

COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
CITY OF WASILLA, ALASKA

June 30, 2001

Sarah Palin
Mayor

Prepared By
Finance Department

Ted Leonard
Finance Director

CITY OF WASILLA, ALASKA

Comprehensive Annual Financial Report

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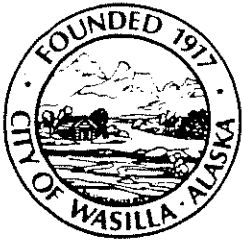
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CITY OF WASILLA

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Wasilla, AK 99654-7091
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October 15, 2001

To the Citizens of the City of Wasilla:

The comprehensive annual financial report of the City of Wasilla for the fiscal year ended June 30, 2001, is hereby submitted. The City's Finance Department prepared the report. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to fairly present the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

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

This report includes all funds and account groups of the City. The City provides a full range of municipal services authorized by state statute and city code. This includes police, planning and land use control, animal control, sewer, water, road maintenance, parks and recreation, museums, library and other cultural services. In addition to general governmental activities, the City provides financial support to certain community service organizations, which promote education, health care, recreation, arts, and economic stability for the citizens of the community.

The Reporting Entity

The City of Wasilla is a First Class City incorporated under Title 29 of the Alaska

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ADMINISTRATION Phone: (907) 373-9055 Fax: (907) 373-9096	CLERK'S OFFICE Phone: (907) 373-9090 Fax: (907) 373-9092	FINANCE Phone: (907) 373-9070 Fax: (907) 373-9085	LIBRARY Phone: (907) 376-5913 Fax: (907) 376-2347	MUSEUM Phone: (907) 373-9071 Fax: (907) 373-9072
PARKS AND RECREATION Phone: (907) 373-9053 Fax: (907) 373-9092	PLANNING Phone: (907) 373-9094 Fax: (907) 373-9089	POLICE Phone: (907) 373-9077 Fax: (907) 373-9051	PUBLIC WORKS Phone: (907) 373-9095 Fax: (907) 373-9054	

State Statutes. City code establishes a June 30 fiscal year end. There are no component units included in our financial statements.

Summary of Local Economy

The City of Wasilla is located in the fastest growing area of Alaska and serves as the retail trade center for the Matanuska-Susitna Borough. As measured by increased population and sales tax receipts, the growth of the service oriented economy of the City of Wasilla remains steady. We remain primarily a bedroom community of Anchorage due to a lack of large-scale primary industry. The City of Wasilla offers an attractive lifestyle where the cost of housing is much less than in Anchorage due to an abundance of less expensive land. Many residents in our workforce travel the daily commute to Anchorage and find the quality of life quite high in our community. Tourism is a growing part of our economy, as it is in all of Alaska.

The Future

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

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

The City of Wasilla is moving forward on putting together a ballot question that asks voters to approve bonding for the construction of a multi-use sports complex. If passed by voters, we anticipate becoming more of a "destination point" in South Central Alaska, and we anticipate additional economic development projects to spin off the project.

Major Initiatives for the Year

The most significant actions that the City took in FY00 and FY01 were the initiation of projects to improve our infrastructure, including reconstructing and paving major roads and subdivision streets, several of which are included in Local Improvement Districts (LIDs). Construction is completed on Spruce Ave Phase II, Mystery Ave, the roads within the GCV/GCL Subdivision, and the Prospector Hills Subdivision. In addition, we have continued to work with other government agencies to improve the traffic flow in and around our community. We initiated a new chip seal program for dust control on the following roads: Cache, Melanie and Broadview, with anticipation of expanding the program in the future. Waterwells were installed at Iditapark and Bumpus, and our sewer treatment plant saw improvements via our new aeration system. The plant's sewage handling facility

is nearing completion. Water and sewer line improvements are continuing, and are proving to help spur development in the core area of the City. Major improvements in parks and recreation facilities built at Iditapark are progressing. They include: contouring of the south portion of the park, construction of open playing fields, an amphitheater/sledding hill, and extensive landscaping and tree planting throughout the park. Work is continuing on our Honor Garden/Path of Freedom that will be a fine tribute to citizens who serve our country. The most exciting initiative the City has contemplated is the ballot question that will be brought forward for residents to decide on bonding for a proposed multi-use sports arena. If passed by our voters, the City will be building the sports complex and surrounding infrastructure that will, no doubt, spur other positive economic developments in our community.

Accounting System and Budgetary Control

The City's financial statement for governmental funds has been prepared on the modified accrual basis of accounting in conformity with generally accepted accounting principles. Revenues on this basis are recognized when measurable and available to finance current expenditures; expenditures are recognized when goods and services are received and liabilities are due and payable at year-end.

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

The City adopts fiscal year budgets for all governmental funds. Budget amendments over \$5,000 within funds and transfers between funds require approval of the City Council. The City's policy is that estimated purchase order amounts are encumbered prior to the release of the order to the vendor. When an encumbrance exceeds the available appropriation authority, policy is that the order is delayed until the budget is amended. Operating budgets lapse at year-end. Any outstanding operating encumbrances are charged against the new year's budget. Capital budget funds remaining are reappropriated in the new year's budget.

General Government Functions

Revenues for general governmental functions accounted for in the General, Special Revenue and Debt Service Funds totaled \$8,307,138 in FY01, an increase of 0.11 percent over FY00. Sales tax produced 72.05 percent of FY01 revenues compared to 66.39 percent in FY00.

	Amount	Percent Of Total	Increase (Decrease) From FY00
Taxes			
Sales Taxes	\$5,985,169	72.05	\$ 475,890
Property and Vehicle Taxes	420,516	5.06	(20,361)
Licenses and Permits	31,305	0.35	(2,325)
Fines, Forfeitures & Penalties	84,621	1.02	13,430
Intergovernmental	660,655	7.95	(2,577)
Matanuska-Susitna Borough	332,106	4.00	(894)
Special Assessments	275,491	3.32	(70,020)
Investment Income	355,627	4.28	31,746
Other	161,648	1.97	(415,537)
Total	<u>\$8,307,138</u>	<u>100.00</u>	<u>\$ 9,352</u>

Assessed valuation for FY01 (Net of Exempt) of \$341,866,700 represented an increase 12.32 percent over FY00. This increase is attributable to an increase in real property valuation, due mainly to new construction.

FY01 tax collections were 100.13 percent of the tax levy as compared to 99.62 percent for FY00. Variation in the collection rate from year to year is normal.

Expenditures for general governmental purposes totaled \$6,302,521 not including transfers to other funds. Increase (decrease) in levels of expenditures for major functions of the City over the preceding year are shown in the following tabulation:

	Amount	Percent of Total	Increase (Decrease) From FY00
General Government	\$1,468,399	23.30	\$ 105,968
Public Safety	1,752,855	27.81	120,442
Public Works	1,089,402	17.29	335,280
Nondepartmental	59,951	0.95	(3,375)
Museum and Recreation Services	519,655	8.25	39,127
Library & Youth Court	666,613	10.58	(3,130)
Debt Service	745,646	11.82	102,647
Total	<u>\$6,302,521</u>	<u>100.00</u>	<u>\$ 696,959</u>

Debt Administration

During FY98 the City of Wasilla incurred General Obligation Debt of \$5,500,000. The bond issue was done through the Alaska Municipal Bond Bank. Interest rates vary on the annual payments from 4.625% to 6.0%. Interest and principal payments of \$440,891 were made during FY01 leaving \$5,155,000 of General Obligation Debt remaining. Special Assessment Bond Debt of \$1,299,804 is secured by liens levied against the properties specifically benefited by the improvement within each district. The City is obligated to the extent of making timely payments to the bondholders from assessment payments collected and or from the bond guarantee fund.

Cash Management

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

All investments are made according to the City's conservative investment and collateralization policy approved by the City Council in 1986, Chapter 6.30 of the Wasilla Municipal Code.

Proprietary Operations

The City of Wasilla operates proprietary funds to provide water and sewer services to parts of the City, and an airport, which serves the general public.

Water Fund

The Water Utility showed an increased operating profit before depreciation for FY01. In FY01, the operating profit before depreciation was \$94,283 and was \$66,600 in FY00.

Sewer Fund

The Sewer Utility showed a small operating loss of \$13,727 before depreciation for FY01. In FY00, the Sewer Utility showed an operating profit of \$5,252.

Airport

The Airport continues to show an operating loss. Based on completion of the paving of the runway and taxiways and security fencing, it is believed that there will be increased utilization of this most important asset in FY02. Based on this increased utilization of the Airport, administration believes that the operating loss will be reduced in FY02.

Fiduciary Operations

Full-time, regular part-time and seasonal employees participate in the State of Alaska Public Employees' Retirement System (PERS). Council participation is optional. PERS is a defined benefit plan in which policemen contribute 7.5% and other employees are required to contribute 6.75% of their compensation. The City's contribution rate for FY01 was 9.58%.

The City participates in two deferred compensation programs where the assets and income of the plans are held in trust for the exclusive benefit of participants and their beneficiaries.

The City also maintains an irreducible fund for the cemetery where funds are being accumulated to pay for maintenance in perpetuity after all the lots are sold.

General Fixed Assets

The general fixed assets of the city are those assets such as buildings, land and equipment that are used in the performance of general governmental functions and exclude certain improvements, such as streets, drainage systems etc. which are considered infrastructure. As of June 30, 2001, the general fixed assets of the City amounted to \$10,362,798. This amount represents the original cost or fair market value at date of gift of the assets and may be less than their replacement cost. Depreciation of general fixed assets is not recognized in the City's accounting system.

Risk Management

The City of Wasilla is a member in good standing in the Alaska Municipal League Joint Insurance Association, Inc., which is a pooling arrangement of Alaskan cities, boroughs and school districts. The concept of shared risk was originally started to make sure that all municipalities had access to insurance coverage on a long term basis, although not necessarily the least expensive coverage. Claims are covered on an occurrence basis. The JIA provides risk management services, appraisal services and there is also a separate pool for police liability.

Independent Audit

The City Code, Section 6.04.050 requires examination of the City's financial records and statements by a Certified Public Accounting Firm, licensed to perform financial audits in the State of Alaska. The completion of this examination with the Accountants' opinion on the financial statements must be completed by November 30 of each year.

Acknowledgments

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We

would like to express our appreciation to Susan Colligan, Rene Richardson Sharon Sinko, Candie Graham, Deborah Davis, Connie James and Betty Chavers for their capable help. Also, thanks to John Bost, Audit Partner, and the staff of Mikunda, Cottrell & Co. for their very professional manner, patience, and communication skills.

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

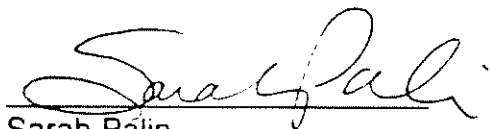
Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Wasilla for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2000. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

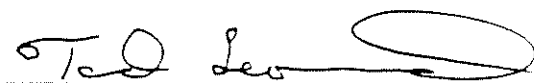
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal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

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

Respectfully submitted,



Sarah Palin
Mayor



Ted Leonard
Finance Director

CITY OF WASILLA, ALASKA

CITY OFFICIALS

CITY COUNCIL

Council Members:

Don Bennett
Colleen Cottle
Dianne Keller
Noel Lowe
Howard O'Neil
Judy Patrick (Deputy Mayor)

STAFF

Mayor
Deputy Administrator
Public Works Director
City Clerk
Finance Director
Library Director
Police Chief
Senior Accountant

Sarah Palin
John Cramer
Don Shiesl
Kristie VanGorder
Ted Leonard
Chester Simton
DuWayne Fannon
Susan Colligan

PLANNING COMMISSION

Verdie Bowen
William McCain
Ray McCarthy (Chairman)
Colleen Sullivan-Leonard

Sharla Terrill
Stan Tucker
John Vinette

PARKS AND RECREATION COMMISSION

Jesse Chandler
Joan Matthews
Maureen McCombs

Peter Powell
Dave Tuttle (Chairman)

CONSULTANTS

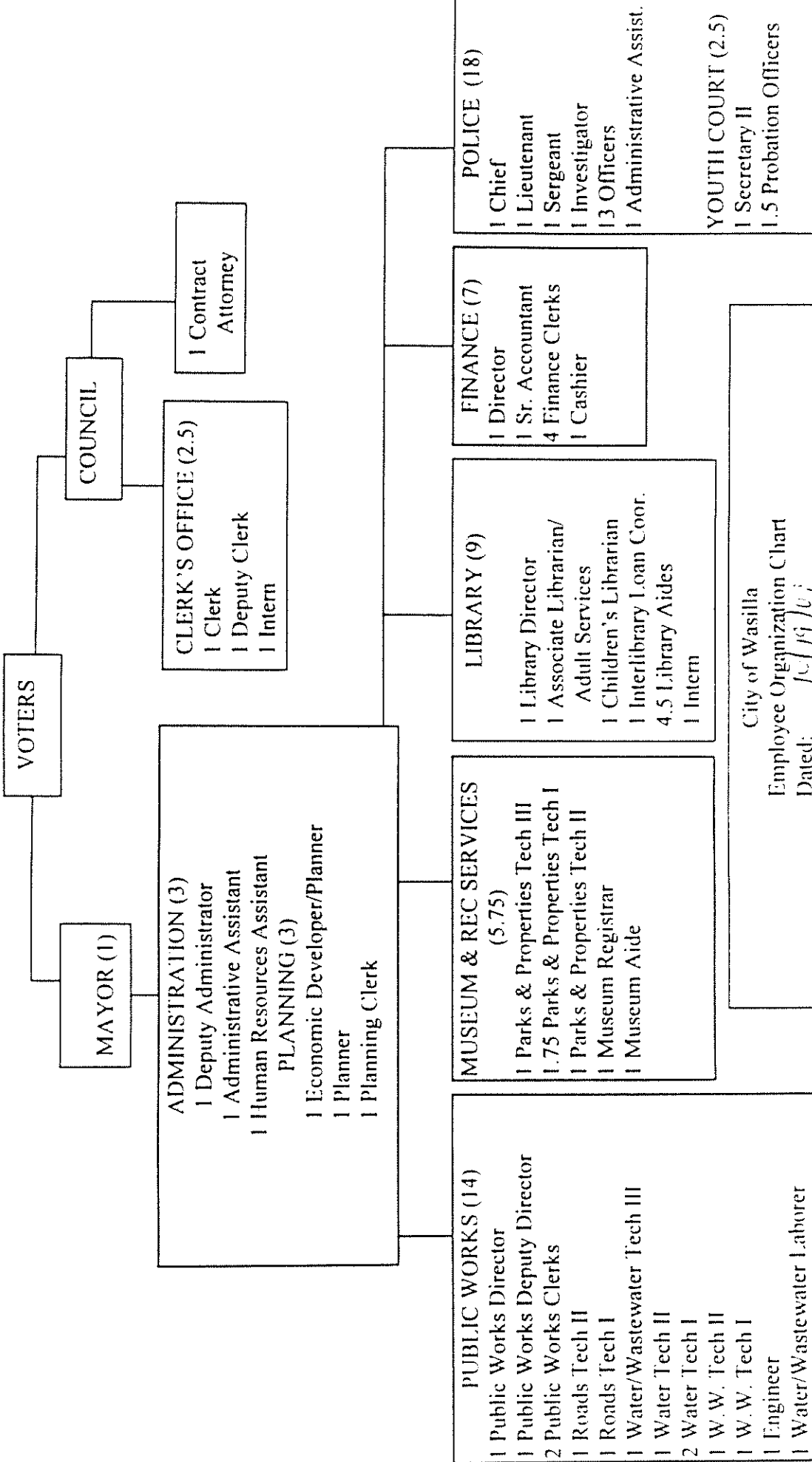
City Attorney
Auditors
Insurance Broker
Insurance Advisor

Thomas Klinkner
Mikunda, Cottrell & Co.
Alaska Municipal League
Alaska Municipal League

FY01
Dated 06/30/01

City of Wasilla

Employee Organization Chart FY01



City of Wasilla
Employee Organization Chart
Dated: 6/19/01
Approved: *[Signature]*

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, 2000

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.



