



A L A S K A

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2012



**CITY OF WASILLA, ALASKA**

Comprehensive Annual Financial Report

June 30, 2012

(With Independent Auditors' Report Thereon)

Prepared By:  
Finance Department  
Troy Tankersley, Finance Director  
Joan Miller, Controller

**CITY OF WASILLA, ALASKA**  
 Comprehensive Annual Financial Report  
 for the Fiscal Year Ended June 30, 2012

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## **INTRODUCTORY SECTION**



# CITY OF WASILLA

290 East Herning Avenue

Wasilla, Alaska 99654-7091

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

November 16, 2012

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, 2012.

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

KPMG LLP, a firm of licensed certified public accountants, have issued an unqualified (clean) opinion on the City of Wasilla's financial statements for the year ended June 30, 2012. 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 and federally mandated "Single Audit" designed to meet the special needs of Federal and 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 federal and state awards. These reports are available in the City of Wasilla's separately issued Single Audit Report.

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

## **Profile of the Government**

The City of Wasilla 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 of Wasilla 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 of Wasilla currently occupies a land area of approximately 13.43 square miles and serves the resident population of an estimated 8,064 in addition to the estimated 83,633 adjacent Mat-Su Borough residents who patronize the Wasilla businesses. The City of Wasilla 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. Most recent annexations have been conducted through the voter approval process.

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 30<sup>th</sup> of each year. The budget is prepared by fund, function (e.g. public safety) and department (e.g. patrol). All transfers between funds require council approval. The Mayor may transfer up to \$10,000 per fiscal year between departments and functions.

### **Local Economy**

The City of Wasilla is located in the fastest growing area of Alaska and serves as the retail trade center for the Matanuska-Susitna Borough. The City remains primarily a bedroom community of Anchorage due to a lack of large-scale, primary industry. The City offers an attractive lifestyle and a competitive housing market to that of Anchorage which is why approximately 30% of the residents in our workforce commute daily to Anchorage.

The service-oriented economy of the City continues to remain relatively stable but far from the growth during 2003 to 2009 when the City enjoyed an average of 7% increases in sales tax receipts year over year. For that same period the unemployment rate averaged 7.6%, approximately 2.3% higher than the national average. In 2009, the City's unemployment rate peaked to 9.4% in conjunction with the economic recession commencing throughout the country and remained consistent or lesser than the national average until this year. The current unemployment rate is 8.9% with the national average at 8.1%.

The City continues to look toward growth in the service industries to maintain our position as the trade center of the Matanuska-Susitna Valley. The most significant, upcoming development in the City includes construction of a \$50 million Alaskan Native primary care facility. The new clinic is estimated to employ 220 medical providers and office personnel in its first phase of opening. Medical services are exempt from sales tax but the ancillary activity (travel, lodging, meals, etc.) should offer a positive impact to the local economy and City revenues. The facility is scheduled to open in FY 2013.

In addition to the service industries, petroleum exploration and extraction continue to fuel our economy both directly and indirectly. Other projects expected to benefit our economy include the opening of the Goose Creek Correctional Center, continued Port MacKenzie development along with the MacKenzie Rail Extension, potential State hydro development and Nordic Ski Areas at Hatcher's Pass.

### **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; to channel our progress into the next decade. It also provides alignment and consistency with other adopted plans of the City.

Major initiatives impacting the community include revision of Main Street to form a one-way couplet. With Main Street being a state-owned road, the Alaska Department of Transportation is ultimately responsible for the administration and funding of this project. The City plays a governing role to ensure the community needs are met and additionally has been awarded five million dollars (\$5,000,000) in state legislative funding 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.

The City is also addressing the construction of a new library to which \$175,000 in state funding was approved for preliminary design and engineering. The City’s library was built in 1978 and as the third busiest library in the state, no longer meets the needs of the community at large. The Matanuska Susitna Borough Assembly has committed to a transfer of land within the downtown area for the purpose of the City to construct a library. Surveying and platting remain necessary for the transfer to occur. Concurrently, Foraker Group, a local philanthropy, is reviewing the City’s business plan which will provide a 10% conceptual design, construction estimate, verification of operating costs and validation of the size requirements for the community. The land transfer and business plan review are expected to be completed in FY2013 and will better position the City for its state funding request of approximately 50% of the construction costs under the Library and Major Expansion Grant Program. The revenue plan for the remaining 50% has not yet been identified.

From FY2008 to FY2011, the City’s health insurance costs increased approximately \$579,000, a 56% overall increase or a 14% average annual increase. Effective July 1, 2011, the City opted out of a traditional health insurance plan to a partially self-insured program that provides for aggregate and individual stop loss coverage and no significant changes to employee benefits. The insurance expense in FY2012 and FY2011 was approximately \$1,791,000 and \$1,615,000 respectively, or an approximate 11% annual increase.

### **Relevant Financial Policies**

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

One, it is the policy of the City to maintain the fund balances and net assets 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 asset balances (as defined by the policy) must not fall below the prescribed minimum or exceed the prescribed maximum. At the end of FY 2012, the unrestricted net assets of the general fund exceeded the calculated maximum by approximately \$2,502,000. This excess balance is reflected as committed and referenced as “excess stabilization of funds” in the governmental fund balance sheet as per policy.

Two, the City made comprehensive changes to its Investment Policy to provide formal objectives of safety, liquidity and yield; with yield being of secondary importance. The revised policy further expands the City’s responsibility in contracting with an external portfolio manager and those funds to be invested internally by the Finance Director to meet cash flow requirements. The revised policy aligns investment instruments with current market offerings and also allows the City to invest \$250,000 per year in

authorized special assessments. Investment in special assessments enables the City to invest in infrastructure while yielding interest at two points above prime. The policy further elaborates on diversification, collateralization, safekeeping, internal controls and mandated reporting to Council.

Three, debt service funds were used to account for the accumulation of resources for, and the payment of, general obligation bonds, and special assessment debt principal, interest and related costs for issuances. In FY 2011, the City elected to close its debt service funds as the associated debt had been extinguished with the exception of the Street Paving General Obligation Bond which is now accounted for in the General Fund. Residual balances in the debt service accounts were transferred to either the General Fund or the applicable Enterprise Fund.

### **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, 2011. This was the sixteenth 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 annual budget document dated May 10, 2010. 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,



Verne E. Rupright  
Mayor



Troy Tankersley  
Finance Director

**CITY OF WASILLA, ALASKA**

City Officials

June 30, 2012

Unaudited

**Elected Officials**

Mayor	Verne E. Rupright
City Council – Seat A	Taffina Katkus
City Council – Seat B	Douglas W. Holler (Deputy Mayor)
City Council – Seat C	Leone Harris
City Council – Seat D	Colleen Sullivan-Leonard
City Council – Seat E	Dianne Woodruff
City Council – Seat F	Brandon Wall

**Appointed Officials**

*Staff*

Public Works Director	Archie Giddings
City Clerk	Kristie Smithers
Finance Director	Troy Tankersley
Recreational & Cultural Services Director	John Combs
Police Chief	Gene Belden (Temporary)
Deputy Administrator	Bert Cottle (Temporary)

*Planning Commission*

Doug Miller	Daniel Kelly Jr. (Vice Chair)
Steven DeHart	Robert Webb
Glenda Ledford	Alvah Clark Buswell III
	Patrick Brown

*Parks and Recreation Commission*

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

*Airport Commission*

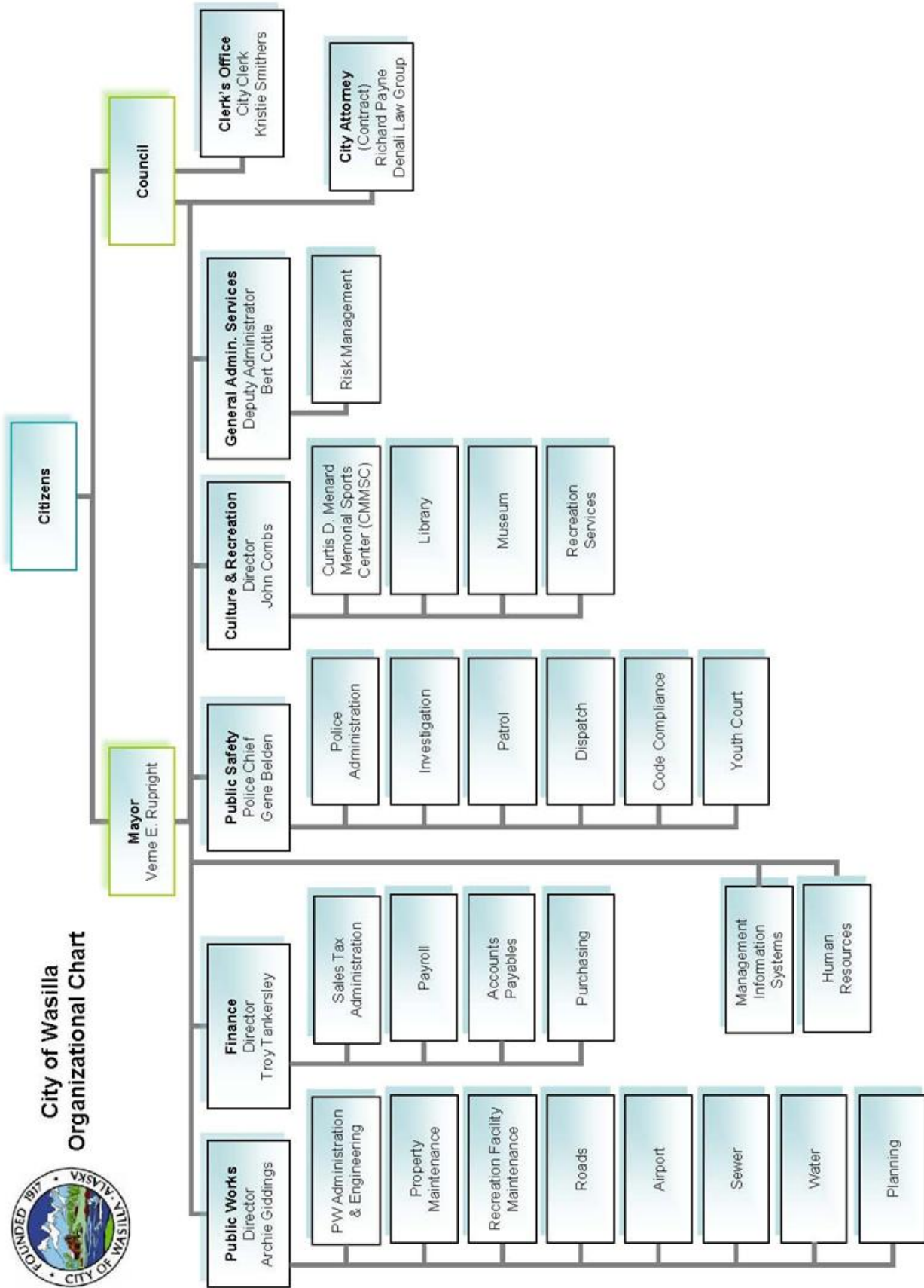
Brian Roberts	John Popecki (Vice Chair)
Littleton C. Billingsley, Jr.	Raymond J. Block (Chair)
William Bruu	Cameron Sharick
Amiee Nishimoto	

**Consultants**

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



# City of Wasilla Organizational Chart



# 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, 2011

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



*Linda C. Danson*

President

*Jeffrey R. Emen*

Executive Director

## **FINANCIAL SECTION**



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

## Independent Auditors' Report

Honorable Mayor and City Council  
City of Wasilla, Alaska:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Wasilla, Alaska (the City) as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Wasilla's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Wasilla, Alaska, as of June 30, 2012, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2012 on our consideration of the 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

U.S. generally accepted accounting principles require that the management's discussion and analysis and budgetary comparison information on pages 3 – 16 and 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We





have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Wasilla's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section 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 basic financial statements. The combining and individual nonmajor fund financial statements and schedules, have 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory section and statistical tables are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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.

KPMG LLP

November 16, 2012

## CITY OF WASILLA, ALASKA

### Management's Discussion and Analysis

June 30, 2012

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, 2012.

#### **Financial Highlights**

- The assets of the City of Wasilla exceeded its liabilities at the close of the most current fiscal year by \$106,767,093 (total net assets). Of this amount, \$16,977,276 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of business of the current fiscal year, the City of Wasilla's governmental funds reported combined ending fund balances of \$12,354,539. Of this total, \$7,149,076 is unassigned and available for spending at the government's discretion.
- The City's total outstanding debt decreased by \$617,796 to a year-end balance of \$5,225,190. The City's long-term debt information can be found on pages 40 – 43 of the notes to the basic financial statements.

#### **Overview of the Financial Statements**

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

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

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

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

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

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

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

## CITY OF WASILLA, ALASKA

### Management's Discussion and Analysis

June 30, 2012

**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 of Wasilla maintains 11 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Miscellaneous Capital Project Fund, and the Road Capital Project Fund, which are considered to be major funds. The other 8 governmental funds are combined and shown as nonmajor governmental funds on the governmental funds balance sheet and governmental statement of revenues, expenditures, and changes in fund balances. Individual fund information for the 8 nonmajor funds is presented in combining balance sheets for nonmajor governmental funds and combining statement of revenues, expenditures, and changes in fund balances for nonmajor funds, by fund type.

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

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

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

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

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

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

**CITY OF WASILLA, ALASKA**

Management's Discussion and Analysis

June 30, 2012

**Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Wasilla, assets exceeded liabilities by \$106,767,093 at the close of the most recent fiscal year.

The largest portion of the City of Wasilla's net assets (83.9%) 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 Assets**

June 30, 2012

	<b>Governmental activities</b>		<b>Business-type activities</b>		<b>Total activities</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Current and other assets	\$ 13,647,986	12,245,577	6,310,735	5,334,441	19,958,721	17,580,018
Capital assets, net of depreciation	30,419,311	29,943,818	64,346,878	64,627,625	94,766,189	94,571,443
Total assets	<u>\$ 44,067,297</u>	<u>42,189,395</u>	<u>70,657,613</u>	<u>69,962,066</u>	<u>114,724,910</u>	<u>112,151,461</u>
Long-term liabilities	\$ 3,025,866	3,339,395	2,718,763	3,062,958	5,744,629	6,402,353
Other liabilities	1,275,527	982,556	937,661	475,806	2,213,188	1,458,362
Total liabilities	<u>\$ 4,301,393</u>	<u>4,321,951</u>	<u>3,656,424</u>	<u>3,538,764</u>	<u>7,957,817</u>	<u>7,860,715</u>
Net assets:						
Invested in capital assets, net of related debt	\$ 27,866,382	27,061,059	61,674,617	61,667,398	89,540,999	88,728,457
Restricted for cemetery endowment	235,672	222,722	—	—	235,672	222,722
Restricted for federal and state drug enforcement	13,146	—	—	—	13,146	—
Unrestricted	11,650,704	10,583,663	5,326,572	4,755,904	16,977,276	15,339,567
Total net assets	<u>\$ 39,765,904</u>	<u>37,867,444</u>	<u>67,001,189</u>	<u>66,423,302</u>	<u>106,767,093</u>	<u>104,290,746</u>

The remaining balance of unrestricted net assets of \$16,977,276 may be used to meet the government's ongoing obligations to citizens and creditors.

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

The government's net assets increased by \$2,476,347 during the current fiscal year. The increase largely consists of increased sales tax, fees, and fines along with capital grant contributions, donated land and donated roads from developers.

## CITY OF WASILLA, ALASKA

### Management's Discussion and Analysis

June 30, 2012

**Governmental Activities.** During fiscal year 2012, the City of Wasilla's net assets increased by \$1,898,460 for governmental activities. Highlights of governmental activities net asset changes are as follows:

- Reduction in transfers to other funds over prior year by \$479,156.
- Recording approximately \$361,496 in donated lands from a private source and donated roads received from developers in the current period. Ownership of the land was received through deed and the donated roads were received through the platting process.
- Increase in State of Alaska revenue sharing and block grant from the Matanuska-Susitna Borough of \$183,743 and \$72,089, respectively, over prior year. These grants are not restricted to a specific purpose.
- Capital grants and contributions received in the amount of \$1,779,393 primarily for road construction and acquisition of heavy road equipment.
- Sales tax revenue increase of \$238,787 and fees and fines increase of \$178,572 over prior year.
- Offsetting the revenue increases was a \$738,749 increase to expenses over the prior year.

**CITY OF WASILLA, ALASKA**  
Management's Discussion and Analysis  
June 30, 2012

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

Year ended June 30, 2012

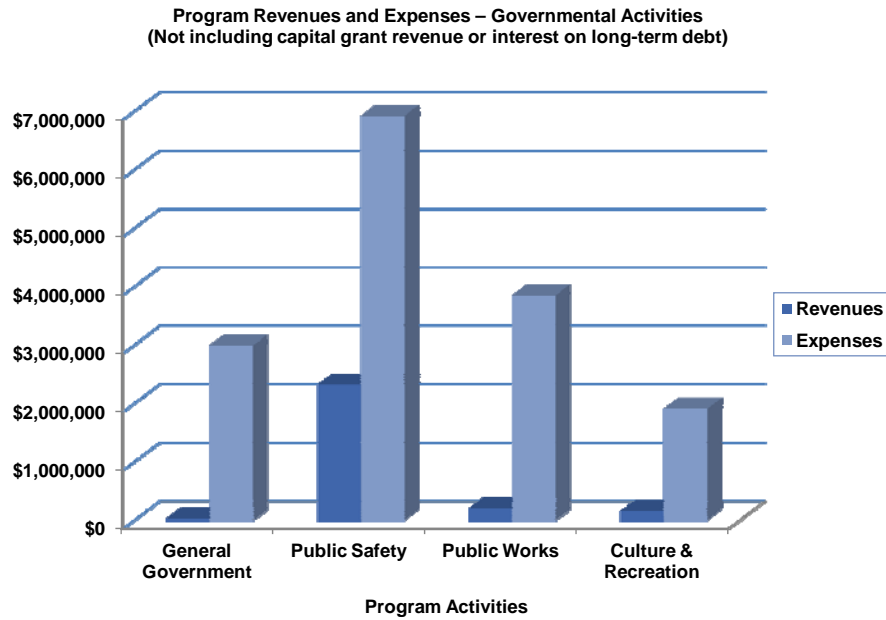
	<b>Governmental activities</b>		<b>Business-type activities</b>		<b>Total activities</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
<b>Revenues:</b>						
Program revenues:						
Fees, fines, and charges for services	\$ 2,029,832	1,824,159	3,363,979	3,079,958	5,393,811	4,904,117
Operating grants and contributions	691,402	633,479	395,857	320,593	1,087,259	954,072
Capital grants and contributions	1,779,393	2,650,118	2,254,264	1,893,891	4,033,657	4,544,009
General revenues:						
Sales taxes	11,911,716	11,681,721	—	—	11,911,716	11,681,721
Property and vehicle taxes	117,462	108,670	—	—	117,462	108,670
Grants and entitlements not restricted to a specific purpose	1,564,089	1,158,757	—	—	1,564,089	1,158,757
Investment income	67,015	121,725	4,574	2,836	71,589	124,561
Other	81,304	31,540	36,396	7,655	117,700	39,195
<b>Total revenues</b>	<b>18,242,213</b>	<b>18,210,169</b>	<b>6,055,070</b>	<b>5,304,933</b>	<b>24,297,283</b>	<b>23,515,102</b>
<b>Expenses:</b>						
General government	2,994,569	2,678,667	—	—	2,994,569	2,678,667
Public safety	6,920,691	6,585,810	—	—	6,920,691	6,585,810
Public works	3,852,249	3,949,216	—	—	3,852,249	3,949,216
Culture and recreation	1,907,136	1,734,297	—	—	1,907,136	1,734,297
Interest on long-term debt	125,108	113,014	—	—	125,108	113,014
Water utility	—	—	1,364,302	1,347,403	1,364,302	1,347,403
Sewer utility	—	—	1,424,799	1,254,787	1,424,799	1,254,787
Municipal airport	—	—	1,647,280	1,046,550	1,647,280	1,046,550
Curtis D. Menard Memorial Sports Center	—	—	1,584,802	1,491,371	1,584,802	1,491,371
<b>Total expenses</b>	<b>15,799,753</b>	<b>15,061,004</b>	<b>6,021,183</b>	<b>5,140,111</b>	<b>21,820,936</b>	<b>20,201,115</b>
Increase in net assets before transfers	2,442,460	3,149,165	33,887	164,822	2,476,347	3,313,987
Transfers	(544,000)	(1,023,156)	544,000	1,023,156	—	—
<b>Increase in net assets</b>	<b>1,898,460</b>	<b>2,126,009</b>	<b>577,887</b>	<b>1,187,978</b>	<b>2,476,347</b>	<b>3,313,987</b>
Net assets – beginning	37,867,444	35,741,435	66,423,302	65,235,324	104,290,746	100,976,759
Net assets – ending	\$ 39,765,904	37,867,444	67,001,189	66,423,302	106,767,093	104,290,746

# CITY OF WASILLA, ALASKA

## Management's Discussion and Analysis

June 30, 2012

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

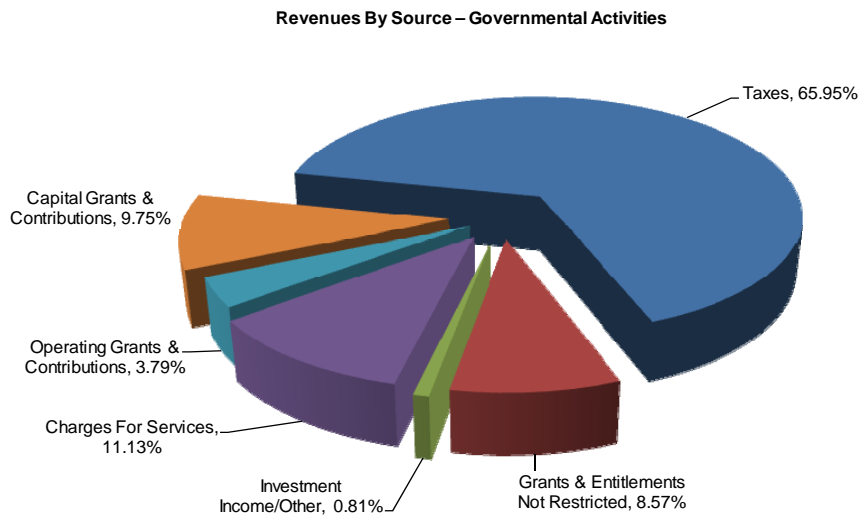


# CITY OF WASILLA, ALASKA

## Management's Discussion and Analysis

June 30, 2012

The following graph shows the percentages of all revenue sources for governmental activities. Taxes are the largest revenue source for the City of Wasilla, followed in order by fees, fines, and charges for services, capital grants and contributions, nonrestricted grants and entitlements, operating grants and contributions, and investment income and other. Tax revenue for governmental activities increased from 2011 to 2012 by \$238,787, or 2.1%. This growth may be the result of a stabilizing national and local economy, increased cost of taxable goods and services, and the opening of certain businesses offering a new service to the community. Expenses for governmental activities increased by \$738,749, or 4.9%, from prior fiscal year.



