-	(20,532)
Investment income	-	-	-	1,350	1,350
Debt service assessments	856	2,350	-	-	3,206
Plans and studies	-	-	(38,223)	-	(38,223)
Nonoperating grants	-	73,746	-	-	73,746
State PERS relief	10,355	14,744	1,043	11,993	38,135
Other income	610	945	-	6,352	7,907
Net Nonoperating Revenues (Expenses)	21,916	112,131	(37,180)	19,695	116,562
Income (loss) before contributions and transfers	217,191	(22,593)	(876,034)	(967,982)	(1,649,418)
Capital contributions	894,743	59,110	-	2,820	956,673
Transfers in	-	-	331,000	750,000	1,081,000
Transfers out	(14,250)	(16,250)	(500)	(6,500)	(37,500)
Change in net position	1,097,684	20,267	(545,534)	(221,662)	350,755
Net Position, beginning	30,543,388	16,523,762	11,050,895	15,351,550	73,469,595
Net Position, ending	\$ 31,641,072	\$ 16,544,029	\$ 10,505,361	\$ 15,129,888	\$ 73,820,350

See accompanying notes to basic financial statements.

City of Wasilla, Alaska
Enterprise Funds
Statement of Cash Flows

<i>Year Ended June 30, 2017</i>	Water Utility	Sewer Utility	Municipal Airport	Curtis D. Menard Memorial Sports Center	Total Enterprise Funds
Cash Flows from (for) Operating Activities					
Receipts from customers and users	\$ 1,890,386	\$ 1,556,109	\$ 109,894	\$ 787,285	\$ 4,343,674
Payments to suppliers	(360,296)	(383,690)	(162,015)	(508,866)	(1,414,867)
Payments to employees	(462,353)	(660,558)	(46,826)	(603,193)	(1,772,930)
Net cash flows from (for) operating activities	1,067,737	511,861	(98,947)	(324,774)	1,155,877
Cash Flows from (for) Noncapital Financing Activities					
Nonoperating grants received	54,828	140,562	23,461	-	218,851
Transfers in	-	-	331,000	750,000	1,081,000
Transfers out	(14,250)	(16,250)	(500)	(6,500)	(37,500)
Net cash flows from (for) noncapital financing activities	40,578	124,312	353,961	743,500	1,262,351
Cash Flows for Capital and Related Financing Activities					
Principal paid on notes payable	(426,506)	-	-	-	(426,506)
Interest paid on notes payable	(23,770)	-	-	-	(23,770)
Special assessments received	3,377	20,677	-	-	24,054
Payments in lieu of assessments received	33,929	20,346	-	-	54,275
Acquisition and construction of capital assets	(117,571)	(235,980)	(56,797)	(2,820)	(413,168)
Capital contributions received	117,571	3,963	-	2,820	124,354
Net cash flows for capital and related financing activities	(412,970)	(190,994)	(56,797)	-	(660,761)
Cash Flows from Investing Activities					
Investment income received	-	-	-	1,350	1,350
Net Increase in Cash and Investments	695,345	445,179	198,217	420,076	1,758,817
Cash and Investments, beginning	4,630,593	3,398,371	301,274	1,521,473	9,851,711
Cash and Investments, ending	\$ 5,325,938	\$ 3,843,550	\$ 499,491	\$ 1,941,549	\$ 11,610,528

See accompanying notes to basic financial statements.

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

<i>Year Ended June 30, 2017</i>	Water Utility	Sewer Utility	Municipal Airport	Curtis D. Menard Memorial Sports Center	Total Enterprise Funds
Reconciliation of Operating Income (Loss) to Net Cash Flows from (for) Operating Activities					
Operating income (loss)	\$ 195,275	\$ (134,724)	\$ (838,854)	\$ (987,677)	\$ (1,765,980)
Adjustments to reconcile operating income (loss) to net cash flows from (for) operating activities:					
Depreciation	812,238	491,013	779,778	496,756	2,579,785
State of Alaska on-behalf payments - PERS relief	10,355	14,744	1,043	11,993	38,135
Nonoperating revenues (expenses)	610	945	(38,223)	6,352	(30,316)
Changes in operating assets and liabilities that provided (used) cash:					
Accounts receivable and related allowance	9,930	10,010	1,310	(3,239)	18,011
Inventory	2,731	45,975	-	-	48,706
Prepaid expenses	(3,511)	(10,240)	(545)	(8,770)	(23,066)
Deferred outflows of resources related to pensions	(34,758)	(49,497)	(4,132)	(38,341)	(126,728)
Accounts payable	(19,958)	(34,269)	(11,490)	2,395	(63,322)
Accrued payroll and employee benefits	485	3,858	(4)	1,069	5,408
Compensated absences	6,722	1,599	598	636	9,555
Customer deposits	(21,392)	9,379	-	3,500	(8,513)
Unearned revenue	(5,487)	-	(3,180)	67,725	59,058
Net pension liability	116,572	166,022	14,904	125,403	422,901
Deferred inflows of resources related to pensions	(2,075)	(2,954)	(152)	(2,576)	(7,757)
Net Cash Flows from (for) Operating Activities	\$ 1,067,737	\$ 511,861	\$ (98,947)	\$ (324,774)	\$ 1,155,877
Noncash Noncapital Financing and Capital and Related Financing Activities:					
Water extensions contributed by developers	\$ 777,172	\$ -	\$ -	\$ -	\$ -

See accompanying notes to basic financial statements.

City of Wasilla, Alaska
Notes to Basic Financial Statements
June 30, 2017

1. Summary of Significant Accounting Policies

(a) General

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

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

(b) Reporting Entity

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

(c) Basis of Presentation

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

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

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

City of Wasilla, Alaska

Notes to Basic Financial Statements

The City reports the following major governmental funds:

- The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be reported in another fund.
- The Miscellaneous Capital Projects Fund accounts for various capital project activities of the City.

The City reports the following major proprietary funds:

- The Water Utility Enterprise Fund is used to account for the operations of the City water system.
- The Sewer Utility Enterprise Fund is used to account for the operations of the wastewater utility.
- The Municipal Airport Enterprise Fund is used to account for the operations of Wasilla Municipal Airport.
- The Curtis D. Menard Memorial Sports Center Enterprise Fund is used to account for the operations of the recreational sports complex facility.

(d) Measurement Focus and Basis of Accounting

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

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

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

City of Wasilla, Alaska

Notes to Basic Financial Statements

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

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

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

(e) Budgets

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

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

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

(f) Assets and Liabilities

Deposits and Investments

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

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

City of Wasilla, Alaska

Notes to Basic Financial Statements

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

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

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

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

Corporate obligations shall be rated as follows:

- a) 1 year or less-A rated by two major nationally recognized statistical rating agencies;
- b) 1-2 years-AA rated by at least one major nationally recognized statistical rating agency;
- c) 2-4 years-AA rated by two major nationally recognized statistical rating agencies; and
- d) 4-5 years-AAA rated by two major nationally recognized statistical rating agencies.

City of Wasilla, Alaska

Notes to Basic Financial Statements

- Money market mutual funds that adhere to SEC rule 2a-7.
- The Alaska Municipal League Investment Pool (AMLIP), Inc., made in accordance with the terms of that pool's "Common Investment Agreement."
- Special assessments of the City authorized by Chapter 5.20. Total principal investment is not to exceed two hundred fifty thousand dollars (\$250,000) at the end of any fiscal year. The rate the City shall receive when investing in special assessments is the prime rate plus two percent on the date the ordinance confirming the assessment roll is enacted by the council.

Receivables and Payables

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

Trade receivables for the Water, Sewer and Curtis D. Menard Memorial Sports Center Funds are shown along with an allowance for doubtful accounts. Trade accounts receivables in excess of 90 days outstanding are determined to be uncollectible and are included in the allowance for doubtful accounts.

Inventories and Prepaid Items

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

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

Capital Assets

Capital assets, which includes, property, plant, equipment, system infrastructure (e.g., roads, streets, lighting, etc.), and sewer and water infrastructure (e.g., treatment centers, pipes, tanks, etc.) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized in 2017.

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.

City of Wasilla, Alaska

Notes to Basic Financial Statements

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

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

Compensated Absences

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

Unearned Grant Revenue

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

Bond Premiums, Discounts, and Issuance Costs

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

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

(g) Pension Items

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

City of Wasilla, Alaska

Notes to Basic Financial Statements

(h) Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Generally, the City reports deferred charges on bond refunding and pension related items as deferred outflows of resources. These items are amortized to expense over time.

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

(i) Equity

Fund Balance Components

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

Nonspendable

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

Restricted

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

Committed

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

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

City of Wasilla, Alaska

Notes to Basic Financial Statements

Assigned

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

Unassigned

Includes any remaining amounts after applying the above definitions. Planned spending in the subsequent year's budget would be included here. Only the General Fund has unassigned fund balance.

Spending Policy

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

(j) Net Position

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

Net Investment in Capital Assets

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

Restricted

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

Unrestricted

This consists of net position that does not meet the definition of restricted or net investment in capital assets.

(k) Revenues, Expenditures, and Expenses

Property Taxes

Property taxes are levied on the assessed value of taxable property as of January 1 and are payable in two installments in August and February. An enforceable lien is attached on all taxable property as of January 1. The Matanuska-Susitna Borough bills and collects all property taxes for the City. The property tax for the fiscal years ended June 30, 2017 and 2016, held a zero mill rate.

City of Wasilla, Alaska

Notes to Basic Financial Statements

Grants and Other Intergovernmental Revenues

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

2. Deposits and Investments

(a) Investments

As of June 30, 2017, the City had the following investments:

Investment Type	Fair value	Investment Maturities		
		Less than 1 year	1-5 Years	More than 5 years
Money market funds	\$ 703,307	\$ 703,307	-	-
Certificates of deposit	948,857	948,857	-	-
U.S. government agencies	15,882,190	1,298,684	2,708,964	11,874,542
Corporate bonds	3,202,235	3,202,235	-	-
AMLIP pooled investments	3,914,146	3,914,146	-	-
Total Subject to Interest Rate Risk	\$ 24,650,735	\$ 10,067,229	\$ 2,708,964	\$ 11,874,542

(b) Fair Value Measurement

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

The City has the following recurring fair value measurements as of June 30, 2017:

U.S. government agency securities of \$15,882,190 are valued using models with various inputs such as but not limited to daily cash flow, snapshots of market indices and spread scales (Level 2 inputs)

Corporate bonds of \$3,202,235 are valued using models with various inputs such as but not limited to daily cash flow, snapshots of market indices and spread scales (Level 2 inputs)

The City has investments in money market funds and certificates of deposits totaling \$1,652,164 that are not held at fair value, but instead recorded at amortized cost, as of June 30, 2017. The City's investment in AMLIP of \$3,914,146 is measured at net asset value, as of June 30, 2017. Management believes these values approximate fair value.

(c) Interest Rate Risk

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

City of Wasilla, Alaska

Notes to Basic Financial Statements

(d) Credit Risk

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

At June 30, 2017, the City's corporate bond investments were rated as follows:

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

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

The manager is required to produce monthly disclosure statements on the Pool. The Pool also has retained an investment adviser who monitors the performance of the investment manager to ensure compliance with investment policies. All participation in the Pool is voluntary. The Pool must maintain a dollar-weighted average maturity of 90 days or less, and only purchase instruments having remaining maturities of 397 days or less. On a monthly basis, the investments in the Pool are reviewed for fair value by an independent pricing service. As of June 30, 2017, the fair value of the investments in the Pool approximates amortized cost and is equal to the value of Pool shares.

(e) Concentration of Credit Risk

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

(f) Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's deposit policy for custodial credit risk is to collateralize its primary demand deposit account for 102% of the uninsured balance. As of June 30, 2017, the City's had bank deposits of \$213,153 that were not insured or collateralized.

(g) Custodial Credit Risk - Investments

For an investment, this is a risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City had no debt securities exposed to custodial credit risk at June 30, 2017 because the investments were held by a custodian in the name of the City.

City of Wasilla, Alaska

Notes to Basic Financial Statements

(h) Reconciliation to the Statement of Net Position

Deposits and investments are reported as follows on the statement of net position, as of June 30, 2017:

Cash and Investments	\$ 32,026,770
----------------------	---------------

Deposits and investments are comprised of the following as of June 30, 2017:

Carrying value of bank deposits	\$ 7,374,435
Petty cash accounts	1,600
Investments	24,650,735
Total Cash and Investments	\$ 32,026,770

3. Land Held for Resale

In 2016, the City acquired approximately 7 acres of land in connection with a capital project. The land is being held for resale and has a book value of \$1,722,736, which approximates net realizable value.

The remainder of this page intentionally left blank.

City of Wasilla, Alaska

Notes to Basic Financial Statements

4. Capital Assets

Capital asset activity for the year ended June 30, 2017 is as follows:

Governmental Activities	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Capital assets not being depreciated:				
Land	\$ 11,932,769	\$ 2,348,192	\$ -	\$ 14,280,961
Construction in progress	13,189,632	2,477,064	(15,033,616)	633,080
Total capital assets not being depreciated	25,122,401	4,825,256	(15,033,616)	14,914,041
Capital assets being depreciated:				
Buildings	9,564,478	14,337,467	-	23,901,945
Office furniture and equipment	2,368,354	640,141	(29,927)	2,936,628
Vehicles and equipment	5,556,206	748,292	(314,882)	6,031,556
Infrastructure	33,416,318	3,975,254	-	37,391,572
Total capital assets being depreciated	50,905,356	19,701,154	(344,809)	70,261,701
Less accumulated depreciation for:				
Buildings	2,984,000	522,282	-	3,506,282
Office furniture and equipment	2,287,640	104,091	(29,927)	2,361,804
Vehicles and equipment	3,575,374	540,820	(314,882)	3,801,312
Infrastructure	15,239,960	1,274,323	-	16,514,283
Total accumulated depreciation	24,086,974	2,441,516	(344,809)	26,183,681
Total capital assets being depreciated, net	26,818,382	17,259,638	-	44,078,020
Governmental Activity Capital Assets, net	\$ 51,940,783	\$ 22,084,894	\$ (15,033,616)	\$ 58,992,061

City of Wasilla, Alaska

Notes to Basic Financial Statements

Business-type Activities	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Capital assets not being depreciated:				
Land	\$ 4,429,707	\$ -	\$ -	\$ 4,429,707
Construction in progress	56,370	179,500	-	235,870
Total capital assets not being depreciated	4,486,077	179,500	-	4,665,577
Capital assets being depreciated:				
Land improvements	16,133,232	56,796	-	16,190,028
Buildings	17,902,478	-	-	17,902,478
Treatment system	8,111,871	-	-	8,111,871
Collection/distribution	42,299,862	777,173	-	43,077,035
Water tank and fence	6,847,577	-	-	6,847,577
Wells/well house	1,325,146	-	-	1,325,146
Vehicles and equipment	7,773,720	176,870	(27,995)	7,922,595
Total capital assets being depreciated	100,393,886	1,010,839	(27,995)	101,376,730
Less accumulated depreciation for:				
Land improvements	8,563,007	565,819	-	9,128,826
Buildings	4,492,445	465,663	-	4,958,108
Treatment system	3,613,509	162,652	-	3,776,161
Collection/distribution	14,027,161	852,404	-	14,879,565
Water tank and fence	2,422,533	137,298	-	2,559,831
Wells/well house	259,673	25,441	-	285,114
Vehicles and equipment	5,153,607	370,508	(27,995)	5,496,120
Total accumulated depreciation	38,531,935	2,579,785	(27,995)	41,083,725
Total capital assets being depreciated, net	61,861,951	(1,568,946)	-	60,293,005
Business-type Activities				
Capital Assets, net	\$ 66,348,028	\$ (1,389,446)	\$ -	\$ 64,958,582