Anne Spray Kinney
President

Jeffrey L. Esler
Executive Director

MIKUNDA, COTTRELL & Co.

A Professional Corporation

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

3601 "C" Street, Suite 600 • Anchorage, Alaska 99503

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Independent Auditor's Report

Honorable Mayor and City Council
City of Wasilla, Alaska

We have audited the accompanying general purpose financial statements of City of Wasilla, Alaska, as of and for the year ended June 30, 2001. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of City of Wasilla, Alaska, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund type and nonexpendable trust fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2001 on our consideration of City of Wasilla's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Honorable Mayor and City Council
City of Wasilla, Alaska

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

The other data included in this report, designated as the "statistical section" in the table of contents, has not been audited by us and, accordingly, we express no opinion on such data.

Mikunda, Cottrell & Co.

September 14, 2001

GENERAL PURPOSE FINANCIAL STATEMENTS

CITY OF WASILLA, ALASKA
Combined Balance Sheet - All Fund Types and Account Groups
 June 30, 2001
 (With Comparative Totals for 2000)

	Governmental Fund Types					Fiduciary Fund Type	Account Groups			Totals	
	(General)	Special Revenue	Debt Service	Capital Project	Proprietary Fund Type Enterprise		Nonexpendable Trust	General		(Memorandum Only)	
								Fixed Assets	Long-Term Debt	2001	2000
Assets											
Cash and investments	\$ 4,298,114	63,738	1,103,373	2,225,662	2,390,928	109,591	-	-	-	10,191,406	11,197,120
Receivables (net where applicable, of allowances for doubtful receivables):											
Taxes	557,810	-	-	-	-	-	-	-	-	557,810	529,535
Accounts	-	-	-	-	119,103	-	-	-	-	119,103	94,389
Grants and shared revenues	242,376	24,897	-	101,424	411,181	-	-	-	-	779,878	541,233
Accrued interest	32,174	-	-	32,566	11,381	1,789	-	-	-	77,910	80,018
Special assessments	913	-	1,079,682	-	84,711	-	-	-	-	1,165,306	1,058,599
Other	74,969	-	-	3,500	-	-	-	-	-	78,469	73,696
Notes	-	-	-	-	45,214	-	-	-	-	45,214	57,846
Due from other funds	37,000	-	-	-	-	-	-	-	-	37,000	-
Inventory	-	-	-	-	90,858	-	-	-	-	90,858	81,872
Advances to other funds	112,879	-	-	-	-	-	-	-	-	112,879	109,064
Deferred charges, net of accumulated amortization	-	-	-	-	14,550	-	-	-	-	14,550	14,931
Property, plant and equipment (net where applicable of accumulated depreciation)	-	-	-	-	26,462,074	-	-	10,362,798	-	36,824,872	34,066,911
Amount available for payment of long-term debt	-	-	-	-	-	-	-	-	990,494	990,494	989,228
Amount to be provided for payment of long-term debt	-	-	-	-	-	-	-	-	5,537,720	5,537,720	5,674,870
Total assets	\$ 5,356,235	88,635	2,183,055	2,363,152	29,630,000	111,380	10,362,798	6,528,214	5,537,720	56,623,469	54,569,312

CITY OF WASILLA, ALASKA

Combined Balance Sheet - All Fund Types and Account Groups, continued

	Governmental Fund Types						Proprietary Fund Type			Fiduciary Fund Type			Account Groups (General)			Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Project	Enterprise	Nonexpendable Trust	Fixed Assets	Long-Term Debt	2001	2000	General		2001		2000		
											2001	2000	2001	2000			
Liabilities and Fund Equity																	
Liabilities:																	
Accounts payable	168,016	11,478	-	124,530	55,104	-	-	-	-	-	-	-	-	359,128	365,799	-	-
Revenue billed in advance	-	-	-	-	35,406	-	-	-	-	-	-	-	-	35,406	33,082	-	-
Accrued payroll and employee benefits	113,113	18,434	-	8,036	15,085	-	-	-	-	-	-	-	-	154,668	134,127	-	-
Accrued annual and sick leave	172,063	17,804	-	-	20,153	-	-	-	-	-	-	-	-	210,020	172,008	-	-
Due to other funds	-	-	-	37,000	-	-	-	-	-	-	-	-	-	37,000	-	-	-
Customer deposits	-	-	-	-	39,481	-	-	-	-	-	-	-	-	39,481	41,335	-	-
Deferred revenue	1,073	13,324	1,079,682	13,600	-	-	-	-	-	-	-	-	-	1,107,679	1,073,701	-	-
Advances from other funds	-	-	112,879	-	-	-	-	-	-	-	-	-	-	112,879	109,064	-	-
Bonds payable	-	-	-	-	84,711	-	-	-	-	-	6,370,093	-	-	6,454,804	6,495,747	-	-
Note payable	-	-	-	-	155,581	-	-	-	-	-	-	-	-	155,581	164,436	-	-
Other liabilities	-	-	-	-	3,721	-	-	-	-	-	158,121	-	-	161,842	173,650	-	-
Total liabilities	454,265	61,040	1,192,561	183,166	409,242	-	-	-	-	-	6,528,214	-	-	8,828,488	8,762,949	-	-
Fund equity:																	
Investment in general fixed assets	-	-	-	-	-	-	-	-	-	-	10,362,798	-	-	10,362,798	8,730,831	-	-
Contributed capital, net of accumulated amortization	-	-	-	-	-	-	-	-	-	-	-	-	-	28,070,928	26,359,323	-	-
Retained earnings - unreserved	-	-	-	-	-	-	-	-	-	-	-	-	-	1,149,830	937,973	-	-
Fund balances:																	
Reserved:																	
Encumbrances	67,810	889	-	708,603	-	-	-	-	-	-	-	-	-	777,302	325,806	-	-
Debt service	-	-	622,916	-	-	-	-	-	-	-	-	-	-	622,916	656,400	-	-
Advances to other funds	112,879	-	-	-	-	-	-	-	-	-	-	-	-	112,879	109,064	-	-
Investment	-	-	-	-	-	-	-	-	-	111,380	-	-	-	111,380	102,105	-	-
Insurance premium increases	44,776	-	-	-	-	-	-	-	-	-	-	-	-	44,776	44,776	-	-
Unreserved:																	
Designated:																	
Subsequent year's expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	274,810	-	-
Operations	-	26,706	-	-	-	-	-	-	-	-	-	-	-	26,706	58,591	-	-
Capital improvements	-	-	-	1,471,383	-	-	-	-	-	-	-	-	-	1,471,383	3,911,251	-	-
Undesignated	4,676,505	-	367,578	-	-	-	-	-	-	-	-	-	-	5,044,083	4,295,433	-	-
Total fund equity	4,901,970	27,595	990,494	2,179,986	29,220,758	111,380	-	-	-	111,380	10,362,798	-	-	47,794,981	45,806,363	-	-
Total liabilities and fund equity	\$ 5,356,235	88,635	2,183,055	2,363,152	29,630,000	111,380	6,528,214	-	-	10,362,798	56,623,469	-	-	54,569,312	54,569,312	-	-

See accompanying notes to general purpose financial statements.

CITY OF WASILLA, ALASKA
Combined Statement of Revenues, Expenditures and Changes in
Fund Balances - All Governmental Fund Types
Year Ended June 30, 2001
(With Comparative Totals for 2000)

	Governmental Fund Types				Totals	
	General	Special Revenue	Debt Service	Capital Project	(Memorandum Only)	
					2001	2000
Revenues:						
Taxes	\$ 6,405,685	-	-	-	6,405,685	5,950,156
Licenses and permits	31,305	-	-	-	31,305	33,630
Fines, forfeitures and penalties	74,377	10,244	-	-	84,621	71,191
Intergovernmental	522,655	138,000	-	239,845	900,500	1,040,049
Matanuska-Susitna Borough	10,106	322,000	-	53,217	385,323	623,228
Special assessments	-	-	275,491	-	275,491	345,511
Investment income	309,302	6,856	39,469	167,228	522,855	528,552
Other	94,809	12,301	54,538	207,002	368,650	598,680
Total revenues	<u>7,448,239</u>	<u>489,401</u>	<u>369,498</u>	<u>667,292</u>	<u>8,974,430</u>	<u>9,190,997</u>
Expenditures:						
Current:						
General government	1,468,399	-	-	-	1,468,399	1,362,431
Public safety	1,730,855	22,000	-	-	1,752,855	1,632,413
Public works	1,089,402	-	-	-	1,089,402	754,122
Culture and recreation	519,655	-	-	-	519,655	480,528
Nondepartmental	59,951	-	-	-	59,951	63,326
Library	-	511,964	-	-	511,964	539,217
Youth court	-	154,649	-	-	154,649	130,526
Debt service	440,891	-	304,755	-	745,646	642,999
Capital outlay	-	-	-	3,543,124	3,543,124	4,840,525
Total expenditures	<u>5,309,153</u>	<u>688,613</u>	<u>304,755</u>	<u>3,543,124</u>	<u>9,845,645</u>	<u>10,446,087</u>
Excess of revenues over (under) expenditures	2,139,086	(199,212)	64,743	(2,875,832)	(871,215)	(1,255,090)
Other financing sources (uses):						
Bond proceeds	-	-	-	216,488	216,488	189,320
Operating transfers from other funds	27,740	166,159	-	739,532	933,431	2,354,068
Operating transfers to other funds	(1,002,455)	-	(17,040)	(65,000)	(1,084,495)	(2,506,686)
Net other financing sources (uses)	<u>(974,715)</u>	<u>166,159</u>	<u>(17,040)</u>	<u>891,020</u>	<u>65,424</u>	<u>36,702</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	1,164,371	(33,053)	47,703	(1,984,812)	(805,791)	(1,218,388)
Beginning fund balances	4,492,894	60,648	989,228	4,133,361	9,676,131	11,524,187
Residual equity transfers from other funds	-	-	-	46,437	46,437	-
Residual equity transfers to other funds	<u>(755,295)</u>	<u>-</u>	<u>(46,437)</u>	<u>(15,000)</u>	<u>(816,732)</u>	<u>(629,668)</u>
Ending fund balances	<u>\$ 4,901,970</u>	<u>27,595</u>	<u>990,494</u>	<u>2,179,986</u>	<u>8,100,045</u>	<u>9,676,131</u>

See accompanying notes to general purpose financial statements.

CITY OF WASILLA, ALASKA
 Combined Statement of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual - General, Special Revenue and Debt Service Funds
 Year Ended June 30, 2001

	General Fund			Special Revenue Funds			Debt Service Funds (With Annual Budgets)		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:									
Taxes	\$ 5,711,610	6,405,685	694,075	-	-	-	-	-	-
Licenses and permits	28,100	31,305	3,205	-	-	-	-	-	-
Fines, forfeitures and penalties	64,600	74,377	9,777	15,500	10,244	(5,256)	-	-	-
Intergovernmental	450,609	522,655	72,046	177,344	138,000	(39,344)	-	-	-
Matanuska-Susitna Borough	11,000	10,106	(894)	342,000	322,000	(20,000)	-	-	-
Special assessments	-	-	-	-	-	-	184,427	266,143	81,716
Investment income	208,000	309,302	101,302	782	6,856	6,074	10,900	32,873	21,973
Other	74,182	94,809	20,627	10,900	12,301	1,401	20,000	54,538	34,538
Total revenues	<u>6,548,101</u>	<u>7,448,239</u>	<u>900,138</u>	<u>546,526</u>	<u>489,401</u>	<u>(57,125)</u>	<u>215,327</u>	<u>353,554</u>	<u>136,227</u>
Expenditures:									
General government	1,673,794	1,468,399	205,395	-	-	-	-	-	-
Public safety	1,650,024	1,730,855	(80,831)	23,629	22,000	1,629	-	-	-
Public works	1,143,639	1,089,402	54,237	-	-	-	-	-	-
Culture and recreation	528,794	519,655	9,139	-	-	-	-	-	-
Nondepartmental	69,750	59,951	9,799	-	-	-	-	-	-
Library	-	-	-	569,804	511,964	57,840	-	-	-
Youth court	-	-	-	153,951	154,649	(698)	-	-	-
Debt service	440,942	440,891	51	-	-	-	208,922	304,755	(95,833)
Total expenditures	<u>5,506,943</u>	<u>5,309,153</u>	<u>197,790</u>	<u>747,384</u>	<u>688,613</u>	<u>58,771</u>	<u>208,922</u>	<u>304,755</u>	<u>(95,833)</u>
Excess of revenues over (under) expenditures	1,041,158	2,139,086	1,097,928	(200,858)	(199,212)	1,646	6,405	48,799	42,394
Other financing sources (uses):									
Operating transfers from other funds	23,241	27,740	4,499	224,014	166,159	(57,855)	-	-	-
Operating transfers to other funds	(1,060,310)	(1,002,455)	57,855	-	-	-	(17,040)	(17,040)	-
Net other financing sources (uses)	<u>(1,037,069)</u>	<u>(974,715)</u>	<u>62,354</u>	<u>224,014</u>	<u>166,159</u>	<u>(57,855)</u>	<u>(17,040)</u>	<u>(17,040)</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	4,089	1,164,371	1,160,282	23,156	(33,053)	(56,209)	(10,635)	31,759	42,394
Beginning fund balances	4,492,894	4,492,894	-	60,648	60,648	-	931,342	931,342	-
Residual equity transfers to other funds	(755,295)	(755,295)	-	-	-	-	-	(46,437)	(46,437)
Ending fund balances	<u>\$ 3,741,688</u>	<u>4,901,970</u>	<u>1,160,282</u>	<u>83,804</u>	<u>27,595</u>	<u>(56,209)</u>	<u>920,707</u>	<u>916,664</u>	<u>(4,043)</u>

See accompanying notes to general purpose financial statements

CITY OF WASILLA, ALASKA
 Combined Statement of Revenues, Expenses and Changes in
 Retained Earnings/Fund Balance - Proprietary Fund Type and Nonexpendable Trust Fund
 Year Ended June 30, 2001
 (With Comparative Totals for 2000)

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)	
	<u>Enterprise</u>	Non- expendable <u>Trust</u>	<u>2001</u>	<u>2000</u>
Operating revenues:				
Sales and user charges	\$ 830,309	9,275	839,584	812,046
Fees and rentals	27,665	-	27,665	21,258
Meters	11,775	-	11,775	4,907
Investment income	-	4,499	4,499	5,281
Other	1,421	-	1,421	546
Total operating revenues	<u>871,170</u>	<u>13,774</u>	<u>884,944</u>	<u>844,038</u>
Operating expenses:				
Salaries	349,516	-	349,516	335,744
Employee benefits	116,477	-	116,477	102,349
Other purchased services	55,454	-	55,454	62,131
Professional and technical services	16,848	-	16,848	21,314
Supplies	111,370	-	111,370	102,143
Administration	42,535	-	42,535	41,195
Property services	109,116	-	109,116	126,719
Equipment	3,075	-	3,075	5,032
Bad debt expense	3,869	-	3,869	2,210
Total operating expenses	<u>808,260</u>	<u>-</u>	<u>808,260</u>	<u>798,837</u>
Operating income before depreciation	62,910	13,774	76,684	45,201
Depreciation	833,793	-	833,793	780,537
Operating income (loss)	(770,883)	13,774	(757,109)	(735,336)
Nonoperating revenues (expenses):				
Payments in lieu of assessments	49,525	-	49,525	118,486
Sewer hook-up grants	(24,000)	-	(24,000)	(4,000)
Interest expense	(4,473)	-	(4,473)	(5,299)
Investment income	89,786	-	89,786	80,904
Other	4,320	-	4,320	-
Net nonoperating revenues (expenses)	<u>115,158</u>	<u>-</u>	<u>115,158</u>	<u>190,091</u>
Income (loss) before operating transfers	(655,725)	13,774	(641,951)	(545,245)
Operating transfers:				
Operating transfers in	203,804	-	203,804	213,664
Operating transfers out	(48,241)	(4,499)	(52,740)	(61,046)
Net operating transfers	<u>155,563</u>	<u>(4,499)</u>	<u>151,064</u>	<u>152,618</u>
Net income (loss)	(500,162)	9,275	(490,887)	(392,627)
Amortization of contributed capital	712,019	-	712,019	690,260
Increase in retained earnings/fund balance	211,857	9,275	221,132	297,633
Beginning retained earnings/fund balance	937,973	102,105	1,040,078	742,445
Ending retained earnings/fund balance	<u>\$ 1,149,830</u>	<u>111,380</u>	<u>1,261,210</u>	<u>1,040,078</u>

See accompanying notes to general purpose financial statements.