**Business-type activities.** Business-type activities increased the City of Wasilla's net assets by \$577,887. The increase in the water utility and airport funds of \$149,285 and \$1,027,430, respectively, were offset by losses in the sewer utility and sports center funds of \$120,109 and \$478,719, respectively. The airport fund's increase to net assets is entirely due to continued receipt of capital grants and contributions. The sports center fund's decrease to net assets is due to insufficient user fees and charges to cover its operating costs.

With these offsetting changes in net assets, the overall increase to net assets for business-type activities is attributed primarily to the transfers in of \$600,000.

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



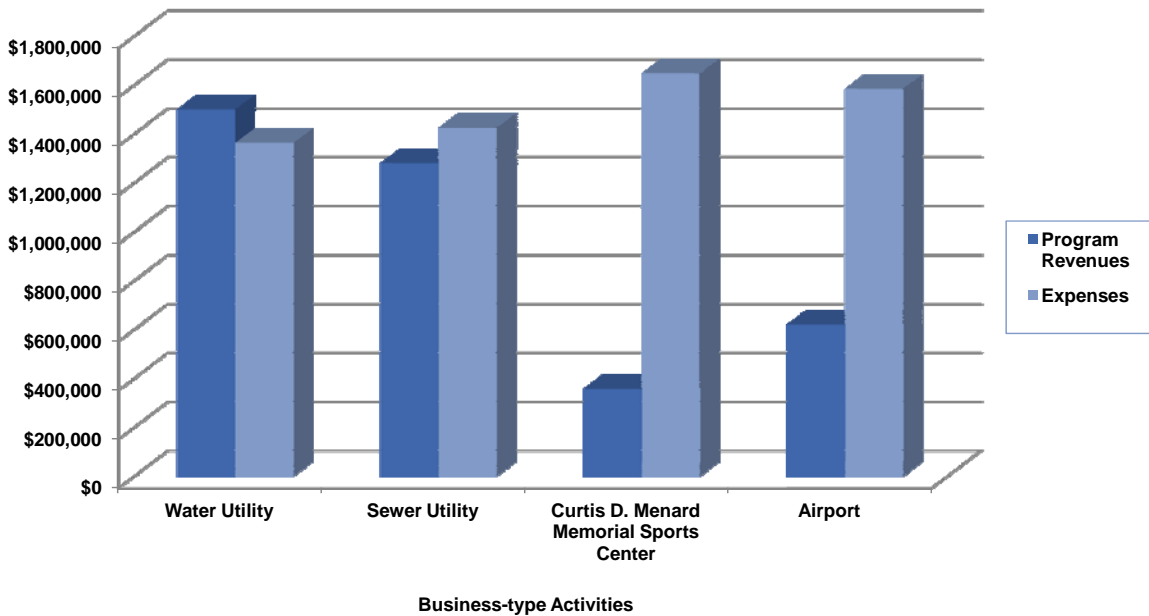
**CITY OF WASILLA, ALASKA**

Management's Discussion and Analysis

June 30, 2012

This is the first time, in at least the last ten years, that the water fund reported program revenue in excess of expenses. This is attributed primarily to the annual, five-year rate increase that was approved and made effective in FY 2010. While the sewer fund was also included in the rate increase, this fund had significant increases to repairs and supplies expense in the current year that absorbed the additional revenues. 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.

*Program Revenues and Expenses – Business-type Activities  
(Not including taxes, capital grant revenue or interest on long-term debt)*

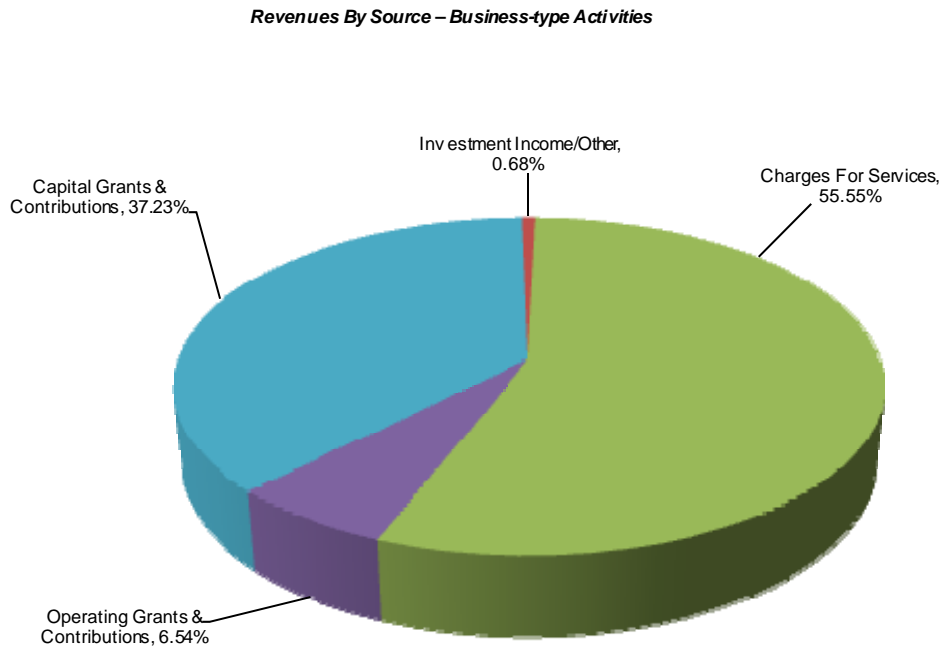


# CITY OF WASILLA, ALASKA

## Management's Discussion and Analysis

June 30, 2012

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 of Wasilla, followed in order by capital grants and contributions, operating grants and contribution, and other revenue and investment income.



### Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City of Wasilla's governmental funds reported combined ending fund balances of \$12,354,539, an increase of \$1,118,379 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% (\$366,974) 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 0.1% (\$13,146) of total fund balance. The committed

## CITY OF WASILLA, ALASKA

### Management's Discussion and Analysis

June 30, 2012

classification can only be used for specific purposes by formal action of the City Council. The committed portion is 20.0% (\$2,502,183) 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 18.9% (\$2,323,160) 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 58.0% (\$7,149,076) of the total fund balance.

The General Fund is the chief operating fund of the City of Wasilla. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$7,149,076 while total fund balance was \$10,409,542. 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. Unassigned fund balance represents 53% of total General Fund expenditures, while total fund balance represents 77% of that same amount.

Fund balance of the City of Wasilla's General Fund increased by \$1,722,388 and \$2,208,940 during the current and prior fiscal year, respectively. In the current year, revenues increased by \$834,978 or 5.4% over prior year but were more than offset by an increase to expenditures of \$928,819 or 7.4% over prior year. Additional impact to the fund resulted from an increase in transfers out of \$126,889 and reduced transfers in of \$317,424 over prior years. Transfers to the General Fund in the prior year related to the closing of certain debt service funds and is not recurring in nature.

The Miscellaneous Capital Project Fund has a total fund balance of \$590,257. This total amount is designated for future capital project construction expenditures. Fund balance has decreased by \$617,769 over the prior year, which resulted from the absence of any transfers in; transfers in have been the fund's primary source of inflows. Additionally, the fund expended \$717,968 for various capital purchases resulting in a decreased fund balance.

The Road Capital Project Fund has a total fund balance of \$157,425. This total amount is designated for future road construction expenditures. Fund balance increased \$100,227 over the prior year. General road paving and upgrades were the primary use of the fund balance. The Road Capital Project Fund had additional capital outlay related to the South Mack Road extension and Swanson Rehabilitation but were funded through intergovernmental revenues of \$1,406,017 and the transfers in of \$300,000.

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

The water utility's unrestricted net assets are \$2,204,462. Unrestricted net assets have increased by \$439,363 in comparison with the prior year. In fiscal year 2010, the City of Wasilla approved and implemented a multi-year utility rate increase to facilitate the demand of ongoing repairs and maintenance and to build a reserve for additional capital construction. The 7.5% rate increase in the current fiscal year is the key factor contributing to the fund's increase in unrestricted net assets.

The sewer utility's unrestricted net assets are \$1,860,664. Unrestricted net assets increased by \$231,033 in comparison with the prior year. While the 2010 multi-year utility rate increase also included sewer services, an increase in repairs and maintenance and supplies absorbed much of the additional revenues in the current year.

The Airport Fund's unrestricted net assets were \$202,587, an increase of \$66,311 from prior year. The increase is attributed to the \$200,000 transfer in to offset its operating loss. The airport operations continue to generate operating losses before depreciation. The City of Wasilla receives significant federal and state grant funding

## CITY OF WASILLA, ALASKA

### Management's Discussion and Analysis

June 30, 2012

annually to construct infrastructure necessary to allow for commercial use and development in the future. As such, the City will continue to offset operating losses with transfers from the General Fund in an effort to support development of the airport and the economic opportunities it may bring to the community in the future.

The Curtis D. Menard Memorial Sports Center's unrestricted net assets were \$1,058,859, a decrease of \$166,039 over prior year. The sports center continues to generate operating losses before depreciation and operations are supported by routine transfers from the General Fund. In the current year, the transfers in were reduced by \$278,616; resulting in a decrease to unrestricted net assets. The City will continue to offset operating losses with transfers from the General Fund in an effort to support development of the sports center, the service it provides to the community, and the economic opportunities it may bring to the community in the future.

#### **General Fund Budgetary Highlights**

The difference between the original and final amended budget was a decrease to fund balance of \$240,311. The major components of this difference relates to the following:

- With implementation of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City's library no longer met the qualifications of a special revenue fund in FY 2011. For reporting purposes, the library fund was closed and the activity for the library was accounted for as a department in the General Fund. However, the budgeting of library remained as a special revenue fund until FY 2013. Thus in the current year, an increase to the budget of \$928,300 was appropriated in the General Fund for the library activity. This increase in expenditure was largely offset by reducing the transfer to the Library fund of approximately \$788,400; providing an overall decrease to the General Fund balance of approximately \$139,900.

The difference in fund balance between the final amended budget and the actual results is a positive variance of \$1,941,098. The major components of the difference are as follows:

- A positive variance in revenues attributed primarily to increased sales tax of approximately \$416,000, State revenue sharing of approximately \$165,000 and State of Alaska PERS Relief of approximately \$664,000 in excess of the budget.
- A favorable variance in expenditures of \$737,735 primarily generated from lower than expected legal services, other professional services, and police administrative salaries and benefits due to restructuring.

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

**Capital assets.** The City of Wasilla's investment in capital assets for its governmental and business-type activities as of June 30, 2012 amounts to \$94,766,189 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery, equipment, and construction in progress.

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

- Land acquisition and donation including two lots adjacent Nunley Park and parcels on Cottonwood Creek, respectively.
- Equipment purchases including an Oshkosh snow blower for use at the Airport along with a dump truck and grader for road maintenance.

**CITY OF WASILLA, ALASKA**

Management's Discussion and Analysis

June 30, 2012

- Rehabilitation of Swanson Avenue including re-grading, sidewalks, and resurfacing.
- Purchase of four vehicles and one all-terrain vehicle for public safety.
- Partial paving of South Mack Drive.
- Purchase of an emergency generator for installation at the Sports Complex.

**City of Wasilla's Capital Assets**

(Net of depreciation)

	Governmental activities		Business-type activities		Total activities	
	2012	2011	2012	2011	2012	2011
Land	\$ 6,385,624	6,018,592	4,048,970	4,048,970	10,434,594	10,067,562
Buildings	5,990,548	6,151,785	15,002,465	15,463,346	20,993,013	21,615,131
Land improvements	—	—	7,959,292	8,625,145	7,959,292	8,625,145
Infrastructure	14,687,781	14,351,382	31,815,290	32,703,212	46,503,071	47,054,594
Furniture and equipment	977,240	1,362,371	—	—	977,240	1,362,371
Vehicles and equipment	1,968,179	1,649,776	2,778,979	2,153,110	4,747,158	3,802,886
Construction in progress	409,939	409,912	2,741,882	1,633,842	3,151,821	2,043,754
Total capital assets	\$ 30,419,311	29,943,818	64,346,878	64,627,625	94,766,189	94,571,443

Additional information on the City of Wasilla's capital assets can be found in note 3 on pages 37 – 39 of this report.

**Long-term debt.** At the end of the current fiscal year, the City of Wasilla had total long-term debt outstanding of \$5,225,190. Of this amount, \$2,542,425 comprises debt backed by the full faith and credit of the government. The remainder of the City of Wasilla's debt represents bonds and loans secured solely by specified revenue sources (i.e., special assessments levied against properties specifically benefited) in the amount of \$2,672,261 and capital lease of \$10,504.

**City of Wasilla's Outstanding Debt**

General Obligation Bonds and Loans

	Governmental activities		Business-type activities		Total activities	
	2012	2011	2012	2011	2012	2011
General obligation	\$ 2,542,425	2,842,058	—	—	2,542,425	2,842,058
Long-term loans and capital leases	10,504	40,701	2,672,261	2,960,227	2,682,765	3,000,928
Total long-term debt	\$ 2,552,929	2,882,759	2,672,261	2,960,227	5,225,190	5,842,986

The City of Wasilla's total debt decreased by \$617,796, or 11%, during the current fiscal year. The decrease is attributed to the City meeting its required debt payments and not issuing any new debt.

## **CITY OF WASILLA, ALASKA**

### **Management's Discussion and Analysis**

June 30, 2012

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

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

In setting the budgets for fiscal year 2013, the City considered a number of issues with citywide impact. Among them are the following:

- In FY 2012, actual sales tax revenues were approximately 3.6% over budgeted sales tax revenues. In FY 2013, sales tax revenues are projected to increase 1.53% over FY 2012 budgeted sales tax revenues.
- User fees and charges in the business-type activities will increase due to the City's planned sewer and water rate increase of 7.5% during FY 2013. This is the fourth year increase of a five-year rate plan approved and made effective in FY 2010. The increase will continue to assist in strengthening the health of the fund with a goal to increase fund balance for necessary future capital replacements. Additionally, the City engaged a professional services firm to review the current rate structure to ensure that equitable and adequate utility rates are in place. The review is still in progress.
- The City of Wasilla will continue to implement programs to keep local government small, efficient, and accountable to the citizens of Wasilla.
- The City of Wasilla will continue to invest in needed infrastructure as funding is available. The budgeted transfers to the capital project funds in FY 2013 is \$909,000.

With the above considerations, the fiscal year 2013 budget included setting the City of Wasilla's property tax at an approved rate of 0.0 mills and maintaining a sales tax rate at 2.0%.

#### **Requests for Information**

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

## **BASIC FINANCIAL STATEMENTS**

**CITY OF WASILLA, ALASKA**

Statement of Net Assets

June 30, 2012

<b>Assets</b>	<b>Governmental activities</b>	<b>Business-type activities</b>	<b>Total</b>
Cash and investments	\$ 11,773,944	5,092,576	16,866,520
Receivables, net of allowance for uncollectible amounts:			
Accounts, net	35,798	287,982	323,780
Sales and property taxes	1,114,342	—	1,114,342
Grants	248,979	785,849	1,034,828
Shared revenues	269,287	—	269,287
Special assessments	4,130	62,131	66,261
Prepaid items	131,302	9,761	141,063
Internal balances	46,502	(46,502)	—
Inventories	—	62,079	62,079
Deferred charges	23,702	10,357	34,059
Capital assets:			
Not being depreciated	6,795,563	6,790,852	13,586,415
Being depreciated	23,623,748	57,556,026	81,179,774
Total assets	\$ 44,067,297	70,611,111	114,678,408
<b>Liabilities</b>			
Accounts payable	\$ 288,721	576,052	864,773
Accrued payroll and employee benefits	487,753	196,883	684,636
Customer deposits	14,142	53,028	67,170
Health claims payable	207,505	—	207,505
Deferred revenue	267,494	93,900	361,394
Accrued interest	9,912	17,798	27,710
Noncurrent liabilities:			
Due within one year	798,074	230,697	1,028,771
Due in more than one year	2,227,792	2,441,564	4,669,356
Total liabilities	4,301,393	3,609,922	7,911,315
<b>Net Assets</b>			
Invested in capital assets, net of related debt	27,866,382	61,674,617	89,540,999
Restricted for:			
Cemetery endowment, nonspendable	235,672	—	235,672
Federal and state drug enforcement	13,146	—	13,146
Unrestricted	11,650,704	5,326,572	16,977,276
Total net assets	39,765,904	67,001,189	106,767,093
Total liabilities and net assets	\$ 44,067,297	70,611,111	114,678,408

See accompanying notes to basic financial statements.



**CITY OF WASILLA, ALASKA**

Statement of Activities  
Year ended June 30, 2012

Functions	Expenses	Program revenues			Net (expense) revenue and Changes in net assets		
		Fees, fines and charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	Total
Governmental activities:							
General government	\$ 2,994,569	32,842	—	159,200	(2,802,527)	—	(2,802,527)
Public safety	6,920,691	1,722,970	598,030	—	(4,599,691)	—	(4,599,691)
Public works	3,852,249	210,329	—	1,620,193	(2,021,727)	—	(2,021,727)
Culture and recreation	1,907,136	63,691	93,372	—	(1,750,073)	—	(1,750,073)
Interest on long-term debt	125,108	—	—	—	(125,108)	—	(125,108)
Total governmental activities	<u>15,799,753</u>	<u>2,029,832</u>	<u>691,402</u>	<u>1,779,393</u>	<u>(11,299,126)</u>	<u>—</u>	<u>(11,299,126)</u>
Business-type activities:							
Water Utility	1,364,302	1,476,682	23,496	6,701	—	142,577	142,577
Sewer Utility	1,424,799	1,235,814	44,365	29,557	—	(115,063)	(115,063)
Municipal Airport	1,647,280	65,849	292,541	2,127,685	—	838,795	838,795
Sports Center	1,584,802	585,634	35,455	90,321	—	(873,392)	(873,392)
Total business-type activities	<u>6,021,183</u>	<u>3,363,979</u>	<u>395,857</u>	<u>2,254,264</u>	<u>—</u>	<u>(7,083)</u>	<u>(7,083)</u>
Totals	<u>\$ 21,820,936</u>	<u>5,393,811</u>	<u>1,087,259</u>	<u>4,033,657</u>	<u>(11,299,126)</u>	<u>(7,083)</u>	<u>(11,306,209)</u>
General revenues:							
Sales taxes					\$ 11,911,716	—	11,911,716
Property and vehicle taxes					117,462	—	117,462
Grants and entitlements not restricted to a specific purpose					1,564,089	—	1,564,089
Investment income					67,015	4,574	71,589
Other					81,304	36,396	117,700
Transfers					(544,000)	544,000	—
Total general revenues and transfers					<u>13,197,586</u>	<u>584,970</u>	<u>13,782,556</u>
Change in net assets					<u>1,898,460</u>	<u>577,887</u>	<u>2,476,347</u>
Net assets at beginning of year					<u>37,867,444</u>	<u>66,423,302</u>	<u>104,290,746</u>
Net assets at end of year					<u>\$ 39,765,904</u>	<u>67,001,189</u>	<u>106,767,093</u>

See accompanying notes to basic financial statements.