City of Wasilla, Alaska

Notes to Basic Financial Statements

Depreciation expense was charged to the functions as follows for the year ended June 30, 2017:

Governmental Activities

General government	\$ 148,173
Public safety	229,423
Public works	1,560,068
Culture and recreation	503,852
Total Depreciation Expense - Governmental Activities	\$ 2,441,516

Business-type Activities

Water utility	\$ 812,238
Sewer utility	491,013
Municipal airport	779,778
Curtis D. Menard Memorial Sports Center	496,756
Total Depreciation Expense - Business-type Activities	\$ 2,579,785

5. Interfund Transfers

A schedule of interfund transfers for the year ended June 30, 2017, follows:

From the General Fund to:	
Curtis D. Menard Memorial Sports Center Enterprise Fund to subsidize operations	\$ 750,000
Miscellaneous Capital Projects Fund for purchases of equipment, land and property improvements	2,579,885
Nonmajor governmental funds for road projects, vehicle and technology replacement	546,260
Municipal Airport Enterprise Fund to subsidize operations	331,000
From the Miscellaneous Capital Projects Fund to the General Fund for capital improvements	6,000
From the Water Utility Enterprise Fund to nonmajor governmental funds for vehicle and technology replacement	14,250
From the Sewer Utility Enterprise Fund to nonmajor governmental funds for vehicle and technology replacement	16,250
From the Municipal Airport Enterprise Fund to nonmajor governmental funds for technology replacement	500
From the Curtis D. Menard Memorial Sports Center Enterprise Fund to nonmajor governmental funds for technology replacement	6,500
Total Transfers to Other Funds	\$4,250,645

City of Wasilla, Alaska

Notes to Basic Financial Statements

6. Long-term Liabilities

(a) General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. General obligation bonds currently outstanding are as follows:

	Bond Principal
\$815,000 2016 Series Three refunding bonds, due in two installments of \$395,000 on December 1, 2017 and \$405,000 on December 1, 2018, plus interest rates from 2.0% to 4.0%	\$ 800,000

In November 2016, the City issued \$815,000 in 2016 series general obligation refunding bonds. Proceeds of \$841,231 were used to refund a total of \$810,000 principal from the 1998 general obligation paving and other road improvement bonds. The refunding resulted in a cash flow savings of \$27,937 and an economic gain of \$27,444. However, for accounting purposes, the transaction resulted in no recorded gain or loss.

The City defeased the 1998 general obligation bonds by placing the proceeds of new bonds and other available resources in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, trust account assets and liabilities for defeased bonds are not included in the City's financial statements. At June 30, 2017, the defeased balance of general obligation bonds remaining to be paid by the escrow agent was \$0, as all bonds were called during fiscal year 2017.

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

Year Ending June 30,	Principal	Interest	Total
2018	\$ 395,000	\$ 20,150	\$ 415,150
2019	405,000	8,100	413,100
	\$ 800,000	\$ 28,250	\$ 828,250

(b) ADEC Loans

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

	Loan Principal
\$3,309,000 Water loan payable, due in annual installments of \$165,450 through March 4, 2024, plus interest at 1.5%	\$ 1,158,150

City of Wasilla, Alaska

Notes to Basic Financial Statements

Annual debt service requirements to maturity for the ADEC loan is as follows:

<i>Year Ending June 30,</i>	Principal	Interest	Total
2018	\$ 165,450	\$ 17,372	\$ 182,822
2019	165,450	14,891	180,341
2020	165,450	12,409	177,859
2021	165,450	9,927	175,377
2022	165,450	7,445	172,895
2023-2024	330,900	7,445	338,345
	\$ 1,158,150	\$ 69,489	\$ 1,227,639

(c) Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2017 was as follows:

Governmental Activities	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Due Within One Year
General obligation bonds	\$ 1,185,000	\$ 815,000	\$ (1,200,000)	\$ 800,000	\$ 395,000
Issuance premiums	39,399	26,231	(48,143)	17,487	-
Total bonds payable	1,224,399	841,231	(1,248,143)	817,487	395,000
Health claims payable	254,700	-	(254,700)	-	-
Compensated absences	655,623	787,984	(710,694)	732,913	732,913
Total Governmental Activities	\$ 2,134,722	\$ 1,629,215	\$ (2,213,537)	\$ 1,550,400	\$ 1,127,913

Business-type Activities	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Due Within One Year
ADEC loans	\$ 1,584,656	-	\$ (426,506)	\$ 1,158,150	\$ 165,450
Compensated absences	143,965	125,629	(116,074)	153,520	153,520
Total Business-type Activities	\$ 1,728,621	\$ 125,629	\$ (542,580)	\$ 1,311,670	\$ 318,970

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

City of Wasilla, Alaska

Notes to Basic Financial Statements

(d) Conduit Revenue Bonds

On April 22, 1996, the City Council authorized the issuance of nonrecourse revenue bonds for the purpose of providing funds to loan to the Cook Inlet Housing Development Corporation to purchase a facility. The bonds were issued in the amount of \$2,327,532. There was no outstanding balance at year end.

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, 2017 was \$2,929,996.

On October 27, 2014, the City Council authorized the issuance of nonrecourse revenue bonds for the purpose of providing funds to loan to the Southcentral Foundation to finance the construction of a facility. The bonds were issued in the amount of \$9,500,000. The outstanding balance at June 30, 2017 was \$8,873,826.

On February 13, 2017, the City Council authorized the issuance of nonrecourse revenue bonds for the purpose of providing funds to loan to the Southcentral Foundation to finance a facility. The bonds were issued in the amount not to exceed \$55,000,000. The outstanding balance at June 30, 2017 was \$339,191.

7. Retirement Plans

(a) Defined Benefit (DB) Pension Plan

General Information About the Plan

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

The Plan is included in a comprehensive annual financial report that includes financial statements and other required supplemental information. That report is available via the internet at <http://doa.alaska.gov/dr/pers>. Actuarial valuation reports, audited financial statements, and other detailed plan information are also available on this website.

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

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

City of Wasilla, Alaska

Notes to Basic Financial Statements

Historical Context and Special Funding Situation

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

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

The City recorded the related on-behalf contributions as revenue and expense or expenditures as prescribed by GAAP, pursuant to the relevant basis of accounting based on fund type.

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

Employee Contribution Rates

Regular employees are required to contribute 6.75% of their annual covered salary. Police and firefighters are required to contribute 7.50% of their annual covered salary.

Employer and Other Contribution Rates

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

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

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

City of Wasilla, Alaska

Notes to Basic Financial Statements

On-behalf Contribution Rate: This is the rate paid in by the State as an on-behalf payment under the current statute. The statute requires the State to contribute, based on funding availability, an on-behalf amount equal to the difference between the ARM Board Rate and the Employer Effective Rate. In the governmental fund financial statements, on-behalf contribution amounts have been recognized as additional revenues and expenditures. In the enterprise fund and government-wide financial statements, the on-behalf amounts reflect revenue and expense only during the measurement period in which the Plan recognizes the payments, resulting in a significant timing difference between the cash transfers and revenue and expense recognition.

GASB Rate: This is the rate used to determine the long-term pension and healthcare liability for plan accounting purposes in accordance with generally accepted accounting principles as established by GASB. Certain actuarial methods and assumptions for this rate calculation are mandated by GASB. Additionally, the GASB Rate disregards all future Medicare Part D payments. For FY17, the rate uses an 8% pension discount rate and a 4.30% healthcare discount rate.

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

Contribution rates for the year ended June 30, 2017 were determined in the June 30, 2014 actuarial valuation.

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate	GASB Rate
Pension	14.96%	20.34%	4.14 %	24.49%
Postemployment healthcare (see Note 7(c))	7.04%	5.80%	0.00 %	56.64%
Total Contribution Rates	22.00%	26.14%	4.14 %	81.13%

In 2017, the City was credited with the following contributions to the pension plan.

	Measurement Period City FY16	City FY17
Employer contributions (including DBUL)	\$ 732,714	\$ 878,392
Nonemployer contributions (on-behalf)	289,465	343,698
Total Contributions	\$ 1,022,179	\$ 1,222,090

In addition, employee contributions to the Plan totaled \$263,096 during the City's fiscal year.

City of Wasilla, Alaska

Notes to Basic Financial Statements

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

At June 30, 2017, the City reported a liability for its proportionate share of the net pension liability (NPL) that reflected a reduction for State pension support provided to the City. The amount recognized by the City for its proportional share, the related State proportion, and the total were as follows:

	2017
City proportionate share of NPL	\$ 15,420,525
State's proportionate share of NPL associated with the City	1,941,651
Total Net Pension Liability	\$ 17,362,176

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, including the State, actuarially determined. At June 30, 2017, the City's proportion was 0.275880 percent, which was an increase of 0.037100 from its proportion measured as of the prior measurement date.

For the year ended June 30, 2017, the City recognized pension expense of \$3,624,479 and on-behalf revenue of \$261,737 for support provided by the State. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,418	\$ (171,888)
Changes in assumptions	71,123	-
Net difference between projected and actual earnings on pension plan investments	1,515,763	-
Changes in proportion and differences between City contributions and proportionate share of contributions	899,181	-
City contributions subsequent to the measurement date	878,392	-
Total Deferred Outflows and Deferred Inflows of Resources Related to Pensions	\$ 3,365,877	\$ (171,888)

City of Wasilla, Alaska

Notes to Basic Financial Statements

The \$878,392 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,

2018	\$	989,027
2019		306,793
2020		619,648
2021		400,129

Actuarial Assumptions

The total pension liability for the measurement period ended June 30, 2016 (City fiscal year 2017) was determined by an actuarial valuation as of June 30, 2015, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2016. The actuarial assumptions used in the June 30, 2015 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2009 to June 30, 2013, resulting in changes in actuarial assumptions adopted by the Alaska Retirement Management Board to better reflect expected future experience.

Actuarial Cost Method	Entry Age Normal - Level Percentage of Payroll
Asset Valuation Method	Invested assets are reported at fair value.
Allocation Methodology	Amounts for FY16 were allocated to employers based on the projected present value of contributions for FY2017-FY2039. The liability is expected to go to zero at 2039.
Investment Return / Discount Rate	8.00% per year (geometric), compounded annually, net of expenses
Salary Scale	Inflation - 3.12% per year Productivity - 0.50% per year Peace Officer/Firefighter - graded by years of service from 9.66% to 4.92% All others - graded by age and years of service from 8.55% to 4.34%
Total Inflation	Measured by the consumer price index for urban and clerical workers for Anchorage and is assumed to increase 3.12% annually.
Mortality	Pre-termination - Based on the 2010-2013 actual mortality experience Post-termination - 96% of all rates of the RP-2000 table, 2000 base year projected to 2018 with projection scale BB

City of Wasilla, Alaska

Notes to Basic Financial Statements

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

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

Discount Rate

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

Discount Rate Sensitivity

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

	Proportional Share	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	0.27588%	\$ 19,860,855	\$ 15,420,525	\$ 11,675,311

Pension Plan Fiduciary Net Position

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

City of Wasilla, Alaska

Notes to Basic Financial Statements

(b) Defined Contribution (DC) Pension Plan

Employees hired after July 1, 2006 participate in PERS Tier IV, a defined contribution plan. This Plan is administered by the State of Alaska, Department of Administration in conjunction with the defined benefit plan noted above. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. The Alaska Retirement Management Board may also amend contribution requirements. Included in the Plan are individual pension accounts, retiree medical insurance plan and a separate Health Reimbursement Arrangement account that will help retired members pay medical premiums and other eligible medical expenses not covered by the medical plan. This Plan is included in the comprehensive annual financial report for PERS, and at the following website, as noted above. <http://doa.alaska.gov/dr/pers>.

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

Benefit Terms

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

Employee Contribution Rate

Employees are required to contribute 8% of their annual covered salary. This amount goes directly to the individual's account.

Employer Contribution Rate

For the year ended June 30, 2017, the City was required to contribute 5% of covered salary into the Plan. In addition, during 2017, the State on-behalf contribution rate for OPEB was 0.00%.

The City and employee contributions to PERS for pensions for the year ended June 30, 2017 were \$190,649 and \$305,037, respectively. The City contribution amount was recognized as pension expense/expenditures.

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

Defined Benefit OPEB Plan

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

Employer Contribution Rate

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

City of Wasilla, Alaska

Notes to Basic Financial Statements

Annual Postemployment Healthcare Cost

Actual contributions into the Plan for the last three years were as follows. The amounts reported here include only the employer required contributions and do not include any amounts attributed to the on-behalf contributions by the State. In 2015 there were no on-behalf contributions to the OPEB Plan; however, on-behalf contributions to the OPEB Plan in 2017 and 2016 were \$0 and \$123,957, respectively.

<i>Year Ended June 30,</i>	Annual OPEB Costs	City Contributions	% of Costs Contributed
2017	\$ 413,370	\$ 413,370	100 %
2016	483,861	483,861	100 %
2015	525,455	525,455	100 %

Defined Contribution OPEB Plan

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

Employer Contribution Rates

Employees do not contribute to the DC OPEB plans. Employer contribution rates for the year ended June 30, 2017 were as follows:

	Other Tier IV	Police/Fire Tier IV
Retiree medical plan	1.18%	1.18%
Occupational death and disability benefits	0.17%	0.49%
Total Contribution Rates	1.35%	1.67%

In addition, PERS defined contribution members also participate in the Health Reimbursement Arrangement. AS 39.30.370 establishes this contribution amount as "three percent of the average annual employee compensation of *all employees of all employers* in the plan". As of July 1, 2016, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,049 per year for each full-time employee, and \$1.31 per hour for part-time employees.

Annual Postemployment Healthcare Cost

In 2017, the City contributed \$186,864 in DC OPEB costs. These amounts have been recognized as expense/expenditures.

City of Wasilla, Alaska

Notes to Basic Financial Statements

(d) Deferred Compensation Plan

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

8. Risk Management

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

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

APEI is a public entity risk pool organized to share risks among its members. APEI's bylaws provide for the assessment of supplemental contributions from members in the event that losses and expenses for any coverage year exceed the annual contributions and income earned on such contributions for the year. Such supplemental contributions shall be based upon each member's annual deposit contribution in comparison to the aggregate annual deposit contributions of all members. APEI made no supplemental assessments during the year ended June 30, 2017. Coverage limits and the deductibles on the policies have stayed relatively constant for the past few years.