CITY OF WASILLA, ALASKA
 Combined Statement of Cash Flows
 Proprietary Fund Type and Nonexpendable Trust Fund
 Year Ended June 30, 2001
 (With Comparative Totals for 2000)

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)	
	Enterprise	Trust	2001	2000
Cash flows from operating activities:				
Operating income (loss)	\$ (770,883)	13,774	(757,109)	(735,336)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation	833,793	-	833,793	780,537
Amortization	381	-	381	382
Other income	4,320	-	4,320	-
Increase (decrease) in allowance for doubtful accounts	(14,679)	-	(14,679)	2,210
Investment income	-	(4,499)	(4,499)	(5,281)
(Increase) decrease in assets:				
Accounts receivable	(10,035)	-	(10,035)	(19,680)
Inventory	(8,986)	-	(8,986)	(14,500)
Increase (decrease) in liabilities:				
Accounts payable	(105,836)	-	(105,836)	(226,785)
Revenue billed in advance	2,324	-	2,324	4,233
Accrued payroll and employee benefits	1,243	-	1,243	13,842
Accrued annual and sick leave	(2,920)	-	(2,920)	1,174
Customer deposits	(1,854)	-	(1,854)	241
Net cash flows from operating activities	<u>(73,132)</u>	<u>9,275</u>	<u>(63,857)</u>	<u>(198,963)</u>
Cash flows from noncapital financing activities:				
Operating transfers in	203,804	-	203,804	213,664
Operating transfers out	(48,241)	(4,499)	(52,740)	(61,046)
Net cash flows from noncapital financing activities	<u>155,563</u>	<u>(4,499)</u>	<u>151,064</u>	<u>152,618</u>
Cash flows from capital and related financing activities:				
Bond proceeds	84,711	-	84,711	-
Principal and interest paid on long-term debt	(14,906)	-	(14,906)	(12,665)
Receipt of payments in lieu of assessments	55,173	-	55,173	118,486
Acquisition and construction of capital assets	(1,959,787)	-	(1,959,787)	(1,561,220)
Residual equity transfers in as contributed capital	1,359,153	-	1,359,153	629,668
Residual equity transfers out of contributed capital	(588,858)	-	(588,858)	-
Other contributed capital received	1,151,789	-	1,151,789	686,513
Sewer hook-up grants	(24,000)	-	(24,000)	(4,000)
Net cash flows from capital and related financing activities	<u>63,275</u>	<u>-</u>	<u>63,275</u>	<u>(143,218)</u>
Cash flows from investing activities:				
Investment income received	93,402	4,331	97,733	84,100
Increase in notes receivable	-	-	-	(12,000)
Principal payments received on notes receivable	12,632	-	12,632	19,801
Net cash flows from investing activities	<u>106,034</u>	<u>4,331</u>	<u>110,365</u>	<u>91,901</u>
Net increase (decrease) in cash and investments	251,740	9,107	260,847	(97,662)
Cash and investments at beginning of year	<u>2,139,188</u>	<u>100,484</u>	<u>2,239,672</u>	<u>2,337,334</u>
Cash and investments at end of year	\$ <u>2,390,928</u>	<u>109,591</u>	<u>2,500,519</u>	<u>2,239,672</u>
Noncash capital and related financing activities - increase in contributed capital from special assessments	\$ 84,711	-	84,711	-

See accompanying notes to general purpose financial statements.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

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

CITY OF WASILLA, ALASKA

Notes to General Purpose Financial Statements

June 30, 2001

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

General

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

Reporting Entity

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

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

Fund Accounting

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. City resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, as follows:

Governmental Funds

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are restricted to expenditures for specified purposes.

Debt Service Funds are used to account for the accumulation of resources for and payment of principal, interest and related costs.

Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

CITY OF WASILLA, ALASKA

Notes to General Purpose Financial Statements, continued

Summary of Significant Accounting Policies, continued

Proprietary Funds

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Fiduciary Funds

Trust Funds account for assets held in a trustee capacity for individuals, private organizations and other funds. Nonexpendable Trust Funds are accounted for in essentially the same manner as proprietary funds since capital maintenance is critical.

Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of “available spendable resources.” Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public domain (infrastructure) general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, are not capitalized along with other general fixed assets. No depreciation has been provided on general fixed assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair market value on the date donated.

Long-term liabilities expected to be financed from the governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

CITY OF WASILLA, ALASKA

Notes to General Purpose Financial Statements, continued

Summary of Significant Accounting Policies, continued

Fixed Assets and Long-Term Liabilities, continued

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the General Long-Term Debt Account Group.

The two account groups are not "funds." They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Portions of the property, plant and equipment of the Enterprise Funds have been constructed through the use of contributed capital from State and federal agencies and private sources. Depreciation on all assets has been charged against operations. However, depreciation applicable to the assets acquired with contributed capital does not reduce earnings or increase losses transferred to retained earnings. Instead it is included in accumulated amortization which offsets contributed capital in the fund equity section of the Enterprise Fund balance sheets.

Depreciation of property, plant and equipment of the Enterprise Funds is computed by use of the straight-line method over the estimated economic life of the asset. Estimated lives of major assets are as follows:

Distribution system and plant in service	40-50 years
Equipment	5 years
Land improvements	20 years

Measurement Focus and Basis of Accounting

Measurement focus refers to which resources are being measured when reporting financial position and performance. Basis of accounting refers to when revenues, expenditures, expenses and transfers, and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made regardless of the measurement focus applied.

CITY OF WASILLA, ALASKA

Notes to General Purpose Financial Statements, continued

Summary of Significant Accounting Policies, continued

Measurement Focus and Basis of Accounting, continued

The modified accrual basis of accounting is utilized in the General Fund, Special Revenue Funds, Capital Project Funds, and Debt Service Funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, meaning both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized on the accrual basis, with the exception of principal and interest on general long-term debt, which are reported only when due.

Sales taxes and property taxes are recognized as revenue when they are collected or when they become available to finance expenditures of the current period. Sales taxes are considered available if they are collected within 30 days after year end. Property taxes are considered available if they have been collected by the Matanuska-Susitna Borough by the City's year end. Certain grant revenues are dependent upon expenditures, and revenues from these grants are recognized when the expenditures are made; revenues from other grants are recognized on the cash basis or earlier if the measurable and available criteria are met. Revenues from licenses, permits, fines, forfeitures and penalties are recognized on the cash basis. Interest income is accrued when earned.

The Enterprise Funds and the Nonexpendable Trust Fund are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Proprietary Fund Types and GASB Statement No. 20

Governmental Accounting Standards Board (GASB) Statement No. 20 allows proprietary activities to elect to follow either GASB pronouncements or Financial Accounting Standards Board (FASB) pronouncements which are not in conflict with GASB and have been issued after November 30, 1989. The City has elected to follow only GASB pronouncements subsequent to November 30, 1989.

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, except for the following Debt Service Funds: 1988 Overlook Sewer Improvement Bond and Bond Guarantee. The fund balances of these two funds totaled \$73,830. This equals the difference between the total fund balance of all Debt Service Funds and those with budgets included in Exhibit C-1. 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. The Mayor may transfer unencumbered funds within any department function or activity level up to \$5,000 per line item per fiscal year. All appropriations lapse at the end of the budget year to the extent that they have not been expended or lawfully encumbered, except for capital projects.

CITY OF WASILLA, ALASKA

Notes to General Purpose Financial Statements, continued

Summary of Significant Accounting Policies, continued

Budgets, continued

Annual budgets for the General, Special Revenue and Debt Service Funds, (excluding those mentioned above), 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, accounting principles generally accepted in the United States of America do not require the adoption of budgets for Enterprise Funds, and budgetary comparisons are not included for these funds since the measurement focus is upon determination of net income and financial position.

A summary of legal appropriations for governmental fund types at the fund level follows:

	<u>Original</u>	<u>Revisions</u>	<u>Revised</u>
General Fund	\$ 6,711,524	611,024	7,322,548
Special Revenue Funds	705,856	41,528	747,384
Debt Service Funds	226,772	(810)	225,962

Central Treasury

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

Cash and Cash Equivalents

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

Inventory

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

Short-Term Interfund Receivables/Payables

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

Advances to Other Funds

Noncurrent portions of long-term interfund loans receivable are reported as advances and are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

CITY OF WASILLA, ALASKA

Notes to General Purpose Financial Statements, continued

Summary of Significant Accounting Policies, continued

Accrued Leave

All full-time employees are eligible for paid leave (vacation and sick leave). Employees may accrue a maximum of 480 hours of vacation which may be cashed out upon termination at 100% of value. Sick leave has no limit on the amount that can be accrued and may be cashed out at 25% of the value upon termination. Accrued leave is recorded as an expense in the period it is earned by the employees, with the total liability for accrued leave presented in the related fund balance sheet.

Deferred Grant Revenue

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

Encumbrances

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

Property Taxes

Property taxes are levied on the assessed value of taxable property as of January 1 and are payable in two installments in August and February. An enforceable lien is attached on all taxable property as of January 1. The Matanuska-Susitna Borough bills and collects all property taxes for the City.

Grants and Other Intergovernmental Revenues

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

Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as operating transfers. Operating subsidies are also recorded as operating transfers. The classification of amounts recorded as subsidies, advances, or residual equity transfers is determined by City management.

CITY OF WASILLA, ALASKA

Notes to General Purpose Financial Statements, continued

Summary of Significant Accounting Policies, continued

Administrative Fees

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

Pension Plans

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

Reclassifications

Certain reclassifications have been made to the 2000 financial statements to make them comparable with the 2001 presentation.

Comparative Data

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

Total Columns on Combined Statements

Total columns on the Combined Statements are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

(2) **Cash and Investments**

Deposits

At June 30, 2001, the carrying amount of the City's deposits was \$2,690,546 and the bank balances were \$3,031,856. The bank balances are categorized as follows:

Amount insured by the FDIC	\$ 500,000
Amount collateralized with securities held by the financial institution's trust department or agent in the City's name	2,452,507
Uncollateralized	<u>79,349</u>
Total bank balances	\$ <u>3,031,856</u>

In compliance with the current banking services contract, the City is required to keep a minimum of \$500,000 on deposit with the bank. In consideration of the services provided by the bank under the contract, the City is required to keep a \$78,000 noninterest bearing time certificate of deposit with the bank.

CITY OF WASILLA, ALASKA

Notes to General Purpose Financial Statements, continued

Cash and Investments, continued

Investments

The City is authorized to invest in the following:

- Obligations of, or obligations insured or guaranteed by the United States government or an agency or instrumentality of the United States.
- Negotiable certificates of deposit issued by rated banks.
- Certificates of deposit issued by banks with a main or branch office within the State of Alaska.
- Repurchase agreements secured by obligations insured or guaranteed by the United States government or agencies or instrumentalities of the United States government.
- The Alaska Municipal League Investment Pool (AMLIP).
- Federally insured deposits in banks with a main or branch office within the State of Alaska.

The AMLIP is an external investment pool which is not SEC registered. Alaska Statute 37.23 establishes regulatory oversight of the pool. The law sets forth numerous requirements regarding authorized investments and reporting. At June 30, 2001, the share value of investments in the AML pool is approximately equal to fair value.

The City's investments, which are carried at fair value, are categorized to give an indication of the level of risk assumed by the City at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the financial institution's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the financial institution or by its trust department or agent, but not in the City's name.

	<u>Category</u>			<u>Fair</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Value</u>
Repurchase agreements	\$ -	1,178,309	-	1,178,309
U.S. government securities	<u>1,258,932</u>	<u>-</u>	<u>-</u>	<u>1,258,932</u>
	\$ <u>1,258,932</u>	<u>1,178,309</u>	<u>-</u>	2,437,241
Alaska Municipal League Investment Pool				<u>5,063,619</u>
Total investments				\$ <u>7,500,860</u>

CITY OF WASILLA, ALASKA

Notes to General Purpose Financial Statements, continued

(3) **Property, Plant and Equipment**

The City has restated the beginning balance of general fixed assets to exclude those assets that are below the current capitalization threshold. This resulted in a decrease of \$612,222.

A summary of other changes in general fixed assets follows:

	Balance July 1, <u>2000</u>	Additions/ <u>Transfers In</u>	Deletions/ <u>Transfers Out</u>	Balance June 30, <u>2001</u>
Land	\$ 1,793,091	600,000	-	2,393,091
Buildings	2,813,666	971,014	-	3,784,680
Office furniture and equipment	389,781	91,106	-	480,887
Vehicles and equipment	924,782	389,290	-	1,314,072
Library collections	1,951,476	37,810	-	1,989,286
Construction in progress	<u>245,813</u>	<u>380,957</u>	<u>225,988</u>	<u>400,782</u>
	<u>\$ 8,118,609</u>	<u>2,470,177</u>	<u>225,988</u>	<u>10,362,798</u>

The following is a summary of Enterprise Fund property, plant and equipment at June 30, 2001:

	Sewer <u>Utility</u>	Water <u>Utility</u>	Municipal <u>Airport</u>	<u>Total</u>
Land	\$ 657,810	149,170	1,470,000	2,276,980
Land improvements	-	-	5,330,984	5,330,984
Treatment system Collection/distribution system	4,475,624	-	-	4,475,624
Water tank and fence	7,987,894	6,651,455	-	14,639,349
Wells/well house	-	2,337,975	-	2,337,975
Other plant in service	-	271,276	-	271,276
Equipment	2,917,494	-	-	2,917,494
Construction in progress	2,026,778	84,232	213,954	2,324,964
	<u>1,938,548</u>	<u>537,841</u>	<u>35,199</u>	<u>2,511,588</u>
	<u>20,004,148</u>	<u>10,031,949</u>	<u>7,050,137</u>	<u>37,086,234</u>
Accumulated depreciation	<u>(5,972,641)</u>	<u>(2,524,165)</u>	<u>(2,127,354)</u>	<u>(10,624,160)</u>
Net property, plant and equipment	<u>\$ 14,031,507</u>	<u>7,507,784</u>	<u>4,922,783</u>	<u>26,462,074</u>

CITY OF WASILLA, ALASKA

Notes to General Purpose Financial Statements, continued

(4) **Operating Transfers**

A summary of operating transfers between funds for the year ended June 30, 2001, follows:

	Transfers <u>In</u>	Transfers <u>Out</u>
General Fund	\$ 27,740	1,002,455
Library Special Revenue Fund	166,159	-
1982 Original Water Bond Debt Service Fund	-	17,040
Capital Project Funds:		
Miscellaneous Projects and Road and Street Improvements	539,532	65,000
Vehicle Replacement	195,000	-
Right-of-Way Acquisition	5,000	-
Enterprise Funds:		
Sewer Utility	100,874	26,547
Water Utility	61,523	21,694
Municipal Airport	41,407	-
Cemetery Nonexpendable Trust Fund	<u> -</u>	<u> 4,499</u>
	\$ <u>1,137,235</u>	<u>1,137,235</u>

(5) **Residual Equity Transfers**

Residual equity transfers between funds for the year ended June 30, 2001 follow:

	Transfers <u>In</u>	Transfers <u>Out</u>
General Fund	\$ -	755,295
Paving Bonds Debt Service Fund	-	46,437
Miscellaneous Projects and Road and Street Improvements Capital Project Fund	46,437	15,000
Enterprise Funds:		
Sewer Utility	983,358	-
Water Utility	347,670	588,858
Municipal Airport	<u> 28,125</u>	<u> -</u>
	\$ <u>1,405,590</u>	<u>1,405,590</u>

The residual equity transfers to and from the Enterprise Funds were recorded as additions or deletions to contributed capital.