**CITY OF WASILLA, ALASKA**

Governmental Funds

Balance Sheet

June 30, 2012

<b>Assets</b>	<b>General</b>	<b>Miscellaneous capital project</b>	<b>Road capital project</b>	<b>Other governmental funds</b>	<b>Total governmental funds</b>
Cash and investments	\$ 9,614,284	602,827	249,832	1,307,001	11,773,944
Receivables, net of allowance for uncollectible accounts:					
Accounts	28,673	7,125	—	—	35,798
Sales and property taxes	1,114,342	—	—	—	1,114,342
Grants	61,402	5,280	179,797	2,500	248,979
Shared revenues	269,287	—	—	—	269,287
Prepaid items	118,443	—	—	12,859	131,302
Due from other funds	46,502	—	—	—	46,502
<b>Total assets</b>	<b>\$ 11,252,933</b>	<b>615,232</b>	<b>429,629</b>	<b>1,322,360</b>	<b>13,620,154</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 119,736	24,975	124,961	19,049	288,721
Accrued payroll and employee benefits	477,894	—	—	9,859	487,753
Customer deposits	14,142	—	—	—	14,142
Health claims payable	207,505	—	—	—	207,505
Unearned revenue	24,114	—	147,243	96,137	267,494
<b>Total liabilities</b>	<b>843,391</b>	<b>24,975</b>	<b>272,204</b>	<b>125,045</b>	<b>1,265,615</b>
<b>Fund balances:</b>					
<b>Nonspendable:</b>					
Prepaid items	118,443	—	—	12,859	131,302
Cemetery endowment	—	—	—	235,672	235,672
<b>Committed to:</b>					
Economic stabilization	2,502,183	—	—	—	2,502,183
<b>Restricted to:</b>					
Federal and state drug enforcement	—	—	—	13,146	13,146
<b>Assigned to:</b>					
Land bank	12,000	—	—	—	12,000
Capital improvements	—	590,257	—	—	590,257
Compensated absences	472,937	—	—	—	472,937
Youth court	—	—	—	43,025	43,025
Vehicle replacement	—	—	—	454,913	454,913
Right-of-way acquisition	—	—	—	80,652	80,652
Road improvements	—	—	157,425	—	157,425
Technology replacement	—	—	—	357,048	357,048
Other purposes	154,903	—	—	—	154,903
Unassigned	7,149,076	—	—	—	7,149,076
<b>Total fund balances</b>	<b>10,409,542</b>	<b>590,257</b>	<b>157,425</b>	<b>1,197,315</b>	<b>12,354,539</b>
<b>Total liabilities     and fund balances</b>	<b>\$ 11,252,933</b>	<b>615,232</b>	<b>429,629</b>	<b>1,322,360</b>	<b>13,620,154</b>

See accompanying notes to basic financial statements.

**CITY OF WASILLA, ALASKA**

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

June 30, 2012

Amount reported as fund balance on the governmental funds balance sheet	\$ 12,354,539
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	30,419,311
Deferred amounts related to issuance costs and premiums and on refunding to governmental activities are not financial resources; therefore, are not reported in the funds:	
Issuance costs	23,702
Issuance premiums	(91,931)
Loss on refunding	59,506
	<u>(8,723)</u>
Long-term receivables, delinquent property taxes and loans are not available to pay for current, period expenditures and, therefore, are deferred in the funds:	
Special assessments	4,130
Long-term obligations, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
General obligation bonds payable	(2,510,000)
Capital lease	(10,504)
Compensated absences	(472,937)
Accrued interest on bonds	(9,912)
	<u>(3,003,353)</u>
Net assets of governmental activities	<u>\$ 39,765,904</u>

See accompanying notes to basic financial statements.

**CITY OF WASILLA, ALASKA**  
Governmental Funds  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year ended June 30, 2012

	<b>General</b>	<b>Miscellaneous capital project</b>	<b>Road capital project</b>	<b>Other governmental funds</b>	<b>Total governmental funds</b>
<b>Revenues:</b>					
Taxes	\$ 12,029,178	—	—	—	12,029,178
Licenses and permits	32,695	—	—	—	32,695
Fines, forfeitures, and penalties	252,101	—	—	10,162	262,263
Intergovernmental	2,136,769	11,880	1,406,017	109,869	3,664,535
Charges for services	1,721,924	—	—	—	1,721,924
Investment income	66,097	319	70	529	67,015
Lot sales	—	—	—	12,950	12,950
Other	50,006	—	—	9,452	59,458
Total revenues	<u>16,288,770</u>	<u>12,199</u>	<u>1,406,087</u>	<u>142,962</u>	<u>17,850,018</u>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	2,790,919	—	—	—	2,790,919
Public safety	6,161,011	—	—	161,932	6,322,943
Public works	2,167,129	—	—	4,833	2,171,962
Culture and recreation	1,834,867	—	—	—	1,834,867
Nondepartmental	64,567	—	—	—	64,567
<b>Debt service:</b>					
Principal	295,000	—	—	30,197	325,197
Interest	124,844	—	—	—	124,844
Capital outlay	—	717,968	1,605,860	284,393	2,608,221
Total expenditures	<u>13,438,337</u>	<u>717,968</u>	<u>1,605,860</u>	<u>481,355</u>	<u>16,243,520</u>
Excess of revenues over (under) expenditures	<u>2,850,433</u>	<u>(705,769)</u>	<u>(199,773)</u>	<u>(338,393)</u>	<u>1,606,498</u>
<b>Other financing sources (uses):</b>					
Proceeds from the sale of assets	55,881	—	—	—	55,881
Transfers in	15,079	88,000	300,000	252,005	655,084
Transfers out	(1,199,005)	—	—	(79)	(1,199,084)
Net other financing sources (uses)	<u>(1,128,045)</u>	<u>88,000</u>	<u>300,000</u>	<u>251,926</u>	<u>(488,119)</u>
Net change in fund balances	1,722,388	(617,769)	100,227	(86,467)	1,118,379
Beginning fund balances	8,687,154	1,208,026	57,198	1,283,782	11,236,160
Ending fund balances	<u>\$ 10,409,542</u>	<u>590,257</u>	<u>157,425</u>	<u>1,197,315</u>	<u>12,354,539</u>

See accompanying notes to basic financial statements.

**CITY OF WASILLA, ALASKA**

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

Year ended June 30, 2012

Net change in fund balance – total governmental funds	\$	1,118,379
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:		
Capital outlay		2,031,559
Contribution of land and roads		361,496
Depreciation expense		(1,896,424)
		496,631
In the statement of activities, only the gain or loss on the disposal of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of assets sold		
		(18,644)
Revenues and transfers in the statement of activities that do not provide current financial resources and are deferred in the funds:		
Special assessments		(6,538)
The effect of the decrease in the noncurrent accrued interest is to increase net assets		
		983
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effects of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Principal repayments on general obligation debt, special assessment bonds, and capital leases		
		325,197
Some expenses and transfers reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Increase in compensated absences		(16,301)
Amortization of deferred amounts		(1,247)
		(17,548)
Change in net assets of governmental activities	\$	1,898,460

See accompanying notes to basic financial statements.

**CITY OF WASILLA, ALASKA**

Enterprise Funds

Statement of Net Assets

June 30, 2012

<b>Assets</b>	<b>Water Utility</b>	<b>Sewer Utility</b>	<b>Municipal Airport</b>	<b>Curtis D. Menard Memorial Sports Center</b>	<b>Total Enterprise Funds</b>
Current assets:					
Cash and investments	\$ 2,087,085	1,841,864	—	1,163,627	5,092,576
Receivables:					
Accounts	186,343	122,651	478	26,376	335,848
Allowance for doubtful accounts	(28,076)	(19,790)	—	—	(47,866)
Special assessments	50,862	11,269	—	—	62,131
Grants	—	—	785,528	321	785,849
Prepaid expenses	3,693	3,704	1,159	1,205	9,761
Inventories	27,744	34,335	—	—	62,079
Total current assets	<u>2,327,651</u>	<u>1,994,033</u>	<u>787,165</u>	<u>1,191,529</u>	<u>6,300,378</u>
Noncurrent assets:					
Capital assets, net	21,765,122	12,862,217	13,532,730	16,186,809	64,346,878
Deferred charges	10,357	—	—	—	10,357
Total noncurrent assets	<u>21,775,479</u>	<u>12,862,217</u>	<u>13,532,730</u>	<u>16,186,809</u>	<u>64,357,235</u>
Total assets	<u>\$ 24,103,130</u>	<u>14,856,250</u>	<u>14,319,895</u>	<u>17,378,338</u>	<u>70,657,613</u>
<b>Liabilities and Net Assets</b>					
Liabilities:					
Current liabilities:					
Accounts payable	\$ 16,687	30,533	518,313	10,519	576,052
Accrued payroll and employee benefits	19,013	32,694	1,763	33,336	86,806
Accrued annual and sick leave	20,717	62,230	9,070	18,060	110,077
Customer deposits	44,980	5,898	—	2,150	53,028
Accrued interest	15,784	2,014	—	—	17,798
Deferred revenue	16,365	—	8,930	68,605	93,900
Due to other funds	—	—	46,502	—	46,502
Current portion of bond and loans	213,450	17,247	—	—	230,697
Total current liabilities	<u>346,996</u>	<u>150,616</u>	<u>584,578</u>	<u>132,670</u>	<u>1,214,860</u>
Long-term debt, net of current portion	<u>2,266,895</u>	<u>174,669</u>	<u>—</u>	<u>—</u>	<u>2,441,564</u>
Total liabilities	<u>2,613,891</u>	<u>325,285</u>	<u>584,578</u>	<u>132,670</u>	<u>3,656,424</u>
Net assets:					
Invested in capital assets, net of related debt	19,284,777	12,670,301	13,532,730	16,186,809	61,674,617
Unrestricted	2,204,462	1,860,664	202,587	1,058,859	5,326,572
Total net assets	<u>21,489,239</u>	<u>14,530,965</u>	<u>13,735,317</u>	<u>17,245,668</u>	<u>67,001,189</u>
Total liabilities and net assets	<u>\$ 24,103,130</u>	<u>14,856,250</u>	<u>14,319,895</u>	<u>17,378,338</u>	<u>70,657,613</u>

See accompanying notes to basic financial statements.

**CITY OF WASILLA, ALASKA**

Enterprise Funds

Statement of Revenues, Expenses, and Changes in Fund Net Assets

Year ended June 30, 2012

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Municipal Airport</u>	<u>Curtis D. Menard Memorial Sports Center</u>	<u>Total Enterprise Funds</u>
Operating revenues – charges for services	\$ 1,476,682	1,235,814	65,849	585,634	3,363,979
Operating expenses:					
Salaries and benefits	422,219	621,412	44,848	690,024	1,778,503
Other operating expenses	334,120	402,295	93,639	415,598	1,245,652
Depreciation	567,499	397,946	757,950	479,180	2,202,575
Total operating expenses	<u>1,323,838</u>	<u>1,421,653</u>	<u>896,437</u>	<u>1,584,802</u>	<u>5,226,730</u>
Operating income (loss)	<u>152,844</u>	<u>(185,839)</u>	<u>(830,588)</u>	<u>(999,168)</u>	<u>(1,862,751)</u>
Nonoperating revenues (expenses):					
Payments in lieu of assessments	5,054	4,792	—	—	9,846
Interest	(40,464)	(3,146)	(61)	—	(43,671)
Other	5,438	5,436	4,135	734	15,743
Investment income	599	536	—	3,439	4,574
Debt service assessment income	10,117	690	—	—	10,807
State PERS relief	23,496	44,365	3,179	35,455	106,495
Plans and studies	—	—	(750,782)	—	(750,782)
Nonoperating grants	—	—	289,362	—	289,362
Net nonoperating revenues (expenses)	<u>4,240</u>	<u>52,673</u>	<u>(454,167)</u>	<u>39,628</u>	<u>(357,626)</u>
Income (loss) before transfers and capital contributions	157,084	(133,166)	(1,284,755)	(959,540)	(2,220,377)
Transfers in	—	—	200,000	400,000	600,000
Transfers out	(14,500)	(16,500)	(15,500)	(9,500)	(56,000)
Capital contributions	6,701	29,557	2,127,685	90,321	2,254,264
Change in net assets	149,285	(120,109)	1,027,430	(478,719)	577,887
Beginning, net assets	<u>21,339,954</u>	<u>14,651,074</u>	<u>12,707,887</u>	<u>17,724,387</u>	<u>66,423,302</u>
Ending, net assets	\$ <u>21,489,239</u>	<u>14,530,965</u>	<u>13,735,317</u>	<u>17,245,668</u>	<u>67,001,189</u>

See accompanying notes to basic financial statements.

**CITY OF WASILLA, ALASKA**

Enterprise Funds

Statement of Cash Flows

Year ended June 30, 2012

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Municipal Airport</u>	<u>Curtis D. Menard Memorial Sports Center</u>	<u>Total Enterprise Funds</u>
Cash flows from operating activities:					
Cash received from customers and users	\$ 1,451,333	1,233,692	64,818	655,316	3,405,159
Cash payments to suppliers for goods and services	(305,729)	(319,523)	(93,641)	(411,763)	(1,130,656)
Cash payments to employees for services	(390,961)	(559,073)	(40,980)	(641,585)	(1,632,599)
Net cash provided by (used for) operating activities	<u>754,643</u>	<u>355,096</u>	<u>(69,803)</u>	<u>(398,032)</u>	<u>641,904</u>
Cash flows from noncapital financing activities:					
Transfers in from other funds	—	—	200,000	400,000	600,000
Transfers out to other funds	(14,500)	(16,500)	(15,500)	(9,500)	(56,000)
Nonoperating funding received	5,437	8,152	289,362	734	303,685
Other nonoperating payments	—	—	(291,324)	—	(291,324)
Net cash provided by (used for) noncapital financing activities	<u>(9,063)</u>	<u>(8,348)</u>	<u>182,538</u>	<u>391,234</u>	<u>556,361</u>
Cash flows from capital and related financing activities:					
Principal paid on long-term debt	(270,719)	(17,247)	—	—	(287,966)
Interest paid on long-term debt	(40,387)	(3,137)	—	—	(43,524)
Special assessments received	9,018	1,718	—	—	10,736
Payments in lieu of assessments received	5,069	4,883	—	—	9,952
Acquisition and construction of capital assets	(6,702)	—	(1,937,847)	(166,500)	(2,111,049)
Capital contributions received	144,652	—	2,077,620	90,000	2,312,272
Increase in due to other funds	—	—	(252,447)	—	(252,447)
Interest paid on internal borrowing	—	—	(61)	—	(61)
Net cash used for capital and related financing activities	<u>(159,069)</u>	<u>(13,783)</u>	<u>(112,735)</u>	<u>(76,500)</u>	<u>(362,087)</u>
Cash flows from investing activities – investment income received	<u>599</u>	<u>536</u>	<u>—</u>	<u>3,439</u>	<u>4,574</u>
Net increase (decrease) in cash and cash equivalents	587,110	333,501	—	(79,859)	840,752
Beginning cash and cash equivalents	<u>1,499,975</u>	<u>1,508,363</u>	<u>—</u>	<u>1,243,486</u>	<u>4,251,824</u>
Ending cash and cash equivalents	\$ <u><u>2,087,085</u></u>	<u><u>1,841,864</u></u>	<u><u>—</u></u>	<u><u>1,163,627</u></u>	<u><u>5,092,576</u></u>



**CITY OF WASILLA, ALASKA**

Enterprise Funds

Statement of Cash Flows

Year ended June 30, 2012

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Municipal Airport</u>	<u>Curtis D. Menard Memorial Sports Center</u>	<u>Total Enterprise Funds</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ 152,844	(185,839)	(830,588)	(999,168)	(1,862,751)
Adjustments to reconcile operating income (loss) to cash provided by (used for) operating activities:					
Depreciation	567,499	397,946	757,950	479,180	2,202,575
State of Alaska on-behalf payments – PERS relief	23,496	44,365	3,179	35,455	106,495
Changes in operating assets and liabilities that provided by (used for) cash:					
Accounts receivable and related allowance	(23,233)	(1,350)	435	(573)	(24,721)
Inventory	29,899	67,668	—	—	97,567
Prepaid expense	(37)	(48)	(2)	(48)	(135)
Accounts payable	(4,398)	14,380	—	3,883	13,865
Accrued payroll and employee benefits	7,515	12,154	645	11,749	32,063
Accrued annual and sick leave	247	5,820	44	1,235	7,346
Customer deposits	211	—	—	1,900	2,111
Unearned revenue	600	—	(1,466)	68,355	67,489
Net cash provided by (used for) operating activities	<u>\$ 754,643</u>	<u>355,096</u>	<u>(69,803)</u>	<u>(398,032)</u>	<u>641,904</u>
Noncash noncapital financing and capital and related financing activities:					
Acquisition and construction of capital assets through accounts payable	\$ —	—	236,545	—	236,545
State of Alaska on-behalf payments – PERS relief	23,496	44,365	3,179	35,455	106,495
Contribution of equipment by governmental funds	—	29,557	—	—	29,557
Increase in capital grants receivable	—	—	50,065	—	50,065
Abandoned construction in progress	—	—	455,323	—	455,323

See accompanying notes to basic financial statements.

**CITY OF WASILLA, ALASKA**

Notes to Basic Financial Statements

June 30, 2012

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

**(a) General**

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

**(b) Reporting Entity**

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

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

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

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

**(c) Basis of Presentation**

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

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

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

**CITY OF WASILLA, ALASKA**

Notes to Basic Financial Statements

June 30, 2012

The City reports the following major governmental funds:

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

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

The *Road Capital Project Fund* accounts for improvements to City roads.

The City reports the following major proprietary funds:

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

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

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

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

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

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

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

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

## CITY OF WASILLA, ALASKA

### Notes to Basic Financial Statements

June 30, 2012

funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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.

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

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

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, generally accepted accounting principles do not require the adoption of budgets for Enterprise Funds, and budgetary comparisons

**CITY OF WASILLA, ALASKA**

Notes to Basic Financial Statements

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are not included for these funds since the measurement focus is upon 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.

Investment earnings are allocated among the funds based on their respective equity in the central treasury.

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

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

The City is authorized to invest in, and with durations 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.
- Repurchase agreements that are documented by a written agreement and are fully collateralized by delivery of government related obligations, to an independent third-party custodian, which meet a margin requirement of one-hundred-two percent (102%) of the principal and unpaid accrued interest – 2 years.
- Certificates of deposit and other deposits at banks and savings and loan associations collateralized between 100% and 107%, depending on collateralized type – 3 years.
- Uncollateralized deposits at banks and savings and loan associations, to the extent that the deposits are insured by the Federal Deposit Insurance Corporation (FDIC) or the Federal Savings and Loan Insurance Corporation – 3 years.
- Bonds and notes, which are issued by any state or political subdivision thereof, and which are rated A or higher by a nationally recognized statistical rating organization – 5 years.
- Prime commercial paper graded A1 or higher by a Moody's Investor's Service, Inc., and P1 or higher by Standard and Poor's Corporation, or equivalent by a nationally recognized statistical rating organization – 270 days.
- Prime bankers' acceptances offered by the fifty (50) largest banks – 180 days.

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- U.S. dollar denominated corporate obligations issued by corporations organized and operated within the United States – 5 years:

Corporate obligations shall be rated as follows:

- a) 1 year or less A rated by two major nationally recognized statistical rating agencies;
  - b) 1 – 2 years AA rated by at least one major nationally recognized statistical rating agencies;
  - c) 2 – 4 years AA rated by two major nationally recognized statistical rating agencies; and
  - d) 4 – 5 years AAA rated by two major nationally recognized statistical rating agencies.
- Money market mutual funds that adhere to SEC Rule 2(a) – 7.
  - The Alaska Municipal League Investment Pool, Inc., made in accordance with the terms of that pool’s “Common Investment Agreement.”
  - Special assessments of the City authorized by Municipal Code 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 (2%) on the date of the ordinance confirming the assessment roll is enacted by the council.

**Receivables and Payables**

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

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

**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.

**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

**CITY OF WASILLA, ALASKA**

Notes to Basic Financial Statements

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reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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 2012.

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

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

Buildings and improvements	20 – 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.

**Deferred 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, Issuance Cost, and Deferred Loss on Refunding**

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

**CITY OF WASILLA, ALASKA**

Notes to Basic Financial Statements

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In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, 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.

(g) **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, and long-term loans and notes receivable.

**Restricted**

Reflects the same definition as restricted net assets: 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 related to stabilization of funds that are formally set aside by City ordinance for use in capital projects, emergency situations, or other designated purposes, as determined through formal council action. The excess stabilization of funds amount is determined based on the amount in the general fund balance in excess of the maximum unassigned fund balance for the succeeding fiscal year, as defined.

**Assigned**

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



**CITY OF WASILLA, ALASKA**

Notes to Basic Financial Statements

June 30, 2012

**Unassigned**

Includes any remaining amounts after applying the above definitions. Planned spending in the subsequent year's budget would be included here and can no longer be described as "designated" unless formally committed or assigned.