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

The remainder of this page intentionally left blank.

City of Wasilla, Alaska

Notes to Basic Financial Statements

9. Commitments and Contingencies

(a) Commitments

Encumbrances outstanding at year-end, including purchase orders, contracts and other commitments for the expenditure of moneys, are reported as assigned fund balances in the governmental funds. Outstanding encumbrances at June 30, 2017 were as follows:

Governmental funds:		
General Fund	\$	11,894
Miscellaneous Capital Projects Fund		1,040,296
Nonmajor Funds		95,447
<hr/>		
Total Governmental Funds	\$	1,147,637
<hr/>		
Proprietary funds:		
Water Utility	\$	57,390
Sewer Utility		80,913
Municipal Airport		64,408
<hr/>		
Total Proprietary Funds	\$	202,711

(b) Litigation

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

(c) Grants

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

(d) Arbitration

Two separate unions filed grievances against the City related to changes made to the City-sponsored healthcare plan for fiscal year 2017. The grievances were settled in arbitration with no material impact to the City.

City of Wasilla, Alaska

Notes to Basic Financial Statements

10. New Accounting Pronouncements

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

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

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

GASB 83 - Certain Asset Retirement Obligations - Effective for year-end June 30, 2019, with earlier application encouraged - This statement addresses accounting and financial reporting for certain asset retirement obligations that are legally enforceable liabilities associated with the retirement of a tangible capital asset.

GASB 84 - Fiduciary Activities - Effective for year-end June 30, 2020, with earlier application encouraged - This statement addresses criteria for identifying and reporting fiduciary activities.

GASB 85 - Omnibus - Effective for year-end June 30, 2018, with earlier application encouraged - This statement addresses practice issues that have been identified during implementation and application of certain GASB statements. Issues covered include blending of component units, goodwill, fair value measurement and application, and postemployment benefits.

GASB 86 - Certain Debt Extinguishment Issues - Effective for year-end June 30, 2018, with earlier application encouraged - This statement addresses accounting and financial reporting for in-substance defeasance of debt when only existing resources are used, as well as accounting and financial reporting for prepaid insurance on extinguished debt.

GASB 87 - Leases - Effective for year-end June 30, 2021, with earlier application encouraged - This statement addresses accounting and financial reporting for certain lease assets and liabilities for leases that previously were classified as operating leases. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

11. Subsequent Events

On October 3, 2017, voters approved a ballot initiative to increase the City sales tax rate from 2% to 3%, beginning January 1, 2018, with the increase being dedicated to funding construction of a new public safety building and related equipment. The 1% increase is for the period of 2 years or until \$12,000,000 is collected, whichever is earlier. The sales tax rate will then decrease to 2.5%

This page intentionally left blank.

Required Supplementary Information DO NOT PRINT (TAB)

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

<i>Year Ended June 30, 2017</i>	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 13,746,024	\$ 13,746,024	\$ 13,376,718	\$ (369,306)
Licenses and permits	36,225	36,225	50,308	14,083
Fines and forfeitures	290,000	290,000	228,209	(61,791)
Intergovernmental	953,525	953,775	1,124,598	170,823
Charges for services	1,908,991	2,234,567	2,209,087	(25,480)
Investment income	125,000	125,000	118,674	(6,326)
Other	46,000	61,000	140,263	79,263
Total Revenues	17,105,765	17,446,591	17,247,857	(198,734)
Expenditures				
Current:				
General government	3,207,030	3,222,108	2,839,646	382,462
Public safety	7,112,044	7,437,620	6,522,876	914,744
Public works	2,437,606	2,498,806	2,212,748	286,058
Culture and recreation	2,256,525	2,320,711	2,049,395	271,316
Nondepartmental	104,000	104,000	55,701	48,299
Debt service:				
Principal	375,000	390,000	390,000	-
Interest	46,682	31,682	23,323	8,359
Bond issuance costs	-	-	12,333	(12,333)
Total Expenditures	15,538,887	16,004,927	14,106,022	1,898,905
Excess of Revenues Over Expenditures	1,566,878	1,441,664	3,141,835	1,700,171
Other Financing Sources (Uses)				
Proceeds from sale of assets	35,000	35,000	79,300	44,300
Refunding bonds issued	-	-	815,000	815,000
Premium on refunding	-	-	26,231	26,231
Payment to refunded bond escrow agent	-	-	(828,898)	(828,898)
Transfers in	-	6,000	6,000	-
Transfers out	(2,428,260)	(4,207,145)	(4,207,145)	-
Net Other Financing Sources (Uses)	(2,393,260)	(4,166,145)	(4,109,512)	56,633
Net Change in Fund Balance	\$ (826,382)	\$ (2,724,481)	(967,677)	\$ 1,756,804
Fund Balance, beginning			17,545,923	
Fund Balance, ending			\$ 16,578,246	

See accompanying notes to Required Supplementary Information.

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

<i>Years Ended June 30,</i>	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	State of Alaska Proportionate Share of the Net Pension Liability	Total Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2017	0.27588%	\$ 15,420,525	\$ 1,941,651	\$ 17,362,176	\$ 7,169,357	215.09%	59.55%
2016	0.23878%	\$ 11,580,779	\$ 3,103,029	\$ 14,683,808	\$ 6,958,225	166.43%	63.96%
2015	0.16341%	\$ 7,621,647	\$ 6,726,524	\$ 14,348,171	\$ 6,711,285	113.56%	62.37%
2014	*	*	*	*	*	*	*
2013	*	*	*	*	*	*	*
2012	*	*	*	*	*	*	*
2011	*	*	*	*	*	*	*
2010	*	*	*	*	*	*	*
2009	*	*	*	*	*	*	*
2008	*	*	*	*	*	*	*

*Information for these years is not available.

See accompanying notes to Required Supplementary Information.

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

<i>Years Ended June 30,</i>	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2017	\$ 878,392	\$ 878,392	\$ -	\$ 7,597,594	11.56%
2016	\$ 732,714	\$ 732,714	\$ -	\$ 7,169,357	10.22%
2015	\$ 696,515	\$ 696,515	\$ -	\$ 6,958,225	10.01%
2014	*	*	*	*	*
2013	*	*	*	*	*
2012	*	*	*	*	*
2011	*	*	*	*	*
2010	*	*	*	*	*
2009	*	*	*	*	*
2008	*	*	*	*	*

*Information for these years is not available.

See accompanying notes to Required Supplementary Information.

City of Wasilla, Alaska

Notes to Required Supplementary Information June 30, 2017

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

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

- The financial director must submit to the City Council by May 30 a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted by the City Council to obtain citizen comments.
- By June 30, the budget is legally enacted through passage of an ordinance by City Council action.
- Amendments to the budget can occur anytime during the fiscal year through action by the City Council or administration. Generally, the following actions are required at the level of the particular change:
 - ✓ All new appropriations are authorized by an appropriating ordinance that amends the annual budget.
 - ✓ A resolution of the City Council is required to move (appropriate) amounts between funds, departments, and projects within the same funds.
 - ✓ The administration is authorized to transfer funds within a department without Council action.
 - ✓ The Mayor is authorized to make a transfer between departments or funds up to the amount of \$10,000 within one fiscal year.
- Expenditures may not legally exceed appropriations at the following levels: Capital Projects Funds - project level, all other funds - activity level.
- All funds, except the Cemetery Permanent Fund, are budgeted on an annual basis encompassing a fiscal year. The Capital Projects Funds have project-length budgets, which generally is greater than one year.
- Appropriations lapse at year end to the extent that they have not been expended for all funds, except Capital Projects Funds, which lapse at the lesser of project completion or years.
- Budgets adopted by the City Council are in accordance with accounting principles generally accepted in the United States of America.
- The City publishes a separate 2017 budget document. That document may be obtained from the City of Wasilla, Director of Finance, 290 E. Herning Avenue, Wasilla, Alaska 99654.

City of Wasilla, Alaska

Notes to Required Supplementary Information, continued

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

This table is presented based on the Plan measurement date. For June 30, 2017, the Plan measurement date is June 30, 2016.

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

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

There were no changes in the allocation methodology.

3. Schedule of City Contributions - Public Employees Retirement System

This table is based on the City's contributions for each fiscal year presented. These contributions have been reported as a deferred outflows of resources on the Statement of Net Position.

This page intentionally left blank.

Supplementary Information DO NOT PRINT (TAB)

General Fund

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

City of Wasilla, Alaska

General Fund
Balance Sheet

<i>June 30,</i>	2017	2016
Assets		
Cash and investments	\$ 15,620,390	\$ 16,429,554
Receivables:		
Accounts	57,690	43,511
Taxes	1,210,927	1,253,691
Grants	17,506	15,627
Shared revenues	32,053	255,895
Special assessments	-	575
Total receivables	1,318,176	1,569,299
Prepaid items	366,795	285,279
Due from other funds	-	174,350
Total Assets	\$ 17,305,361	\$ 18,458,482
Liabilities		
Accounts payable	\$ 120,018	\$ 181,636
Accrued payroll and employee benefits	565,718	436,366
Customer deposits	18,641	11,072
Health claims payable	-	254,700
Unearned revenue	22,738	28,785
Total Liabilities	727,115	912,559
Fund Balance		
Nonspendable - prepaid items	366,795	285,279
Committed - capital improvements	6,220,757	7,907,835
Assigned:		
Land bank	362,000	262,000
Compensated absences	732,913	655,623
Self insurance	-	254,700
Sexual Assault Response Team (SART)	49,500	101,000
WPD K9 Unit	4,635	-
Other purposes	11,894	2,616
Unassigned	8,829,752	8,076,870
Total Fund Balance	16,578,246	17,545,923
Total Liabilities and Fund Balance	\$ 17,305,361	\$ 18,458,482

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

<i>Years Ended June 30,</i>	2017	2016
Revenues		
Taxes	\$ 13,376,718	\$ 13,516,590
Licenses and permits	50,308	44,278
Fines and forfeitures	228,209	276,393
Intergovernmental	1,124,598	1,550,156
Charges for services	2,209,087	1,873,699
Investment income	118,674	167,608
Other	140,263	113,912
Total Revenues	17,247,857	17,542,636
Expenditures		
General government		
City clerk	383,809	437,079
City council	142,276	153,796
Administration	262,308	253,555
General administration services	680,912	731,439
Finance	1,133,144	1,144,406
Management information systems	237,197	200,928
Total general government	2,839,646	2,921,203
Public safety:		
Police	608,216	611,667
General investigation	467,418	415,646
Police patrol	2,800,127	2,824,209
COPS - school resource officer grant	123,211	131,235
Dispatch center	2,359,637	2,079,362
Code compliance	164,267	168,737
Total public safety	6,522,876	6,230,856

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

<i>Years Ended June 30,</i>	2017	2016
Expenditures, continued:		
Public works:		
Administration	\$ 421,364	\$ 471,759
Road maintenance	1,159,650	1,000,590
Property maintenance	631,734	617,891
Total public works	2,212,748	2,090,240
Culture and recreation:		
Museum	218,655	181,381
Parks maintenance	692,767	673,646
Library	1,061,560	988,560
Recreation services	76,413	69,458
Total culture and recreation	2,049,395	1,913,045
Debt service:		
Principal	390,000	355,000
Interest	23,323	65,819
Bond issuance costs	12,333	-
Total debt service	425,656	420,819
Nondepartmental	55,701	53,171
Total Expenditures	14,106,022	13,629,334
Excess of Revenues Over Expenditures	3,141,835	3,913,302
Other Financing Sources (Uses)		
Proceeds from sale of assets	79,300	9,771
Refunding bonds issued	815,000	-
Premium on refunding	26,231	-
Payment to refunded bond escrow agent	(828,898)	-
Transfers in	6,000	-
Transfers out	(4,207,145)	(1,488,711)
Net Other Financing Sources (Uses)	(4,109,512)	(1,478,940)
Net Change in Fund Balance	(967,677)	2,434,362
Fund Balance, beginning	17,545,923	15,111,561
Fund Balance, ending	\$ 16,578,246	\$ 17,545,923

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

<i>Years Ended June 30,</i>	2017			2016
	Budget	Actual	Variance	Actual
Revenues				
Taxes:				
Sales taxes, including penalty and interest	\$ 13,688,104	\$ 13,317,448	\$ (370,656)	\$ 13,458,670
Property and vehicle taxes	57,920	59,270	1,350	57,920
Total taxes	13,746,024	13,376,718	(369,306)	13,516,590
Licenses and permits:				
City business licenses	25,000	31,650	6,650	29,050
Land use permits	8,500	13,438	4,938	10,300
Other licenses and permits	2,725	5,220	2,495	4,928
Total licenses and permits	36,225	50,308	14,083	44,278
Fines and forfeitures	290,000	228,209	(61,791)	276,393
Intergovernmental:				
Electric and telephone co-op tax	225,000	220,486	(4,514)	225,083
Public safety grants	243,261	152,143	(91,118)	175,968
Library grants	9,400	8,150	(1,250)	8,773
Alcoholic beverage tax	30,000	30,300	300	28,400
Aviation fuel tax revenue sharing	1,500	1,653	153	1,165
Matanuska-Susitna Borough - Planning block grant	-	-	-	150,000
Matanuska-Susitna Borough - School resource officer	116,327	89,665	(26,662)	94,495
Matanuska-Susitna Borough - Library block grant	-	-	-	45,000
Fisheries tax	-	84	84	29
State revenue sharing	308,287	315,429	7,142	465,872
State PERS relief	-	289,020	289,020	342,873
Transportation grants	20,000	17,668	(2,332)	12,498
Total Intergovernmental	953,775	1,124,598	170,823	1,550,156
Charges for services:				
Police dispatch services	1,997,292	1,972,552	(24,740)	1,656,083
Building rentals	191,800	196,002	4,202	177,085
Other charges for services	45,475	40,533	(4,942)	40,531
Total charges for services	2,234,567	2,209,087	(25,480)	1,873,699
Investment income	125,000	118,674	(6,326)	167,608
Other:				
Administration fee revenue	150	56	(94)	40
Special assessments	-	810	810	-
Donations	18,500	37,304	18,804	8,724
Miscellaneous	42,350	102,093	59,743	105,148
Total other	61,000	140,263	79,263	113,912
Total Revenues	17,446,591	17,247,857	(198,734)	17,542,636