CITY OF WASILLA, ALASKA

Notes to General Purpose Financial Statements, continued

(6) **Long-Term Debt**

In 2001, the City issued two paving special assessment bonds with values of \$17,400 and \$199,088. The City also issued a sewer special assessment bond with a value of \$84,711. All three bonds bear interest at 4.55% and have a maturity date of June 28, 2011.

Long-term debt consists of the following at June 30, 2001:

Special Assessment Bonds

\$329,300 1986 Southside Water District Bond, due in annual installments of \$3,954 to \$6,454 through June 30, 2026; interest at 6.125%	\$ 136,094
\$626,000 1987 Sewer Improvement District Bond, due in annual installments of \$3,400 to \$4,900 through August 17, 2027; interest at 6.5%	114,300
\$403,700 1988 Phase I Paving Improvement District Bond, due in annual installments of \$18,586 to \$21,400 through February 12, 2003; interest at 6.125%	39,986
\$147,370 1993 Glenwood/Naomi/Shadowood Paving Improvement Districts Bond, due in annual installments of \$11,656 through December 22, 2003; interest 5.10%	34,968
\$159,560 1994 Mountain Village/Crestwood Paving Improvement Districts Bond, due in annual installments of \$15,956 through November 29, 2003 with a final installment of \$3,654 due November 29, 2004; interest at 6.05%	51,159
\$261,942 1995 Whispering Woods/Nelson Avenue/Lake View Avenue Paving Improvement Districts Bond, due in annual installments of \$18,194 through July 26, 2005; interest at 6.825%;	90,971
\$251,298 1997 Westpoint/Hallea Lane/Wild Adventure/Southview Paving Improvement Districts Bond, due in annual installments of \$25,130 through March 17, 2007; interest at 6.435%	150,779
\$287,200 1999 Woodcrest/Patricia/Century Park Paving Improvement Districts Bond, due in annual installments of \$28,720 through November 24, 2008; interest at 5.9%	229,760
\$189,320 2000 North Country Paving Improvement District Bond, due in annual installments of \$16,732 through April 6, 2010; interest at 6.545%	150,588

CITY OF WASILLA, ALASKA

Notes to General Purpose Financial Statements, continued

Long-Term Debt, continued

Special Assessment Bonds, continued

\$17,400 2001 Susitna Area Paving Improvement District Bond, due in annual installments of \$1,740 through June 28, 2011; interest at 4.55%	\$ 17,400
\$199,088 2001 Talerico Paving Improvement District Bond, due in annual installments of \$19,909 through June 28, 2011; interest at 4.55%	199,088
\$84,711 2001 Broadview Sewer Improvement District Bond, due in annual installments of \$8,471 through June 28, 2011; interest at 4.55%	<u>84,711</u>
Total Special Assessment Bonds	<u>1,299,804</u>

General Obligation Bonds

\$5,500,000 Street Paving/Street Improvements General Obligation Bonds, due in annual installments of \$185,000 to \$420,000 through October 1, 2018, variable interest from 4.625% to 5.75%	<u>5,155,000</u>
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Note Payable

\$177,100 Water Utility note payable, due in annual installments of \$8,754 through August 31, 2018, plus interest at 2.5%	<u>155,581</u>
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Free Main Allowances

The amount that has been received through June 30, 2001 from the natural gas provider that is to be rebated to property owners pursuant to an agreement with the City and the natural gas provider	<u>158,121</u>
Total long-term debt	<u>\$ 6,768,506</u>

CITY OF WASILLA, ALASKA

Notes to General Purpose Financial Statements, continued

Long-Term Debt, continued

Special assessment bond debt service requirements to maturity, including \$481,964 of interest, are as follows:

Year Ending June 30,	1986 Southside Water District Bond	1987 Sewer Improvement District Bond	1988 Phase I Paving Improvement District Bond	1993 Glenwood/ Naomi/ Shadowood Paving Improvement Districts Bond	1994 Mountain Village/ Crestwood Paving Improvement Districts Bond
2002	\$ 12,290	10,829	23,849	13,439	19,051
2003	12,047	10,984	19,724	12,845	18,086
2004	11,805	10,738	-	12,250	16,758
2005	11,563	10,493	-	-	3,874
2006	11,321	10,247	-	-	-
Thereafter	<u>196,729</u>	<u>171,308</u>	<u>-</u>	<u>-</u>	<u>-</u>
	255,755	224,599	43,573	38,534	57,769
Less amount of interest	<u>119,661</u>	<u>110,299</u>	<u>3,587</u>	<u>3,566</u>	<u>6,610</u>
	\$ <u>136,094</u>	<u>114,300</u>	<u>39,986</u>	<u>34,968</u>	<u>51,159</u>

Year Ending June 30,	1995 Whispering Woods/ Nelson Ave./ Lake View Ave. Paving Improvement Districts Bond	1997 Westpoint/ Hallea Lane/ Wild Adventure/ Southview Paving Improvement Districts Bond	1999 Woodcrest Patricia/ Century Park Paving Improvement Districts Bond	2000 North Country Paving Improvement District Bond	2001 Susitna Paving Improvement District Bond
2002	\$ 24,403	34,832	42,276	26,588	2,532
2003	23,161	33,215	40,581	25,493	2,453
2004	21,919	31,598	38,887	24,398	2,373
2005	20,678	29,981	37,192	23,303	2,294
2006	19,436	28,364	35,497	22,208	2,215
Thereafter	<u>-</u>	<u>26,747</u>	<u>96,327</u>	<u>77,878</u>	<u>9,888</u>
	109,597	184,737	290,760	199,868	21,755
Less amount of interest	<u>18,626</u>	<u>33,958</u>	<u>61,000</u>	<u>49,280</u>	<u>4,355</u>
	\$ <u>90,971</u>	<u>150,779</u>	<u>229,760</u>	<u>150,588</u>	<u>17,400</u>

CITY OF WASILLA, ALASKA

Notes to General Purpose Financial Statements, continued

Long-Term Debt, continued

Year Ending <u>June 30,</u>	2001 Tallerico Paving Improvement <u>District Bond</u>	2001 Broadview Sewer Improvement <u>District Bond</u>	<u>Totals</u>
2002	\$ 28,967	12,325	251,381
2003	28,062	11,940	238,591
2004	27,156	11,555	209,437
2005	26,250	11,169	176,797
2006	25,344	10,784	165,416
Thereafter	<u>113,131</u>	<u>48,138</u>	<u>740,146</u>
	248,910	105,911	1,781,768
Less amount of interest	<u>49,822</u>	<u>21,200</u>	<u>481,964</u>
	<u>\$ 199,088</u>	<u>84,711</u>	<u>1,299,804</u>

General obligation bond debt service requirements to maturity are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	\$ 185,000	255,323	440,323
2003	195,000	244,398	439,398
2004	205,000	233,026	438,026
2005	215,000	221,348	436,348
2006	225,000	209,810	434,810
Thereafter	<u>4,130,000</u>	<u>1,471,504</u>	<u>5,601,504</u>
Total	<u>\$ 5,155,000</u>	<u>2,635,409</u>	<u>7,790,409</u>

The Water Utility note debt service requirements to maturity are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	\$ 6,759	4,482	11,241
2003	8,754	3,721	12,475
2004	8,754	3,502	12,256
2005	8,754	3,283	12,037
2006	8,754	3,064	11,818
Thereafter	<u>113,806</u>	<u>19,915</u>	<u>133,721</u>
Total	<u>\$ 155,581</u>	<u>37,967</u>	<u>193,548</u>

CITY OF WASILLA, ALASKA

Notes to General Purpose Financial Statements, continued

Long-Term Debt, continued

During the year ended June 30, 2001, the following changes occurred in long-term liabilities:

<u>General Government</u>	Balance <u>July 1, 2000</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2001</u>
Special Assessment Bonds	\$ 1,165,747	216,488	167,142	1,215,093
General Obligation Bonds	5,330,000	-	175,000	5,155,000
Free Main Allowances	<u>168,351</u>	<u>54,538</u>	<u>64,768</u>	<u>158,121</u>
	<u>\$ 6,664,098</u>	<u>271,026</u>	<u>406,910</u>	<u>6,528,214</u>
<u>Sewer Utility Enterprise Fund</u>				
Special Assessment Bonds	\$ <u>-</u>	<u>84,711</u>	<u>-</u>	<u>84,711</u>
<u>Water Utility Enterprise Fund</u>				
ADEC Note Payable	\$ <u>164,436</u>	<u>-</u>	<u>8,855</u>	<u>155,581</u>

Special Assessment Bond Covenants

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

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

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

CITY OF WASILLA, ALASKA

Notes to General Purpose Financial Statements, continued

(7) **Contributed Capital**

A summary of changes in contributed capital of the Enterprise Funds for the year ended June 30, 2001 follows:

	<u>Balance at July 1, 2000</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2001</u>
Sewer Utility	\$ 18,610,978	2,346,702	-	20,957,680
Water Utility	9,562,066	604,656	588,858	9,577,864
Municipal Airport	<u>7,005,744</u>	<u>61,124</u>	<u>-</u>	<u>7,066,868</u>
	\$ <u>35,178,788</u>	<u>3,012,482</u>	<u>588,858</u>	<u>37,602,412</u>

A summary of changes in accumulated amortization of contributed capital follows:

	<u>Balance at July 1, 2000</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2001</u>
Sewer Utility	\$ 5,346,064	316,766	-	5,662,830
Water Utility	1,634,545	110,651	-	1,745,196
Municipal Airport	<u>1,838,856</u>	<u>284,602</u>	<u>-</u>	<u>2,123,458</u>
	\$ <u>8,819,465</u>	<u>712,019</u>	<u>-</u>	<u>9,531,484</u>

(8) **Defined Benefit Pension Plan**

Description of Plan

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

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

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

CITY OF WASILLA, ALASKA

Notes to General Purpose Financial Statements, continued

Defined Benefit Pension Plan, continued

Funding Policy

Under PERS, employees are required to contribute 6.75% (7.5% for peace officers and firefighters) of their annual covered salary. Under the plan, the funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as a percentage of annual covered payroll, are sufficient to accumulate sufficient assets to pay both pension and postemployment healthcare benefits when due. The City's current contribution rate for PERS follows:

Pension	6.80%
Postemployment healthcare	<u>2.78%</u>
Total contribution rate	<u>9.58%</u>

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

Annual Pension Cost

For the year ended June 30, 2001, the City's annual pension cost of \$254,683 for PERS was equal to its required and actual contributions.

The required contribution was determined as part of the June 30, 1998 actuarial valuation.

The significant actuarial assumptions used in the valuation of the plan follow:

1. Investment return of 8.25% per annum, compounded annually, net of expenses;
2. Projected salary increases of 5.5% for the first five years of employment and 4.5% per year thereafter;
3. Health cost inflation of 6.5% in 1998, trending downward to 5.5% in 1999 and thereafter;
4. Total inflation, as measured by the Consumer Price Index for urban and clerical workers for Anchorage, is assumed to increase 4% annually; and
5. Asset valuation – assets are valued at fair value; the asset valuation method recognizes 20% of the investment gain or loss in each of the current and preceding four years.

CITY OF WASILLA, ALASKA

Notes to General Purpose Financial Statements, continued

Defined Benefit Pension Plan, Continued

Three-year trend information for PERS follows:

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 1999	\$ 240,119	100%	-
2000	218,443	100%	-
2001	254,683	100%	-

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

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded (Assets in Excess of) Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded (Assets in Excess of) Liability as Percentage of Covered Payroll</u>
June 30, 1997:						
Pension	\$ 2,949,000	\$ 2,730,000	\$ (219,000)	108%	\$ 1,946,000	(11%)
Postemployment healthcare	1,099,000	1,018,000	(81,000)	108%	1,946,000	(4%)
June 30, 1998:						
Pension	3,320,000	3,277,000	(43,000)	101%	2,179,000	(2%)
Postemployment healthcare	1,233,000	1,217,000	(16,000)	101%	2,179,000	(1%)
June 30, 1999:						
Pension	3,740,000	3,654,000	(86,000)	102%	2,225,000	(4%)
Postemployment healthcare	1,517,000	1,482,000	(35,000)	102%	2,225,000	(2%)

CITY OF WASILLA, ALASKA

Notes to General Purpose Financial Statements, continued

(9) **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.

(10) **Enterprise Fund Segment Information**

The City maintains three enterprise funds which provide sewer, water, and municipal airport services. Segment information as of and for the year ended June 30, 2001 follows:

	<u>Sewer</u>	<u>Water</u>	<u>Municipal</u>	<u>Total</u>
	<u>Utility</u>	<u>Utility</u>	<u>Airport</u>	
Operating revenues	\$ 444,603	398,902	27,665	871,170
Depreciation	348,663	198,329	286,801	833,793
Operating loss	(362,390)	(104,046)	(304,447)	(770,883)
Net income (loss)	(268,827)	30,202	(261,537)	(500,162)
Operating transfers in	100,874	61,523	41,407	203,804
Operating transfers out	26,547	21,694	-	48,241
Capital contributions	2,346,702	604,656	61,124	3,012,482
Property, plant and equipment additions	1,429,314	493,834	36,639	1,959,787
Net working capital	1,665,735	1,130,377	74,945	2,871,057
Total assets	15,900,821	8,715,927	5,013,252	29,630,000
Total equity	15,717,045	8,505,985	4,997,728	29,220,758

(11) **Excess of Expenditures Over Appropriations**

Excess of expenditures over appropriations in individual funds for the current year follow:

	<u>Budget</u>	<u>Actual</u>
Youth Court Special Revenue Fund	\$ 153,951	154,649
Debt Service Funds:		
Paving Bonds	165,291	262,841
Gas Assessments	20,048	64,768

CITY OF WASILLA, ALASKA

Notes to General Purpose Financial Statements, continued

(12) **Risk Management**

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

The City is a member of the Alaska Municipal League Joint Insurance Association (JIA), a governmental insurance pool established by the Alaska Municipal League. The JIA 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.

The JIA is a public entity risk pool organized to share risks among its members. The Association's bylaws provide for the assessment of supplemental contributions from members in the event that losses and expenses for any coverage year exceed the annual contributions and income earned on such contributions for the year. Such supplemental contributions shall be based upon each member's annual deposit contribution in comparison to the aggregate annual deposit contributions of all members. The Association made no supplemental assessments during the year ended June 30, 2001. Coverage limits and the deductibles on the policies have stayed relatively constant for the past few years.

(13) **Conduit Debt**

On April 22, 1996, the City Council authorized the issuance of nonrecourse revenue bonds for the purpose of providing funds to loan to the Cook Inlet Housing Development Corporation to purchase a facility. The bonds were issued in the amount of \$2,327,532 on October 17, 1996.

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.

Neither of these bonds constitute 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.