**Spending Policy**

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

**(h) Net Assets**

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

**Invested in Capital Assets, Net of Related Debt**

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 assets that are 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 assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

**(i) 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, 2012 and 2011, held a zero mill rate.

**Grants and Other Intergovernmental Revenues**

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

**CITY OF WASILLA, ALASKA**

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**(j) Recently Issued Accounting Pronouncements**

In June 2011, the GASB issue GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Statement 62 provides financial reporting guidance for deferred outflows and deferred inflows of resources. The new standard is effective for periods beginning after December 15, 2011. The City is currently evaluating the impact that the adoption of Statement 63 will have on its financial statements.

In March 2012, the GASB issue GASB 65, *Items Previously Reported as Assets and Liabilities*. Statement 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reports as assets and liabilities. The new standard is effective for periods beginning after December 15, 2012. The City is currently evaluating the impact that the adoption of Statement 65 will have on its financial statements.

In June 2012, the GASB issued GASB 68, *Accounting and Financial Reporting for Pensions*, an amendment of GASB Statement No. 27. This Statement requires that an employer recognize its obligation for pensions net of the amount of the pensions plan’s fiduciary net position that is available to satisfy that obligation as well as additional note disclosures regarding the obligation. The new standard is effective for financial statements for periods beginning after December 15, 2012. The City is currently evaluating the impact that the adoption of Statement 68 will have on its financial statements.

**(2) Deposits and Investments**

**(a) Investments**

As of June 30, 2012, the City had the following investments:

<u>Investment type</u>	<u>Fair value</u>	<u>Investment maturities</u>	
		<u>Less than 1 Year</u>	<u>1 – 5 Years</u>
Money market funds	\$ 67,930	67,930	—
U.S. Treasuries	3,977,572	857,584	3,119,988
U.S. government agencies	5,324,151	1,483,531	3,840,620
Corporate bonds	3,154,027	1,772,078	1,381,949
Alaska Municipal League Investment Pool, Inc. (AMLIP)	141,797	141,797	—
Total subject to interest rate risk	\$ <u>12,665,477</u>	<u>4,322,920</u>	<u>8,342,557</u>

**(b) Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the duration of an investment, the greater the sensitivity of its

**CITY OF WASILLA, ALASKA**

Notes to Basic Financial Statements

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fair value to changes in market interest rates. The City manages its exposure to declines in fair values by investing primarily in shorter-term securities, money market mutual funds or similar investment pools.

**(c) Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of an investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

At June 30, 2012, the City corporate bonds were rated as follows:

<b>Investment</b>	<b>Standard &amp; Poor's</b>	<b>Moody's Investor Service</b>
Corporate bonds	AAA to A-	AAA to A3

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

The manager is required to produce monthly disclosure statements on the pool. The pool also has retained an investment adviser who monitors the performance of the investment manager to ensure compliance with investment policies. All participation in the pool is voluntary. The pool must maintain a dollar-weighted average maturity of 90 days or less, and only purchase instruments having remaining maturities of 397 days or less. On a monthly basis, the investments in the pool are reviewed for fair value by an independent pricing service. As of June 30, 2012, the fair value of the investments in the pool approximates amortized cost and is equal to the value of pool shares.

**(d) Concentration of Credit Risk**

The City places no limit on the amount it may invest in any one issuer.

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

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's deposit policy for custodial credit risk is to collateralize its primary demand deposit account for 102% of the uninsured balance. As of June 30, 2012, the City's bank account balances were not exposed to custodial credit risk as they were either insured or collateralized.

**CITY OF WASILLA, ALASKA**

Notes to Basic Financial Statements

June 30, 2012

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

For an investment, this is a risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City had no debt securities exposed to custodial credit risk at June 30, 2012.

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

Deposits and investments are reported as follows on the statement of net assets, as of June 30, 2012:

Cash and investments	\$	16,866,520
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Deposits and investments comprise the following as of June 30, 2012:

Carrying value of bank deposits	\$	4,199,293
Petty cash accounts		1,750
Investments		12,665,477
	\$	<u>16,866,520</u>

**CITY OF WASILLA, ALASKA**

Notes to Basic Financial Statements

June 30, 2012

**(3) Capital Assets**

Capital asset activity for the year ended June 30, 2012 is as follows:

<u>Governmental activities</u>	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Capital assets not being depreciated:				
Land	\$ 6,018,592	367,032	—	6,385,624
Construction in progress	409,912	2,031,558	(2,031,531)	409,939
Total assets not being depreciated	<u>6,428,504</u>	<u>2,398,590</u>	<u>(2,031,531)</u>	<u>6,795,563</u>
Capital assets being depreciated:				
Buildings	8,084,572	52,385	(23,647)	8,113,310
Office furniture and equipment	3,881,768	—	(234,671)	3,647,097
Vehicles and equipment	3,575,394	746,962	(173,854)	4,148,502
Infrastructure	24,712,952	1,225,335	—	25,938,287
Total assets being depreciated	<u>40,254,686</u>	<u>2,024,682</u>	<u>(432,172)</u>	<u>41,847,196</u>
Less accumulated depreciation for:				
Buildings	1,932,787	198,323	(8,348)	2,122,762
Office furniture and equipment	2,519,397	383,515	(233,055)	2,669,857
Vehicles and equipment	1,925,618	425,650	(170,945)	2,180,323
Infrastructure	10,361,570	888,936	—	11,250,506
Total accumulated depreciation	<u>16,739,372</u>	<u>1,896,424</u>	<u>(412,348)</u>	<u>18,223,448</u>
Total capital assets being depreciated, net	<u>23,515,314</u>	<u>128,258</u>	<u>(19,824)</u>	<u>23,623,748</u>
Governmental activity capital assets, net	<u>\$ 29,943,818</u>	<u>2,526,848</u>	<u>(2,051,355)</u>	<u>30,419,311</u>

**CITY OF WASILLA, ALASKA**

Notes to Basic Financial Statements

June 30, 2012

<b>Business-type activities</b>	<b>Beginning balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending balances</b>
Capital assets not being depreciated:				
Land	\$ 4,048,970	—	—	4,048,970
Construction in progress	<u>1,633,842</u>	<u>2,271,093</u>	<u>(1,163,053)</u>	<u>2,741,882</u>
Total assets not being depreciated	<u>5,682,812</u>	<u>2,271,093</u>	<u>(1,163,053)</u>	<u>6,790,852</u>
Capital assets being depreciated:				
Land improvements	14,344,889	—	—	14,344,889
Buildings	17,652,478	—	—	17,652,478
Treatment system	8,080,804	—	—	8,080,804
Collection/distribution system	29,774,250	—	—	29,774,250
Water tank and fence	6,847,577	—	—	6,847,577
Wells/well house	368,659	—	—	368,659
Vehicles and equipment	<u>6,507,411</u>	<u>813,788</u>	<u>—</u>	<u>7,321,199</u>
Total assets being depreciated	<u>83,576,068</u>	<u>813,788</u>	<u>—</u>	<u>84,389,856</u>
Less accumulated depreciation for:				
Land improvements	5,719,743	665,854	—	6,385,597
Buildings	2,189,132	460,881	—	2,650,013
Treatment system	2,800,248	166,712	—	2,966,960
Collection/distribution	7,622,798	577,600	—	8,200,398
Water tank and fence	1,736,045	137,298	—	1,873,343
Wells/well house	208,988	6,311	—	215,299
Vehicles and equipment	<u>4,354,301</u>	<u>187,919</u>	<u>—</u>	<u>4,542,220</u>
Total accumulated depreciation	<u>24,631,255</u>	<u>2,202,575</u>	<u>—</u>	<u>26,833,830</u>
Total capital assets being depreciated, net	<u>58,944,813</u>	<u>(1,388,787)</u>	<u>—</u>	<u>57,556,026</u>
Business-type activity capital assets, net	<u>\$ 64,627,625</u>	<u>882,306</u>	<u>(1,163,053)</u>	<u>64,346,878</u>

**CITY OF WASILLA, ALASKA**

Notes to Basic Financial Statements

June 30, 2012

Depreciation expense was charged to the functions as follows:

Governmental activities:		
General government	\$	122,782
Public safety		627,215
Public works		1,074,158
Culture and recreation		<u>72,269</u>
Total depreciation expense		
– governmental activities	\$	<u><u>1,896,424</u></u>
Business-type activities:		
Water utility	\$	567,499
Sewer utility		397,946
Municipal airport		757,950
Curtis D. Menard Memorial Sports Center		<u>479,180</u>
Total depreciation expense –		
business-type activities	\$	<u><u>2,202,575</u></u>

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

Interfund receivables and payables at June 30, 2012 consisted of short-term operating advances, all of which are expected to be paid within one year. At June 30, 2012, the General Fund had a receivable from the Municipal Airport Enterprise Fund of \$46,502.

**CITY OF WASILLA, ALASKA**

Notes to Basic Financial Statements

June 30, 2012

Interfund transfers have been made in accordance with budget ordinances. Funds are transferred from one fund to support expenditures of other funds in accordance with the authority established for the individual fund. Transfers between fund types during the year ended June 30, 2012 were as follows:

Transfers Out	Transfers in						
	Governmental funds				Enterprise funds		
	General	Misc. Capital Project Fund	Road Capital Project Fund	Nonmajor Govt. Funds	Municipal Airport	Curtis D. Menard Memorial Sports Center	Total
General Fund	\$ —	88,000	300,000	211,005	200,000	400,000	1,199,005
Nonmajor governmental funds	79	—	—	—	—	—	79
Sewer Utility Fund	—	—	—	16,500	—	—	16,500
Water Utility Fund	—	—	—	14,500	—	—	14,500
Municipal Airport	15,000	—	—	500	—	—	15,500
Curtis D. Menard Memorial Sports Center Fund	—	—	—	9,500	—	—	9,500
Total transfers	\$ 15,079	88,000	300,000	252,005	200,000	400,000	1,255,084

Significant transfers were as follows:

- General Fund transferred \$400,000 to the Sports Center to subsidize operations.
- General Fund transferred \$300,000 to the Road Capital Project Fund primarily for rebuild and upgrade of certain railroad crossings.

**(5) Long-Term Obligations**

**(a) General Obligation Bonds**

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

	<u>Bond principal</u>
\$3,380,000 1998 Series A for street paving and other road improvements, due in annual installments of \$310,000 to \$375,000 through December 1, 2018, plus interest rates from 3.875% to 5.5%	\$ 2,510,000



**CITY OF WASILLA, ALASKA**

Notes to Basic Financial Statements

June 30, 2012

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

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
Fiscal years ending:			
2013	\$ 310,000	112,744	422,744
2014	320,000	97,744	417,744
2015	340,000	82,263	422,263
2016	355,000	65,819	420,819
2017	375,000	46,681	421,681
2018 – 2019	810,000	37,828	847,828
	\$ 2,510,000	443,079	2,953,079

**(b) Capital Leases**

The City has a telephone system lease with a net book value of \$74,076 (\$92,596, less accumulated amortization of \$18,520). The City accounts for this lease as a capital lease in its governmental-type funds. Total amortization expense for the lease was \$9,260 during the year ended June 30, 2012.

**(c) ADEC Loans**

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

	<b>Loan principal</b>
\$177,100 Water loan payable, due in annual installments of \$8,754 through August 31, 2018, plus interest at 1.5%	\$ 61,281
\$745,938 Water loan payable, due in annual installments of \$37,294 through November 15, 2022, plus interest at 1.5%	410,231
\$301,066 Sewer loan payable, due in annual installments of \$15,053 through November 15, 2022, plus interest at 1.5%	165,588
\$39,049 Water loan payable, due in annual installments of \$1,952 through September 30, 2023, plus interest at 1.5%	23,432
\$44,353 Sewer loan payable, due in annual installments of \$2,194 through September 30, 2023, plus interest at 1.5%	26,329
\$3,309,000 Water loan payable, due in annual installments of \$165,450 through March 4, 2024, plus interest at 1.5%	1,985,400
	\$ 2,672,261

**CITY OF WASILLA, ALASKA**

Notes to Basic Financial Statements

June 30, 2012

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

	<u>Loan principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal years ending:			
2013	\$ 230,697	40,084	270,781
2014	230,697	36,623	267,320
2015	230,697	33,163	263,860
2016	230,697	29,703	260,400
2017	230,697	26,242	256,939
2018 – 2022	1,127,227	79,697	1,206,924
2023 – 2024	391,549	8,417	399,966
	<u>\$ 2,672,261</u>	<u>253,929</u>	<u>2,926,190</u>

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

Long-term liability activity for the year ended June 30, 2012 was as follows:

	<u>Balance, June 30, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2012</u>	<u>Due within one year</u>
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 2,805,000	—	(295,000)	2,510,000	310,000
Plus (less) deferred amounts:					
Issuance premiums	105,064	—	(13,133)	91,931	13,133
Loss on refunding	(68,006)	—	8,500	(59,506)	(8,500)
Total bonds payable	2,842,058	—	(299,633)	2,542,425	314,633
Capital leases	40,701	—	(30,197)	10,504	10,504
Compensated absences	456,636	643,333	(627,032)	472,937	472,937
Total governmental activities	<u>\$ 3,339,395</u>	<u>643,333</u>	<u>(956,862)</u>	<u>3,025,866</u>	<u>798,074</u>
Business-type activities:					
ADEC loans	\$ 2,960,227	—	(287,966)	2,672,261	230,697
Compensated absences	102,731	107,950	(100,604)	110,077	110,077
Total business-type activities	<u>\$ 3,062,958</u>	<u>107,950</u>	<u>(388,570)</u>	<u>2,782,338</u>	<u>340,774</u>

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

**CITY OF WASILLA, ALASKA**

Notes to Basic Financial Statements

June 30, 2012

**(e) Refunded Bond Issues**

The City has issued various advance refunding bond issues for the purpose of redeeming certain general obligation bond issues as they become due or callable. The proceeds of the refunding bond issue have been placed in irrevocable escrow accounts and invested in U.S. government obligations that together with interest earned thereon, will provide amounts sufficient for future payment of all interest, principal, and call premiums. Since payments of these advance refunded bond issues have been provided through funding as described above, neither the liability nor the assets irrevocably pledged are reflected in the basic financial statements. At June 30, 2012, the balances of the refunded general obligation bonds payable are as follows:

<u>Issue</u>	<u>2012</u>
1998 Series – Paving	\$ 3,120,000

**(f) Conduit Revenue Bonds**

On April 22, 1996, the City Council authorized the issuance of nonrecourse revenue bonds for the purpose of providing funds to loan to the Cook Inlet Housing Development Corporation to purchase a facility. The bonds were issued in the amount of \$2,327,532. The outstanding balance at June 30, 2012 was \$1,364,936.

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, 2012 was \$5,828,586.

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

**(6) Retirement Commitments**

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

**Plan Description**

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

## **CITY OF WASILLA, ALASKA**

### Notes to Basic Financial Statements

June 30, 2012

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

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

#### **Conversion to Cost Sharing**

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

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

#### **Funding Policy**

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

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

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

**CITY OF WASILLA, ALASKA**

Notes to Basic Financial Statements

June 30, 2012

The City's contribution rates for 2012 were determined as part of the June 30, 2008 actuarial valuation and are as follows:

	<b>City's Contractual rate</b>	<b>State of Alaska rate</b>	<b>ARM Board Adopted rate</b>
Pension	9.92%	5.18%	15.10%
Postemployment healthcare	12.08	6.31	18.39
Total contribution rate	<u>22.00%</u>	<u>11.49%</u>	<u>33.49%</u>

**Annual Pension and Postemployment Healthcare Contributions**

The City is required to contribute 22% of covered payroll, subject to a wage floor. In addition, the State of Alaska contributed approximately 11.49% of covered payroll to the Plan. In accordance with the provisions of GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, the City has recorded the State PERS on-behalf payment in the amount of \$780,889 as revenue and expenditures/expenses. However, because the City is not statutorily obligated for these payments, this amount is excluded from pension and other postemployment benefit (OPEB) cost below. The City's contributions to PERS for the last three years equaled the required contributions each year and are as follows:

<b>Year ended June 30</b>	<b>Annual Pension</b>	<b>Annual OPEB</b>	<b>Total</b>
2012	\$ 476,808	582,766	1,059,574
2011	361,288	679,071	1,040,359
2010	454,929	771,596	1,226,525

**(b) Defined Contribution Pension Plan**

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

**CITY OF WASILLA, ALASKA**

Notes to Basic Financial Statements

June 30, 2012

Employees are required to contribute 8.0% of their annual covered salary, and the City is required to make the following contributions:

	<b>Others Tier IV</b>	<b>Police/Fire Tier IV</b>
Individual account	5.00%	5.00%
Health reimbursement arrangement (HRA) *	3.00	3.00
Retiree medical plan	0.51	0.51
Occupational death and disability benefits	0.20	0.97
	8.71%	9.48%

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

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

Employees are immediately vested in their own contributions and vest 25% per year in employer contributions. The City and employee contributions to PERS including the HRA contributions for the year ended June 30, 2012 were as follows:

Defined contribution plan contributions:	
City	\$ 165,895
Employees	143,363
Defined benefit unfunded liability:	
City	227,687
	\$ 536,945

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

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

**CITY OF WASILLA, ALASKA**

Notes to Basic Financial Statements

June 30, 2012

**(7) Risk Management**

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

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

APEI is a public entity risk pool organized to share risks among its members. APEI's bylaws provide for the assessment of supplemental contributions from members in the event that losses and expenses for any coverage year exceed the annual contributions and income earned on such contributions for the year. Such supplemental contributions shall be based upon each member's annual deposit contribution in comparison to the aggregate annual deposit contributions of all members. APEI made no supplemental assessments during the year ended June 30, 2012. Coverage limits and the deductibles on the policies have stayed relatively constant for the past few years.

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

	<u>2012</u>
Claims liabilities, July 1	\$ —
Incurred claims	1,744,730
Claims payments	<u>(1,537,225)</u>
Claims liabilities, June 30	<u>\$ 207,505</u>

**CITY OF WASILLA, ALASKA**

Notes to Basic Financial Statements

June 30, 2012

**(8) Commitments and Contingencies**

**(a) Commitments**

Encumbrances outstanding at year-end, including purchase orders, contracts and other commitments for the expenditure of moneys, are reported as assigned fund balances in the governmental funds. Outstanding encumbrances at June 30, 2012 were as follows:

Governmental funds:	
General fund	\$ 154,903
Miscellaneous capital project fund	169,441
Road capital project fund	1,207,268
Other nonmajor governmental funds	<u>74,704</u>
Total governmental funds	<u>1,606,316</u>
Proprietary funds:	
Water fund	22,874
Sewer fund	95,977
Airport fund	417,798
Curtis D. Menard Memorial Sports Center	<u>11,404</u>
Total proprietary funds	<u>548,053</u>
Total	<u>\$ 2,154,369</u>

**(b) Litigation**

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

**(c) Grants**

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



**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF WASILLA, ALASKA**

General Fund

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

Year ended June 30, 2012

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<b>Variance with final budget positive (negative)</b>
<b>Revenues:</b>				
Taxes	\$ 11,613,500	11,613,500	12,029,178	415,678
Licenses and permits	35,100	35,100	32,695	(2,405)
Fines, forfeitures, and penalties	150,000	174,000	252,101	78,101
Intergovernmental	1,049,487	1,312,131	2,136,769	824,638
Charges for services	1,538,261	1,706,094	1,721,924	15,830
Investment income	269,500	269,500	66,097	(203,403)
Other	12,950	20,042	50,006	29,964
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	14,668,798	15,130,367	16,288,770	1,158,403
<b>Expenditures:</b>				
Current:				
General government	3,022,268	3,095,540	2,790,919	(304,621)
Public safety	6,190,508	6,506,936	6,161,011	(345,925)
Public works	2,195,174	2,262,169	2,167,129	(95,040)
Culture and recreation	867,498	1,810,583	1,834,867	24,284
Nondepartmental	81,000	81,000	64,567	(16,433)
Debt service:				
Principal	295,000	295,000	295,000	—
Interest	124,844	124,844	124,844	—
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	12,776,292	14,176,072	13,438,337	(737,735)
Excess of revenues over expenditures	<hr/>	<hr/>	<hr/>	<hr/>
	1,892,506	954,295	2,850,433	1,896,138
<b>Other financing sources (uses):</b>				
Proceeds from sale of assets	10,000	10,000	55,881	45,881
Transfers in	1,000	16,000	15,079	(921)
Transfers out	(1,881,905)	(1,199,005)	(1,199,005)	—
	<hr/>	<hr/>	<hr/>	<hr/>
Net other financing sources (uses), net	(1,870,905)	(1,173,005)	(1,128,045)	44,960
Net change in fund balance	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 21,601	(218,710)	1,722,388	1,941,098
Beginning fund balance			<hr/>	
Ending fund balance			\$ 10,409,542	

See accompanying independent auditors' report.