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

<i>Years Ended June 30,</i>	2017			2016	
	Budget	Actual	Variance	Actual	
Expenditures					
General government:					
City clerk:					
Salaries	\$ 217,309	\$ 216,240	\$ 1,069	\$ 229,333	
Employee benefits	118,385	118,385	-	110,873	
Professional and technical services	36,162	9,011	27,151	57,151	
Property services	13,568	7,893	5,675	5,821	
Other purchased services	40,170	28,295	11,875	28,680	
Supplies	6,385	3,985	2,400	5,221	
Total city clerk	431,979	383,809	48,170	437,079	
City Council:					
Salaries	33,000	26,100	6,900	22,275	
Employee benefits	5,053	3,791	1,262	3,836	
Professional and technical services	104,864	87,104	17,760	97,868	
Property services	6,320	2,848	3,472	4,355	
Other purchased services	26,787	22,112	4,675	24,431	
Supplies	2,500	321	2,179	1,031	
Total City Council	178,524	142,276	36,248	153,796	
Administration:					
Salaries	173,949	170,357	3,592	162,182	
Employee benefits	56,061	53,637	2,424	58,036	
Professional and technical services	25,500	21,202	4,298	14,895	
Property services	1,867	1,618	249	1,970	
Other purchased services	15,771	12,539	3,232	12,982	
Supplies	5,200	2,955	2,245	3,490	
Total administration	278,348	262,308	16,040	253,555	
General administration services:					
Salaries	400,970	382,237	18,733	373,207	
Employee benefits	227,121	198,070	29,051	234,388	
Professional and technical services	54,154	38,264	15,890	56,805	
Property services	10,103	8,362	1,741	8,974	
Other purchased services	59,330	39,757	19,573	47,528	
Supplies	21,238	14,222	7,016	10,537	
Total general administration services	772,916	680,912	92,004	731,439	
Finance:					
Salaries	681,139	657,979	23,160	618,440	
Employee benefits	425,050	367,281	57,769	407,548	
Professional and technical services	64,100	50,988	13,112	55,727	
Property services	19,400	15,553	3,847	15,686	
Other purchased services	44,071	34,731	9,340	35,506	
Supplies	7,632	6,612	1,020	11,499	
Total finance	1,241,392	1,133,144	108,248	1,144,406	

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

<i>Years Ended June 30,</i>	2017			2016	
	Budget	Actual	Variance	Budget	Actual
General government, continued:					
Management information systems:					
Salaries	\$ 84,266	\$ 83,580	\$ 686	\$ 65,345	
Employee benefits	39,988	39,989	(1)	21,796	
Professional and technical services	44,650	5,313	39,337	1,925	
Property services	96,077	68,317	27,760	71,612	
Other purchased services	39,468	37,314	2,154	27,560	
Supplies	14,500	2,684	11,816	12,690	
Total management information systems	318,949	237,197	81,752	200,928	
Total general government	3,222,108	2,839,646	382,462	2,921,203	
Public safety:					
Police:					
Salaries	265,395	243,588	21,807	240,844	
Employee benefits	125,961	113,036	12,925	85,838	
Professional and technical services	97,967	92,915	5,052	134,916	
Property services	45,208	42,121	3,087	34,146	
Other purchased services	45,694	42,786	2,908	43,244	
Supplies	74,929	73,770	1,159	72,679	
Total police	655,154	608,216	46,938	611,667	
General investigation:					
Salaries	279,929	276,606	3,323	242,474	
Employee benefits	182,085	151,527	30,558	145,200	
Professional and technical services	13,705	10,038	3,667	5,610	
Property services	972	840	132	3,764	
Other purchased services	23,264	23,174	90	12,481	
Supplies	7,016	5,233	1,783	6,117	
Total general investigation	506,971	467,418	39,553	415,646	
Police patrol:					
Salaries	1,715,749	1,602,290	113,459	1,562,843	
Employee benefits	1,091,868	952,754	139,114	991,273	
Professional and technical services	11,050	11,050	-	8,134	
Property services	37,896	35,861	2,035	31,599	
Other purchased services	127,032	88,441	38,591	107,440	
Supplies	177,377	109,731	67,646	100,543	
Capital purchases	-	-	-	22,377	
Total police patrol	3,160,972	2,800,127	360,845	2,824,209	
School resource officer grant:					
Salaries	82,319	78,519	3,800	74,678	
Employee benefits	56,744	38,442	18,302	49,573	
Professional and technical services	350	46	304	42	
Other purchased services	6,810	3,516	3,294	4,888	
Supplies	3,379	2,688	691	2,054	
Total school resource officer grant	149,602	123,211	26,391	131,235	

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

<i>Years Ended June 30,</i>	2017			2016
	Budget	Actual	Variance	Actual
Public safety, continued:				
Dispatch center:				
Salaries	\$ 1,588,768	\$ 1,366,370	\$ 222,398	\$ 1,194,745
Employee benefits	1,067,854	904,412	163,442	811,936
Professional and technical services	2,750	1,065	1,685	98
Property services	57,153	31,726	25,427	26,836
Other purchased services	49,524	40,970	8,554	37,988
Supplies	15,600	15,094	506	7,759
Total dispatch center	2,781,649	2,359,637	422,012	2,079,362
Code compliance:				
Salaries	105,012	94,354	10,658	103,477
Employee benefits	52,628	51,648	980	43,277
Property services	750	348	402	2,072
Other purchased services	18,162	14,902	3,260	15,477
Supplies	6,720	3,015	3,705	4,434
Total code compliance	183,272	164,267	19,005	168,737
Total public safety	7,437,620	6,522,876	914,744	6,230,856
Public works:				
Administration:				
Salaries	307,089	268,220	38,869	274,162
Employee benefits	159,233	131,964	27,269	164,429
Professional and technical services	16,250	5,006	11,244	15,146
Property services	10,738	6,116	4,622	6,618
Other purchased services	13,223	7,502	5,721	7,917
Supplies	3,509	2,556	953	3,487
Total administration	510,042	421,364	88,678	471,759
Road maintenance:				
Salaries	361,542	335,983	25,559	316,408
Employee benefits	206,886	189,821	17,065	227,796
Property services	326,728	307,439	19,289	185,201
Other purchased services	31,541	27,344	4,197	18,829
Supplies	335,226	294,614	40,612	249,668
Capital purchases	5,000	4,449	551	2,688
Total road maintenance	1,266,923	1,159,650	107,273	1,000,590
Property maintenance:				
Salaries	202,003	182,682	19,321	172,082
Employee benefits	144,179	108,584	35,595	127,842
Professional and technical services	2,250	298	1,952	13,135
Property services	144,284	137,601	6,683	111,235
Other purchased services	36,405	34,105	2,300	33,939
Supplies	170,477	146,221	24,256	137,880
Other expenditures	22,243	22,243	-	21,778
Total property maintenance	721,841	631,734	90,107	617,891
Total public works	2,498,806	2,212,748	286,058	2,090,240

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

<i>Years Ended June 30,</i>	2017			2016	
	Budget	Actual	Variance	Actual	
Culture and recreation:					
Museum:					
Salaries	\$ 94,003	\$ 93,630	\$ 373	\$ 89,019	
Employee benefits	41,212	41,627	(415)	41,846	
Professional and technical services	598	598	-	143	
Property services	17,625	15,575	2,050	10,219	
Other purchased services	28,171	26,335	1,836	21,758	
Supplies	29,762	25,890	3,872	18,396	
Capital purchases	15,000	15,000	-	-	
Total museum	226,371	218,655	7,716	181,381	
Parks maintenance:					
Salaries	385,336	372,342	12,994	342,967	
Employee benefits	164,174	149,172	15,002	159,053	
Professional and technical services	1,735	1,735	-	1,080	
Property services	44,111	37,210	6,901	49,546	
Other purchased services	15,759	11,234	4,525	12,887	
Supplies	115,925	111,079	4,846	108,113	
Capital purchases	19,995	9,995	10,000	-	
Total parks maintenance	747,035	692,767	54,268	673,646	
Library:					
Salaries	559,418	513,596	45,822	501,670	
Employee benefits	318,817	266,707	52,110	300,821	
Professional and technical services	21,633	18,174	3,459	36,625	
Property services	86,228	57,134	29,094	31,188	
Other purchased services	50,304	39,675	10,629	22,630	
Supplies	222,185	166,274	55,911	90,049	
Capital outlay	-	-	-	5,577	
Total library	1,258,585	1,061,560	197,025	988,560	
Recreation services:					
Salaries	36,272	34,397	1,875	32,803	
Employee benefits	16,123	10,209	5,914	12,777	
Other purchased services	34,325	30,147	4,178	22,726	
Supplies	2,000	1,660	340	1,152	
Total recreation services	88,720	76,413	12,307	69,458	
Total culture and recreation	2,320,711	2,049,395	271,316	1,913,045	

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

<i>Years Ended June 30,</i>	2017		Variance	2016
	Budget	Actual		Actual
Debt service:				
Principal	\$ 390,000	\$ 390,000	\$ -	\$ 355,000
Interest	31,682	23,323	8,359	65,819
Bond issuance costs	-	12,333	(12,333)	-
Total debt service	421,682	425,656	(3,974)	420,819
Nondepartmental:				
Insurance deductible	20,000	-	20,000	1,000
Property tax payments	7,500	1,143	6,357	671
Settlements	25,000	3,058	21,942	-
Other agreements	51,500	51,500	-	51,500
Total nondepartmental	104,000	55,701	48,299	53,171
Total Expenditures	16,004,927	14,106,022	1,898,905	13,629,334
Excess of Revenues Over Expenditures	1,441,664	3,141,835	1,700,171	3,913,302
Other Financing Sources (Uses)				
Proceeds from sale of assets	35,000	79,300	44,300	9,771
Refunding bonds issued	-	815,000	815,000	-
Premium on refunding	-	26,231	26,231	-
Payment to refunded bond escrow agent	-	(828,898)	(828,898)	-
Transfers in	6,000	6,000	-	-
Transfers out	(4,207,145)	(4,207,145)	-	(1,488,711)
Net Other Financing Sources (Uses)	(4,166,145)	(4,109,512)	56,633	(1,478,940)
Net Change in Fund Balance	<u>\$ (2,724,481)</u>	<u>(967,677)</u>	<u>\$ 1,756,804</u>	2,434,362
Fund Balance, beginning		<u>17,545,923</u>		<u>\$ 15,111,561</u>
Fund Balance, ending		<u>\$ 16,578,246</u>		<u>\$ 17,545,923</u>

City of Wasilla, Alaska
Nonmajor Governmental Funds
Combining Balance Sheet

<i>June 30, 2017</i>	Special Revenue Funds	Capital Project Funds	Cemetery Permanent Fund	Total Nonmajor Governmental Funds
Assets				
Cash and investments	\$ 132,143	\$ 1,485,713	\$ 298,275	\$ 1,916,131
Land held for resale	-	1,722,736	-	1,722,736
Receivables - grants	21,581	67,810	-	89,391
Prepaid items	4,804	-	-	4,804
Total Assets	\$ 158,528	\$ 3,276,259	\$ 298,275	\$ 3,733,062
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 2,524	\$ 48,253	\$ -	\$ 50,777
Accrued payroll and employee benefits	26,286	-	-	26,286
Unearned revenue	59,935	-	-	59,935
Total Liabilities	88,745	48,253	-	136,998
Fund Balances				
Nonspendable:				
Prepaid items	4,804	-	-	4,804
Permanent Fund principal	-	-	298,275	298,275
Restricted:				
Federal and State drug enforcement	13,146	-	-	13,146
Main Street couplet	-	1,722,736	-	1,722,736
Assigned:				
Youth court	51,833	-	-	51,833
Road projects	-	148,336	-	148,336
Vehicle replacement	-	568,306	-	568,306
Right-of-way acquisition	-	113,801	-	113,801
Technology replacement	-	674,827	-	674,827
Total Fund Balances	69,783	3,228,006	298,275	3,596,064
Total Liabilities and Fund Balances	\$ 158,528	\$ 3,276,259	\$ 298,275	\$ 3,733,062

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

<i>Year Ended June 30, 2017</i>	Special Revenue Funds	Capital Project Funds	Cemetery Permanent Fund	Total Nonmajor Governmental Funds
Revenues:				
Fines and charges	\$ 2,220	\$ -	\$ -	\$ 2,220
Intergovernmental	177,549	145,483	-	323,032
Other	3,228	-	7,400	10,628
Total Revenues	182,997	145,483	7,400	335,880
Expenditures:				
Public safety	191,280	-	-	191,280
Capital outlay	-	551,463	-	551,463
Total Expenditures	191,280	551,463	-	742,743
Excess of revenues over (under) expenditures	(8,283)	(405,980)	7,400	(406,863)
Other Financing Sources				
Transfers in	-	583,500	260	583,760
Net change in fund balances	(8,283)	177,520	7,660	176,897
Fund Balances, beginning	78,066	3,050,486	290,615	3,419,167
Fund Balances, ending	\$ 69,783	\$ 3,228,006	\$ 298,275	\$ 3,596,064

Special Revenue Funds

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

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

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

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

<i>June 30, 2017</i>	Youth Court	Federal Asset Forfeiture	State Asset Forfeiture	Totals
Assets				
Cash and investments	\$ 69,503	\$ 31,067	\$ 31,573	\$ 132,143
Receivables - grants	21,581	-	-	21,581
Prepaid items	4,804	-	-	4,804
Total Assets	\$ 95,888	\$ 31,067	\$ 31,573	\$ 158,528
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 2,524	\$ -	\$ -	\$ 2,524
Accrued payroll and employee benefits	26,286	-	-	26,286
Unearned revenue	10,441	28,199	21,295	59,935
Total Liabilities	39,251	28,199	21,295	88,745
Fund Balances				
Nonspendable - prepaid items	4,804	-	-	4,804
Restricted - federal and state drug enforcement	-	2,868	10,278	13,146
Assigned - youth court	51,833	-	-	51,833
Total Fund Balances	56,637	2,868	10,278	69,783
Total Liabilities and Fund Balances	\$ 95,888	\$ 31,067	\$ 31,573	\$ 158,528

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

<i>Year Ended June 30, 2017</i>	Youth Court	Federal Asset Forfeiture	State Asset Forfeiture	Totals
Revenues				
Fines and charges	\$ 2,220	\$ -	\$ -	\$ 2,220
Intergovernmental	177,549	-	-	177,549
Other	3,228	-	-	3,228
Total Revenues	182,997	-	-	182,997
Expenditures				
Salaries	117,233	-	-	117,233
Employee benefits	66,483	-	-	66,483
Professional and technical services	720	-	-	720
Other purchased services	4,956	-	-	4,956
Supplies	1,888	-	-	1,888
Total Expenditures	191,280	-	-	191,280
Net change in fund balances	(8,283)	-	-	(8,283)
Fund Balances, beginning	64,920	2,868	10,278	78,066
Fund Balances, ending	\$ 56,637	\$ 2,868	\$ 10,278	\$ 69,783

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

<i>Years Ended June 30,</i>	2017			2016
	Budget	Actual	Variance	Actual
Revenues				
Fines and charges	\$ 5,000	\$ 2,220	\$ (2,780)	\$ 3,690
Intergovernmental	179,050	177,549	(1,501)	164,109
Other	-	3,228	3,228	3,469
Total Revenues	184,050	182,997	(1,053)	171,268
Expenditures				
Salaries	103,961	117,233	(13,272)	99,939
Employee benefits	67,105	66,483	622	65,656
Professional and technical services	720	720	-	370
Other purchased services	5,830	4,956	874	4,138
Supplies	2,457	1,888	569	1,809
Total Expenditures	180,073	191,280	(11,207)	171,912
Net change in fund balance	<u>\$ 3,977</u>	(8,283)	<u>\$ (12,260)</u>	(644)
Fund Balance, beginning		<u>64,920</u>		<u>65,564</u>
Fund Balance, ending		<u>\$ 56,637</u>		<u>\$ 64,920</u>