CITY OF WASILLA, ALASKA

Notes to General Purpose Financial Statements, continued

(14) **Contingencies**

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

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

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COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

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GENERAL FUND

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

CITY OF WASILLA, ALASKA

General Fund

Balance Sheet

June 30, 2001

(With Comparative Amounts for 2000)

<u>Assets</u>	<u>2001</u>	<u>2000</u>
Cash and investments	\$ <u>4,298,114</u>	<u>3,888,741</u>
Receivables:		
Sales taxes	557,810	529,535
Grants and shared revenues	242,376	182,067
Accrued interest	32,174	32,334
Special assessments	913	913
Other	<u>74,969</u>	<u>73,696</u>
Total receivables	<u>908,242</u>	<u>818,545</u>
Due from Honor Garden Capital Project Fund	37,000	-
Advances to Bond Guarantee Debt Service Fund	<u>112,879</u>	<u>109,064</u>
Total assets	\$ <u>5,356,235</u>	<u>4,816,350</u>
<u>Liabilities and Fund Balance</u>		
Liabilities:		
Accounts payable	168,016	84,542
Accrued payroll and employee benefits	113,113	101,417
Accrued annual and sick leave	172,063	133,742
Deferred revenue	<u>1,073</u>	<u>3,755</u>
Total liabilities	<u>454,265</u>	<u>323,456</u>
Fund balance:		
Reserved:		
Encumbrances	67,810	101,639
Advances to other funds	112,879	109,064
Insurance premium increases	44,776	44,776
Unreserved:		
Designated for subsequent year's expenditures	-	274,810
Undesignated	<u>4,676,505</u>	<u>3,962,605</u>
Total fund balance	<u>4,901,970</u>	<u>4,492,894</u>
Total liabilities and fund balance	\$ <u>5,356,235</u>	<u>4,816,350</u>

CITY OF WASILLA, ALASKA

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Year Ended June 30, 2001

(With Comparative Amounts for 2000)

	<u>2001</u>	<u>2000</u>
Revenues:		
Taxes	\$ 6,405,685	5,950,156
Licenses and permits	31,305	33,630
Fines, forfeitures and penalties	74,377	55,458
Intergovernmental	522,655	485,511
Matanuska-Susitna Borough	10,106	11,000
Investment income	309,302	275,615
Other	<u>94,809</u>	<u>562,785</u>
Total revenues	<u>7,448,239</u>	<u>7,374,155</u>
Expenditures:		
General government:		
City Council	347,127	269,417
Administration	305,276	321,802
General administration services	113,581	-
Finance	395,622	586,886
Management information systems	130,190	-
Planning	<u>176,603</u>	<u>184,326</u>
Total general government	<u>1,468,399</u>	<u>1,362,431</u>
Public safety	<u>1,730,855</u>	<u>1,535,216</u>
Public works:		
Administration	202,151	170,178
Road maintenance	609,462	425,779
Property maintenance	<u>277,789</u>	<u>158,165</u>
Total public works	<u>1,089,402</u>	<u>754,122</u>
Culture and recreation:		
Museum	102,745	94,387
Recreation	<u>416,910</u>	<u>386,141</u>
Total culture and recreation	<u>519,655</u>	<u>480,528</u>
Nondepartmental	<u>59,951</u>	<u>63,326</u>
Debt service	<u>440,891</u>	<u>446,241</u>
Total expenditures	<u>5,309,153</u>	<u>4,641,864</u>
Excess of revenues over expenditures	2,139,086	2,732,291
Other financing sources (uses):		
Operating transfers from other funds	27,740	21,793
Operating transfers to other funds	<u>(1,002,455)</u>	<u>(2,497,798)</u>
Net other financing sources (uses)	<u>(974,715)</u>	<u>(2,476,005)</u>
Excess of revenues and other financing sources over expenditures and other uses	1,164,371	256,286
Beginning fund balance	4,492,894	4,857,388
Residual equity transfers to Enterprise Funds	<u>(755,295)</u>	<u>(620,780)</u>
Ending fund balance	\$ <u>4,901,970</u>	<u>4,492,894</u>

CITY OF WASILLA, ALASKA

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance -

Budget and Actual

Year Ended June 30, 2001

(With Comparative Amounts for 2000)

	2001		Variance Favorable (Unfavorable)	2000
	Budget	Actual		Actual
Revenues:				
Taxes:				
Sales tax, including penalty and interest	\$ 5,300,000	5,985,169	685,169	5,509,279
Property and vehicle taxes	411,610	420,516	8,906	440,877
Total taxes	<u>5,711,610</u>	<u>6,405,685</u>	<u>694,075</u>	<u>5,950,156</u>
Licenses and permits:				
City business licenses	8,000	13,014	5,014	14,905
Land use permits	7,000	8,125	1,125	7,010
Utility permits	9,000	5,986	(3,014)	6,670
Driveway permits	2,000	1,375	(625)	1,575
Taxicab permits	2,000	2,775	775	3,420
Animal licenses	100	30	(70)	50
Total licenses and permits	<u>28,100</u>	<u>31,305</u>	<u>3,205</u>	<u>33,630</u>
Fines, forfeitures and penalties	<u>64,600</u>	<u>74,377</u>	<u>9,777</u>	<u>55,458</u>
Intergovernmental:				
Safe communities	112,965	114,435	1,470	126,927
Revenue-sharing	67,747	65,962	(1,785)	74,738
Electric and telephone co-op tax	125,000	186,189	61,189	142,715
Public safety grants	120,397	134,043	13,646	122,584
Museum grants	2,000	-	(2,000)	3,775
Alcoholic beverage tax	19,000	20,700	1,700	13,900
Other	3,500	1,326	(2,174)	872
Total intergovernmental	<u>450,609</u>	<u>522,655</u>	<u>72,046</u>	<u>485,511</u>
Matanuska-Susitna Borough:				
Solid waste	1,000	1,000	-	1,000
Parks and recreation	10,000	9,106	(894)	10,000
Total Matanuska-Susitna Borough	<u>11,000</u>	<u>10,106</u>	<u>(894)</u>	<u>11,000</u>
Investment income	<u>208,000</u>	<u>309,302</u>	<u>101,302</u>	<u>275,615</u>
Other:				
Administration fee revenue	35,000	9,274	(25,726)	57,471
Sale of land	-	-	-	331,373
Charges for services	8,450	3,964	(4,486)	6,752
Building rentals	900	1,933	1,033	870
Donations	16,000	58,443	42,443	19,851
Youth litter patrol	5,000	6,172	1,172	1,328
Miscellaneous	8,832	15,023	6,191	145,140
Total other	<u>74,182</u>	<u>94,809</u>	<u>20,627</u>	<u>562,785</u>
Total revenues	<u>6,548,101</u>	<u>7,448,239</u>	<u>900,138</u>	<u>7,374,155</u>

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

	2001		Variance Favorable (Unfavorable)	2000
	Budget	Actual		Actual
Expenditures:				
General government:				
City Council:				
Salaries	\$ 127,934	112,591	15,343	103,080
Employee benefits	35,635	29,035	6,600	28,539
Professional and technical services	141,490	139,474	2,016	66,872
Property services	7,700	4,037	3,663	3,347
Other purchased services	63,483	44,527	18,956	47,417
Supplies	10,893	10,202	691	10,766
Capital expenditures	7,957	7,261	696	9,402
Total City Council	395,092	347,127	47,965	269,417
Administration:				
Salaries	179,404	179,318	86	161,594
Employee benefits	51,659	49,865	1,794	50,946
Professional and technical services	56,500	47,456	9,044	91,070
Property services	3,000	3,106	(106)	3,816
Other purchased services	20,733	19,310	1,423	8,049
Supplies	3,850	3,551	299	1,413
Capital expenditures	3,900	2,670	1,230	4,914
Total administration	319,046	305,276	13,770	321,802
General administration services:				
Salaries	22,000	21,997	3	-
Employee benefits	7,501	7,459	42	-
Professional and technical services	1,950	679	1,271	-
Property services	4,020	3,834	186	-
Other purchased services	65,964	61,310	4,654	-
Supplies	16,400	15,836	564	-
Capital expenditures	2,500	2,466	34	-
Total general administration services	126,335	113,581	6,754	-
Finance:				
Salaries	278,314	258,044	20,270	307,682
Employee benefits	99,099	92,503	6,596	91,911
Professional and technical services	12,400	9,789	2,611	5,082
Property services	3,897	2,292	1,605	56,471
Other purchased services	34,970	22,734	12,236	91,022
Supplies	2,881	2,643	238	21,955
Other	500	11	489	-
Capital expenditures	9,521	7,606	1,915	12,763
Total finance	441,582	395,622	45,960	586,886
Management information systems				
Salaries	15,423	15,257	166	-
Employee benefits	4,546	3,762	784	-
Professional and technical services	11,400	5,865	5,535	-
Property services	84,851	84,813	38	-
Other purchased services	1,200	1,137	63	-
Supplies	4,100	4,062	38	-
Capital expenditures	20,700	15,294	5,406	-
Total management information systems	142,220	130,190	12,030	-

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

	2001		Variance	2000
	Budget	Actual	Favorable (Unfavorable)	Actual
Expenditures continued:				
Planning:				
Salaries				
Employee benefits	5	141,558	106,631	34,927
Professional and technical services		46,042	29,424	16,618
Property services		24,200	20,209	3,991
Other purchased services		2,750	1,442	1,308
Supplies		26,296	10,547	15,749
Capital expenditures		5,073	3,096	1,977
Total planning		<u>9,600</u>	<u>5,254</u>	<u>4,346</u>
		<u>255,519</u>	<u>176,603</u>	<u>78,916</u>
Total general government		<u>1,673,794</u>	<u>1,468,399</u>	<u>205,395</u>
				<u>1,362,431</u>
Public safety - police:				
Salaries				
Employee benefits		875,394	965,905	(90,511)
Professional and technical services		324,391	314,844	9,547
Property services		3,300	3,176	124
Other purchased services		20,352	19,426	926
Supplies		352,624	351,479	1,145
Capital expenditures		59,163	62,670	(3,507)
Total public safety - police		<u>14,800</u>	<u>13,355</u>	<u>1,445</u>
		<u>1,650,024</u>	<u>1,730,855</u>	<u>(80,831)</u>
				<u>1,535,216</u>
Public works:				
Administration:				
Salaries				
Employee benefits		108,757	120,348	(11,591)
Professional and technical services		31,086	25,359	5,727
Property services		5,500	4,051	1,449
Other purchased services		31,148	30,108	1,040
Supplies		16,429	13,471	2,958
Capital expenditures		4,601	4,558	43
Total administration		<u>6,500</u>	<u>4,256</u>	<u>2,244</u>
		<u>204,021</u>	<u>202,151</u>	<u>1,870</u>
				<u>170,178</u>
Road maintenance:				
Salaries				
Employee benefits		123,876	121,448	2,428
Property services		48,720	43,512	5,208
Other purchased services		25,835	25,728	107
Supplies		211,549	210,490	1,059
Capital expenditures		142,500	133,147	9,353
Total road maintenance		<u>75,171</u>	<u>75,137</u>	<u>34</u>
		<u>627,651</u>	<u>609,462</u>	<u>18,189</u>
				<u>425,779</u>
Property maintenance:				
Salaries				
Employee benefits		46,264	39,127	7,137
Property services		17,157	12,819	4,338
Other purchased services		171,700	153,146	18,554
Supplies		17,477	15,543	1,934
Capital expenditures		52,100	52,057	43
Other		4,564	4,129	435
Total property maintenance		<u>2,705</u>	<u>968</u>	<u>1,737</u>
		<u>311,967</u>	<u>277,789</u>	<u>34,178</u>
				<u>158,165</u>
Total public works		<u>1,143,639</u>	<u>1,089,402</u>	<u>54,237</u>
				<u>754,122</u>

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

	2001		Variance Favorable (Unfavorable)	2000
	Budget	Actual		Actual
Expenditures continued:				
Culture and recreation:				
Museum:				
Salaries	\$ 62,421	62,530	(109)	56,181
Employee benefits	19,429	18,736	693	16,631
Professional and technical services	1,000	968	32	797
Property services	3,225	2,450	775	2,563
Other purchased services	8,700	4,707	3,993	7,930
Supplies	5,150	7,374	(2,224)	6,025
Capital expenditures	7,400	5,980	1,420	4,260
Total museum	<u>107,325</u>	<u>102,745</u>	<u>4,580</u>	<u>94,387</u>
Recreation:				
Salaries	242,255	235,464	6,791	228,368
Employee benefits	66,055	65,987	68	61,437
Professional and technical services	9,000	6,484	2,516	7,641
Property services	40,075	39,271	804	34,427
Other purchased services	30,434	33,206	(2,772)	17,459
Supplies	26,050	28,936	(2,886)	26,409
Capital expenditures	7,600	7,562	38	10,400
Total recreation	<u>421,469</u>	<u>416,910</u>	<u>4,559</u>	<u>386,141</u>
Total culture and recreation	<u>528,794</u>	<u>519,655</u>	<u>9,139</u>	<u>480,528</u>
Nondepartmental:				
Insurance deductible	10,000	66	9,934	-
Foreclosed tax payments	10,000	9,348	652	-
Animal control	22,490	26,000	(3,510)	26,000
Donations to nonprofit organizations	27,260	24,537	2,723	37,326
Total nondepartmental	<u>69,750</u>	<u>59,951</u>	<u>9,799</u>	<u>63,326</u>
Debt service:				
Principal payments on general obligation bonds	175,000	175,000	-	170,000
Interest payments on general obligation bonds	265,942	265,891	51	276,241
Total debt service	<u>440,942</u>	<u>440,891</u>	<u>51</u>	<u>446,241</u>
Total expenditures	<u>5,506,943</u>	<u>5,309,153</u>	<u>197,790</u>	<u>4,641,864</u>
Excess of revenues over expenditures	1,041,158	2,139,086	1,097,928	2,732,291
Other financing sources (uses) -				
operating transfers from (to) other funds:				
Special Revenue Funds	(224,014)	(166,159)	57,855	(189,179)
Capital Project Funds	(641,012)	(641,012)	-	(2,114,208)
Enterprise Funds	(195,284)	(195,284)	-	(194,411)
Enterprise Funds	23,241	23,241	-	-
Nonexpendable Trust Fund	-	4,499	4,499	21,793
Net other financing sources (uses)	<u>(1,037,069)</u>	<u>(974,715)</u>	<u>62,354</u>	<u>(2,476,005)</u>
Excess of revenues and other financing sources over expenditures and other uses	4,089	1,164,371	1,160,282	256,286
Beginning fund balance	4,492,894	4,492,894	-	4,857,388
Residual equity transfers to Enterprise Funds	<u>(755,295)</u>	<u>(755,295)</u>	<u>-</u>	<u>(620,780)</u>
Ending fund balance	<u>\$ 3,741,688</u>	<u>4,901,970</u>	<u>1,160,282</u>	<u>4,492,894</u>

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SPECIAL REVENUE FUNDS

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

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

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

CITY OF WASILLA, ALASKA
Special Revenue Funds
Combining Balance Sheet
June 30, 2001
(With Comparative Totals for 2000)