**SUPPLEMENTARY INFORMATION**

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

## **GENERAL FUND**

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

**CITY OF WASILLA, ALASKA**  
 General Fund  
 Balance Sheet  
 June 30, 2012  
 (with comparative amounts for 2011)

<b>Assets</b>	<b>2012</b>	<b>2011</b>
Cash and investments	\$ 9,614,284	6,981,111
Receivables:		
Accounts	28,673	41,514
Sales taxes	1,114,342	1,077,776
Grants	61,402	52,249
Shared revenues	269,287	280,150
Special assessments	—	10,668
Total receivables	1,473,704	1,462,357
Prepaid items	118,443	78,953
Due from other funds	46,502	298,949
Restricted cash and investments	—	411,870
Total assets	\$ 11,252,933	9,233,240
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Accounts payable	\$ 119,736	160,243
Accrued payroll and employee benefits	477,894	323,440
Customer deposits	14,142	15,616
Health claims payable	207,505	—
Deferred revenue	24,114	46,787
Total liabilities	843,391	546,086
Fund balance:		
Nonspendable:		
Prepaid items	118,443	78,953
Committed to:		
Economic stabilization	2,502,183	1,001,579
Assigned to:		
Land bank	12,000	50,000
Compensated absences	472,937	—
Other purposes	154,903	262,990
Unassigned	7,149,076	7,293,632
Total fund balance	10,409,542	8,687,154
Total liabilities and fund balance	\$ 11,252,933	9,233,240

See accompanying independent auditors' report.

**CITY OF WASILLA, ALASKA**

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Year ended June 30, 2012  
(with comparative amounts for 2011)

	<u>2012</u>	<u>2011</u>
Revenues:		
Taxes	\$ 12,029,178	11,790,391
Licenses and permits	32,695	34,088
Fines, forfeitures, and penalties	252,101	204,043
Intergovernmental	2,136,769	1,675,163
Charges for services	1,721,924	1,579,824
Investment income	66,097	116,361
Other	50,006	53,922
	<u>16,288,770</u>	<u>15,453,792</u>
Total revenues		
Expenditures:		
General government:		
City clerk	408,663	385,415
City council	131,150	126,192
Administration	290,284	269,708
General administration services	709,237	615,690
Finance	1,040,651	893,830
Management information systems	210,934	231,014
	<u>2,790,919</u>	<u>2,521,849</u>
Total general government		
Public safety:		
Police	554,895	658,534
Multitask drug enforcement	138,997	140,759
General investigation	304,955	266,497
Police patrol	2,640,812	2,429,270
Bureau of highway patrol	—	34,651
COPS – school resource officer grant	145,017	121,815
Dispatch center	2,232,978	1,978,610
Code compliance	143,357	141,931
	<u>6,161,011</u>	<u>5,772,067</u>
Total public safety		

**CITY OF WASILLA, ALASKA**

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Year ended June 30, 2012  
(with comparative amounts for 2011)

	<u>2012</u>	<u>2011</u>
Public works:		
Administration	\$ 443,991	438,828
Road maintenance	1,071,734	946,549
Property maintenance	651,404	678,721
Total public works	<u>2,167,129</u>	<u>2,064,098</u>
Culture and recreation:		
Museum	173,066	175,125
Parks maintenance	622,562	530,041
Library	993,512	908,564
Recreation services	45,727	56,744
Total culture and recreation	<u>1,834,867</u>	<u>1,670,474</u>
Debt service:		
Principal	295,000	290,000
Interest	124,844	136,544
Total debt service	<u>419,844</u>	<u>426,544</u>
Nondepartmental	64,567	54,486
Total expenditures	<u>13,438,337</u>	<u>12,509,518</u>
Excess of revenues over expenditures	<u>2,850,433</u>	<u>2,944,274</u>
Other financing sources (uses):		
Proceeds from the sale of assets	55,881	4,279
Transfers in	15,079	332,503
Transfers out	(1,199,005)	(1,072,116)
Net other financing uses	<u>(1,128,045)</u>	<u>(735,334)</u>
Net change in fund balance	1,722,388	2,208,940
Beginning fund balance	8,687,154	6,478,214
Ending fund balance	\$ <u><u>10,409,542</u></u>	<u><u>8,687,154</u></u>

See accompanying independent auditors' report.



**CITY OF WASILLA, ALASKA**

General Fund

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

Year ended June 30, 2012  
(with comparative amounts for 2011)

	2012		Variance positive (negative)	2011
	Budget	Actual		Actual
Revenues:				
Taxes:				
Sales taxes, including penalty and interest	\$ 11,503,500	11,911,716	408,216	11,681,721
Property and vehicle taxes	110,000	117,462	7,462	108,670
Total taxes	<u>11,613,500</u>	<u>12,029,178</u>	<u>415,678</u>	<u>11,790,391</u>
Licenses and permits:				
City business licenses	25,000	22,800	(2,200)	23,128
Land use permits	8,500	8,250	(250)	9,350
Other licenses and permits	1,600	1,645	45	1,610
Total licenses and permits	<u>35,100</u>	<u>32,695</u>	<u>(2,405)</u>	<u>34,088</u>
Fines, forfeitures and penalties	<u>174,000</u>	<u>252,101</u>	<u>78,101</u>	<u>204,043</u>
Intergovernmental:				
Electric and telephone co-op tax	255,000	223,411	(31,589)	229,968
Public safety grants	457,107	388,122	(68,985)	354,337
Library grants	13,537	12,430	(1,107)	86,511
Alcoholic beverage tax	25,000	27,500	2,500	25,850
Aviation fuel tax revenue sharing	1,500	1,543	43	1,508
Matanuska-Susitna Borough – School resource officer	75,329	100,039	24,710	73,559
Matanuska-Susitna Borough – Block grant	—	72,089	72,089	—
Fisheries tax	100	19	(81)	25
State revenue sharing	482,558	647,091	164,533	459,348
State PERS relief	—	664,525	664,525	442,057
Urban forestry grant	2,000	—	(2,000)	2,000
Total intergovernmental	<u>1,312,131</u>	<u>2,136,769</u>	<u>824,638</u>	<u>1,675,163</u>
Charges for services				
Police dispatch services	1,472,194	1,485,928	13,734	1,359,864
Building rentals	204,600	210,281	5,681	191,256
Other charges for services	29,300	25,715	(3,585)	28,704
Total charges for services	<u>1,706,094</u>	<u>1,721,924</u>	<u>15,830</u>	<u>1,579,824</u>
Investment income	<u>269,500</u>	<u>66,097</u>	<u>(203,403)</u>	<u>116,361</u>
Other:				
Administration fee revenue	200	121	(79)	220
Special assessments	—	8,501	8,501	14,747
Donations	5,625	8,853	3,228	29,931
Miscellaneous	14,217	32,531	18,314	9,024
Total other	<u>20,042</u>	<u>50,006</u>	<u>29,964</u>	<u>53,922</u>
Total revenues	<u>15,130,367</u>	<u>16,288,770</u>	<u>1,158,403</u>	<u>15,453,792</u>
Expenditures:				
General government:				
City clerk:				
Salaries	186,914	187,506	(592)	172,574
Employee benefits	93,980	113,413	(19,433)	92,847
Professional and technical services	106,257	52,697	53,560	72,496
Property services	4,102	3,644	458	3,621
Other purchased services	55,028	49,114	5,914	39,181
Supplies	6,500	2,289	4,211	4,696
Total city clerk	<u>452,781</u>	<u>408,663</u>	<u>44,118</u>	<u>385,415</u>

**CITY OF WASILLA, ALASKA**

General Fund

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

Year ended June 30, 2012  
(with comparative amounts for 2011)

	2012		Variance positive (negative)	2011
	Budget	Actual		Actual
City council:				
Salaries	\$ 31,050	27,000	4,050	27,660
Employee benefits	5,982	6,159	(177)	5,075
Professional and technical services	134,677	73,919	60,758	61,051
Property services	4,500	2,568	1,932	2,410
Other purchased services	33,494	20,680	12,814	29,962
Supplies	3,000	824	2,176	34
Total city Council	212,703	131,150	81,553	126,192
Administration:				
Salaries	161,997	163,000	(1,003)	149,294
Employee benefits	89,392	106,991	(17,599)	94,679
Professional and technical services	26,000	6,090	19,910	10,263
Property services	1,902	1,901	1	1,401
Other purchased services	17,958	9,975	7,983	10,965
Supplies	4,800	2,327	2,473	3,106
Total administration	302,049	290,284	11,765	269,708
General administration services:				
Salaries	395,329	386,791	8,538	331,559
Employee benefits	195,443	212,137	(16,694)	158,096
Professional and technical services	134,802	60,143	74,659	81,549
Property services	9,030	7,624	1,406	4,681
Other purchased services	31,300	23,690	7,610	22,237
Supplies	21,204	18,852	2,352	17,568
Total general administration services	787,108	709,237	77,871	615,690
Finance:				
Salaries	593,260	553,372	39,888	516,258
Employee benefits	347,751	397,593	(49,842)	335,605
Professional and technical services	61,661	38,409	23,252	1,434
Property services	16,865	10,055	6,810	6,532
Other purchased services	49,475	33,377	16,098	30,237
Supplies	13,396	7,845	5,551	3,764
Total finance	1,082,408	1,040,651	41,757	893,830
Management information systems:				
Salaries	55,731	56,372	(641)	53,443
Employee benefits	26,615	33,138	(6,523)	28,074
Professional and technical services	47,030	36,688	10,342	58,188
Property services	80,427	45,140	35,287	51,247
Other purchased services	32,188	28,261	3,927	24,847
Supplies	16,500	11,335	5,165	15,215
Total management information systems	258,491	210,934	47,557	231,014
Total general government	3,095,540	2,790,919	304,621	2,521,849
Public safety:				
Police:				
Salaries	343,192	245,958	97,234	316,245
Employee benefits	186,509	120,146	66,363	169,132
Professional and technical services	151,927	59,790	92,137	39,349
Property services	35,767	30,944	4,823	30,236
Other purchased services	51,131	40,116	11,015	42,959
Supplies	72,877	57,941	14,936	60,613
Total police	841,403	554,895	286,508	658,534

**CITY OF WASILLA, ALASKA**

General Fund

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

Year ended June 30, 2012  
(with comparative amounts for 2011)

	2012		Variance positive (negative)	2011
	Budget	Actual		Actual
Multitask drug enforcement:				
Salaries	\$ 83,976	80,630	3,346	82,112
Employee benefits	43,964	49,486	(5,522)	44,390
Other purchased services	3,002	2,804	198	4,145
Supplies	7,611	6,077	1,534	10,112
Total multitask drug enforcement	138,553	138,997	(444)	140,759
General investigation:				
Salaries	176,686	177,446	(760)	151,874
Employee benefits	105,138	112,252	(7,114)	103,234
Professional and technical services	4,200	1,960	2,240	505
Property services	1,250	912	338	1,523
Other purchased services	12,308	7,277	5,031	4,311
Supplies	5,497	5,108	389	5,050
Total general investigation	305,079	304,955	124	266,497
Police patrol:				
Salaries	1,457,803	1,401,526	56,277	1,344,949
Employee benefits	757,420	899,991	(142,571)	776,805
Professional and technical services	10,441	10,697	(256)	20,668
Property services	46,100	43,081	3,019	34,900
Other purchased services	61,184	42,211	18,973	63,386
Supplies	348,726	205,944	142,782	188,562
Capital purchases	35,713	37,362	(1,649)	—
Total police patrol	2,717,387	2,640,812	76,575	2,429,270
Bureau of highway patrol grant:				
Salaries	—	—	—	23,379
Employee benefits	—	—	—	10,992
Supplies	—	—	—	280
Total bureau of highway patrol grant	—	—	—	34,651
School resource officer grant:				
Salaries	85,558	85,674	(116)	73,127
Employee benefits	43,664	53,036	(9,372)	41,002
Property services	250	77	173	10
Other purchased services	9,627	3,107	6,520	5,619
Supplies	3,391	3,123	268	2,057
Total school resource officer grant	142,490	145,017	(2,527)	121,815
Dispatch center:				
Salaries	1,280,904	1,224,258	56,646	1,112,837
Employee benefits	753,440	859,600	(106,160)	740,593
Professional and technical services	3,750	—	3,750	856
Property services	98,000	94,273	3,727	78,463
Other purchased services	43,281	30,776	12,505	36,622
Supplies	25,107	24,071	1,036	9,239
Total dispatch center	2,204,482	2,232,978	(28,496)	1,978,610
Code compliance:				
Salaries	86,960	81,148	5,812	85,126
Employee benefits	33,491	40,274	(6,783)	34,220
Property services	1,327	252	1,075	1,276
Other purchased services	27,321	15,677	11,644	14,679
Supplies	7,470	6,006	1,464	6,630
Capital purchases	973	—	973	—
Total code compliance	157,542	143,357	14,185	141,931
Total public safety	6,506,936	6,161,011	345,925	5,772,067

**CITY OF WASILLA, ALASKA**

General Fund

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

Year ended June 30, 2012  
(with comparative amounts for 2011)

	2012		Variance positive (negative)	2011
	Budget	Actual		Actual
Public works:				
Administration:				
Salaries	\$ 259,728	256,731	2,997	247,049
Employee benefits	145,532	163,567	(18,035)	156,473
Professional and technical services	5,000	835	4,165	2,378
Property services	15,900	7,116	8,784	15,800
Other purchased services	19,929	11,479	8,450	9,331
Supplies	13,233	4,263	8,970	1,897
Capital purchases	—	—	—	5,900
Total administration	459,322	443,991	15,331	438,828
Road maintenance:				
Salaries	312,026	306,616	5,410	272,880
Employee benefits	173,210	201,492	(28,282)	190,041
Property services	63,384	47,093	16,291	72,972
Other purchased services	244,049	236,947	7,102	176,337
Supplies	284,636	279,586	5,050	220,166
Capital purchases	5,000	—	5,000	14,153
Total road maintenance	1,082,305	1,071,734	10,571	946,549
Property maintenance:				
Salaries	175,530	154,742	20,788	164,661
Employee benefits	110,974	122,821	(11,847)	121,382
Professional and technical services	1,784	846	938	136
Property services	190,544	165,178	25,366	159,424
Other purchased services	70,259	53,087	17,172	62,087
Supplies	148,951	133,745	15,206	147,443
Other expenditures	22,500	20,985	1,515	23,588
Total property maintenance	720,542	651,404	69,138	678,721
Total public works	2,262,169	2,167,129	95,040	2,064,098
Culture and recreation:				
Museum:				
Salaries	89,361	74,555	14,806	74,264
Employee benefits	45,636	42,362	3,274	40,022
Professional and technical services	3,115	3,031	84	2,568
Property services	8,630	6,686	1,944	4,773
Other purchased services	30,534	24,540	5,994	33,260
Supplies	25,935	21,892	4,043	20,238
Total museum	203,211	173,066	30,145	175,125
Parks maintenance:				
Salaries	330,303	332,845	(2,542)	273,348
Employee benefits	132,834	154,595	(21,761)	116,985
Property services	29,302	27,356	1,946	30,664
Other purchased services	11,266	10,823	443	13,724
Supplies	99,249	96,943	2,306	82,045
Capital expenditures	—	—	—	13,275
Total parks maintenance	602,954	622,562	(19,608)	530,041
Library:				
Salaries	455,543	463,684	(8,141)	443,385
Employee benefits	267,581	321,967	(54,386)	277,210
Professional and technical services	9,438	8,606	832	33,750
Property services	37,547	40,059	(2,512)	22,020
Other purchased services	29,608	28,151	1,457	27,723
Supplies	130,692	127,430	3,262	103,791
Capital expenditures	3,616	3,615	1	685
Total library	934,025	993,512	(59,487)	908,564

**CITY OF WASILLA, ALASKA**

General Fund

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

Year ended June 30, 2012  
(with comparative amounts for 2011)

	<b>2012</b>		<b>Variance positive (negative)</b>	<b>2011</b>
	<b>Budget</b>	<b>Actual</b>		<b>Actual</b>
Recreation services:				
Salaries	\$ 35,026	33,071	1,955	31,292
Employee benefits	5,802	5,595	207	4,898
Other purchased services	26,315	5,923	20,392	18,280
Supplies	3,250	1,138	2,112	2,274
Total recreation services	70,393	45,727	24,666	56,744
Total culture and recreation	1,810,583	1,834,867	(24,284)	1,670,474
Debt service:				
Principal	295,000	295,000	—	290,000
Interest	124,844	124,844	—	136,544
Total debt service	419,844	419,844	—	426,544
Nondepartmental:				
Insurance deductible	54,623	46,000	8,623	37,854
Foreclosed tax payments	8,928	507	8,421	1,632
Other agreements	17,449	18,060	(611)	15,000
Total nondepartmental	81,000	64,567	16,433	54,486
Total expenditures	14,176,072	13,438,337	737,735	12,509,518
Excess of revenues over expenditures	954,295	2,850,433	1,896,138	2,944,274
Other financing sources (uses):				
Proceeds from the sale of assets	10,000	55,881	45,881	4,279
Transfers in	16,000	15,079	(921)	332,503
Transfers out	(1,199,005)	(1,199,005)	—	(1,072,116)
Net other financing sources (uses)	(1,173,005)	(1,128,045)	44,960	(735,334)
Net change in fund balance	\$ (218,710)	1,722,388	1,941,098	2,208,940
Beginning fund balance		8,687,154		6,478,214
Ending fund balance		\$ 10,409,542		8,687,154

See accompanying independent auditors' report.

**CITY OF WASILLA, ALASKA**

Nonmajor Governmental Funds

Combining Balance Sheet

June 30, 2012

<b>Assets</b>	<b>Special Revenue Funds</b>	<b>Capital Project Funds</b>	<b>Cemetery Permanent Fund</b>	<b>Total Nonmajor Governmental Funds</b>
Cash and investments	\$ 159,808	911,521	235,672	1,307,001
Receivables – grants	2,500	—	—	2,500
Prepaid items	14	12,845	—	12,859
Total assets	<u>\$ 162,322</u>	<u>924,366</u>	<u>235,672</u>	<u>1,322,360</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 141	18,908	—	19,049
Accrued payroll and employee benefits	9,859	—	—	9,859
Deferred revenue	96,137	—	—	96,137
Total liabilities	<u>106,137</u>	<u>18,908</u>	<u>—</u>	<u>125,045</u>
Fund balances:				
Nonspendable:				
Prepaid items	14	12,845	—	12,859
Permanent fund principal	—	—	235,672	235,672
Restricted to:				
Federal and state drug enforcement	13,146	—	—	13,146
Assigned to:				
Youth court	43,025	—	—	43,025
Vehicle replacement	—	454,913	—	454,913
Right-of-way acquisition	—	80,652	—	80,652
Technology replacement	—	357,048	—	357,048
Total fund balances	<u>56,185</u>	<u>905,458</u>	<u>235,672</u>	<u>1,197,315</u>
Total liabilities and fund balances	<u>\$ 162,322</u>	<u>924,366</u>	<u>235,672</u>	<u>1,322,360</u>

See accompanying independent auditors' report.

**CITY OF WASILLA, ALASKA**

Nonmajor Governmental Funds

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

Year ended June 30, 2012

	<b>Special Revenue Funds</b>	<b>Capital Project Funds</b>	<b>Cemetery Permanent Fund</b>	<b>Total Nonmajor Governmental Funds</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Revenues:				
Fines and charges	\$ 10,162	—	—	10,162
Intergovernmental	109,869	—	—	109,869
Investment income	51	399	79	529
Lot sales	—	—	12,950	12,950
Other	9,452	—	—	9,452
	<u>129,534</u>	<u>399</u>	<u>13,029</u>	<u>142,962</u>
Total revenues				
Expenditures:				
Public safety	161,932	—	—	161,932
Supplies	—	4,833	—	4,833
Debt service:				
Principal	—	30,197	—	30,197
Capital outlay	—	284,393	—	284,393
	<u>161,932</u>	<u>319,423</u>	<u>—</u>	<u>481,355</u>
Total expenditures				
Excess (deficit) of revenues over expenditures	(32,398)	(319,024)	13,029	(338,393)
Other financing sources (uses):				
Transfers in	40,505	211,500	—	252,005
Transfers out	—	—	(79)	(79)
	<u>40,505</u>	<u>211,500</u>	<u>(79)</u>	<u>251,926</u>
Net other financing sources (uses)				
Net change in fund balances	8,107	(107,524)	12,950	(86,467)
Beginning fund balances	48,078	1,012,982	222,722	1,283,782
Ending fund balances	\$ <u>56,185</u>	<u>905,458</u>	<u>235,672</u>	<u>1,197,315</u>

See accompanying independent auditors' report.

## **SPECIAL REVENUE FUNDS**

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

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

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



**CITY OF WASILLA, ALASKA**

Nonmajor Special Revenue Funds

Combining Balance Sheet

June 30, 2012

<b>Assets</b>	<b>Youth Court</b>	<b>Federal Asset Forfeiture</b>	<b>State Asset Forfeiture</b>	<b>Totals</b>
Cash and investments	\$ 54,234	67,383	38,191	159,808
Receivables – grants	2,500	—	—	2,500
Prepaid items	14	—	—	14
Total assets	\$ 56,748	67,383	38,191	162,322
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 141	—	—	141
Accrued payroll and employee benefits	9,859	—	—	9,859
Deferred revenue	3,709	64,515	27,913	96,137
Total liabilities	13,709	64,515	27,913	106,137
Fund balances:				
Nonspendable	14	—	—	14
Restricted	—	2,868	10,278	13,146
Assigned	43,025	—	—	43,025
Total fund balances	43,039	2,868	10,278	56,185
Total liabilities and fund balances	\$ 56,748	67,383	38,191	162,322

See accompanying independent auditors' report.