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

<i>Years Ended June 30,</i>	2017			2016
	Budget	Actual	Variance	Actual
Revenues - intergovernmental	\$ -	\$ -	\$ -	\$ 55,948
Expenditures - capital outlay	-	-	-	55,948
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>	-
Fund Balance, beginning		<u>2,868</u>		<u>2,868</u>
Fund Balance, ending		<u>\$ 2,868</u>		<u>\$ 2,868</u>

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

<i>Years Ended June 30,</i>	2017			2016
	Budget	Actual	Variance	Actual
Revenues - intergovernmental	\$ -	\$ -	\$ -	\$ -
Expenditures - capital outlay	-	-	-	-
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>	-
Fund Balance, beginning		<u>10,278</u>		<u>10,278</u>
Fund Balance, ending		<u>\$ 10,278</u>		<u>\$ 10,278</u>

Capital Project Funds

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

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

<i>June 30, 2017</i>	Road Projects	Vehicle Replacement	Right-of-way Acquisition	Technology Replacement	Totals
Assets					
Cash and investments	\$ 117,695	\$ 579,390	\$ 113,801	\$ 674,827	\$ 1,485,713
Land held for resale	1,722,736	-	-	-	1,722,736
Grants receivable	67,810	-	-	-	67,810
Total Assets	\$ 1,908,241	\$ 579,390	\$ 113,801	\$ 674,827	\$ 3,276,259
Liabilities and Fund Balances					
Liabilities - accounts payable	\$ 37,169	\$ 11,084	\$ -	\$ -	\$ 48,253
Fund Balances					
Restricted	1,722,736	-	-	-	1,722,736
Assigned	148,336	568,306	113,801	674,827	1,505,270
Total Fund Balances	1,871,072	568,306	113,801	674,827	3,228,006
Total Liabilities and Fund Balances	\$ 1,908,241	\$ 579,390	\$ 113,801	\$ 674,827	\$ 3,276,259

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

<i>Year Ended June 30, 2017</i>	Road Projects	Vehicle Replacement	Right-of-way Acquisition	Technology Replacement	Totals
Revenues - intergovernmental	\$ 145,483	\$ -	\$ -	\$ -	\$ 145,483
Expenditures - capital outlay	314,625	196,895	4,948	34,995	551,463
Excess of revenues (under) expenditures	(169,142)	(196,895)	(4,948)	(34,995)	(405,980)
Other Financing Sources - transfers in	200,000	239,000	-	144,500	583,500
Net change in fund balances	30,858	42,105	(4,948)	109,505	177,520
Fund Balances, beginning	1,840,214	526,201	118,749	565,322	3,050,486
Fund Balances, ending	\$1,871,072	\$ 568,306	\$ 113,801	\$ 674,827	\$ 3,228,006

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

Year Ended June 30, 2017

Expenditures

New library design and construction	\$ 1,920,680
Iditarod elementary land acquisition	1,500,000
E911 upgrades and software subscription	111,183
Wireless communications network	233,789
Equipment	547,695
Software	34,078
Public safety software service	100,328
Plans and studies	4,585
New maintenance shop	56,602
Park improvements	47,982
Museum relocation and improvements	48,522
General property improvements	9,000

Total Expenditures **\$ 4,614,444**

Permanent Fund

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

City of Wasilla, Alaska
Cemetery Permanent Fund
Balance Sheet

<i>June 30,</i>	2017	2016
Assets		
Cash and investments	\$ 298,275	\$ 290,615
Fund Balance		
Nonspendable - Permanent Fund principal	\$ 298,275	\$ 290,615

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

<i>Years Ended June 30,</i>	2017	2016
Revenues - lot sales	\$ 7,400	\$ 1,400
Other Financing Sources - transfers in	260	-
Net change in fund balance	7,660	1,400
Fund Balance, beginning	290,615	289,215
Fund Balance, ending	\$ 298,275	\$ 290,615

This page intentionally left blank.

Enterprise Funds

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

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

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

Curtis D. Menard Memorial Sports Center - This fund accounts for the operations of the recreational sports complex facility.

All activities necessary to provide such services are accounted for in these funds, including but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

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

<i>June 30,</i>	2017	2016
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 5,325,938	\$ 4,630,593
Receivables:		
Accounts	209,715	216,187
Allowance for doubtful accounts	(33,759)	(30,302)
Special assessments	11,393	13,914
Payment in lieu of assessments	84,599	87,901
Grants	91,943	146,771
Prepaid expenses	19,416	15,524
Inventory	45,710	48,441
Total Current Assets	5,754,955	5,129,029
Noncurrent Assets		
Prepaid expenses	8,451	8,832
Capital assets:		
Land	178,740	178,740
Collection/distribution system	31,487,173	30,710,001
Water tank and fence	6,847,577	6,847,577
Wells/well house	1,325,146	1,325,146
Equipment	377,352	405,347
Construction in progress	173,940	56,370
Total capital assets	40,389,928	39,523,181
Less accumulated depreciation	(12,649,285)	(11,865,042)
Net capital assets	27,740,643	27,658,139
Total Noncurrent Assets	27,749,094	27,666,971
Total Assets	33,504,049	32,796,000
Deferred Outflows of Resources related to pensions	132,942	98,184
Total Assets and Deferred Outflows of Resources	\$ 33,636,991	\$ 32,894,184

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

<i>June 30,</i>	2017	2016
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 43,890	\$ 63,848
Accrued payroll and employee benefits	24,255	23,770
Accrued annual and sick leave	33,517	26,795
Customer deposits	17,128	38,520
Accrued interest	5,616	8,854
Unearned revenue	97,511	102,998
Current portion of notes payable	165,450	202,744
Total Current Liabilities	387,367	467,529
Noncurrent Liabilities		
Notes payable, net of current portion	992,700	1,381,912
Net pension liability	609,063	492,491
Total Noncurrent Liabilities	1,601,763	1,874,403
Total Liabilities	1,989,130	2,341,932
Deferred Inflows of Resources related to pensions	6,789	8,864
Net Position		
Net investment in capital assets	26,582,493	26,073,483
Unrestricted	5,058,579	4,469,905
Total Net Position	31,641,072	30,543,388
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 33,636,991	\$ 32,894,184

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

<i>Years Ended June 30,</i>	2017	2016
Operating Revenues		
Sales and user charges	\$ 1,893,389	\$ 1,950,312
Water meters	13,336	13,703
Total Operating Revenues	1,906,725	1,964,015
Operating Expenses		
Salaries	311,152	301,391
Employee benefits	248,502	305,281
Professional and technical services	28,531	26,398
Repair and maintenance	81,975	339,991
Other purchased services	61,822	51,524
Supplies	167,230	173,448
Total Operating Expenses	899,212	1,198,033
Operating income before depreciation	1,007,513	765,982
Depreciation	812,238	800,694
Operating income (loss)	195,275	(34,712)
Nonoperating Revenues (Expenses)		
Payments in lieu of assessments	30,627	59,263
Interest expense	(20,532)	(25,727)
Other income	610	354
Nonoperating grants	-	170,192
Debt service assessments	856	1,097
State PERS relief	10,355	23,494
Net Nonoperating Revenues (Expenses)	21,916	228,673
Income before transfers and contributions	217,191	193,961
Transfers out	(14,250)	(14,500)
Capital contributions	894,743	227,698
Change in net position	1,097,684	407,159
Net Position, beginning	30,543,388	30,136,229
Net Position, ending	\$ 31,641,072	\$ 30,543,388

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

<i>Years Ended June 30,</i>	2017	2016
Cash Flows from Operating Activities		
Receipts from customers and users	\$ 1,890,386	\$ 1,951,689
Payments to suppliers for goods and services	(360,296)	(580,397)
Payments to employees for services	(462,353)	(502,186)
Net cash flows from operating activities	1,067,737	869,106
Cash Flows from Noncapital Financing Activities		
Nonoperating grants received	54,828	33,588
Transfers out	(14,250)	(14,500)
Net cash flows from noncapital financing activities	40,578	19,088
Cash Flows for Capital and Related Financing Activities		
Principal paid on notes payable	(426,506)	(220,106)
Interest paid on notes payable	(23,770)	(27,072)
Special assessments received	3,377	7,929
Payments in lieu of assessments received	33,929	59,263
Acquisition and construction of capital assets	(117,571)	(131,300)
Capital contributions received	117,571	56,370
Net cash flows for capital and related financing activities	(412,970)	(254,916)
Net Increase in Cash and Investments	695,345	633,278
Cash and Investments, beginning	4,630,593	3,997,315
Cash and Investments, ending	\$ 5,325,938	\$ 4,630,593
Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities		
Operating income (loss)	\$ 195,275	\$ (34,712)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:		
Depreciation	812,238	800,694
State of Alaska on-behalf payments - PERS relief	10,355	23,494
Nonoperating revenues	610	354
Changes in operating assets and liabilities that provided (used) cash:		
Accounts receivable and related allowance	9,930	31,185
Inventory	2,731	(14,202)
Prepaid expenses	(3,511)	(9,986)
Deferred outflows of resources related to pensions	(34,758)	(69,504)
Accounts payable	(19,958)	35,152
Accrued payroll and employee benefits	485	(4,816)
Accrued annual and sick leave	6,722	4,666
Customer deposits	(21,392)	(29,756)
Unearned revenue	(5,487)	(14,109)
Net pension liability	116,572	178,650
Deferred inflows of resources related to pensions	(2,075)	(28,004)
Net Cash Flows from Operating Activities	\$ 1,067,737	\$ 869,106
Noncash Noncapital Financing and Capital and Related Financing Activities		
Water extensions contributed by developers	\$ 777,172	\$ 171,328

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

<i>June 30,</i>	2017	2016
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 3,843,550	\$ 3,398,371
Receivables:		
Accounts	142,083	149,380
Allowance for doubtful accounts	(22,387)	(19,674)
Special assessments	24,685	43,012
Grants	97,006	108,675
Prepaid expenses	24,031	13,791
Inventory	28,565	74,540
Total Current Assets	4,137,533	3,768,095
Noncurrent Assets - capital assets		
Land	1,008,977	1,008,977
Building	143,456	143,456
Treatment system	8,111,871	8,111,871
Collection/distribution system	11,589,862	11,589,862
Equipment	5,359,231	5,182,361
Construction in progress	59,110	-
Total capital assets	26,272,507	26,036,527
Less accumulated depreciation	(13,029,532)	(12,538,519)
Total Noncurrent Assets	13,242,975	13,498,008
Total Assets	17,380,508	17,266,103
Deferred Outflows of Resources related to pensions	189,287	139,790
Total Assets and Deferred Outflows of Resources	\$ 17,569,795	\$ 17,405,893

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

<i>June 30,</i>	2017	2016
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 10,944	\$ 45,213
Accrued payroll and employee benefits	36,326	32,468
Accrued annual and sick leave	83,270	81,671
Customer deposits	18,354	8,975
Total Current Liabilities	148,894	168,327
Noncurrent Liabilities - net pension liability	867,206	701,184
Total Liabilities	1,016,100	869,511
Deferred Inflows of Resources related to pensions	9,666	12,620
Net Position		
Net investment in capital assets	13,242,975	13,498,008
Unrestricted	3,301,054	3,025,754
Total Net Position	16,544,029	16,523,762
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 17,569,795	\$ 17,405,893

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

<i>Years Ended June 30,</i>	2017	2016
Operating Revenues - sales and user charges	\$ 1,535,775	\$ 1,549,405
Operating Expenses		
Salaries	441,182	434,584
Employee benefits	353,148	418,584
Professional and technical services	7,193	8,646
Repair and maintenance	116,562	340,321
Other purchased services	44,968	31,787
Supplies	216,433	202,734
Total Operating Expenses	1,179,486	1,436,656
Operating income before depreciation	356,289	112,749
Depreciation	491,013	465,175
Operating loss	(134,724)	(352,426)
Nonoperating Revenues (Expenses)		
Payments in lieu of assessments	20,346	40,506
Interest expense	-	(683)
Other income	945	1,296
Nonoperating grants	73,746	246,563
Debt service assessments	2,350	3,839
State PERS relief	14,744	33,450
Net Nonoperating Revenues (Expenses)	112,131	324,971
Loss before transfers and contributions	(22,593)	(27,455)
Transfers out	(16,250)	(17,500)
Capital contributions	59,110	7,133
Change in net position	20,267	(37,822)
Net Position, beginning	16,523,762	16,561,584
Net Position, ending	\$ 16,544,029	\$ 16,523,762

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

<i>Years Ended June 30,</i>	2017	2016
Cash Flows from Operating Activities		
Receipts from customers and users	\$ 1,556,109	\$ 1,564,631
Payments to suppliers for goods and services	(383,690)	(623,177)
Payments to employees for services	(660,558)	(702,888)
Net cash flows from operating activities	511,861	238,566
Cash Flows from Noncapital Financing Activities		
Nonoperating grants received	140,562	222,965
Transfers out	(16,250)	(17,500)
Net cash flows from noncapital financing activities	124,312	205,465
Cash Flows for Capital and Related Financing Activities		
Principal paid on notes payable	-	(120,427)
Interest paid on notes payable	-	(1,806)
Special assessments received	20,677	3,839
Payments in lieu of assessments received	20,346	48,898
Acquisition and construction of capital assets	(235,980)	(7,133)
Capital contributions received	3,963	7,133
Net cash flows for capital and related financing activities	(190,994)	(69,496)
Net Increase in Cash and Investments	445,179	374,535
Cash and Investments, beginning	3,398,371	3,023,836
Cash and Investments, ending	\$ 3,843,550	3,398,371
Reconciliation of Operating Loss to Net Cash Flows from Operating Activities		
Operating loss	\$ (134,724)	\$ (352,426)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation	491,013	465,175
State of Alaska on-behalf payments - PERS relief	14,744	33,450
Nonoperating revenues	945	1,296
Changes in operating assets and liabilities that provided (used) cash:		
Accounts receivable and related allowance	10,010	16,236
Inventory	45,975	(31,490)
Prepaid expenses	(10,240)	(9,790)
Deferred outflows of resources related to pensions	(49,497)	(99,029)
Accounts payable	(34,269)	1,591
Accrued payroll and employee benefits	3,858	(5,831)
Accrued annual and sick leave	1,599	6,304
Customer deposits	9,379	(2,306)
Net pension liability	166,022	255,162
Deferred inflows of resources related to pensions	(2,954)	(39,776)
Net Cash Flows from Operating Activities	\$ 511,861	\$ 238,566