<u>Assets</u>	<u>Library</u>	Youth <u>Court</u>	Asset <u>Forfeiture</u>	<u>Totals</u>	
				<u>2001</u>	<u>2000</u>
Cash and investments	\$ 36,837	24,086	2,815	63,738	74,671
Receivables - grants	<u>-</u>	<u>24,897</u>	<u>-</u>	<u>24,897</u>	<u>22,793</u>
 Total assets	 \$ <u>36,837</u>	 <u>48,983</u>	 <u>2,815</u>	 <u>88,635</u>	 <u>97,464</u>
 <u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	7,485	2,988	1,005	11,478	5,637
Accrued payroll and employee benefits	14,344	4,090	-	18,434	15,986
Accrued annual and sick leave	14,119	3,685	-	17,804	15,193
Deferred revenue	<u>-</u>	<u>13,324</u>	<u>-</u>	<u>13,324</u>	<u>-</u>
Total liabilities	<u>35,948</u>	<u>24,087</u>	<u>1,005</u>	<u>61,040</u>	<u>36,816</u>
 Fund balances:					
Reserved for encumbrances	889	-	-	889	2,057
Unreserved - designated for operations	<u>-</u>	<u>24,896</u>	<u>1,810</u>	<u>26,706</u>	<u>58,591</u>
Total fund balances	<u>889</u>	<u>24,896</u>	<u>1,810</u>	<u>27,595</u>	<u>60,648</u>
 Total liabilities and fund balances	 \$ <u>36,837</u>	 <u>48,983</u>	 <u>2,815</u>	 <u>88,635</u>	 <u>97,464</u>

CITY OF WASILLA, ALASKA
Special Revenue Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2001
(With Comparative Totals for 2000)

	<u>Library</u>	<u>Youth Court</u>	<u>Asset Forfeiture</u>	<u>Totals</u>	
				<u>2001</u>	<u>2000</u>
Revenues:					
Intergovernmental	\$ 6,300	120,322	11,378	138,000	177,721
Matanuska-Susitna Borough	322,000	-	-	322,000	322,000
Library fines	10,244	-	-	10,244	15,733
Investment income	4,565	1,818	473	6,856	5,661
Other	2,696	9,605	-	12,301	3,101
Total revenues	<u>345,805</u>	<u>131,745</u>	<u>11,851</u>	<u>489,401</u>	<u>524,216</u>
Expenditures:					
Salaries	271,850	94,961	-	366,811	392,297
Employee benefits	82,699	30,385	-	113,084	112,667
Professional and technical services	41,061	1,600	-	42,661	44,531
Property services	18,303	600	-	18,903	17,064
Other purchased services	25,356	12,233	-	37,589	36,268
Supplies	71,071	7,368	5,009	83,448	68,117
Capital expenditures	1,624	7,502	16,991	26,117	95,996
Total expenditures	<u>511,964</u>	<u>154,649</u>	<u>22,000</u>	<u>688,613</u>	<u>766,940</u>
Excess of revenues over (under) expenditures	(166,159)	(22,904)	(10,149)	(199,212)	(242,724)
Other financing sources -					
operating transfers from General Fund	<u>166,159</u>	<u>-</u>	<u>-</u>	<u>166,159</u>	<u>189,179</u>
Excess of revenues and other financing sources over (under) expenditures	<u>-</u>	<u>(22,904)</u>	<u>(10,149)</u>	<u>(33,053)</u>	<u>(53,545)</u>
Beginning fund balances	<u>889</u>	<u>47,800</u>	<u>11,959</u>	<u>60,648</u>	<u>114,193</u>
Ending fund balances	<u>\$ 889</u>	<u>24,896</u>	<u>1,810</u>	<u>27,595</u>	<u>60,648</u>

CITY OF WASILLA, ALASKA
Library Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
Year Ended June 30, 2001
(With Comparative Amounts for 2000)

	2001		Variance Favorable (Unfavorable)	2000
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Intergovernmental	\$ 6,300	6,300	-	6,300
Matanuska-Susitna Borough	322,000	322,000	-	322,000
Library fines	15,500	10,244	(5,256)	15,733
Investment income	-	4,565	4,565	3,267
Other	1,100	2,696	1,596	2,333
Total revenues	<u>344,900</u>	<u>345,805</u>	<u>905</u>	<u>349,633</u>
Expenditures:				
Salaries	309,714	271,850	37,864	300,573
Employee benefits	103,390	82,699	20,691	85,297
Professional and technical services	41,156	41,061	95	44,531
Property services	18,395	18,303	92	16,464
Other purchased services	25,759	25,356	403	26,744
Supplies	69,720	71,071	(1,351)	48,595
Capital expenditures	1,670	1,624	46	17,013
Total expenditures	<u>569,804</u>	<u>511,964</u>	<u>57,840</u>	<u>539,217</u>
Excess of revenues over (under) expenditures	(224,904)	(166,159)	58,745	(189,584)
Other financing sources -				
operating transfers from General Fund	<u>224,014</u>	<u>166,159</u>	<u>(57,855)</u>	<u>189,179</u>
Excess of revenues and other financing sources over (under) expenditures	(890)	-	890	(405)
Beginning fund balance	<u>889</u>	<u>889</u>	<u>-</u>	<u>1,294</u>
Ending fund balance	\$ <u>(1)</u>	<u>889</u>	<u>890</u>	<u>889</u>

CITY OF WASILLA, ALASKA
 Youth Court Special Revenue Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance -
 Budget and Actual
 Year Ended June 30, 2001
 (With Comparative Amounts for 2000)

	2001		Variance Favorable (Unfavorable)	2000
	Budget	Actual		Actual
Revenues:				
Intergovernmental	\$ 159,666	120,322	(39,344)	123,385
Matanuska-Susitna Borough	20,000	-	(20,000)	-
Investment income	-	1,818	1,818	1,578
Other	9,800	9,605	(195)	768
Total revenues	189,466	131,745	(57,721)	125,731
Expenditures:				
Salaries	94,016	94,961	(945)	91,724
Employee benefits	31,914	30,385	1,529	27,370
Professional and technical services	1,800	1,600	200	-
Property services	800	600	200	600
Other purchased services	15,393	12,233	3,160	9,281
Supplies	8,728	7,368	1,360	1,405
Capital expenditures	1,300	7,502	(6,202)	146
Total expenditures	153,951	154,649	(698)	130,526
Excess of revenues over (under) expenditures	35,515	(22,904)	(58,419)	(4,795)
Beginning fund balance	47,800	47,800	-	52,595
Ending fund balance	\$ 83,315	24,896	(58,419)	47,800

CITY OF WASILLA, ALASKA
Asset Forfeiture Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
Year Ended June 30, 2001
(With Comparative Amounts for 2000)

	2001		Variance Favorable (Unfavorable)	2000
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Intergovernmental	\$ 11,378	11,378	-	48,036
Investment income	782	473	(309)	816
Total revenues	<u>12,160</u>	<u>11,851</u>	<u>(309)</u>	<u>48,852</u>
Expenditures:				
Other purchased services	-	-	-	243
Supplies	-	5,009	(5,009)	18,117
Capital expenditures	23,629	16,991	6,638	78,837
Total expenditures	<u>23,629</u>	<u>22,000</u>	<u>1,629</u>	<u>97,197</u>
Excess of revenues over (under) expenditures	(11,469)	(10,149)	1,320	(48,345)
Beginning fund balance	<u>11,959</u>	<u>11,959</u>	-	<u>60,304</u>
Ending fund balance	<u>\$ 490</u>	<u>1,810</u>	<u>1,320</u>	<u>11,959</u>

DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, special assessment debt principal, interest and related costs.

CITY OF WASILLA, ALASKA

Debt Service Funds
Combining Balance Sheet

June 30, 2001

(With Comparative Totals for 2000)

Assets	1982	1986	1987	1988	Totals	
	Original Water Bond	Southside Water District Bond	Sewer Improvement District Bond	Overlook Sewer Improvement Bond	2001	2000
Cash and investments	\$ 102,184	49,363	131,348	34,141	152,568	1,103,373
Receivables:						
Special assessments, net	175,203	78,499	120,313	-	-	1,079,682
Interest and penalty	-	-	-	-	-	3,879
Total assets	\$ 277,387	127,862	251,661	34,141	152,568	2,158,238

Liabilities and Fund Balances

Liabilities:						
Advances from General Fund					112,879	109,064
Deferred revenue	175,203	78,499	120,313	-	-	1,079,682
Total liabilities	175,203	78,499	120,313	-	112,879	1,169,010
Fund balances:						
Reserved for debt service		49,363	131,348	-	-	622,916
Unreserved and undesignated	102,184	-	-	34,141	39,689	332,828
Total fund balances	102,184	49,363	131,348	34,141	39,689	989,228
Total liabilities and fund balances	\$ 277,387	127,862	251,661	34,141	152,568	2,158,238

CITY OF WASILLA, ALASKA

Debt Service Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Year Ended June 30, 2001
(With Comparative Totals for 2000)

	1982	1986	1987	1988	Totals
	Original	Southside	Sewer	Overlook	
	Water	Water	Improvement	Sewer	
	Bond	District	District	Improvement	
	Bond	Bond	Bond	Bond	
					2001
					2000
Revenues:					
Special assessments	\$ 36,933	22,302	16,268	9,348	275,491
Investment income	2,451	1,504	4,258	890	39,469
Free main allowances	-	-	-	-	54,538
Total revenues	<u>39,384</u>	<u>23,806</u>	<u>20,526</u>	<u>10,238</u>	<u>369,498</u>
Expenditures - debt service:					
Principal	-	3,954	3,400	-	167,142
Interest	-	8,578	7,651	-	72,845
Gas LID refund	-	-	-	-	64,768
Total expenditures	<u>-</u>	<u>12,532</u>	<u>11,051</u>	<u>-</u>	<u>304,755</u>
Excess of revenues over (under) expenditures	39,384	11,274	9,475	10,238	64,743
Other uses - operating transfers to other funds	<u>(17,040)</u>	-	-	-	<u>(17,040)</u>
Excess of revenues over (under) expenditures and other uses	22,344	11,274	9,475	10,238	47,703
Beginning fund balances	79,840	38,089	121,873	23,903	989,228
Residual equity transfers to other funds	-	-	-	-	(46,437)
Ending fund balances	<u>\$ 102,184</u>	<u>49,363</u>	<u>131,348</u>	<u>34,141</u>	<u>990,494</u>
					<u>989,228</u>

CITY OF WASILLA, ALASKA
1987 Sewer Improvement District Bond Debt Service Fund
Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2001
(With Comparative Amounts for 2000)

	2001		Variance Favorable (Unfavorable)	2000
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Special assessments	\$ 9,551	16,268	6,717	33,731
Investment income	<u>2,200</u>	<u>4,258</u>	<u>2,058</u>	<u>3,954</u>
Total revenues	<u>11,751</u>	<u>20,526</u>	<u>8,775</u>	<u>37,685</u>
Expenditures - debt service:				
Principal	3,400	3,400	-	3,400
Interest	<u>7,651</u>	<u>7,651</u>	<u>-</u>	<u>7,872</u>
Total expenditures	<u>11,051</u>	<u>11,051</u>	<u>-</u>	<u>11,272</u>
 Excess of revenues over expenditures	700	9,475	8,775	26,413
 Beginning fund balance	<u>121,873</u>	<u>121,873</u>	<u>-</u>	<u>95,460</u>
 Ending fund balance	\$ <u>122,573</u>	<u>131,348</u>	<u>8,775</u>	<u>121,873</u>

CITY OF WASILLA, ALASKA
Paving Bonds Debt Service Fund
Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2001
(With Comparative Amounts for 2000)

	2001		Variance Favorable (Unfavorable)	2000
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Special assessments	\$ 148,894	190,640	41,746	274,461
Investment income	<u>5,000</u>	<u>17,968</u>	<u>12,968</u>	<u>18,883</u>
Total revenues	<u>153,894</u>	<u>208,608</u>	<u>54,714</u>	<u>293,344</u>
Expenditures - debt service:				
Principal	121,064	159,788	(38,724)	117,329
Interest	<u>44,227</u>	<u>56,616</u>	<u>(12,389)</u>	<u>55,382</u>
Total expenditures	<u>165,291</u>	<u>216,404</u>	<u>(51,113)</u>	<u>172,711</u>
Excess of revenues over (under) expenditures	(11,397)	(7,796)	3,601	120,633
Beginning fund balance	496,438	496,438	-	375,805
Residual equity transfer to Miscellaneous Projects and Road and Street Improvements Capital Project Fund	<u>-</u>	<u>(46,437)</u>	<u>(46,437)</u>	<u>-</u>
Ending fund balance	\$ <u>485,041</u>	<u>442,205</u>	<u>(42,836)</u>	<u>496,438</u>

CITY OF WASILLA, ALASKA
Gas Assessments Debt Service Fund
Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2001
(With Comparative Amounts for 2000)

	2001		Variance Favorable Unfavorable	2000
	Budget	Actual		Actual
Revenues:				
Special assessments	\$ -	-	-	2,849
Investment income	2,000	6,692	4,692	7,320
Free main allowances	<u>20,000</u>	<u>54,538</u>	<u>34,538</u>	<u>11,299</u>
Total revenues	22,000	61,230	39,230	21,468
 Expenditures - Gas LID refund	<u>20,048</u>	<u>64,768</u>	<u>(44,720)</u>	<u>-</u>
 Excess of revenues over (under) expenditures	1,952	(3,538)	(5,490)	21,468
 Beginning fund balance	<u>195,102</u>	<u>195,102</u>	<u>-</u>	<u>173,634</u>
 Ending fund balance	\$ <u>197,054</u>	<u>191,564</u>	<u>(5,490)</u>	<u>195,102</u>

CITY OF WASILLA, ALASKA
 1988 Overlook Sewer Improvement Bond Debt Service Fund
 Statement of Revenues, Expenditures
 and Changes in Fund Balance
 Year Ended June 30, 2001
 (With Comparative Amounts for 2000)

	<u>2001</u>	<u>2000</u>
Revenues:		
Special assessments	\$ 9,348	2,066
Investment income	<u>890</u>	<u>849</u>
Total revenues	10,238	2,915
 Beginning fund balance	 <u>23,903</u>	 <u>20,988</u>
 Ending fund balance	 \$ <u>34,141</u>	 <u>23,903</u>

CITY OF WASILLA, ALASKA
Bond Guarantee Debt Service Fund
Statement of Revenues, Expenditures
and Changes in Fund Balance
Year Ended June 30, 2001
(With Comparative Amounts for 2000)

	<u>2001</u>	<u>2000</u>
Revenues - investment income	\$ 5,706	6,392
Beginning fund balance	<u>33,983</u>	<u>27,591</u>
Ending fund balance	\$ <u>39,689</u>	<u>33,983</u>

CAPITAL PROJECT FUNDS

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

CITY OF WASILLA, ALASKA
 Capital Project Funds
 Combining Balance Sheet
 June 30, 2001
 (With Comparative Totals for 2000)

<u>Assets</u>	Miscellaneous	Projects and	Road and	Vehicle	Right-	Honor	<u>Totals</u>	
	<u>Improvements</u>	Street	Replacement	of-Way	Acquisition	Garden	<u>2001</u>	<u>2000</u>
Cash and investments	\$ 1,782,446		365,207	32,792		45,217	2,225,662	3,897,363
Receivables:								
Grants	101,424		-	-		-	101,424	336,373
Accrued interest	28,987		3,579	-		-	32,566	27,187
Other	<u>3,500</u>		<u>-</u>	<u>-</u>		<u>-</u>	<u>3,500</u>	<u>-</u>
 Total assets	 \$ <u>1,916,357</u>		 <u>368,786</u>	 <u>32,792</u>		 <u>45,217</u>	 <u>2,363,152</u>	 <u>4,260,923</u>
 <u>Liabilities and Fund Balances</u>								
Liabilities:								
Accounts payable	117,059		5,051	-		2,420	124,530	114,680
Accrued payroll and employee benefits	8,036		-	-		-	8,036	2,882
Deferred revenue	13,600		-	-		-	13,600	10,000
Due to General Fund	-		-	-		37,000	37,000	-
Total liabilities	<u>138,695</u>		<u>5,051</u>	<u>-</u>		<u>39,420</u>	<u>183,166</u>	<u>127,562</u>
Fund balances:								
Reserved for encumbrances	681,323		24,224	-		3,056	708,603	222,110
Unreserved - designated for capital improvements	<u>1,096,339</u>		<u>339,511</u>	<u>32,792</u>		<u>2,741</u>	<u>1,471,383</u>	<u>3,911,251</u>
Total fund balances	<u>1,777,662</u>		<u>363,735</u>	<u>32,792</u>		<u>5,797</u>	<u>2,179,986</u>	<u>4,133,361</u>
 Total liabilities and fund balances	 \$ <u>1,916,357</u>		 <u>368,786</u>	 <u>32,792</u>		 <u>45,217</u>	 <u>2,363,152</u>	 <u>4,260,923</u>