**CITY OF WASILLA, ALASKA**

Nonmajor Special Revenue Funds

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

Year ended June 30, 2012

	<u>Youth court</u>	<u>Federal Asset Forfeiture</u>	<u>State Asset Forfeiture</u>	<u>Totals</u>
Revenues:				
Fines and charges	10,162	—	—	10,162
Intergovernmental	\$ 109,869	—	—	109,869
Investment income	38	13	—	51
Other	9,452	—	—	9,452
Total revenues	<u>129,521</u>	<u>13</u>	<u>—</u>	<u>129,534</u>
Expenditures:				
Salaries	85,618	—	—	85,618
Employee benefits	70,221	—	—	70,221
Professional and technical services	340	—	—	340
Other purchased services	4,827	—	—	4,827
Supplies	926	—	—	926
Total expenditures	<u>161,932</u>	<u>—</u>	<u>—</u>	<u>161,932</u>
Excess (deficit) of revenues over expenditures	(32,411)	13	—	(32,398)
Other financing sources – transfers in	40,505	—	—	40,505
Net change in fund balances	8,094	13	—	8,107
Beginning fund balances	34,945	2,855	10,278	48,078
Ending fund balances	\$ <u>43,039</u>	<u>2,868</u>	<u>10,278</u>	<u>56,185</u>

See accompanying independent auditors' report.

**CITY OF WASILLA, ALASKA**

Youth Court Fund

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

Year ended June 30, 2012  
(with comparative amounts for 2011)

	2012		Variance positive (negative)	2011
	Budget	Actual		Actual
Revenues:				
Fines and charges	\$ 8,500	10,162	1,662	6,765
Intergovernmental	100,000	109,869	9,869	82,619
Investment income	—	38	38	192
Other	8,300	9,452	1,152	5,998
Total revenues	116,800	129,521	12,721	95,574
Expenditures – public safety:				
Salaries	85,819	85,618	201	87,917
Employee benefits	61,357	70,221	(8,864)	56,008
Professional and technical services	340	340	—	270
Other purchased services	8,620	4,827	3,793	3,682
Supplies	2,450	926	1,524	663
Total expenditures	158,586	161,932	(3,346)	148,540
Other financing sources – transfers in	40,505	40,505	—	—
Net change in fund balance	\$ (1,281)	8,094	9,375	(52,966)
Beginning fund balance		34,945		87,911
Ending fund balance		\$ 43,039		34,945

See accompanying independent auditors' report.

**CITY OF WASILLA, ALASKA**

Federal Asset Forfeiture Fund

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

Year ended June 30, 2012  
(with comparative amounts for 2011)

	2012		Variance positive (negative)	2011
	Budget	Actual		Actual
Revenues:				
Intergovernmental	\$ —	—	—	22,033
Investment income	—	13	13	64
Total revenues	—	13	13	22,097
Expenditures – capital outlay	—	—	—	22,033
Net change in fund balance	\$ —	13	13	64
Beginning fund balance		2,855		2,791
Ending fund balance		\$ 2,868		2,855

See accompanying independent auditors' report.

**CITY OF WASILLA, ALASKA**

State Asset Forfeiture Fund

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

Year ended June 30, 2012  
(with comparative amounts for 2011)

	2012		Variance positive (negative)	2011
	Budget	Actual		Actual
Revenues – intergovernmental	\$ —	—	—	—
Expenditures – public safety – supplies	—	—	—	—
Net change in fund balance	\$ —	—	—	—
Beginning fund balance		10,278		10,278
Ending fund balance		\$ 10,278		10,278

See accompanying independent auditors' report.

## **CAPITAL PROJECT FUNDS**

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

**CITY OF WASILLA, ALASKA**

Nonmajor Capital Project Funds

Combining Balance Sheet

June 30, 2012

<b>Assets</b>	<b>Vehicle replacement</b>	<b>Right- of-way acquisition</b>	<b>Technology replacement</b>	<b>Totals</b>
Cash and investments	\$ 471,305	80,652	359,564	911,521
Prepaid items	12,845	—	—	12,845
Total assets	<u>\$ 484,150</u>	<u>80,652</u>	<u>359,564</u>	<u>924,366</u>
<b>Liabilities and Fund Balances</b>				
Liabilities – accounts payable	\$ 16,392	—	2,516	18,908
	16,392	—	2,516	18,908
Fund balances:				
Nonspendable	12,845	—	—	12,845
Assigned	454,913	80,652	357,048	892,613
Total fund balances	<u>467,758</u>	<u>80,652</u>	<u>357,048</u>	<u>905,458</u>
Total liabilities and fund balances	<u>\$ 484,150</u>	<u>80,652</u>	<u>359,564</u>	<u>924,366</u>

See accompanying independent auditors' report.

**CITY OF WASILLA, ALASKA**

Nonmajor Capital Project Funds

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

Year ended June 30, 2012

	<u>Vehicle replacement</u>	<u>Right- of-way acquisition</u>	<u>Technology replacement</u>	<u>Totals</u>
Revenues:				
Investment income	\$ 242	28	129	399
Total revenues	<u>242</u>	<u>28</u>	<u>129</u>	<u>399</u>
Expenditures:				
Supplies	—	—	4,833	4,833
Debt service-principal	—	—	30,197	30,197
Capital outlay	284,393	—	—	284,393
	<u>284,393</u>	<u>—</u>	<u>35,030</u>	<u>319,423</u>
Excess (deficit) of revenues over expenditures	(284,151)	28	(34,901)	(319,024)
Other financing sources:				
Transfers in	85,000	—	126,500	211,500
Net other financing sources	<u>85,000</u>	<u>—</u>	<u>126,500</u>	<u>211,500</u>
Net change in fund balances	(199,151)	28	91,599	(107,524)
Beginning fund balances	666,909	80,624	265,449	1,012,982
Ending fund balances	\$ <u><u>467,758</u></u>	<u><u>80,652</u></u>	<u><u>357,048</u></u>	<u><u>905,458</u></u>

See accompanying independent auditors' report.



**CITY OF WASILLA, ALASKA**

Miscellaneous Capital Project Fund

Schedule of Expenditures by Project

Year ended June 30, 2012

Expenditures:	
Vehicle acquisitions	\$ 371,126
Townsite restoration	139,776
Land acquisition	87,107
Equipment and software replacement	59,945
Park improvements	39,177
Wasilla Big Lake trail	11,880
City Web site	8,957
	<hr/>
	\$ 717,968
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See accompanying independent auditors' report.

## **PERMANENT FUND**

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

**CITY OF WASILLA, ALASKA**

Cemetery Permanent Fund

Balance Sheet

June 30, 2012

(with comparative amounts for 2011)

	<b>Assets</b>	<b>2012</b>	<b>2011</b>
Cash and investments		\$ 235,672	222,722
Total assets		<u>235,672</u>	<u>222,722</u>
<b>Liabilities and Fund Balance</b>			
Fund balances:			
Nonspendable:			
Permanent fund principal		235,672	222,722
Total fund balances		<u>235,672</u>	<u>222,722</u>
Total liabilities and fund balances		\$ <u>235,672</u>	<u>222,722</u>

See accompanying independent auditors' report.

**CITY OF WASILLA, ALASKA**

Cemetery Permanent Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Year ended June 30, 2012  
(with comparative amounts for 2011)

	<u>2012</u>	<u>2011</u>
Revenues:		
Lot sales	\$ 12,950	12,400
Investment income	79	399
Total revenues	<u>13,029</u>	<u>12,799</u>
Other financing uses – transfers out	<u>(79)</u>	<u>(650)</u>
Net change in fund balance	12,950	12,149
Beginning fund balance	<u>222,722</u>	<u>210,573</u>
Ending fund balance	<u>\$ 235,672</u>	<u>222,722</u>

See accompanying independent auditors' report.

## **ENTERPRISE FUNDS**

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

**CITY OF WASILLA, ALASKA**

Water Utility Enterprise Fund

Statement of Net Assets

June 30, 2012

(with comparative amounts for 2011)

<b>Assets</b>	<b>2012</b>	<b>2011</b>
Current assets:		
Cash and investments	\$ 2,087,085	1,499,975
Receivables:		
Accounts	186,343	160,183
Allowance for doubtful accounts	(28,076)	(25,149)
Special assessments	50,862	49,778
Grants	—	137,950
Prepaid items	3,693	3,656
Inventories	27,744	57,643
Total current assets	<u>2,327,651</u>	<u>1,884,036</u>
Noncurrent assets:		
Property, plant, and equipment:		
Land	149,170	149,170
Collection/distribution system	20,721,407	20,721,406
Water tank and fence	6,847,577	6,847,577
Wells/well house	368,659	368,659
Equipment	311,233	311,233
Construction in progress	95,463	88,762
Total property, plant and equipment	<u>28,493,509</u>	<u>28,486,807</u>
Less accumulated depreciation	<u>(6,728,387)</u>	<u>(6,160,888)</u>
Net property, plant, and equipment	21,765,122	22,325,919
Deferred charges, net	<u>10,357</u>	<u>10,738</u>
Total noncurrent assets	<u>21,775,479</u>	<u>22,336,657</u>
Total assets	<u>\$ 24,103,130</u>	<u>24,220,693</u>

**CITY OF WASILLA, ALASKA**

Water Utility Enterprise Fund

Statement of Net Assets

June 30, 2012

(with comparative amounts for 2011)

<b>Liabilities and Net Assets</b>	<b>2012</b>	<b>2011</b>
Liabilities:		
Current liabilities:		
Accounts payable	\$ 16,687	21,085
Accrued payroll and employee benefits	19,013	11,498
Accrued annual and sick leave	20,717	20,470
Customer deposits	44,980	44,769
Accrued interest	15,784	16,088
Unearned revenue	16,365	15,765
Current portion of long-term debt	213,450	270,719
Total current liabilities	346,996	400,394
Long-term debt, net of current portion	2,266,895	2,480,345
Total liabilities	2,613,891	2,880,739
Net assets:		
Invested in capital assets, net of related debt	19,284,777	19,574,855
Unrestricted	2,204,462	1,765,099
Total net assets	21,489,239	21,339,954
Total liabilities and net assets	\$ 24,103,130	24,220,693

See accompanying independent auditors' report.

**CITY OF WASILLA, ALASKA**

Water Utility Enterprise Fund

Statement of Revenues, Expenses, and Changes in Fund Net Assets

Year ended June 30, 2012  
(with comparative amounts for 2011)

	<u>2012</u>	<u>2011</u>
Operating revenues:		
Sales and user charges	\$ 1,461,092	1,297,567
Water meters	15,590	14,503
Total operating revenues	<u>1,476,682</u>	<u>1,312,070</u>
Operating expenses:		
Salaries	246,919	242,944
Employee benefits	175,300	158,647
Professional and technical services	25,636	28,230
Repair and maintenance	73,716	68,262
Other purchased services	62,062	70,655
Supplies	172,706	157,782
Total operating expenses	<u>756,339</u>	<u>726,520</u>
Operating income before depreciation	720,343	585,550
Depreciation	<u>567,499</u>	<u>580,210</u>
Operating income	<u>152,844</u>	<u>5,340</u>
Nonoperating revenues (expenses):		
Payments in lieu of assessments	5,054	44,148
Interest	(40,464)	(40,673)
Other	5,438	—
Investment income	599	2,269
Debt service assessment	10,117	4,397
State PERS relief	23,496	19,946
Net nonoperating revenues	<u>4,240</u>	<u>30,087</u>
Income before transfers and contributions	157,084	35,427
Transfers in	—	96,241
Transfers out	(14,500)	(14,500)
Capital contributions	6,701	163,145
Change in net assets	149,285	280,313
Beginning net assets	<u>21,339,954</u>	<u>21,059,641</u>
Ending net assets	<u>\$ 21,489,239</u>	<u>21,339,954</u>

See accompanying independent auditors' report.



**CITY OF WASILLA, ALASKA**  
Water Utility Enterprise Fund  
Statement of Cash Flows  
Year ended June 30, 2012  
(with comparative amounts for 2011)

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Cash received from customers and users	\$ 1,451,333	1,300,764
Cash payments to suppliers for goods and services	(305,729)	(295,892)
Cash payments to employees for services	(390,961)	(399,910)
Net cash provided by operating activities	<u>754,643</u>	<u>604,962</u>
Cash flows from noncapital financing activities:		
Transfers out to other funds	(14,500)	(14,500)
Other nonoperating receipts	5,437	—
Net cash used for noncapital financing activities	<u>(9,063)</u>	<u>(14,500)</u>
Cash flows from capital and related financing activities:		
Principal paid on long-term debt	(270,719)	(241,269)
Interest paid on long-term debt	(40,387)	(43,369)
Payments in lieu of assessments received	9,018	44,148
Interest and penalties on assessments	5,069	4,397
Acquisition and construction of capital assets	(6,702)	(211,701)
Capital contributions received	144,652	449,973
Transfers in from other funds	—	96,241
Net cash provided by (used for) capital and related financing activities	<u>(159,069)</u>	<u>98,420</u>
Cash flows from investing activities – investment income received	599	2,269
Net increase in cash and cash equivalents	587,110	691,151
Beginning cash and cash equivalents	1,499,975	808,824
Ending cash and cash equivalents	<u>\$ 2,087,085</u>	<u>1,499,975</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 152,844	5,340
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	567,499	580,210
State of Alaska on-behalf payments – PERS relief	23,496	19,946
Changes in operating assets and liabilities that provided by (used for) cash:		
Accounts receivable and related allowance	(23,233)	(4,219)
Inventory	29,899	22,757
Prepaid expenses	(37)	—
Accounts payable	(4,398)	—
Accrued payroll and employee benefits	7,515	(11,966)
Accrued annual and sick leave	247	(6,299)
Customer deposits	211	(3,014)
Unearned revenue	600	2,207
Net cash provided by operating activities	<u>\$ 754,643</u>	<u>604,962</u>
Noncash noncapital financing activities –		
Special assessments receivable transferred from debt service fund	\$ —	65,510
State of Alaska on-behalf payments – PERS relief	23,496	19,946

See accompanying independent auditors' report.

**CITY OF WASILLA, ALASKA**

Sewer Utility Enterprise Fund

Statement of Net Assets

June 30, 2012

(with comparative amounts for 2011)

<b>Assets</b>	<b>2012</b>	<b>2011</b>
Current assets:		
Cash and investments	\$ 1,841,864	1,508,363
Receivables:		
Accounts	122,651	120,529
Allowance for doubtful accounts	(19,790)	(19,018)
Special assessments	11,269	12,388
Grants	—	2,716
Prepaid expenses	3,704	3,656
Inventory	34,335	102,003
Total current assets	<u>1,994,033</u>	<u>1,730,637</u>
Noncurrent assets:		
Property, plant, and equipment:		
Land	657,810	657,810
Building	143,456	143,456
Treatment system	8,096,550	8,096,550
Collection/distribution system	9,052,843	9,052,843
Equipment	5,177,989	5,148,432
Total property, plant, and equipment	<u>23,128,648</u>	<u>23,099,091</u>
Less accumulated depreciation	<u>(10,266,431)</u>	<u>(9,868,485)</u>
Net property, plant, and equipment	<u>12,862,217</u>	<u>13,230,606</u>
Total assets	<u>\$ 14,856,250</u>	<u>14,961,243</u>

**CITY OF WASILLA, ALASKA**

Sewer Utility Enterprise Fund

Statement of Net Assets

June 30, 2012

(with comparative amounts for 2011)

<b>Liabilities and Net Assets</b>	<b>2012</b>	<b>2011</b>
Liabilities:		
Current liabilities:		
Accounts payable	\$ 30,533	16,153
Accrued payroll and employee benefits	32,694	20,540
Accrued annual and sick leave	62,230	56,410
Customer deposits	5,898	5,898
Accrued interest	2,014	2,005
Current portion of long-term debt	17,247	17,247
Total current liabilities	150,616	118,253
Long-term debt, net of current portion	174,669	191,916
Total liabilities	325,285	310,169
Net assets:		
Invested in capital assets, net of related debt	12,670,301	13,021,443
Unrestricted	1,860,664	1,629,631
Total net assets	14,530,965	14,651,074
Total liabilities and net assets	\$ 14,856,250	14,961,243

See accompanying independent auditors' report.

**CITY OF WASILLA, ALASKA**

Sewer Utility Enterprise Fund

Statement of Revenues, Expenses, and Changes in Fund Net Assets

Year ended June 30, 2012  
(with comparative amounts for 2011)

	<u>2012</u>	<u>2011</u>
Operating revenues – sales and user charges	\$ 1,235,814	1,159,179
Operating expenses:		
Salaries	352,278	365,178
Employee benefits	269,134	249,469
Professional and technical services	7,514	6,006
Repair and maintenance	97,123	11,645
Other purchased services	50,189	60,479
Supplies	247,469	165,817
Total operating expenses	<u>1,023,707</u>	<u>858,594</u>
Operating income before depreciation	212,107	300,585
Depreciation	<u>397,946</u>	<u>392,962</u>
Operating loss	<u>(185,839)</u>	<u>(92,377)</u>
Nonoperating revenues (expenses):		
Payments in lieu of assessments	4,792	31,930
Interest	(3,146)	(3,231)
Other	5,436	—
Investment income	536	2,317
Debt service assessment	690	3,128
State PERS relief	44,365	29,061
Net nonoperating revenues	<u>52,673</u>	<u>63,205</u>
Loss before transfers and capital contributions	(133,166)	(29,172)
Transfers in	—	130,380
Transfers out	(16,500)	(16,500)
Capital contributions	<u>29,557</u>	<u>12,045</u>
Change in net assets	(120,109)	96,753
Beginning net assets	<u>14,651,074</u>	<u>14,554,321</u>
Ending net assets	<u>\$ 14,530,965</u>	<u>14,651,074</u>

See accompanying independent auditors' report.

**CITY OF WASILLA, ALASKA**  
Sewer Utility Enterprise Fund  
Statement of Cash Flows  
Year ended June 30, 2012  
(with comparative amounts for 2011)

	<b>2012</b>	<b>2011</b>
Cash flows from operating activities:		
Cash received from customers and users	\$ 1,233,692	1,160,721
Cash payments to suppliers for goods and services	(319,523)	(236,147)
Cash payments to employees for services	(559,073)	(589,170)
Net cash provided by operating activities	355,096	335,404
Cash flows from noncapital financing activities:		
Transfers out to other funds	(16,500)	(16,500)
Nonoperating grants received	2,716	—
Other nonoperating receipts	5,436	—
Net cash used for noncapital financing activities	(8,348)	(16,500)
Cash flows from capital and related financing activities:		
Principal paid on long-term debt	(17,247)	(17,247)
Interest paid on long-term debt	(3,137)	(3,396)
Special assessments received	1,718	3,877
Payments in lieu of assessments received	4,883	31,930
Acquisition and construction of capital assets	—	(27,495)
Transfers in from other funds	—	130,380
Net cash provided by (used for) capital and related financing activities	(13,783)	118,049
Cash flows from investing activities – investment income received	536	2,317
Net increase in cash and cash equivalents	333,501	439,270
Beginning cash and cash equivalents	1,508,363	1,069,093
Ending cash and cash equivalents	\$ 1,841,864	1,508,363
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$ (185,839)	(92,377)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	397,946	392,962
State of Alaska on-behalf payments – PERS relief	44,365	29,061
Changes in operating assets and liabilities that provided by (used for) cash:		
Accounts receivable and related allowance	(1,350)	2,604
Inventory	67,668	(3,275)
Prepaid expenses	(48)	—
Accounts payable	14,380	7,098
Accrued payroll and employee benefits	12,154	(9,581)
Accrued annual and sick leave	5,820	5,997
Customer deposits	—	2,915
Net cash provided by operating activities	\$ 355,096	335,404
Noncash noncapital financing and capital and related financing activities –		
Special assessments receivable transferred from debt service fund	\$ —	13,408
State of Alaska on-behalf payments – PERS relief	44,365	29,061
Equipment transfer from general government	29,557	—

See accompanying independent auditors' report.