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

<i>June 30,</i>	2017	2016
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 499,491	\$ 301,274
Receivables:		
Accounts	1,973	3,283
Grants	28,504	51,965
Prepaid expenses	2,319	1,774
Total Current Assets	532,287	358,296
Noncurrent Assets - capital assets		
Land	1,470,000	1,470,000
Land improvements	16,190,028	16,133,231
Buildings	993,282	993,282
Equipment	1,470,118	1,470,118
Total capital assets	20,123,428	20,066,631
Less accumulated depreciation	(10,070,801)	(9,291,023)
Total Noncurrent Assets	10,052,627	10,775,608
Total Assets	10,584,914	11,133,904
Deferred Outflows of Resources related to pensions	13,392	9,260
Total Assets and Deferred Outflows of Resources	\$ 10,598,306	\$ 11,143,164
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 4,728	\$ 16,218
Accrued payroll and employee benefits	2,233	2,237
Accrued annual and sick leave	9,230	8,632
Unearned revenue	14,717	17,897
Total Current Liabilities	30,908	44,984
Noncurrent Liabilities - net pension liability	61,353	46,449
Total Liabilities	92,261	91,433
Deferred Inflows of Resources related to pensions	684	836
Net Position		
Net investment in capital assets	10,052,627	10,775,608
Unrestricted	452,734	275,287
Total Net Position	10,505,361	11,050,895
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 10,598,306	\$ 11,143,164

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

<i>Years Ended June 30,</i>	2017	2016
Operating Revenues - fees and rentals	\$ 111,764	\$ 86,581
Operating Expenses		
Salaries	31,607	29,661
Employee benefits	27,476	25,445
Professional and technical services	1,287	6,498
Repair and maintenance	34,574	24,564
Other purchased services	27,050	24,287
Supplies	48,846	46,412
Total Operating Expenses	170,840	156,867
Operating loss before depreciation	(59,076)	(70,286)
Depreciation	779,778	778,059
Operating loss	(838,854)	(848,345)
Nonoperating Revenues (Expenses)		
State PERS relief	1,043	2,216
Plans and studies	(38,223)	(41,750)
Nonoperating grants	-	3,069
Net Nonoperating Revenues (Expenses)	(37,180)	(36,465)
Loss before transfers	(876,034)	(884,810)
Transfers in	331,000	40,000
Transfers out	(500)	(500)
Change in net position	(545,534)	(845,310)
Net Position, beginning	11,050,895	11,896,205
Net Position, ending	\$ 10,505,361	\$ 11,050,895

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

<i>Years Ended June 30,</i>	2017	2016
Cash Flows for Operating Activities		
Receipts from customers and users	\$ 109,894	\$ 95,233
Payments to suppliers for goods and services	(162,015)	(130,533)
Payments to employees for services	(46,826)	(47,889)
Net cash flows for operating activities	(98,947)	(83,189)
Cash Flows from Noncapital Financing Activities		
Nonoperating grants received	23,461	23,290
Transfers in	331,000	40,000
Transfers out	(500)	(500)
Net cash flows from noncapital financing activities	353,961	62,790
Cash Flows for Capital and Related Financing Activities		
Acquisition and construction of capital assets	(56,797)	-
Net Increase (Decrease) in Cash and Investments	198,217	(20,399)
Cash and Investments, beginning	301,274	321,673
Cash and Investments, ending	\$ 499,491	\$ 301,274
Reconciliation of Operating Loss to Net Cash Flows for Operating Activities		
Operating loss	\$ (838,854)	\$ (848,345)
Adjustments to reconcile operating loss to net cash flows for operating activities:		
Depreciation	779,778	778,059
State of Alaska on-behalf payments - PERS relief	1,043	2,216
Nonoperating expenses for plans and studies	(38,223)	(41,750)
Changes in operating assets and liabilities that provided (used) cash:		
Accounts receivable	1,310	(2,060)
Accounts payable	(11,490)	13,498
Prepaid expenses	(545)	(520)
Deferred outflows of resources related to pensions	(4,132)	(6,400)
Accrued payroll and employee benefits	(4)	(259)
Accrued annual and sick leave	598	(654)
Unearned revenue	(3,180)	10,712
Net pension liability	14,904	15,154
Deferred inflows of resources related to pensions	(152)	(2,840)
Net Cash Flows for Operating Activities	\$ (98,947)	\$ (83,189)

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

<i>June 30,</i>	2017	2016
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 1,941,549	\$ 1,521,473
Receivables:		
Accounts	28,897	25,658
Allowance for doubtful accounts	(14,162)	(14,162)
Prepaid expenses	19,956	11,186
Total Current Assets	1,976,240	1,544,155
Noncurrent Assets - capital assets		
Land	1,771,990	1,771,990
Construction in progress	2,820	-
Buildings	16,765,740	16,765,740
Equipment	715,891	715,891
Total capital assets	19,256,441	19,253,621
Less accumulated depreciation	(5,334,104)	(4,837,348)
Total Noncurrent Assets	13,922,337	14,416,273
Total Assets	15,898,577	15,960,428
Deferred Outflows of Resources related to pensions	153,983	115,642
Total Assets and Deferred Outflows of Resources	\$ 16,052,560	\$ 16,076,070
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 16,476	\$ 14,081
Accrued payroll and employee benefits	29,786	28,717
Accrued annual and sick leave	27,503	26,867
Customer deposits	9,900	6,400
Unearned revenue	125,680	57,955
Total Current Liabilities	209,345	134,020
Noncurrent Liabilities - net pension liability	705,463	580,060
Total Liabilities	914,808	714,080
Deferred Inflows of Resources related to pensions	7,864	10,440
Net Position		
Net investment in capital assets	13,922,337	14,416,273
Unrestricted	1,207,551	935,277
Total Net Position	15,129,888	15,351,550
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 16,052,560	\$ 16,076,070

City of Wasilla, Alaska

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

<i>Years Ended June 30,</i>	2017	2016
Operating Revenues - fees and rentals	\$ 712,947	\$ 695,112
Operating Expenses		
Salaries	404,745	423,817
Employee benefits	296,632	402,635
Professional and technical services	1,619	2,249
Repair and maintenance	134,748	147,552
Other purchased services	63,050	58,372
Supplies	303,074	289,083
Total Operating Expenses	1,203,868	1,323,708
Operating loss before depreciation	(490,921)	(628,596)
Depreciation	496,756	512,057
Operating loss	(987,677)	(1,140,653)
Nonoperating Revenues		
Investment income	1,350	1,166
Other income	6,352	9,061
State PERS relief	11,993	27,672
Total Nonoperating Revenues	19,695	37,899
Loss before contributions and transfers	(967,982)	(1,102,754)
Transfers in	750,000	531,068
Transfers out	(6,500)	(9,500)
Capital contributions	2,820	-
Change in net position	(221,662)	(581,186)
Net Position, beginning	15,351,550	15,932,736
Net Position, ending	\$ 15,129,888	\$ 15,351,550

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

<i>Years Ended June 30,</i>	2017	2016
Cash Flows for Operating Activities		
Receipts from customers and users	\$ 787,285	\$ 693,150
Payments to suppliers for goods and services	(508,866)	(511,554)
Payments to employees for services	(603,193)	(687,951)
Net cash flows for operating activities	(324,774)	(506,355)
Cash Flows from Noncapital Financing Activities		
Transfers in	750,000	531,068
Transfers out	(6,500)	(9,500)
Net cash flows from noncapital financing activities	743,500	521,568
Cash Flows for Capital and Related Financing Activities		
Acquisition and construction of capital assets	(2,820)	(52,635)
Capital contributions received	2,820	-
Net cash flows for capital and related financing activities	-	(52,635)
Cash Flows from Investing Activities - investment income received	1,350	1,166
Net Increase (Decrease) in Cash and Investments	420,076	(36,256)
Cash and Investments, beginning	1,521,473	1,557,729
Cash and Investments, ending	\$ 1,941,549	\$ 1,521,473
Reconciliation of Operating Loss to Net Cash Flows for Operating Activities		
Operating loss	\$ (987,677)	\$ (1,140,653)
Adjustments to reconcile operating loss to net cash flows for operating activities:		
Depreciation	496,756	512,057
State of Alaska on-behalf payments - PERS relief	11,993	27,672
Nonoperating revenues	6,352	9,061
Changes in operating assets and liabilities that provided (used) cash:		
Accounts receivable	(3,239)	7,039
Prepaid expenses	(8,770)	(8,652)
Deferred outflows of resources related to pensions	(38,341)	(83,106)
Accounts payable	2,395	(5,646)
Accrued payroll and employee benefits	1,069	(8,927)
Accrued annual and sick leave	636	10,207
Customer deposits	3,500	(950)
Unearned revenue	67,725	(17,112)
Net pension liability	125,403	224,038
Deferred inflows of resources related to pensions	(2,576)	(31,383)
Net Cash Flows for Operating Activities	\$ (324,774)	\$ (506,355)

This page intentionally left blank.

Statistical Section DO NOT PRINT (TAB)

City of Wasilla, Alaska

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

Context

Page

Financial Trends

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

Table 1	Net position by component	108
Table 2	Changes in net position	109-110
Table 3	Fund balances of governmental funds	111
Table 4	Changes in fund balances of governmental funds	112
Table 5	Governmental activities tax revenues by source	113

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, sales tax as well as other information relating to property tax.

Table 6	General government sales tax revenue by category	114
Table 7	Assessed value and estimated actual value of taxable property	115
Table 8	Sales and property tax rates - direct and overlapping governments	116
Table 9	Principal property taxpayers	117

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Table 10	Ratio of general bonded debt outstanding	118
Table 11	Ratio of outstanding debt by type	119
Table 12	Direct and overlapping general obligation debt	120

Demographic and Economic Information

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

Table 13	Demographic and economic statistics	121
----------	-------------------------------------	-----

Operating Information

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

Table 14	Full-time equivalent employees by function	122
Table 15	Operating indicators by function	123
Table 16	Capital asset statistics by function	124

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

City of Wasilla, Alaska

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities:										
Net investment in capital assets	\$ 25,066,933	\$ 24,398,858	\$ 26,352,274	\$ 27,061,059	\$ 27,866,382	\$ 27,146,916	\$ 31,959,213	\$ 39,126,772	\$ 50,741,890	\$ 58,174,797
Restricted	-	-	210,573	222,722	248,818	266,891	3,256,647	7,720,055	5,055,457	2,034,157
Unrestricted	8,643,361	9,971,248	9,178,588	10,583,663	11,650,704	13,214,102	14,351,166	10,721,131	10,710,820	9,317,559
Total governmental activities net position	33,710,294	34,370,106	35,741,435	37,867,444	39,765,904	40,627,909	49,567,026	57,567,958	66,508,167	69,526,513
Business-type activities:										
Net investment in capital assets	50,098,545	58,196,431	59,488,483	61,667,398	68,715,514	69,269,258	67,433,798	66,616,428	64,763,372	63,800,432
Restricted	2,914,497	1,477,737	2,071,844	-	-	-	-	-	-	-
Unrestricted	2,946,178	2,711,915	3,674,997	4,775,904	5,326,572	6,343,898	7,973,193	7,910,326	8,706,223	10,019,918
Total business-type activities net position	55,959,220	62,386,083	65,235,324	66,443,302	74,042,086	75,613,156	75,406,991	74,526,754	73,469,595	73,820,350
Total activities:										
Net Investment in capital assets	75,165,478	82,595,289	85,840,757	88,728,457	89,540,999	96,416,174	99,393,011	105,743,200	115,505,262	121,975,229
Restricted	2,914,497	1,477,737	2,071,844	222,722	248,818	266,891	3,256,647	7,720,055	5,055,457	2,034,157
Unrestricted	11,589,539	12,683,163	12,853,585	15,339,567	16,977,276	19,558,000	22,324,359	18,631,457	19,417,043	19,337,477
Total Net Position	\$ 89,669,514	\$ 96,756,189	\$ 100,766,186	\$ 104,290,746	\$ 106,767,093	\$ 116,241,065	\$ 124,974,017	\$ 132,094,712	\$ 139,977,762	\$ 143,346,863

City of Wasilla, Alaska

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities:										
General government	\$ 2,818,033	\$ 2,808,593	\$ 2,949,299	\$ 2,678,667	\$ 2,994,569	\$ 3,215,470	\$ 3,340,921	\$ 3,038,869	\$ 3,466,671	\$ 3,689,430
Public safety	5,761,075	6,290,577	6,469,113	6,585,810	6,920,691	7,108,991	7,075,807	7,418,375	7,621,942	8,368,172
Public works	2,925,326	3,609,023	3,473,727	3,949,216	3,852,249	4,029,730	4,431,710	4,033,097	5,681,096	4,330,629
Cultural and recreation	1,621,844	1,846,153	1,908,613	1,734,297	1,907,136	2,086,325	2,043,477	2,021,445	2,288,903	2,903,528
Interest on long-term debt	186,416	162,172	169,873	113,014	125,108	113,071	85,651	76,516	59,559	11,916
Total governmental activities expenses	13,312,694	14,716,518	14,970,625	15,061,004	15,799,753	16,553,587	16,977,566	16,588,302	19,118,171	19,303,675
Business-type activities:										
Water Utility	1,096,799	1,160,186	1,354,805	1,347,403	1,364,302	1,522,151	1,601,031	1,628,907	2,024,454	1,731,372
Sewer Utility	1,043,618	1,398,732	1,248,782	1,254,787	1,424,799	1,490,873	1,557,178	1,635,212	1,902,514	1,670,499
Municipal Airport	481,477	819,103	1,081,269	1,046,550	1,647,280	833,245	859,904	1,103,297	976,676	988,841
Curtis D. Menard Memorial Sports Center	2,162,833	1,717,698	1,622,562	1,491,371	1,584,802	1,725,391	1,716,810	1,699,787	1,835,765	1,700,624
Total business-type activities expenses	4,784,727	5,095,719	5,307,418	5,140,111	6,021,183	5,571,660	5,734,923	6,067,203	6,739,409	6,091,336
Total expenses	18,097,421	19,812,237	20,278,043	20,201,115	21,820,936	22,125,247	22,712,489	22,655,505	25,857,580	25,395,011
Program Revenues										
Governmental activities:										
Fees, fines & charges for services:										
General government	36,778	36,509	38,397	33,588	32,842	31,055	39,781	65,334	74,509	77,403
Public safety	1,697,437	1,583,265	1,564,989	1,544,398	1,722,970	1,710,651	1,779,073	1,883,808	1,916,013	2,178,985
Public works	19,145	328	141,022	191,833	210,329	221,723	148,579	190,078	187,385	209,440
Cultural and recreation	338,462	62,522	76,145	54,340	63,691	64,789	87,724	30,255	25,022	34,445
Operating grants and contributions	513,374	970,880	901,746	633,479	691,402	731,335	594,799	1,295,063	1,166,891	664,240
Capital grants and contributions	1,382,910	323,666	1,724,791	2,650,118	1,779,393	1,034,593	4,577,040	7,974,785	7,170,916	5,915,710
Total governmental activities program revenues	3,988,106	2,977,170	4,447,090	5,107,756	4,500,627	3,794,146	7,226,996	11,439,323	10,540,736	9,080,223
Business-type activities:										
Water Utility	793,491	818,318	1,148,297	1,312,070	1,476,682	1,537,994	1,805,376	1,839,517	1,964,369	1,906,725
Sewer Utility	678,897	694,702	1,024,400	1,159,179	1,235,814	1,308,737	1,447,990	1,511,553	1,549,405	1,535,775
Municipal Airport	70,293	58,178	67,221	64,082	65,849	69,522	72,121	85,669	86,581	111,764
Curtis D. Menard Memorial Sports Center	688,958	698,333	735,723	544,627	585,634	651,344	732,704	728,688	695,112	712,947
Operating grants and contributions	-	-	216,869	320,593	395,857	160,748	181,441	91,294	506,656	111,881
Capital grants and contributions	2,599,391	5,426,008	1,231,514	1,893,891	2,254,264	2,641,162	2,284,514	1,388,429	234,831	956,673
Total business-type activities program revenues	4,831,030	7,695,539	4,424,024	5,294,442	6,014,100	6,369,507	6,524,146	5,645,150	5,036,954	5,335,765
Total primary government program revenues	8,819,136	10,672,709	8,871,114	10,402,198	10,514,727	10,163,653	13,751,142	17,084,473	15,577,690	14,415,988
Net (expenses)/revenue:										
Governmental activities	(9,324,588)	(11,739,348)	(10,523,535)	(9,953,248)	(11,299,126)	(12,759,441)	(9,750,570)	(5,148,979)	(8,577,435)	(10,223,452)
Business-type activities	46,303	2,599,820	(883,394)	154,331	(7,083)	797,847	789,223	(422,053)	(1,702,455)	(755,571)
Total primary government net expenses	\$ (9,278,285)	\$ (9,139,528)	\$ (11,406,929)	\$ (9,798,917)	\$ (11,306,209)	\$ (11,961,594)	\$ (8,961,347)	\$ (5,571,032)	\$ (10,279,890)	\$ (10,979,023)