CITY OF WASILLA, ALASKA
 Capital Project Funds
 Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances
 Year Ended June 30, 2001
 (With Comparative Totals for 2000)

	Miscellaneous Projects and Road and Street				Totals	
	<u>Improvements</u>	<u>Vehicle Replacement</u>	<u>Right- of-Way Acquisition</u>	<u>Honor Garden</u>	<u>2001</u>	<u>2000</u>
Revenues:						
Intergovernmental	\$ 239,845	-	-	-	239,845	376,817
Matanuska-Susitna Borough	53,217	-	-	-	53,217	290,228
Investment income	139,503	23,815	2,138	1,772	167,228	204,671
Other	<u>28,756</u>	<u>-</u>	<u>-</u>	<u>178,246</u>	<u>207,002</u>	<u>21,495</u>
Total revenues	461,321	23,815	2,138	180,018	667,292	893,211
Expenditures - capital outlay	<u>2,987,140</u>	<u>343,763</u>	<u>38,000</u>	<u>174,221</u>	<u>3,543,124</u>	<u>4,840,525</u>
Excess of revenues over (under) expenditures	(2,525,819)	(319,948)	(35,862)	5,797	(2,875,832)	(3,947,314)
Other financing sources (uses):						
Bond proceeds	216,488	-	-	-	216,488	189,320
Operating transfers from other funds	539,532	195,000	5,000	-	739,532	2,143,096
Operating transfer to other funds	<u>(65,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(65,000)</u>	<u>-</u>
Net other financing sources (uses)	<u>691,020</u>	<u>195,000</u>	<u>5,000</u>	<u>-</u>	<u>891,020</u>	<u>2,332,416</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	(1,834,799)	(124,948)	(30,862)	5,797	(1,984,812)	(1,614,898)
Beginning fund balances	3,581,024	488,683	63,654	-	4,133,361	5,748,259
Residual equity transfers from other funds	46,437	-	-	-	46,437	-
Residual equity transfers to other funds	<u>(15,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,000)</u>	<u>-</u>
Ending fund balances	<u>\$ 1,777,662</u>	<u>363,735</u>	<u>32,792</u>	<u>5,797</u>	<u>2,179,986</u>	<u>4,133,361</u>

CITY OF WASILLA, ALASKA
Miscellaneous Projects and Road and Street
Improvement Capital Project Fund
Schedule of Expenditures by Project
Year Ended June 30, 2001

Expenditures:	
Computer conversion	\$ 16,000
Snow storage	24,910
Airport clear zone	11,747
Storm drain rehabilitation	8,706
Transportation master plan	53,674
Land acquisition	147,287
Public safety building	1,447,273
Building modification	88,380
Iditapark development	160,293
City parks renovation	15,410
Bumpus recreation area	39,488
Recreational trails	13,191
Storm water	233,671
Road upgrading	36,119
Paving projects:	
GVC/GLL	332,395
Spruce Avenue	19,900
Susitna Avenue	20,546
Tallerico Avenue	13,302
Centaur Avenue	227,753
Prospector Hills Street	14,039
Paving LID engineering and support	17,451
Strip paving	15,293
Other miscellaneous projects	<u>30,312</u>
 Total expenditures	 \$ <u>2,987,140</u>

ENTERPRISE FUNDS

The Sewer and Water Utility Funds are used to account for the provision of sewer and water services to the residents of the City. The Municipal Airport Fund is used to account for the activities of the Wasilla Municipal Airport. 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
 Enterprise Funds
 Combining Balance Sheet
 June 30, 2001
 (With Comparative Totals for 2000)

<u>Assets</u>	Sewer Utility	Water Utility	Municipal Airport	Totals	
				2001	2000
Current assets:					
Cash and investments	\$ 1,271,394	1,062,545	56,989	2,390,928	2,139,188
Receivables:					
Accounts	50,204	41,250	33,480	124,934	114,899
Allowance for doubtful accounts	(2,280)	(3,551)	-	(5,831)	(20,510)
Grants	361,049	50,132	-	411,181	-
Accrued interest	-	11,381	-	11,381	14,997
Notes, current portion	25,411	-	-	25,411	29,314
Special assessments, current portion	8,471	-	-	8,471	-
Inventory	59,022	31,836	-	90,858	81,872
Total current assets	<u>1,773,271</u>	<u>1,193,593</u>	<u>90,469</u>	<u>3,057,333</u>	<u>2,359,760</u>
Notes receivable, net of current portion	19,803	-	-	19,803	28,532
Special assessments receivable, net of current portion	76,240	-	-	76,240	-
Property, plant and equipment:					
Land	657,810	149,170	1,470,000	2,276,980	2,276,980
Land improvements	-	-	5,330,984	5,330,984	5,315,544
Treatment system	4,475,624	-	-	4,475,624	4,475,624
Collection/distribution system	7,987,894	6,651,455	-	14,639,349	13,076,977
Water tank and fence	-	2,337,975	-	2,337,975	2,337,975
Wells/well house	-	271,276	-	271,276	271,276
Other plant in service	2,917,494	-	-	2,917,494	2,894,496
Equipment	2,026,778	84,232	213,954	2,324,964	2,231,779
Construction in progress	1,938,548	537,841	35,199	2,511,588	2,245,796
Total property, plant and equipment	20,004,148	10,031,949	7,050,137	37,086,234	35,126,447
Less accumulated depreciation	(5,972,641)	(2,524,165)	(2,127,354)	(10,624,160)	(9,790,367)
Net property, plant and equipment	<u>14,031,507</u>	<u>7,507,784</u>	<u>4,922,783</u>	<u>26,462,074</u>	<u>25,336,080</u>
Deferred charges, net of accumulated amortization	-	14,550	-	14,550	14,931
Total assets	<u>\$ 15,900,821</u>	<u>8,715,927</u>	<u>5,013,252</u>	<u>29,630,000</u>	<u>27,739,303</u>
<u>Liabilities and Fund Equity</u>					
Liabilities:					
Current liabilities:					
Accounts payable	25,347	20,486	9,271	55,104	160,940
Revenue billed in advance	28,849	1,715	4,842	35,406	33,082
Accrued payroll and employee benefits	9,163	5,557	365	15,085	13,842
Accrued annual and sick leave	12,035	7,072	1,046	20,153	23,073
Customer deposits	23,671	15,810	-	39,481	41,335
Accrued interest	-	3,721	-	3,721	5,299
Current portion of long term debt	8,471	8,855	-	17,326	8,855
Total current liabilities	<u>107,536</u>	<u>63,216</u>	<u>15,524</u>	<u>186,276</u>	<u>286,426</u>
Long-term debt, net of current portion	76,240	146,726	-	222,966	155,581
Total liabilities	<u>183,776</u>	<u>209,942</u>	<u>15,524</u>	<u>409,242</u>	<u>442,007</u>
Fund equity:					
Contributed capital:					
Federal and state grants	17,596,227	5,185,567	6,998,295	29,780,089	28,217,119
Other	3,361,453	4,392,297	68,573	7,822,323	6,961,669
Total contributed capital	20,957,680	9,577,864	7,066,868	37,602,412	35,178,788
Less accumulated amortization	(5,662,830)	(1,745,196)	(2,123,458)	(9,531,484)	(8,819,465)
Net contributed capital	15,294,850	7,832,668	4,943,410	28,070,928	26,359,323
Retained earnings - unreserved	422,195	673,317	54,318	1,149,830	937,973
Total fund equity	<u>15,717,045</u>	<u>8,505,985</u>	<u>4,997,728</u>	<u>29,220,758</u>	<u>27,297,296</u>
Total liabilities and fund equity	<u>\$ 15,900,821</u>	<u>8,715,927</u>	<u>5,013,252</u>	<u>29,630,000</u>	<u>27,739,303</u>

CITY OF WASILLA, ALASKA
Enterprise Funds
Combining Statement of Revenues, Expenses
and Changes in Retained Earnings
Year Ended June 30, 2001
(With Comparative Totals for 2000)

	Sewer Utility	Water Utility	Municipal Airport	Totals	
				2001	2000
Operating revenues:					
Sales and user charges	\$ 444,603	385,706	-	830,309	803,846
Fees and rentals	-	-	27,665	27,665	21,258
Meters	-	11,775	-	11,775	4,907
Other	-	1,421	-	1,421	546
Total operating revenues	<u>444,603</u>	<u>398,902</u>	<u>27,665</u>	<u>871,170</u>	<u>830,557</u>
Operating expenses:					
Salaries	201,220	138,960	9,336	349,516	335,744
Employee benefits	66,988	47,201	2,288	116,477	102,349
Other purchased services	21,836	13,199	20,419	55,454	62,131
Professional and technical services	4,869	9,034	2,945	16,848	21,314
Supplies	64,087	41,460	5,823	111,370	97,092
Administration	24,458	18,077	-	42,535	41,195
Property services	71,587	33,029	4,500	109,116	126,719
Equipment	2,099	976	-	3,075	5,032
Bad debt expense	1,186	2,683	-	3,869	2,210
Total operating expenses	<u>458,330</u>	<u>304,619</u>	<u>45,311</u>	<u>808,260</u>	<u>793,786</u>
Operating income (loss) before depreciation	(13,727)	94,283	(17,646)	62,910	36,771
Depreciation	<u>348,663</u>	<u>198,329</u>	<u>286,801</u>	<u>833,793</u>	<u>780,537</u>
Operating loss	(362,390)	(104,046)	(304,447)	(770,883)	(743,766)
Nonoperating revenues (expenses):					
Payments in lieu of assessments	12,127	37,398	-	49,525	118,486
Sewer hook-up grants	(24,000)	-	-	(24,000)	(4,000)
Interest expense	-	(4,473)	-	(4,473)	(5,299)
Investment income	31,109	57,174	1,503	89,786	80,904
Other	-	4,320	-	4,320	-
Net nonoperating revenues (expenses)	<u>19,236</u>	<u>94,419</u>	<u>1,503</u>	<u>115,158</u>	<u>190,091</u>
Loss before operating transfers	(343,154)	(9,627)	(302,944)	(655,725)	(553,675)
Operating transfers:					
Operating transfers in	100,874	61,523	41,407	203,804	213,664
Operating transfers out	(26,547)	(21,694)	-	(48,241)	(39,253)
Net operating transfers	<u>74,327</u>	<u>39,829</u>	<u>41,407</u>	<u>155,563</u>	<u>174,411</u>
Net income (loss)	(268,827)	30,202	(261,537)	(500,162)	(379,264)
Amortization of contributed capital	<u>316,766</u>	<u>110,651</u>	<u>284,602</u>	<u>712,019</u>	<u>690,260</u>
Increase in retained earnings	47,939	140,853	23,065	211,857	310,996
Beginning retained earnings	<u>374,256</u>	<u>532,464</u>	<u>31,253</u>	<u>937,973</u>	<u>626,977</u>
Ending retained earnings	\$ <u>422,195</u>	<u>673,317</u>	<u>54,318</u>	<u>1,149,830</u>	<u>937,973</u>

CITY OF WASILLA, ALASKA

Enterprise Funds

Combining Statement of Cash Flows

Year Ended June 30, 2001

(With Comparative Totals for 2000)

	Sewer Utility	Water Utility	Municipal Airport	Totals	
				2001	2000
Cash flows from operating activities:					
Operating loss	\$ (362,390)	(104,046)	(304,447)	(770,883)	(743,766)
Adjustments to reconcile operating loss to net cash flows from operating activities:					
Depreciation	348,663	198,329	286,801	833,793	780,537
Amortization	-	381	-	381	382
Other income	-	4,320	-	4,320	-
Increase (decrease) in allowance for doubtful accounts	(8,148)	(6,531)	-	(14,679)	2,210
(Increase) decrease in assets:					
Accounts receivable	12,698	10,233	(32,966)	(10,035)	(19,680)
Inventory	(427)	(8,559)	-	(8,986)	(14,500)
Increase (decrease) in liabilities:					
Accounts payable	(104,573)	(10,033)	8,770	(105,836)	(225,476)
Revenue billed in advance	-	636	1,688	2,324	4,233
Accrued payroll and employee benefits	2,785	(1,291)	(251)	1,243	13,842
Accrued annual and sick leave	1,274	(3,804)	(390)	(2,920)	1,174
Customer deposits	(1,724)	(130)	-	(1,854)	241
Net cash flows from operating activities	<u>(111,842)</u>	<u>79,505</u>	<u>(40,795)</u>	<u>(73,132)</u>	<u>(200,803)</u>
Cash flows from noncapital financing activities:					
Operating transfers in	100,874	61,523	41,407	203,804	213,664
Operating transfers out	(26,547)	(21,694)	-	(48,241)	(39,253)
Net cash flows from noncapital financing activities	<u>74,327</u>	<u>39,829</u>	<u>41,407</u>	<u>155,563</u>	<u>174,411</u>
Cash flows from capital and related financing activities:					
Bond proceeds	84,711	-	-	84,711	-
Principal and interest paid on long-term debt	-	(14,906)	-	(14,906)	(12,665)
Receipt of payments in lieu of assessments	17,775	37,398	-	55,173	118,486
Acquisition and construction of capital assets	(1,429,314)	(493,834)	(36,639)	(1,959,787)	(1,561,220)
Residual equity transfers in as contributed capital	983,358	347,670	28,125	1,359,153	629,668
Residual equity transfers out of contributed capital	-	(588,858)	-	(588,858)	-
Other contributed capital received	911,936	206,854	32,999	1,151,789	686,513
Sewer hook-up grants	(24,000)	-	-	(24,000)	(4,000)
Net cash flows from capital and related financing activities	<u>544,466</u>	<u>(505,676)</u>	<u>24,485</u>	<u>63,275</u>	<u>(143,218)</u>
Cash flows from investing activities:					
Investment income received	36,005	55,894	1,503	93,402	78,955
Increase in notes receivable	-	-	-	-	(12,000)
Principal payments received on notes receivable	12,632	-	-	12,632	19,801
Net cash flows from investing activities	<u>48,637</u>	<u>55,894</u>	<u>1,503</u>	<u>106,034</u>	<u>86,756</u>
Net increase (decrease) in cash and investments	555,588	(330,448)	26,600	251,740	(82,854)
Cash and investments at beginning of year	<u>715,806</u>	<u>1,392,993</u>	<u>30,389</u>	<u>2,139,188</u>	<u>2,222,042</u>
Cash and investments at end of year	\$ <u>1,271,394</u>	<u>1,062,545</u>	<u>56,989</u>	<u>2,390,928</u>	<u>2,139,188</u>
Noncash capital and related financing activities - increase in contributed capital from special assessments	\$ <u>84,711</u>	<u>-</u>	<u>-</u>	<u>84,711</u>	<u>-</u>

CITY OF WASILLA, ALASKA

Sewer Utility Enterprise Fund

Balance Sheet

June 30, 2001

(With Comparative Amounts for 2000)