**CITY OF WASILLA, ALASKA**  
Municipal Airport Enterprise Fund  
Statement of Net Assets  
Year ended June 30, 2012  
(with comparative amounts for 2011)

<b>Assets</b>	<b>2012</b>	<b>2011</b>
Current assets:		
Receivables:		
Accounts	\$ 478	913
Grants	785,528	735,463
Prepaid expenses	1,159	1,157
Total current assets	787,165	737,533
Noncurrent assets – property, plant, and equipment:		
Land	1,470,000	1,470,000
Land improvements	14,094,889	14,094,889
Buildings	993,282	993,282
Equipment	1,287,969	670,239
Construction in progress	2,646,419	1,545,080
Total property, plant, and equipment	20,492,559	18,773,490
Less accumulated depreciation	(6,959,829)	(6,201,879)
Net property, plant, and equipment	13,532,730	12,571,611
Total assets	\$ 14,319,895	13,309,144
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 518,313	281,768
Accrued payroll and employee benefits	1,763	1,118
Accrued annual and sick leave	9,070	9,026
Unearned revenue	8,930	10,396
Due to other funds	46,502	298,949
Total current liabilities	584,578	601,257
Net assets:		
Invested in capital assets	13,532,730	12,571,611
Unrestricted	202,587	136,276
Total net assets	13,735,317	12,707,887
Total liabilities and net assets	\$ 14,319,895	13,309,144

See accompanying independent auditors' report.

**CITY OF WASILLA, ALASKA**

Municipal Airport Enterprise Fund

Statement of Revenues, Expenses, and Changes in Fund Net Assets

Year ended June 30, 2012  
(with comparative amounts for 2011)

	<u>2012</u>	<u>2011</u>
Operating revenues – fees and rentals	\$ 65,849	64,082
Operating expenses:		
Salaries	28,556	27,192
Employee benefits	16,292	14,370
Professional and technical services	160	3,080
Repair and maintenance	19,349	19,942
Other purchased services	30,623	28,834
Supplies	43,507	30,033
Total operating expenses	<u>138,487</u>	<u>123,451</u>
Operating loss before depreciation	(72,638)	(59,369)
Depreciation	<u>757,950</u>	<u>676,668</u>
Operating loss	<u>(830,588)</u>	<u>(736,037)</u>
Nonoperating revenues (expenses):		
Interest	(61)	(560)
Other income (expenses)	4,135	130
State PERS relief	3,179	2,066
Plans and studies	(750,782)	(246,431)
Nonoperating grants	289,362	246,431
Net nonoperating revenues (expenses)	<u>(454,167)</u>	<u>1,636</u>
Loss before transfers and capital contributions	(1,284,755)	(734,401)
Transfers in	200,000	80,000
Transfers out	(15,500)	(500)
Capital contributions	<u>2,127,685</u>	<u>1,695,629</u>
Change in net assets	1,027,430	1,040,728
Beginning net assets	<u>12,707,887</u>	<u>11,667,159</u>
Ending net assets	<u>\$ 13,735,317</u>	<u>12,707,887</u>

See accompanying independent auditors' report.

**CITY OF WASILLA, ALASKA**  
Municipal Airport Enterprise Fund  
Statement of Cash Flows  
Year ended June 30, 2012  
(with comparative amounts for 2011)

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Cash received from customers and users	\$ 64,818	67,507
Cash payments to suppliers for goods and services	(93,641)	(81,889)
Cash payments to employees for services	(40,980)	(39,066)
Net cash used in operating activities	<u>(69,803)</u>	<u>(53,448)</u>
Cash flows from noncapital financing activities:		
Transfers in from other funds	200,000	80,000
Transfers out to other funds	(15,500)	(500)
Nonoperating grants received	289,362	(246,431)
Other nonoperating payments	(291,324)	246,431
Net cash provided by noncapital financing activities	<u>182,538</u>	<u>79,500</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(1,937,847)	(1,518,924)
Capital contributions received	2,077,620	1,532,587
Decrease in due to other funds	(252,447)	(39,155)
Interest paid on internal borrowing	(61)	(560)
Net cash used for capital and related financing activities	<u>(112,735)</u>	<u>(26,052)</u>
Net increase in cash and cash equivalents	—	—
Beginning cash and cash equivalents	—	—
Ending cash and cash equivalents	<u>\$ —</u>	<u>—</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (830,588)	(736,037)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	757,950	676,668
State of Alaska on-behalf payments – PERS relief	3,179	2,066
Changes in operating assets and liabilities that provided by (used for) cash:		
Accounts receivable	435	(427)
Prepaid expenses	(2)	—
Accrued payroll and employee benefits	645	(722)
Accrued annual and sick leave	44	1,152
Unearned revenue	(1,466)	3,852
Net cash used in operating activities	<u>\$ (69,803)</u>	<u>(53,448)</u>
Noncash noncapital financing and capital and related financing activities –		
Acquisition and construction of capital assets through accounts payable	\$ 236,545	127,722
State of Alaska on-behalf payments – PERS relief	3,179	2,066
Increase in capital grants receivable	50,065	—
Abandoned construction in progress	455,323	—

See accompanying independent auditors' report.



**CITY OF WASILLA, ALASKA**

Curtis D. Menard Memorial Sports Center Enterprise Fund

Statement of Net Assets

Year ended June 30, 2012  
(with comparative amounts for 2011)

<b>Assets</b>	<b>2012</b>	<b>2011</b>
Current assets:		
Cash and investments	\$ 1,163,627	1,243,486
Receivables:		
Grants	321	—
Accounts	26,376	25,803
Prepaid expenses	1,205	1,157
Total current assets	<u>1,191,529</u>	<u>1,270,446</u>
Noncurrent assets – property, plant and equipment		
Land	1,771,990	1,771,990
Buildings	16,765,740	16,765,740
Equipment	528,263	361,763
Total property, plant, and equipment	<u>19,065,993</u>	<u>18,899,493</u>
Less accumulated depreciation	<u>(2,879,184)</u>	<u>(2,400,004)</u>
Net property, plant, and equipment	<u>16,186,809</u>	<u>16,499,489</u>
Total noncurrent assets	<u>16,186,809</u>	<u>16,499,489</u>
Total assets	<u>\$ 17,378,338</u>	<u>17,769,935</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 10,519	6,636
Accrued payroll and employee benefits	33,336	21,587
Accrued annual and sick leave	18,060	16,825
Customer deposits	2,150	250
Unearned revenue	68,605	250
Total current liabilities	<u>132,670</u>	<u>45,548</u>
Net assets:		
Invested in capital assets	16,186,809	16,499,489
Unrestricted	1,058,859	1,224,898
Total net assets	<u>17,245,668</u>	<u>17,724,387</u>
Total liabilities and net assets	<u>\$ 17,378,338</u>	<u>17,769,935</u>

See accompanying independent auditors' report.

**CITY OF WASILLA, ALASKA**

Curtis D. Menard Memorial Sports Center Enterprise Fund

Statement of Revenues, Expenses, and Changes in Fund Net Assets

Year ended June 30, 2012

(with comparative amounts for 2011)

	<u>2012</u>	<u>2011</u>
Operating revenues – fees and rentals	\$ 585,634	544,627
Operating expenses:		
Salaries	417,070	376,820
Employee benefits	272,954	241,854
Professional and technical services	9,448	8,426
Repair and maintenance	59,739	77,159
Other purchased services	77,561	113,948
Supplies	268,850	223,045
Total operating expenses	<u>1,105,622</u>	<u>1,041,252</u>
Operating loss before depreciation	(519,988)	(496,625)
Depreciation	479,180	346,380
Operating loss	<u>(999,168)</u>	<u>(843,005)</u>
Nonoperating revenues (expenses):		
Interest	—	(103,739)
Investment income	3,439	(1,190)
Other	734	—
State PERS relief	35,455	23,089
Net nonoperating revenues (expenses)	<u>39,628</u>	<u>(81,840)</u>
Loss before transfers and capital contributions	(959,540)	(924,845)
Transfers in	400,000	678,616
Transfers out	(9,500)	(9,500)
Capital contributions	90,321	25,913
Change in net assets	<u>(478,719)</u>	<u>(229,816)</u>
Beginning net assets	<u>17,724,387</u>	<u>17,954,203</u>
Ending net assets	\$ <u><u>17,245,668</u></u>	<u><u>17,724,387</u></u>

See accompanying independent auditors' report.

**CITY OF WASILLA, ALASKA**

Curtis D. Menard Memorial Sports Center Enterprise Fund

Statement of Cash Flows

Year ended June 30, 2012

(with comparative amounts for 2011)

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Cash received from customers and users	\$ 655,316	535,760
Cash payments to suppliers for goods and services	(411,763)	(371,068)
Cash payments to employees for services	(641,585)	(603,279)
Net cash used in operating activities	<u>(398,032)</u>	<u>(438,587)</u>
Cash flows from noncapital financing activities:		
Transfers in	400,000	678,616
Transfers out	(9,500)	(9,500)
Other nonoperating receipts	734	—
Net cash provided by noncapital financing activities	<u>391,234</u>	<u>669,116</u>
Cash flows from capital and related financing activities:		
Principal paid on long-term debt	—	(1,985,000)
Interest paid on long-term debt	—	(143,920)
Acquisition and construction of capital assets	(166,500)	(29,990)
Capital contributions received	90,000	25,913
Sales tax revenue received	—	249,154
Net cash provided by (used for) capital and related financing activities	<u>(76,500)</u>	<u>(1,883,843)</u>
Cash flows from investing activities – investment income received	<u>3,439</u>	<u>1,491</u>
Net decrease in cash and investments	<u>(79,859)</u>	<u>(1,651,823)</u>
Beginning cash and investments	<u>1,243,486</u>	<u>2,895,309</u>
Ending cash and investments	\$ <u><u>1,163,627</u></u>	\$ <u><u>1,243,486</u></u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (999,168)	(843,005)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	479,180	346,380
State of Alaska on-behalf payments – PERS relief	35,455	23,089
Changes in operating assets and liabilities that provided by (used for) cash:		
Accounts receivable	(573)	(7,967)
Prepaid expenses	(48)	54,395
Accounts payable	3,883	(2,885)
Accrued payroll and employee benefits	11,749	(6,550)
Accrued annual and sick leave	1,235	(1,144)
Customer deposits	1,900	(500)
Unearned revenue	68,355	(400)
Net cash used in operating activities	\$ <u><u>(398,032)</u></u>	\$ <u><u>(438,587)</u></u>
Noncash noncapital financing activities –		
State of Alaska on-behalf payments – PERS relief	\$ 35,455	23,089

See accompanying independent auditors' report.

## **STATISTICAL SECTION**

## CITY OF WASILLA, ALASKA

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

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

**Table 1**

**CITY OF WASILLA, ALASKA**

Net Assets by Component

Last Nine Fiscal Years

(Accrual Basis of Accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental activities:									
Invested in capital assets, net of related debt	\$ 17,095,906	20,799,331	23,130,317	24,224,874	25,066,933	24,398,858	26,352,274	27,061,059	27,866,382
Restricted	—	—	—	—	—	—	210,573	222,722	248,818
Unrestricted	<u>8,363,327</u>	<u>8,582,004</u>	<u>8,728,564</u>	<u>8,892,421</u>	<u>8,643,361</u>	<u>9,971,248</u>	<u>9,178,588</u>	<u>10,583,663</u>	<u>11,650,704</u>
Total governmental activities net assets	<u>25,459,233</u>	<u>29,381,335</u>	<u>31,858,881</u>	<u>33,117,295</u>	<u>33,710,294</u>	<u>34,370,106</u>	<u>35,741,435</u>	<u>37,867,444</u>	<u>39,765,904</u>
Business-type activities:									
Invested in capital assets, net of related debt	33,769,762	37,833,931	40,517,807	47,010,053	50,098,545	58,196,431	59,488,483	61,667,398	61,674,617
Restricted	551,244	1,010,688	1,549,126	2,178,513	2,914,497	1,477,737	2,071,844	—	—
Unrestricted	<u>3,264,705</u>	<u>3,253,754</u>	<u>3,150,604</u>	<u>2,196,833</u>	<u>2,946,178</u>	<u>2,711,915</u>	<u>3,674,997</u>	<u>4,775,904</u>	<u>5,326,572</u>
Total business-type activities net assets	<u>37,585,711</u>	<u>42,098,373</u>	<u>45,217,537</u>	<u>51,385,399</u>	<u>55,959,220</u>	<u>62,386,083</u>	<u>65,235,324</u>	<u>66,443,302</u>	<u>67,001,189</u>
Total activities:									
Invested in capital assets, net of related debt	50,865,668	58,633,262	63,648,124	71,234,927	75,165,478	82,595,289	85,840,757	88,728,457	89,540,999
Restricted	551,244	1,010,688	1,549,126	2,178,513	2,914,497	1,477,737	2,282,417	222,722	248,818
Unrestricted	<u>11,628,032</u>	<u>11,835,758</u>	<u>11,879,168</u>	<u>11,089,254</u>	<u>11,589,539</u>	<u>12,683,163</u>	<u>12,853,585</u>	<u>15,339,567</u>	<u>16,977,276</u>
Total net assets	<u>\$ 63,044,944</u>	<u>71,479,708</u>	<u>77,076,418</u>	<u>84,502,694</u>	<u>89,669,514</u>	<u>96,756,189</u>	<u>100,976,759</u>	<u>104,290,746</u>	<u>106,767,093</u>

Note: Data for years prior to GASB Statement No. 34 implementation is unavailable. Therefore, only nine years of data is presented.

See accompanying independent auditors' report.

Table 2

## CITY OF WASILLA, ALASKA

## Changes in Net Assets

## Last Nine Fiscal Years

## (Accrual Basis of Accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses:									
Governmental activities:									
General government	\$ 1,794,203	2,050,929	2,053,904	2,631,085	2,818,033	2,808,593	2,949,299	2,678,667	2,994,569
Public safety	2,592,610	3,692,121	4,483,195	5,142,112	5,761,075	6,290,577	6,469,113	6,585,810	6,920,691
Public works	2,028,541	2,254,234	2,746,502	2,682,130	2,925,326	3,609,023	3,473,727	3,949,216	3,852,249
Cultural and recreation	1,245,813	1,314,516	1,387,867	1,529,659	1,621,844	1,846,153	1,908,613	1,734,297	1,907,136
Interest on long-term debt	230,014	239,298	232,958	154,562	186,416	162,172	169,873	113,014	125,108
Total governmental activities expenses	7,891,181	9,551,098	10,904,426	12,139,548	13,312,694	14,716,518	14,970,625	15,061,004	15,799,753
Business-type activities:									
Water utility	746,930	946,892	948,453	1,087,748	1,096,799	1,160,186	1,354,805	1,347,403	1,364,302
Sewer utility	890,619	967,021	986,383	1,075,369	1,043,618	1,398,732	1,248,782	1,254,787	1,424,799
Municipal airport	404,940	434,727	456,878	490,437	481,477	819,103	1,081,269	1,046,550	1,647,280
Curtis D. Menard Memorial Sports Center	382,024	1,613,148	1,613,022	1,659,328	2,162,833	1,717,698	1,622,562	1,491,371	1,584,802
Total business-type activities expenses	2,424,513	3,961,788	4,004,736	4,312,882	4,784,727	5,095,719	5,307,418	5,140,111	6,021,183
Total expenses	10,315,694	13,512,886	14,909,162	16,452,430	18,097,421	19,812,237	20,278,043	20,201,115	21,820,936
Program revenues:									
Governmental activities:									
Fees, fines, and charges for services:									
General government	46,632	84,850	52,967	34,274	36,778	36,509	38,397	33,588	32,842
Public safety	66,492	1,165,503	1,394,672	1,557,226	1,697,437	1,583,265	1,564,989	1,544,398	1,722,970
Public works	35,400	554,450	100	—	19,145	328	141,022	191,833	210,329
Cultural and recreation	26,240	396,564	416,794	12,776	338,462	62,522	76,145	54,340	63,691
Operating grants and contributions	787,076	364,245	293,038	747,346	513,374	970,880	901,746	633,479	691,402
Capital grants and contributions	2,704,812	2,835,696	2,053,199	730,639	1,382,910	323,666	1,724,791	2,650,118	1,779,393
Total governmental activities program revenues	3,666,652	5,401,308	4,210,770	3,082,261	3,988,106	2,977,170	4,447,090	5,107,756	4,500,627
Business-type activities:									
Water utility	688,170	743,673	764,216	769,376	793,491	818,318	1,148,297	1,312,070	1,476,682
Sewer utility	642,068	642,553	656,759	673,985	678,897	694,702	1,024,400	1,159,179	1,235,814
Municipal airport	44,180	56,047	66,225	67,902	70,293	58,178	67,221	64,082	65,849
Curtis D. Menard Memorial Sports Center	63,599	576,555	642,091	728,117	688,958	698,333	735,723	544,627	585,634
Operating grants and contributions	—	—	—	—	—	—	216,869	320,593	395,857
Capital grants and contributions	1,819,216	3,196,010	1,906,555	4,828,574	2,599,391	5,426,008	1,231,514	1,893,891	2,254,264
Total business-type activities program revenues	3,257,233	5,214,838	4,035,846	7,067,954	4,831,030	7,695,539	4,424,024	5,294,442	6,014,100
Total primary government program revenues	6,923,885	10,616,146	8,246,616	10,150,215	8,819,136	10,672,709	8,871,114	10,402,198	10,514,727
Net (expenses) revenue:									
Governmental activities	(4,224,529)	(4,149,790)	(6,693,656)	(9,057,287)	(9,324,588)	(11,739,348)	(10,523,535)	(9,953,248)	(11,299,126)
Business-type activities	832,720	1,253,050	31,110	2,755,072	46,303	2,599,820	(883,394)	154,331	(7,083)
Total primary government net expenses	(3,391,809)	(2,896,740)	(6,662,546)	(6,302,215)	(9,278,285)	(9,139,528)	(11,406,929)	(9,798,917)	(11,306,209)



Table 2

## CITY OF WASILLA, ALASKA

## Changes in Net Assets

## Last Nine Fiscal Years

(Accrual Basis of Accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012
General revenues and other changes in net assets:									
Governmental activities:									
Sales taxes	\$ 7,659,612	8,346,749	8,976,284	9,658,193	10,386,206	11,070,859	11,185,917	11,681,721	11,911,716
Property taxes	235,621	179,547	194,627	2,722	300	289	92	—	2
Vehicle taxes	95,145	100,725	91,630	96,190	101,620	105,419	107,640	108,670	117,460
Grants and entitlements not restricted to a specific purpose	333,124	226,516	376,984	773,246	654,011	1,359,374	1,220,956	1,158,757	1,564,089
Investment earnings	76,293	176,928	181,753	457,286	507,334	373,798	235,941	121,725	67,015
Other	123,614	121,429	25,213	90,005	23,105	13,654	57,143	31,540	81,304
Transfers	(1,108,823)	(1,080,002)	(675,289)	(761,941)	(1,754,989)	(845,500)	(912,825)	(1,023,156)	(544,000)
Extraordinary item – NPO/OPEB elimination	—	—	—	—	—	321,267	—	—	—
Total governmental activities	<u>7,414,586</u>	<u>8,071,892</u>	<u>9,171,202</u>	<u>10,315,701</u>	<u>9,917,587</u>	<u>12,399,160</u>	<u>11,894,864</u>	<u>12,079,257</u>	<u>13,197,586</u>
Business-type activities:									
Taxes	1,880,477	2,087,056	2,244,071	2,414,673	2,597,929	2,776,152	2,813,929	—	—
Grants and entitlements not restricted to a specific purpose	—	—	25,628	28,037	—	100,518	—	—	—
Investment earnings	10,773	65,450	143,066	205,401	165,956	36,052	5,881	2,836	4,574
Other	35,930	27,104	—	2,738	8,644	2,518	—	7,655	36,396
Transfers	1,108,823	1,080,002	675,289	761,941	1,754,989	845,500	912,825	1,023,156	544,000
Extraordinary item – NPO/OPEB elimination	—	—	—	—	—	66,303	—	—	—
Total business-type activities	<u>3,036,003</u>	<u>3,259,612</u>	<u>3,088,054</u>	<u>3,412,790</u>	<u>4,527,518</u>	<u>3,827,043</u>	<u>3,732,635</u>	<u>1,033,647</u>	<u>584,970</u>
Total primary government	<u>10,450,589</u>	<u>11,331,504</u>	<u>12,259,256</u>	<u>13,728,491</u>	<u>14,445,105</u>	<u>16,226,203</u>	<u>15,627,499</u>	<u>13,112,904</u>	<u>13,782,556</u>
Changes in net assets:									
Governmental activities	3,190,057	3,922,102	2,477,546	1,258,414	592,999	659,812	1,371,329	2,126,009	1,898,460
Business-type activities	3,868,723	4,512,662	3,119,164	6,167,862	4,573,821	6,426,863	2,849,241	1,187,978	577,887
Total primary government	<u>\$ 7,058,780</u>	<u>8,434,764</u>	<u>5,596,710</u>	<u>7,426,276</u>	<u>5,166,820</u>	<u>7,086,675</u>	<u>4,220,570</u>	<u>3,313,987</u>	<u>2,476,347</u>

Note: Data for years prior to GASB Statement No. 34 implementation is unavailable. Therefore, only nine years of data is presented.

See accompanying independent auditors' report.