City of Wasilla, Alaska

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Revenues and Other Changes in Net Position										
Governmental activities:										
Sales taxes	\$ 10,386,206	\$ 11,070,859	\$ 11,185,917	\$ 11,681,721	\$ 11,911,716	\$ 12,346,152	\$ 15,481,431	\$ 19,579,568	\$ 16,975,061	\$ 13,319,335
Property taxes	300	289	92	-	2	-	-	-	-	-
Vehicle taxes	101,620	105,419	107,640	108,670	117,460	120,969	57,441	58,550	57,920	59,270
Grants and entitlements not restricted to a specific purpose	654,011	1,359,374	1,220,956	1,158,757	1,564,089	1,798,256	1,745,300	744,130	720,520	567,868
Investment earnings	507,334	373,798	235,941	121,725	67,015	85,725	83,197	103,799	169,528	119,083
Other	23,105	13,654	57,143	31,540	81,304	35,261	92,719	105,843	123,683	219,742
Transfers	(1,754,989)	(845,500)	(912,825)	(1,023,156)	(544,000)	(741,215)	1,229,599	(662,348)	(529,068)	(1,043,500)
Special item - write off NPO/OPEB	-	321,267	-	-	-	-	-	-	-	-
Total governmental activities	9,917,587	12,399,160	11,894,864	12,079,257	13,197,586	13,645,148	18,689,687	19,929,542	17,517,644	13,241,798
Business-type activities:										
Taxes	2,597,929	2,776,152	2,813,929	-	-	-	-	-	-	-
Grants and entitlements not restricted to a specific purpose	-	100,518	-	-	-	-	-	-	-	-
Investment earnings	165,956	36,052	5,881	2,836	4,574	6,542	3,479	3,453	1,166	7,702
Other	8,644	2,518	-	7,655	36,396	25,466	230,732	77,265	115,062	55,124
Transfers	1,754,989	845,500	912,825	1,023,156	544,000	741,215	(1,229,599)	662,348	529,068	1,043,500
Special item - write off NPO/OPEB	-	66,303	-	-	-	-	-	-	-	-
Total business-type activities	4,527,518	3,827,043	3,732,635	1,033,647	584,970	773,223	(995,388)	743,066	645,296	1,106,326
Total primary government	14,445,105	16,226,203	15,627,499	13,112,904	13,782,556	14,418,371	17,694,299	20,672,608	18,162,940	14,348,124
Changes in Net Position										
Governmental activities	592,999	659,812	1,371,329	2,126,009	1,898,460	885,707	8,939,117	10,178,972	8,940,209	3,018,346
Business-type activities	4,573,821	6,426,863	2,849,241	1,187,978	577,887	1,571,070	(206,165)	1,532,289	(1,057,159)	350,755
Total Primary Government	\$ 5,166,820	\$ 7,086,675	\$ 4,220,570	\$ 3,313,987	\$ 2,476,347	\$ 2,456,777	\$ 8,732,952	\$ 11,711,261	\$ 7,883,050	\$ 3,369,101

City of Wasilla, Alaska

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund:										
Nonspendable	\$ 67,600	\$ 70,125	\$ 74,596	\$ 78,953	\$ 118,443	\$ 96,268	\$ 88,911	\$ 54,514	\$ 285,279	\$ 366,795
Committed	259,046	1,332,106	-	1,001,579	2,502,183	3,636,891	4,041,840	5,075,895	7,907,835	6,220,757
Assigned	37,110	92,771	129,694	312,990	639,840	675,829	747,179	1,614,659	1,275,939	1,160,942
Unassigned	5,666,711	5,639,118	6,273,841	7,293,632	7,149,076	7,539,574	8,064,088	8,366,493	8,076,870	8,829,752
Total General Fund	6,030,467	7,134,120	6,478,131	8,687,154	10,409,542	11,948,562	12,942,018	15,111,561	17,545,923	16,578,246
All Other Governmental Funds:										
Nonspendable:										
Permanent fund	201,501	204,055	210,573	222,722	235,672	253,745	285,734	289,215	290,615	298,275
Special revenue funds	-	-	-	-	14	14	13	13	-	-
Capital projects funds	-	-	-	-	12,845	5,819	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-	7,017	4,804
Restricted for:										
Debt service funds	323,689	306,327	227,968	-	-	-	-	-	-	-
Special revenue funds	-	-	-	-	13,146	13,146	13,146	13,146	13,146	13,146
New library construction	-	-	-	-	-	-	2,957,767	7,417,694	3,028,960	-
Main Street couplet	-	-	-	-	-	-	-	-	1,722,736	1,722,736
Assigned to:										
Special revenue funds	162,662	176,949	302,982	48,078	43,025	93,560	60,572	65,551	57,903	51,833
Debt service funds	429,865	373,904	354,460	-	-	-	-	-	-	-
Capital projects funds	2,129,129	2,140,726	2,190,737	2,278,206	1,640,295	1,750,832	1,984,955	2,807,235	1,750,651	3,865,649
Total all other governmental funds	\$ 3,246,846	\$ 3,201,961	\$ 3,286,720	\$ 2,549,006	\$ 1,944,997	\$ 2,117,116	\$ 5,302,187	\$ 10,592,854	\$ 6,871,028	\$ 5,956,443

City of Wasilla, Alaska

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Sales taxes	\$ 10,386,206	\$ 11,070,858	\$ 11,185,917	\$ 11,681,721	\$ 11,911,716	\$ 12,346,152	\$ 15,481,431	\$ 19,579,568	\$ 16,975,061	\$ 13,319,335
Property and vehicle taxes	101,920	105,709	107,732	108,670	117,462	120,969	57,441	58,550	57,920	59,270
Intergovernmental	2,998,131	2,629,049	3,876,409	2,702,239	3,664,535	3,556,911	4,184,465	8,406,454	8,231,625	1,899,617
Investment earnings	507,334	373,798	235,941	121,725	67,015	85,725	83,197	103,799	169,528	119,083
Other revenues	1,710,709	1,758,514	1,870,786	1,897,065	2,089,290	2,114,907	2,147,361	2,275,749	2,819,905	3,135,509
Total Revenues	\$ 15,704,300	\$ 15,937,928	\$ 17,276,785	\$ 16,511,420	\$ 17,850,018	\$ 18,224,664	\$ 21,953,895	\$ 30,424,120	\$ 28,254,039	\$ 18,532,814
Expenditures										
Current:										
General government	\$ 2,648,361	\$ 2,667,010	\$ 2,672,437	\$ 2,554,172	\$ 2,790,919	\$ 2,815,187	\$ 2,913,068	\$ 3,148,955	\$ 2,921,203	\$ 2,839,646
Public safety	5,092,492	5,726,540	5,619,041	5,772,067	6,161,011	6,292,968	6,303,802	7,531,076	6,230,856	6,522,876
Public works	1,947,844	2,145,522	2,163,887	2,064,098	2,171,962	2,208,004	2,241,846	2,418,483	2,090,240	2,212,748
Culture and recreation	1,542,290	1,728,673	1,681,948	1,670,474	1,834,867	1,917,983	1,929,493	2,186,076	1,913,045	2,049,395
Non-departmental	24,346	22,500	102,000	54,486	64,567	139,725	205,565	97,983	53,171	55,701
Youth court	134,933	152,415	146,501	148,540	161,932	173,429	190,111	217,417	171,912	191,280
Capital outlay	2,235,245	1,102,536	4,087,063	1,349,794	2,608,221	1,805,060	2,789,674	6,317,946	15,220,960	5,165,907
Debt service:										
Principal	315,573	317,210	400,080	349,659	325,197	320,505	320,000	340,000	355,000	390,000
Interest	187,876	171,254	158,780	136,863	124,844	112,744	97,744	82,263	65,819	23,323
Other debt service costs	-	-	-	-	-	-	-	-	-	12,333
Total Expenditures	14,128,960	14,033,660	17,031,737	14,100,153	16,243,520	15,785,605	16,991,303	22,340,199	29,022,206	19,463,209
Excess of revenues over (under) expenditures	1,575,340	1,904,268	245,048	2,411,267	1,606,498	2,439,059	4,962,592	8,083,921	(768,167)	(930,395)
Other Financing Sources (Uses)										
Refunding bonds issued	-	-	-	-	-	-	-	-	-	815,000
Premium on refunding	-	-	-	-	-	-	-	-	-	26,231
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	(828,898)
Proceeds from sale of assets	-	-	8,035	4,279	55,881	13,295	56,495	38,637	9,771	79,300
Transfers in	1,754,246	2,234,437	5,275,203	728,932	655,084	947,273	1,146,054	859,968	959,643	3,169,645
Transfers out	(3,509,235)	(3,079,937)	(6,188,028)	(1,673,169)	(1,199,084)	(1,688,488)	(1,986,617)	(1,522,316)	(1,488,711)	(4,213,145)
Proceeds from capital lease	-	-	88,512	-	-	-	-	-	-	-
Net other financing sources (uses)	(1,754,989)	(845,500)	(816,278)	(939,958)	(488,119)	(727,920)	(784,068)	(623,711)	(519,297)	(951,867)
Net change in fund balances	(179,649)	1,058,768	(571,230)	1,471,309	1,118,379	1,711,139	4,178,524	7,460,210	(1,287,464)	(1,882,262)
Debt service as a percentage of noncapital expenditures	4.23%	3.60%	4.09%	2.57%	3.17%	2.94%	2.94%	2.43%	2.57%	2.79%
Total non-capital expenditures	\$ 11,893,715	\$ 13,555,405	\$ 13,652,773	\$ 13,609,341	\$ 14,211,961	\$ 14,715,904	\$ 15,370,471	\$ 17,386,845	\$ 16,360,208	\$ 14,793,861

City of Wasilla, Alaska

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

Fiscal Year Ended June 30	Total Taxes	Property Taxes	Sales Taxes	Vehicle Taxes
2008	\$ 10,488,126	\$ 300	\$ 10,386,206	\$ 101,620
2009	11,176,567	289	11,070,859	105,419
2010	11,293,649	92	11,185,917	107,640
2011	11,790,391	-	11,681,721	108,670
2012	12,029,178	2	11,911,716	117,460
2013	12,467,121	-	12,346,152	120,969
2014	15,538,872	-	15,481,431	57,441
2015	19,638,118	-	19,579,568	58,550
2016	17,032,981	-	16,975,061	57,920
2017	\$ 13,378,605	\$ -	\$ 13,319,335	\$ 59,270

Source: City of Wasilla Finance Department

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

City of Wasilla, Alaska

General Government Sales Tax Revenue By Category June 30, 2017

Category	2017		2008	
	Total Sales Tax Revenue	Percentage of Total	Total Sales Tax Revenue	Percentage of Total
Trade Retail & Wholesale	\$ 9,787,048	73.48%	\$ 6,568,237	63.24%
Entertainment, Recreation & Food Service	1,790,119	13.44%	741,575	7.14%
Utilities & Information	647,320	4.86%	594,091	5.72%
Real Estate, Rental, Leasing & Transportation	193,130	1.45%	-	
Manufacturing (primarily construction related)	122,538	0.92%	1,189,221	11.45%
All Other Services	779,180	5.85%	1,293,082	12.45%
	<u>\$ 13,319,335</u>	<u>100.00%</u>	<u>\$ 10,386,206</u>	<u>100.00%</u>

Source: City of Wasilla Finance Department

(1) Wasilla Municipal Code restricts the publication of sales tax collection information identifiable to a particular seller. Sales tax revenue by category is presented in lieu of disclosing principal sales tax revenue payers.

City of Wasilla, Alaska

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

Fiscal Year Ended June 30	Real	Total Assessed Value Net of Exemptions	Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
2008	\$ 1,092,485,689	\$ 874,404,145	11.100	\$ 922,533,500	94.78%
2009	1,126,882,939	904,686,770	11.890	912,805,200	99.11%
2010	1,158,678,913	929,324,347	11.700	951,043,600	97.72%
2011	1,153,237,856	926,268,943	11.790	956,288,200	96.86%
2012	1,195,173,600	966,009,946	11.970	1,002,502,500	96.36%
2013	1,208,834,305	941,218,804	11.661	1,100,867,900	85.50%
2014	1,239,337,767	961,267,991	11.842	1,011,551,400	95.03%
2015	1,315,952,264	1,014,495,688	11.652	1,048,765,200	96.73%
2016	1,383,706,145	1,037,570,889	11.974	1,042,965,600	99.48%
2017	\$ 1,382,275,564	\$ 1,040,857,140	12.134	\$ 1,105,396,100	94.16%

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

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

City of Wasilla, Alaska

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

Fiscal Year Ended June 30	Sales Tax		Property Tax		
	City of Wasilla	Mat-Su Borough	Wasilla Fire Service Area	City of Wasilla	Total
2008	2.50	9.640	1.46	0.00	11.100
2009	2.50	10.330	1.56	0.00	11.890
2010	2.00	9.980	1.72	0.00	11.700
2011	2.00	9.960	1.83	0.00	11.790
2012	2.00	10.050	1.92	0.00	11.970
2013	2.00	9.691	1.97	0.00	11.661
2014	3.00	9.852	1.99	0.00	11.842
2015	3.00	9.662	1.99	0.00	11.652
2016	2.00	9.984	1.99	0.00	11.974
2017	2.00	9.984	2.15	0.00	12.134

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

- (1) Sales tax rate may be increased to three percent (3%) by City Council through ordinances as established by voter approval at the time of the City's incorporation. Increases in excess of three percent (3%) would require approval by referendum in accordance with Alaska State Statute Title 29.

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

City of Wasilla, Alaska

Principal Property Taxpayers
June 30, 2017

Taxpayer	Nature of Business	2017			2008		
		Taxable assessed Value (1)	Rank	Percentage of total taxable assessed value	Taxable assessed Value (1)	Rank	Percentage of total taxable assessed value
Fred Meyer Stores	Retail Store	\$ 19,004,300	1	1.83%	\$ 17,972,700	2	2.06%
Wal-Mart Stores Inc.	Retail Store	18,743,400	2	1.80%	21,124,400	1	2.42%
DBC LLC	Property Development and Retail Mall	18,329,100	3	1.76%	13,590,800	5	1.55%
Schweiger John Loving TR	Entertainment	16,719,800	4	1.61%			
Gary Lundgren	Individual	12,356,700	5	1.19%	14,027,700	4	1.60%
Wasilla LLC	Property Development and Retail Mall	12,356,700	6	1.19%	12,879,700	6	1.47%
BDC Wasilla LP	Real Estate Rental and Leasing	11,681,900	7	1.12%			
Lowe's HIW Inc.	Retail Store	11,458,000	8	1.10%	16,476,400	3	1.88%
Global Finance & Investment Co.	Real Estate Rental and Leasing	11,097,400	9	1.07%	10,185,000	8	1.16%
Wasilla Retirement LLC	Retirement Facility	11,085,000	10	1.06%			
Mat-Su Valley Medical Center	Medical Facilities				12,095,400	7	1.38%
Home Depot USA, Inc.	Retail Store				9,690,400	9	1.11%
Newcomb Family Trust	Family Trust				8,541,100	10	0.98%
Total		\$ 142,832,300		13.73%	\$ 136,583,600		15.61%

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

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

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

Fiscal Year Ended <u>June 30</u>	Governmental Activities			Business-Type Activities			Total General Obligation <u>Bonds</u>	Percentage of Personal Income (2)	Percentage of Assessed Value (3)	Per Capita (2)
	General Obligation <u>Bonds</u>	Retired Principal	Total	General Obligation <u>Bonds</u>	Retired Principal	Total				
2008	\$ 3,940,588	\$ 254,632	\$ 3,685,956	\$ 9,166,840	\$ 1,504,473	\$ 7,662,367	\$11,348,323	3.85%	1.30%	1,150
2009	3,685,956	269,632	3,416,324	7,662,367	3,840,789	3,821,578	7,237,902	2.54%	0.80%	1,009
2010	3,416,324	279,633	3,136,691	3,821,578	1,820,789	2,000,789	5,137,480	1.80%	0.55%	716
2011	3,136,691	294,633	2,842,058	2,000,789	2,000,789	-	2,842,058	0.85%	0.31%	363
2012	2,842,058	299,633	2,542,425	-	-	-	2,542,425	0.72%	0.26%	315
2013	2,542,425	263,627	2,278,798	-	-	-	2,278,798	0.01%	0.24%	271
2014	2,278,798	333,133	1,945,665	-	-	-	1,945,665	0.51%	0.20%	233
2015	1,945,665	353,133	1,592,532	-	-	-	1,592,532	0.41%	0.16%	193
2016	1,592,532	368,133	1,224,399	-	-	-	1,224,399	0.31%	0.12%	145
2017	\$ 1,224,399	\$ 406,912	\$ 817,487	\$ -	\$ -	\$ -	\$ 817,487	0.20%	0.08%	94

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

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

City of Wasilla, Alaska

Ratios of Outstanding Debt by Type Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income	Percentage of Assessed Value (3)	Per Capita (2)
	General Obligation Bonds	Special Assessment Bonds	Capital Lease	General Obligation Bonds	Special Assessment Bonds	Loans Payable				
2008	\$3,685,956	\$ 189,068	\$ -	\$ 7,662,367	\$ 15,583	\$3,595,530	\$ 15,148,504	5.14%	1.73%	2,192
2009	3,416,324	136,851	88,512	3,821,578	7,111	3,364,353	10,834,729	3.80%	1.20%	1,510
2010	3,136,691	29,387	70,898	2,000,789	-	3,218,743	8,456,508	2.96%	0.91%	1,178
2011	2,842,058	-	40,701	-	-	-	2,882,759	0.86%	0.31%	402
2012	2,542,425	-	10,504	-	-	-	2,552,929	0.72%	0.26%	326
2013	2,278,798	-	-	-	-	-	2,278,798	0.64%	0.24%	318
2014	1,945,665	-	-	-	-	-	1,945,665	0.51%	0.20%	271
2015	1,592,532	-	-	-	-	1,925,189	3,517,721	0.91%	0.35%	425
2016	1,224,399	-	-	-	-	1,584,656	2,809,055	0.71%	0.27%	332
2017	\$ 817,487	\$ -	\$ -	\$ -	\$ -	\$1,158,150	\$ 1,975,637	0.49%	0.19%	227

(1) Details regarding the City of Wasilla's outstanding debt can be found in the notes to the financial statements.

(2) Population and personal income data can be found in Schedule 13.

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

City of Wasilla, Alaska

Computation of Direct and Overlapping General Obligation Debt June 30, 2017

Name of Governmental Unit	Net Debt Outstanding	Percentage Applicable to this Governmental Unit	City of Wasilla's Share of Debt
City of Wasilla	\$ 817,487	100.00%	\$ 817,487
Matanuska Susitna Borough	345,565,000	11.69%	40,396,549
Total Direct and Overlapping	\$ 346,382,487		\$ 41,214,036

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

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

City of Wasilla, Alaska

Demographic and Economic Statistics Last Ten Fiscal Years

City of Wasilla			Matanuska Susitna Borough				
Fiscal Year	Population	School Enrollment	Population	Per Capita		School Enrollment	Unemployment Rate (Annual %)
				Personal Income	Median Age		
2008	7,176	3,827	85,458	41,062	33.2	16,285	7.5
2009	7,176	3,905	85,319	39,784	34.4	16,468	9.4
2010	7,176	3,932	85,319	39,822	34.7	16,653	8.6
2011	7,831	3,905	88,995	42,571	34.7	17,079	9.0
2012	8,064	4,068	91,697	43,670	34.7	17,338	8.9
2013	8,207	4,126	93,801	43,486	35.0	17,247	7.2
2014	8,365	4,158	96,074	45,320	35.0	17,843	7.4
2015	8,275	4,143	98,063	46,554	35.0	18,037	8.3
2016	8,468	3,829	100,178	46,554	35.0	18,745	8.3
2017	8,704	3,866	102,598	46,554	35.0	18,721	8.6

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

(1) If information is not available from source or alternate source, the most recent year's data is used as an estimate. Previous years' numbers are revised as information becomes available.

(2) Population is first sourced from the U.S. Census when current data is available. The alternate source for population data includes estimates from the Alaska Division of Regional Affairs for those years between censuses.

City of Wasilla, Alaska

Full-Time Equivalent Employees By Function Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
City Clerk	2.00	2.00	2.00	2.00	2.00	3.00	3.00	2.00	3.00	3.00
Mayor	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
General Admin Services	1.00	2.00	6.00	6.00	6.00	6.00	5.00	5.00	5.00	5.00
Finance/MIS	9.00	9.00	11.00	11.00	11.00	10.00	10.00	10.00	11.00	13.00
Community & Econ Development	4.00	4.00	-	-	-	-	-	-	-	-
Police	50.00	50.00	50.00	48.00	48.00	49.00	49.00	49.00	50.00	60.00
Youth Court	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Public Works	22.00	23.00	23.00	23.00	23.00	23.00	23.00	23.00	23.00	21.00
Museum	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Recreation Facilities Maintenance	2.55	2.55	2.55	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Sports Center/Recreation Services	8.66	8.66	10.66	9.50	8.00	7.00	7.00	7.00	7.00	7.00
Library	9.50	9.50	9.50	9.50	9.50	9.50	9.50	9.50	9.50	9.50
Total	113.71	115.71	119.71	117.00	115.50	115.50	114.50	113.50	116.50	126.50

Source: City of Wasilla Finance Department

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

City of Wasilla, Alaska

Operating Indicators by Function Last Ten Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Function										
Public Safety:										
Police Services:										
Police requests for service	16,537	17,821	16,658	19,800	20,526	20,856	24,374	26,758	26,026	27,451
Criminal arrests	838	751	712	847	883	1,006	1,315	1,484	1,448	1,292
Water and Wastewater:										
Water production average										
gallons per day average										
July readings	967,123	819,178	813,377	724,687	615,959	779,454	909,806	758,613	705,253	696,907
Wastewater treatment avg.										
gallons per day average										
July readings	328,767	358,904	361,648	381,229	327,194	324,100	445,483	375,767	345,733	331,767

Source: Various City of Wasilla Departments

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

City of Wasilla, Alaska

Capital Asset Statistics By Function Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Miles of streets	64.75	66.37	66.37	69.82	70.24	70.24	71.28	73.29	73.65	75.36
Miles of water lines	41.08	41.34	41.50	41.67	42.35	43.64	44.93	46.50	46.82	47.49
Miles of sewer lines	26.22	26.22	26.36	26.53	26.57	26.78	26.89	26.89	26.89	26.89
Police protection - Number of stations	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Recreation: Number of facilities:										
Parks	4.00	4.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	6.00
Ball fields	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Fitness trails	2.00	2.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Soccer fields	1.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Campground			1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Multi-purpose facility	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

Source: Various City of Wasilla Departments

CITY OF WASILLA
ALASKA

*State of Alaska Single Audit Reports and
Supplementary Information
Fiscal Year Ended June 30, 2017*



City of Wasilla, Alaska

State Single Audit Reports
Year Ended June 30, 2017

City of Wasilla, Alaska

Contents

	<u>Page</u>
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1-2
Independent Auditors' Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance; and Report on Schedule of State Financial Assistance Required by the <i>State of Alaska Audit Guide and Compliance Supplement for State Single Audits</i>	3-5
Schedule of State Financial Assistance	6
Notes to the Schedule of State Financial Assistance	7
Schedule of Findings and Questioned Costs	8



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

3601 C Street, Suite 600
Anchorage, AK 99503

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

Honorable Mayor and City Council
City of Wasilla, Alaska

Report on the Financial Statements

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Wasilla, Alaska (City of Wasilla) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise City of Wasilla's basic financial statements, and have issued our report thereon dated November 20, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

BDO USA, LLP

Anchorage, Alaska
November 20, 2017



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

3601 C Street, Suite 600
Anchorage, AK 99503

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

Honorable Mayor and City Council
City of Wasilla, Alaska

Report on Compliance for Each Major State Program

We have audited the City of Wasilla, Alaska's (City of Wasilla) compliance with the types of compliance requirements described in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that could have a direct and material effect on each of City of Wasilla's major state programs for the year ended June 30, 2017. City of Wasilla's major state programs are identified in the accompanying schedule of state financial assistance.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Program

In our opinion, the City of Wasilla complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

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

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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Wasilla as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the City of Wasilla's basic financial statements. We issued our report thereon dated November 20, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of state financial assistance is presented for purposes of additional analysis as required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

BDO USA, LLP

Anchorage, Alaska
November 20, 2017

City of Wasilla, Alaska
Schedule of State Financial Assistance
Year Ended June 30, 2017

State Grant Title	Grant Number	Total Grant Award	State Share of Expenditures
Department of Education and Early Development			
Public Library Assistance Grant	PLA-17-787-84B	\$ 6,900	<u>\$ 6,900</u>
Department of Revenue			
State Liquor License	FY17	30,300	30,300
Fisheries Tax	FY16	84	84
Aviation Fuel Tax	FY17	1,653	1,653
* Electric & Telephone Coop Tax	FY17	220,486	<u>220,486</u>
Total Department of Revenue			<u>252,523</u>
Department of Military and Veteran's Affairs			
* SEOC Afterhours Answering Point	GF2017001	50,163	<u>50,163</u>
Department of Health and Social Services			
* Youth Courts/Community Panels	609-239-1704	54,050	<u>54,050</u>
Department of Commerce, Community, and Economic Development			
* FY17 Community Revenue Sharing	FY17	315,429	315,429
* Wastewater Utility Improvements	13-RR-005	500,000	59,110
* Water Wells and Pumphouse	15-RR-015	898,680	117,571
Cottonwood Creek Park Trailhead	13-DC-066	75,000	14,478
Lake Lucille Boardwalk and Dock Upgrades	13-DC-137	100,000	9,661
* Sewage Treatment Plant Improvements	14-DC-144	3,000,000	73,746
Lake Lucille Park Upgrades	15-DC-154	100,000	3,659
Youth Court Operations	15-DC-155	25,000	18,879
* Extension of South Mack Drive	14-RR-017	2,394,135	78,284
Gravel Road Paving	14-DC-143	1,500,000	23,644
Main Street Couplet	12-DC-434	5,000,000	38,824
* Upgrades to Dispatch System	15-RR-014	883,370	<u>100,328</u>
Total Department of Commerce, Community, and Economic Development			<u>853,613</u>
Department of Transportation and Public Facilities			
Fairview Loop Road Realignment	54800	456,000	4,731
Department of Administration			
* PERS On-behalf	FY17	343,698	<u>343,698</u>
Total State Financial Assistance			<u>\$ 1,565,678</u>

* Major program

See accompanying notes to the Schedule of State Financial Assistance.

City of Wasilla, Alaska

Notes to the Schedule of State Financial Assistance Year Ended June 30, 2017

1. Basis of Presentation

The accompanying Schedule of State Financial Assistance (the "Schedule") include the state grant activity of the City of Wasilla, Alaska under programs of the state government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Because the Schedule presents only a selected portion of the operations of City of Wasilla, Alaska, it is not intended to and does not present the financial position, changes in net position or cash flows of City of Wasilla, Alaska.

2. Summary of Significant Accounting Policies

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

3. PERS On-behalf

The City has recorded \$343,698 in PERS On-behalf payments in the Schedule of State Financial Assistance. This represents the PERS relief payments appropriated and transferred into the plan during FY2017.

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

As a result of these perspective and timing differences, amounts reported on the financial statements do not agree to the amount reported on the Schedule of State Financial Assistance. In FY2017, the City reported \$257,116 in PERS on-behalf revenue and expenses in the Statement of Activities.

City of Wasilla, Alaska

Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

Section I - Summary of Auditor's Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

___yes

X no

Significant deficiency(ies) identified?

___yes

X (none reported)

Noncompliance material to financial statements noted?

___yes

X no

State Financial Assistance

Internal control over major state programs:

Material weakness(es) identified?

___yes

X no

Significant deficiency(ies) identified?

___yes

X (none reported)

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

Unmodified

Dollar threshold used to distinguish a state major program

\$ 50,000

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

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

Section III - State Financial Assistance Findings and Questioned Costs

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