Table 3

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General fund:										
Nonspendable	\$ 60,759	28,732	16,899	65,286	65,057	67,600	70,125	74,596	78,953	118,443
Committed	—	864,359	—	386,276	—	259,046	1,332,106	—	1,001,579	2,502,183
Assigned	175,681	155,266	147,854	192,093	94,967	37,110	92,771	129,694	312,990	639,840
Unassigned	4,562,994	4,494,564	5,424,551	5,217,815	6,007,895	5,666,711	5,639,118	6,273,841	7,293,632	7,149,076
Total general fund	\$ <u>4,799,434</u>	<u>5,542,921</u>	<u>5,589,304</u>	<u>5,861,470</u>	<u>6,167,919</u>	<u>6,030,467</u>	<u>7,134,120</u>	<u>6,478,131</u>	<u>8,687,154</u>	<u>10,409,542</u>
All other governmental funds:										
Nonspendable:										
Permanent fund	\$ 128,905	145,705	164,505	175,705	187,105	201,501	204,055	210,573	222,722	235,672
Special revenue funds	—	—	—	—	138	—	—	—	—	14
Capital projects funds	—	—	—	—	7,125	—	—	—	—	12,845
Restricted for:										
Debt service funds	557,662	418,677	289,311	355,381	339,156	323,689	306,327	227,968	—	—
Special revenue funds	—	—	—	—	—	—	—	—	—	13,146
Assigned to:										
Special revenue funds	201,670	62,648	334,834	396,505	142,020	162,662	176,949	302,982	48,078	43,025
Debt service funds	332,400	357,001	365,588	382,730	423,639	429,865	373,904	354,460	—	—
Capital projects funds	1,962,793	1,558,916	1,913,326	2,004,431	2,189,860	2,129,129	2,140,726	2,190,737	2,278,206	1,640,295
Total all other governmental funds	\$ <u>3,183,430</u>	<u>2,542,947</u>	<u>3,067,564</u>	<u>3,314,752</u>	<u>3,289,043</u>	<u>3,246,846</u>	<u>3,201,961</u>	<u>3,286,720</u>	<u>2,549,006</u>	<u>1,944,997</u>

See accompanying independent auditors' report.

Table 4

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues:</b>										
Sales taxes	\$ 7,135,583	7,659,612	8,346,749	8,976,284	9,658,193	10,386,206	11,070,858	11,185,917	11,681,721	11,911,716
Property and vehicle taxes	273,619	330,766	280,272	286,257	98,912	101,920	105,709	107,732	108,670	117,462
Intergovernmental	1,403,622	3,827,307	4,444,364	3,016,976	2,320,519	2,998,131	2,629,049	3,876,409	2,702,239	3,664,535
Investment earnings	258,862	76,294	176,928	181,753	457,286	507,334	373,798	235,941	121,725	67,015
Other revenues	673,972	593,593	1,474,404	1,751,403	1,719,860	1,710,709	1,758,514	1,870,786	1,897,065	2,089,290
<b>Total revenues</b>	<b>9,745,658</b>	<b>12,487,572</b>	<b>14,722,717</b>	<b>14,212,673</b>	<b>14,254,770</b>	<b>15,704,300</b>	<b>15,937,928</b>	<b>17,276,785</b>	<b>16,511,420</b>	<b>17,850,018</b>
<b>Expenditures:</b>										
<b>Current:</b>										
General government	1,845,071	1,706,023	1,815,628	1,880,357	2,395,634	2,648,361	2,667,010	2,672,437	2,554,172	2,790,919
Public safety	1,990,275	2,212,835	3,286,366	3,950,162	4,622,369	5,092,492	5,726,540	5,619,041	5,772,067	6,161,011
Public works	1,289,360	1,328,883	1,611,765	1,905,214	1,871,951	1,947,844	2,145,522	2,163,887	2,064,098	2,171,962
Culture and recreation	1,063,385	1,161,330	1,266,452	1,319,595	1,436,864	1,542,290	1,728,673	1,681,948	1,670,474	1,834,867
Nondepartmental	54,204	66,154	66,590	32,987	30,528	24,346	22,500	102,000	54,486	64,567
Youth court	145,368	153,312	141,012	134,999	150,649	134,933	152,415	146,501	148,540	161,932
Capital outlay	2,153,900	3,998,267	4,112,880	3,232,681	2,193,371	2,235,245	1,102,536	4,087,063	1,349,794	2,608,221
<b>Debt service:</b>										
Principal	358,892	585,650	507,557	326,264	329,196	315,573	317,210	400,080	349,659	325,197
Interest	299,770	295,772	263,465	235,771	186,483	187,876	171,254	158,780	136,863	124,844
Other debt service costs	—	—	—	—	40,632	—	—	—	—	—
<b>Total expenditures</b>	<b>9,200,225</b>	<b>11,508,226</b>	<b>13,071,715</b>	<b>13,018,030</b>	<b>13,257,677</b>	<b>14,128,960</b>	<b>14,033,660</b>	<b>17,031,737</b>	<b>14,100,153</b>	<b>16,243,520</b>
<b>Excess of revenues over expenditures</b>	<b>545,433</b>	<b>979,346</b>	<b>1,651,002</b>	<b>1,194,643</b>	<b>997,093</b>	<b>1,575,340</b>	<b>1,904,268</b>	<b>245,048</b>	<b>2,411,267</b>	<b>1,606,498</b>
<b>Other financing sources (uses):</b>										
Bond proceeds	346,028	—	—	—	45,588	—	—	—	—	—
Proceeds from sale of assets	—	—	—	—	—	—	—	8,035	4,279	55,881
Transfers in	3,268,557	1,628,868	2,710,880	2,940,076	2,430,840	1,754,246	2,234,437	5,275,203	728,932	655,084
Transfers out	(3,339,061)	(2,737,691)	(3,790,882)	(3,615,365)	(3,192,781)	(3,509,235)	(3,079,937)	(6,188,028)	(1,673,169)	(1,199,084)
Proceeds from capital lease	—	—	—	—	—	—	—	88,512	—	—
Cumulative effect of a change in accounting principle	—	232,481	—	—	—	—	—	—	—	—
<b>Net other financing sources (uses)</b>	<b>275,524</b>	<b>(876,342)</b>	<b>(1,080,002)</b>	<b>(675,289)</b>	<b>(716,353)</b>	<b>(1,754,989)</b>	<b>(845,500)</b>	<b>(816,278)</b>	<b>(939,958)</b>	<b>(488,119)</b>
<b>Net change in fund balances</b>	<b>\$ 820,957</b>	<b>103,004</b>	<b>571,000</b>	<b>519,354</b>	<b>280,740</b>	<b>(179,649)</b>	<b>1,058,768</b>	<b>(571,230)</b>	<b>1,471,309</b>	<b>1,118,379</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>9.35%</b>	<b>11.74%</b>	<b>8.61%</b>	<b>5.74%</b>	<b>5.03%</b>	<b>4.23%</b>	<b>3.6%</b>	<b>4.09%</b>	<b>2.57%</b>	<b>3.17%</b>
<b>Total noncapital expenditures</b>	<b>\$ 7,046,325</b>	<b>7,509,959</b>	<b>8,958,835</b>	<b>9,785,349</b>	<b>11,064,306</b>	<b>11,893,715</b>	<b>13,555,405</b>	<b>13,652,773</b>	<b>13,609,341</b>	<b>14,211,961</b>

See accompanying independent auditors' report.

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

## Governmental Activities Tax Revenues by Source

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	<u>Total taxes</u>	<u>Property taxes</u>	<u>Sales taxes</u>	<u>Vehicle taxes</u>
Fiscal year ended June 30:				
2003	\$ 7,411,598	193,980	7,135,583	82,035
2004	7,990,378	235,621	7,659,612	95,145
2005	8,627,021	179,547	8,346,749	100,725
2006	9,262,541	194,627	8,976,284	91,630
2007	9,757,105	2,722	9,658,193	96,190
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

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

See accompanying independent auditors' report.

Table 6

## CITY OF WASILLA, ALASKA

## General Government Sales Tax Revenue By Category

June 30, 2012

Category	Total sales tax revenue	Percentage of total
Trade retail and wholesale	\$ 8,954,046	75.17%
Entertainment, recreation, and food service	1,287,658	10.81
Utilities and information	693,262	5.82
Real estate, rental, leasing, and transportation	172,720	1.45
Manufacturing (primarily construction related)	90,529	0.76
All other services	713,501	5.99
	\$ 11,911,716	100.00%

- (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.

See accompanying independent auditors' report.

Table 7

CITY OF WASILLA, ALASKA

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

	<u>Real</u>	<u>Total assessed value net of exemptions</u>	<u>Total direct tax rate</u>	<u>Estimated actual value</u>	<u>Assessed value as a percentage of actual value</u>
Fiscal year ended June 30:					
2003	\$ 408,866,900	387,961,600	13.20%	\$ 395,409,800	98.00%
2004	445,441,100	418,986,300	12.89	431,953,800	97.00
2005	530,369,900	500,749,673	13.70	565,833,000	89.00
2006	681,562,200	649,749,673	12.68	843,508,500	77.00
2007	818,127,000	788,757,000	11.06	879,854,800	90.00
2008	883,096,000	845,977,500	11.10	922,533,500	92.00
2009	904,686,770	854,448,324	11.89	912,805,200	94.00
2010	929,324,350	879,403,919	11.70	951,043,600	92.00
2011	926,268,940	875,447,170	11.79	956,288,200	92.00
2012	946,059,121	921,197,041	11.97	1,002,502,500	92.00

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

See accompanying independent auditors' report.

**Table 8**

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

	<b>(1)</b>	<b>(2)</b>	<b>Property tax</b>			
	<b>Sales tax</b>		<b>Mat-Su Borough</b>	<b>Wasilla Fire Service Area</b>	<b>City of Wasilla</b>	<b>Total</b>
Fiscal year ended June 30:						
2003	2.50%	11.70%	1.00%	0.50%	13.20%	
2004	2.50	11.48	1.00	0.50	12.98	
2005	2.50	11.80	1.50	0.40	13.70	
2006	2.50	10.88	1.50	0.30	12.68	
2007	2.50	9.64	1.42	—	11.06	
2008	2.50	9.64	1.46	—	11.10	
2009	2.50	10.33	1.56	—	11.89	
2010	2.00	9.98	1.72	—	11.70	
2011	2.00	9.96	1.83	—	11.79	
2012	2.00	10.05	1.92	—	11.97	

Source: Matanuska-Susitna Borough

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

See accompanying independent auditors’ report.

Table 9

CITY OF WASILLA, ALASKA

Principal Property Taxpayers

June 30, 2012 and 2003

Taxpayer	Nature of business	2012			2003		
		(1) Taxable assessed value	Rank	Percentage of total taxable assessed value	(1) Taxable assessed value	Rank	Percentage of total taxable assessed value
Wal-Mart Stores Inc.	Retail Store	\$ 19,833,600	1	2.10%	\$ 15,422,372	2	3.77%
DBC LLC	Property Development and Retail Mall	19,354,900	2	2.05	11,560,700	3	2.83
Fred Meyer Stores	Retail Store	18,838,400	3	1.99	22,088,372	1	5.40
Lowe's HIW Inc.	Retail Store	15,191,700	4	1.61			
Southcentral Foundation	Medical Center	13,580,200	5	1.44			
Gary Lundgren	Individual	13,479,300	6	1.42			
BDC Wasilla LP	Real Estate Rental and Leasing	13,200,500	7	1.40			
Wasilla LLC	Property Development and Retail Mall	12,864,700	8	1.36	8,571,900	4	2.10
Mat-Su Valley Medical Center	Medical Facilities	11,003,900	9	1.16			
Global Finance & Investment Co.	Real Estate Rental and Leasing	10,951,400	10	1.16	3,038,000	10	0.74
Karabelnikoff/Newcomb TRE	Family Trust				5,644,000	5	1.38
Pedersen Floyd/Creekside	Property Development and Retail Mall				5,078,700	6	1.24
Seagull Energy Corp	Natural Gas Transmission Lines				3,904,500	8	0.95
Valley Hospital Association Inc.	Medical Center				4,264,900	7	1.04
NYE Frontier Ford	Automobile Dealership				3,551,900	9	0.87
Total		\$ 148,298,600		15.69%	\$ 83,125,344		20.32%

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

See accompanying independent auditors' report.



**Table 10**

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

		<b>(2)</b>	<b>(1)</b>	<b>Percentage</b>		<b>Amount of</b>	<b>Amount of</b>
		<b>City levy</b>	<b>Amount</b>	<b>of levy</b>		<b>levy</b>	<b>levy</b>
			<b>collected</b>	<b>of levy</b>		<b>uncollected</b>	<b>uncollected as</b>
							<b>percentage of</b>
							<b>total taxes</b>
Fiscal year							
ended June 30:							
2003	\$	193,980	193,980	100.00%	\$	—	—%
2004		207,000	235,621	113.83		(28,621)	(13.83)
2005		200,299	179,547	89.64		20,752	10.36
2006		194,924	194,627	99.85		297	0.15
2007		—	2,722	—		(2,722)	—
2008		—	300	—		(300)	—
2009		—	289	—		(289)	—
2010		—	92	—		(92)	—
2011		—	—	—		—	—
2012		—	2	—		(2)	—

- (1) The Matanuska-Susitna Borough administers the assessment, collection, and foreclosure regarding property taxes for the City of Wasilla. Collected amounts are periodically forwarded to the City but do not include detail as to the year levied.
- (2) Property taxes were reduced to 0.00 Mills effective July 1, 2006 and have remained at this rate.

See accompanying independent auditors' report.

**Table 11**

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

	Governmental activities			Business-type activities			Total general obligation bonds	Percentage of personal income (1)	Percentage of assessed value (2)	Per capita (1)
	General obligation bonds	Retired principal	Total	General obligation bonds	Retired principal	Total				
Fiscal year ended June 30:										
2003	\$ 4,970,000	195,000	4,775,000	14,700,000	840,000	13,860,000	18,635,000	0.16%	4.80%	\$ 2,671
2004	4,775,000	205,000	4,570,000	13,860,000	1,020,000	12,840,000	17,410,000	0.17	4.16	2,283
2005	4,570,000	215,000	4,355,000	12,840,000	1,125,000	11,715,000	16,070,000	0.20	3.21	1,925
2006	4,355,000	225,000	4,130,000	11,715,000	1,240,000	10,475,000	14,605,000	0.23	2.25	1,600
2007	4,130,000	245,000	3,885,000	10,475,000	1,365,000	9,110,000	12,995,000	0.28	1.65	1,329
2008	3,885,000	250,000	3,635,000	9,110,000	1,495,000	7,615,000	11,250,000	0.35	1.33	1,150
2009	3,635,000	265,000	3,370,000	7,615,000	3,825,000	3,790,000	7,160,000	0.54	0.79	998
2010	3,370,000	275,000	3,095,000	3,790,000	1,805,000	1,985,000	5,080,000	0.80	0.55	708
2011	3,095,000	290,000	2,805,000	1,985,000	1,985,000	—	2,805,000	1.45	0.30	358
2012	2,805,000	295,000	2,510,000	—	—	—	2,510,000	1.62	0.27	311

- (1) Population and personal income data can be found in Table 13.
- (2) Property value data can be found in Table 7.

See accompanying independent auditors' report.

**Table 11**

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

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	Free main allowances	General obligation bonds	Special assessment bonds	Loans payable				
2003	\$ 4,775,000	1,123,438	9,558	13,860,000	67,769	4,260,275	24,096,040	0.12	5.89	\$ 3,780
2004	4,570,000	742,787	—	12,840,000	49,898	4,518,413	22,721,098	0.13	5.10	3,702
2005	4,355,000	450,230	—	11,715,000	41,427	4,287,687	20,849,344	0.15	3.93	3,279
2006	4,130,000	348,966	—	10,475,000	32,525	4,056,961	19,043,452	0.17	2.79	2,943
2007	3,885,000	254,640	—	9,110,000	24,054	3,826,233	17,099,927	0.21	2.09	2,474
2008	3,635,000	189,068	—	7,615,000	15,583	3,595,530	15,050,181	0.26	1.70	2,097
2009	3,370,000	136,851	—	3,790,000	7,111	3,364,353	10,668,315	0.36	1.18	1,487
2010	3,095,000	29,387	—	1,985,000	—	3,218,743	8,328,130	0.49	0.90	1,161
2011	2,805,000	—	—	—	—	2,960,227	5,765,227	0.81	0.54	644
2012	2,510,000	—	—	—	—	2,672,261	5,182,261	0.78	0.55	643

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

See accompanying independent auditors' report.

CITY OF WASILLA, ALASKA

Computation of Direct and Overlapping General Obligation Debt

June 30, 2012

Name of governmental unit	Net debt outstanding	(1) Percentage applicable to this governmental unit	City of Wasilla's share of debt
City of Wasilla	\$ 2,510,000	100.00%	\$ 2,510,000
Matanuska-Susitna Borough	<u>262,845,000</u>	11.28	<u>29,648,916</u>
Total direct and overlapping	<u>\$ 265,355,000</u>		<u>\$ 32,158,916</u>

Source: Matanuska-Susitna Borough

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

See accompanying independent auditors' report.

**Table 13**

**CITY OF WASILLA, ALASKA**

Demographic and Economic Statistics

Last Ten Fiscal Years

	<u>City of Wasilla</u>		<u>Matanuska-Susitna Borough</u>				
	<u>Population</u>	<u>School enrollment</u>	<u>Population</u>	<u>Per capita personal income</u>	<u>Median age</u>	<u>School enrollment</u>	<u>Unemployment rate (annual percentage)</u>
Fiscal year ended June 30:							
2003	6,374	3,060	67,527	\$ 29,288	34.3	13,588	8.9
2004	6,137	3,289	71,231	28,885	34.5	14,303	8.3
2005	6,359	3,551	74,964	31,487	34.6	14,662	7.1
2006	6,471	3,903	80,480	33,033	34.0	15,949	6.9
2007	6,912	4,079	82,669	36,212	33.6	16,115	6.9
2008	7,176	4,101	85,458	39,534	33.2	16,285	7.5
2009	7,176	4,194	85,319	38,508	34.4	16,468	9.4
2010	7,176	4,208	85,319	40,656	34.7	16,653	8.6
2011	7,831	4,218	88,995	40,656	34.7	17,079	9.0
2012	8,064	4,366	91,697	40,656	34.7	17,338	8.9
Source	(2) State of Alaska and U.S. Census	(3) State of Alaska Dept of Education	(2) State of Alaska and U.S. Census	(1) Bureau of Economic Analysis	(1) State of Alaska	(3) State of Alaska Dept of Education	(1) State of Alaska

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

See accompanying independent auditors’ report.

**Table 14**

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
City clerk	2.50	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Mayor	3.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
General admin services	1.00	1.00	1.00	1.00	1.00	1.00	2.00	6.00	6.00	6.00
Finance/MIS	7.00	7.00	7.75	7.75	8.00	9.00	9.00	11.00	11.00	11.00
Community and economic development	3.00	3.00	3.00	4.00	4.00	4.00	4.00	—	—	—
Police	20.00	26.00	40.00	47.00	50.00	50.00	50.00	50.00	48.00	48.00
Youth court	2.50	2.50	2.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Public works	16.29	19.00	18.00	21.00	23.00	22.00	23.00	23.00	23.00	23.00
Museum	1.00	1.00	1.00	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Recreation facilities maintenance	3.55	2.55	2.55	2.55	2.55	2.55	2.55	2.55	3.00	3.00
Sports center/recreation services	—	10.90	10.90	11.89	12.35	8.66	8.66	10.66	9.50	8.00
Library	9.50	10	9.50	9.50	9.50	9.50	9.50	9.50	9.50	9.50
Total	<u>69.34</u>	<u>86.95</u>	<u>100.20</u>	<u>111.69</u>	<u>117.40</u>	<u>113.71</u>	<u>115.71</u>	<u>119.71</u>	<u>117.00</u>	<u>115.50</u>

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

See accompanying independent auditors' report.

Table 15

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

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public safety:										
Police services:										
Police requests for service	8,102	6,759	6,651	6,730	11,175	16,537	17,821	16,658	19,800	20,526
Criminal arrests	740	672	608	729	605	838	751	712	847	883
Water and wastewater:										
Water production average										
Gallons per day average										
July readings	519,000	549,000	739,726	715,069	846,575	967,123	819,178	813,377	724,687	615,959
Wastewater treatment avg.										
Gallons per day average										
July readings	371,000	306,000	273,973	287,671	323,288	328,767	358,904	361,648	381,229	327,194

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

See accompanying independent auditors' report.

Table 16

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Miles of streets	62.47	63.26	63.26	63.26	63.62	64.75	66.37	66.37	69.82	70.24
Miles of water lines	14.44	17.40	18.53	20.44	42.04	53.89	53.89	53.91	53.91	53.91
Miles of sewer lines	21.81	22.76	22.97	23.02	23.02	25.84	25.84	25.84	25.84	25.84
Police protection:										
Number of stations	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Recreation:										
Number of facilities:										
Parks	4.00	4.00	4.00	4.00	4.00	4.00	4.00	5.00	5.00	5.00
Ball fields	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Fitness trails	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00
Soccer fields	—	1.00	1.00	1.00	1.00	1.00	1.00	2.00	2.00	2.00
Multipurpose facility	—	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

See accompanying independent auditors' report.