<u>Assets</u>	<u>2001</u>	<u>2000</u>
Current assets:		
Cash and investments	\$ 1,271,394	715,806
Receivables:		
Accounts	50,204	62,902
Allowance for doubtful accounts	(2,280)	(10,428)
Grants	361,049	-
Accrued interest	-	4,896
Notes, current portion	25,411	29,314
Special assessments, current portion	8,471	-
Inventory	59,022	58,595
Total current assets	<u>1,773,271</u>	<u>861,085</u>
Notes receivable, net of current portion	19,803	28,532
Special assessments receivable, net of current portion	<u>76,240</u>	<u>-</u>
Property, plant and equipment:		
Land	657,810	657,810
Treatment system	4,475,624	4,475,624
Collection system	7,987,894	7,822,752
Other plant in service	2,917,494	2,894,496
Equipment	2,026,778	1,945,100
Construction in progress	1,938,548	779,052
Total property, plant and equipment	20,004,148	18,574,834
Less accumulated depreciation	<u>(5,972,641)</u>	<u>(5,623,978)</u>
Net property, plant and equipment	<u>14,031,507</u>	<u>12,950,856</u>
Total assets	<u>\$ 15,900,821</u>	<u>13,840,473</u>
	<u>Liabilities and Fund Equity</u>	
Liabilities		
Current liabilities:		
Accounts payable	25,347	129,920
Revenue billed in advance	28,849	28,849
Accrued payroll and employee benefits	9,163	6,378
Accrued annual and sick leave	12,035	10,761
Customer deposits	23,671	25,395
Current portion of bonds payable	8,471	-
Total current liabilities	<u>107,536</u>	<u>201,303</u>
Bonds payable, net of current portion	<u>76,240</u>	<u>-</u>
Total liabilities	<u>183,776</u>	<u>201,303</u>
Fund equity:		
Contributed capital:		
Federal and state grants	17,596,227	16,323,242
Other	<u>3,361,453</u>	<u>2,287,736</u>
Total contributed capital	20,957,680	18,610,978
Less accumulated amortization	<u>(5,662,830)</u>	<u>(5,346,064)</u>
Net contributed capital	<u>15,294,850</u>	<u>13,264,914</u>
Retained earnings - unreserved	<u>422,195</u>	<u>374,256</u>
Total fund equity	<u>15,717,045</u>	<u>13,639,170</u>
Total liabilities and fund equity	<u>\$ 15,900,821</u>	<u>13,840,473</u>

CITY OF WASILLA, ALASKA
 Sewer Utility Enterprise Fund
 Statement of Revenues, Expenses
 and Changes in Retained Earnings
 Year Ended June 30, 2001
 (With Comparative Amounts for 2000)

	<u>2001</u>	<u>2000</u>
Operating revenues -user charges	\$ <u>444,603</u>	<u>427,377</u>
Operating expenses:		
Salaries	201,220	174,704
Employee benefits	66,988	56,253
Other purchased services	21,836	25,957
Professional and technical services	4,869	5,971
Supplies	64,087	50,876
Administration	24,458	16,478
Property services	71,587	86,149
Equipment	2,099	4,459
Bad debt expense	1,186	1,278
Total operating expenses	<u>458,330</u>	<u>422,125</u>
Operating income (loss) before depreciation	(13,727)	5,252
Depreciation	<u>348,663</u>	<u>342,928</u>
Operating loss	(362,390)	(337,676)
Nonoperating revenues (expenses):		
Payments in lieu of assessments	12,127	86,073
Sewer hook-up grants	(24,000)	(4,000)
Investment income	31,109	29,260
Net nonoperating revenues (expenses)	<u>19,236</u>	<u>111,333</u>
Loss before operating transfers	(343,154)	(226,343)
Operating transfers:		
Operating transfers in	100,874	107,425
Operating transfers out	(26,547)	(24,812)
Net operating transfers	<u>74,327</u>	<u>82,613</u>
Net loss	(268,827)	(143,730)
Amortization of contributed capital	<u>316,766</u>	<u>317,718</u>
Increase in retained earnings	47,939	173,988
Beginning retained earnings	<u>374,256</u>	<u>200,268</u>
Ending retained earnings	\$ <u>422,195</u>	<u>374,256</u>

CITY OF WASILLA, ALASKA

Sewer Utility Enterprise Fund

Statement of Cash Flows

Year Ended June 30, 2001

(With Comparative Amounts for 2000)

	<u>2001</u>	<u>2000</u>
Cash flows from operating activities:		
Operating loss	\$ (362,390)	(337,676)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation	348,663	342,928
Increase (decrease) in allowance for doubtful accounts	(8,148)	1,278
(Increase) decrease in assets:		
Accounts receivable	12,698	(20,118)
Inventory	(427)	(5,594)
Increase (decrease) in liabilities:		
Accounts payable	(104,573)	(31,358)
Accrued payroll and employee benefits	2,785	6,378
Accrued annual and sick leave	1,274	(327)
Customer deposits	<u>(1,724)</u>	<u>3,024</u>
Net cash flows from operating activities	<u>(111,842)</u>	<u>(41,465)</u>
Cash flows from noncapital financing activities:		
Operating transfers in	100,874	107,425
Operating transfers out	<u>(26,547)</u>	<u>(24,812)</u>
Net cash flows from noncapital financing activities	<u>74,327</u>	<u>82,613</u>
Cash flows from capital and related financing activities:		
Bond proceeds	84,711	-
Receipt of payments in lieu of assessments	17,775	86,073
Acquisition and construction of capital assets	(1,429,314)	(588,693)
Residual equity transfers in as contributed capital	983,358	205,915
Other contributed capital received	911,936	284,272
Sewer hook-up grants	<u>(24,000)</u>	<u>(4,000)</u>
Net cash flows from capital and related financing activities	<u>544,466</u>	<u>(16,433)</u>
Cash flows from investing activities:		
Investment income received	36,005	28,190
Increase in notes receivable	-	(12,000)
Principal payments received on notes receivable	<u>12,632</u>	<u>19,801</u>
Net cash flows from investing activities	<u>48,637</u>	<u>35,991</u>
Net increase in cash and investments	555,588	60,706
Cash and investments at beginning of year	<u>715,806</u>	<u>655,100</u>
Cash and investments at end of year	\$ <u>1,271,394</u>	<u>715,806</u>
Noncash capital and related financing activities - increase in contributed capital from special assessments	\$ <u>84,711</u>	<u>-</u>

CITY OF WASILLA, ALASKA
 Water Utility Enterprise Fund
 Balance Sheet
 June 30, 2001
 (With Comparative Amounts for 2000)

	<u>Assets</u>	<u>2001</u>	<u>2000</u>
Current assets:			
Cash and investments		\$ 1,062,545	1,392,993
Receivables:			
Accounts		41,250	51,483
Allowance for doubtful accounts		(3,551)	(10,082)
Grants		50,132	-
Accrued interest		11,381	10,101
Inventory		31,836	23,277
Total current assets		<u>1,193,593</u>	<u>1,467,772</u>
Property, plant and equipment:			
Land		149,170	149,170
Collection/distribution system		6,651,455	5,254,225
Water tank and fence		2,337,975	2,337,975
Wells/well house		271,276	271,276
Equipment		84,232	72,725
Construction in progress		537,841	1,452,744
Total property, plant and equipment		<u>10,031,949</u>	<u>9,538,115</u>
Less accumulated depreciation		<u>(2,524,165)</u>	<u>(2,325,836)</u>
Net property, plant and equipment		<u>7,507,784</u>	<u>7,212,279</u>
Deferred charges, net of accumulated amortization		<u>14,550</u>	<u>14,931</u>
Total assets		<u>\$ 8,715,927</u>	<u>8,694,982</u>
	<u>Liabilities and Fund Equity</u>		
Liabilities:			
Current liabilities:			
Accounts payable		20,486	30,519
Revenue billed in advance		1,715	1,079
Accrued payroll and employee benefits		5,557	6,848
Accrued annual and sick leave		7,072	10,876
Customer deposits		15,810	15,940
Accrued interest		3,721	5,299
Current portion of note payable		8,855	8,855
Total current liabilities		<u>63,216</u>	<u>79,416</u>
Note payable, net of current portion		<u>146,726</u>	<u>155,581</u>
Total liabilities		<u>209,942</u>	<u>234,997</u>
Fund equity:			
Contributed capital:			
Federal and state grants		5,185,567	4,928,581
Other		4,392,297	4,633,485
Total contributed capital		<u>9,577,864</u>	<u>9,562,066</u>
Less accumulated amortization		<u>(1,745,196)</u>	<u>(1,634,545)</u>
Net contributed capital		<u>7,832,668</u>	<u>7,927,521</u>
Retained earnings - unreserved		<u>673,317</u>	<u>532,464</u>
Total fund equity		<u>8,505,985</u>	<u>8,459,985</u>
Total liabilities and fund equity		<u>\$ 8,715,927</u>	<u>8,694,982</u>

CITY OF WASILLA, ALASKA

Water Utility Enterprise Fund
Statement of Revenues, Expenses
and Changes in Retained Earnings
Year Ended June 30, 2001
(With Comparative Amounts for 2000)

	<u>2001</u>	<u>2000</u>
Operating revenues:		
Metered sales	\$ 385,706	376,469
Meters	11,775	4,907
Other	1,421	546
Total operating revenues	<u>398,902</u>	<u>381,922</u>
Operating expenses:		
Salaries	138,960	146,196
Employee benefits	47,201	41,832
Other purchased services	13,199	12,107
Professional and technical services	9,034	11,667
Supplies	41,460	39,523
Administration	18,077	24,717
Property services	33,029	37,775
Equipment	976	573
Bad debt expense	2,683	932
Total operating expenses	<u>304,619</u>	<u>315,322</u>
Operating income before depreciation	94,283	66,600
Depreciation	<u>198,329</u>	<u>172,170</u>
Operating loss	(104,046)	(105,570)
Nonoperating revenues (expenses):		
Payments in lieu of assessments	37,398	32,413
Interest expense	(4,473)	(5,299)
Investment income	57,174	51,032
Other	4,320	-
Net nonoperating revenues (expenses)	<u>94,419</u>	<u>78,146</u>
Loss before operating transfers	(9,627)	(27,424)
Operating transfers:		
Operating transfers in	61,523	52,104
Operating transfers out	(21,694)	(14,441)
Net operating transfers	<u>39,829</u>	<u>37,663</u>
Net income	30,202	10,239
Amortization of contributed capital	<u>110,651</u>	<u>108,497</u>
Increase in retained earnings	140,853	118,736
Beginning retained earnings	<u>532,464</u>	<u>413,728</u>
Ending retained earnings	\$ <u>673,317</u>	<u>532,464</u>

CITY OF WASILLA, ALASKA
Water Utility Enterprise Fund
Statement of Cash Flows
Year Ended June 30, 2001
(With Comparative Amounts for 2000)

	<u>2001</u>	<u>2000</u>
Cash flows from operating activities:		
Operating loss	\$ (104,046)	(105,570)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation	198,329	172,170
Amortization	381	382
Other income	4,320	-
Increase (decrease) in allowance for doubtful accounts	(6,531)	932
(Increase) decrease in assets:		
Accounts receivable	10,233	(1,423)
Inventory	(8,559)	(8,906)
Increase (decrease) in liabilities:		
Accounts payable	(10,033)	(194,186)
Revenue billed in advance	636	1,079
Accrued payroll and employee benefits	(1,291)	6,848
Accrued annual and sick leave	(3,804)	1,542
Customer deposits	(130)	(2,783)
Net cash flows from operating activities	<u>79,505</u>	<u>(129,915)</u>
Cash flows from noncapital financing activities:		
Operating transfers in	61,523	52,104
Operating transfers out	(21,694)	(14,441)
Net cash flows from noncapital financing activities	<u>39,829</u>	<u>37,663</u>
Cash flows from capital and related financing activities:		
Principal and interest paid on long term debt	(14,906)	(12,665)
Receipt of payments in lieu of assessments	37,398	32,413
Acquisition and construction of capital assets	(493,834)	(666,371)
Residual equity transfers in as contributed capital	347,670	423,753
Residual equity transfers out of contributed capital	(588,858)	-
Other contributed capital received	206,854	103,182
Net cash flows from capital and related financing activities	<u>(505,676)</u>	<u>(119,688)</u>
Cash flows from investing activities-		
investment income received	<u>55,894</u>	<u>50,153</u>
Net decrease in cash and investments	(330,448)	(161,787)
Cash and investments at beginning of year	<u>1,392,993</u>	<u>1,554,780</u>
Cash and investments at end of year	\$ <u>1,062,545</u>	<u>1,392,993</u>

CITY OF WASILLA, ALASKA

Municipal Airport Enterprise Fund

Balance Sheet

June 30, 2001

(With Comparative Amounts for 2000)

<u>Assets</u>	<u>2001</u>	<u>2000</u>
Current assets:		
Cash and investments	\$ 56,989	30,389
Accounts receivable	33,480	514
Total current assets	<u>90,469</u>	<u>30,903</u>
Property, plant and equipment:		
Land	1,470,000	1,470,000
Land improvements	5,330,984	5,315,544
Equipment	213,954	213,954
Construction work in process	35,199	14,000
Total property, plant and equipment	<u>7,050,137</u>	<u>7,013,498</u>
Less accumulated depreciation	<u>(2,127,354)</u>	<u>(1,840,553)</u>
Net property, plant and equipment	<u>4,922,783</u>	<u>5,172,945</u>
Total assets	\$ <u>5,013,252</u>	<u>5,203,848</u>
<u>Liabilities and Fund Equity</u>		
Current liabilities:		
Accounts payable	9,271	501
Revenue billed in advance	4,842	3,154
Accrued payroll and employee benefits	365	616
Accrued annual and sick leave	1,046	1,436
Total current liabilities	<u>15,524</u>	<u>5,707</u>
Fund equity:		
Contributed capital:		
Federal and state grants	6,998,295	6,965,296
Other	68,573	40,448
Total contributed capital	<u>7,066,868</u>	<u>7,005,744</u>
Less accumulated amortization	<u>(2,123,458)</u>	<u>(1,838,856)</u>
Net contributed capital	4,943,410	5,166,888
Retained earnings - unreserved	<u>54,318</u>	<u>31,253</u>
Total fund equity	<u>4,997,728</u>	<u>5,198,141</u>
Total liabilities and fund equity	\$ <u>5,013,252</u>	<u>5,203,848</u>

CITY OF WASILLA, ALASKA
Municipal Airport Enterprise Fund
Statement of Revenues, Expenses
and Changes in Retained Earnings
Year Ended June 30, 2001
(With Comparative Amounts for 2000)

	<u>2001</u>	<u>2000</u>
Operating revenues - fees and rentals	\$ <u>27,665</u>	<u>21,258</u>
Operating expenses:		
Salaries	9,336	14,844
Employee benefits	2,288	4,264
Other purchased services	20,419	24,067
Professional and technical services	2,945	3,676
Supplies	5,823	6,693
Property services	4,500	2,795
Total operating expenses	<u>45,311</u>	<u>56,339</u>
Operating loss before depreciation	(17,646)	(35,081)
Depreciation	<u>286,801</u>	<u>265,439</u>
Operating loss	(304,447)	(300,520)
Nonoperating revenues - investment income	<u>1,503</u>	<u>612</u>
Loss before operating transfers	(302,944)	(299,908)
Operating transfers in	<u>41,407</u>	<u>54,135</u>
Net loss	(261,537)	(245,773)
Amortization of contributed capital	<u>284,602</u>	<u>264,045</u>
Increase in retained earnings	23,065	18,272
Beginning retained earnings	<u>31,253</u>	<u>12,981</u>
Ending retained earnings	\$ <u>54,318</u>	<u>31,253</u>

CITY OF WASILLA, ALASKA

Exhibit J-12

Municipal Airport Enterprise Fund
 Statement of Cash Flows
 Year Ended June 30, 2001
 (With Comparative Amounts for 2000)

	<u>2001</u>	<u>2000</u>
Cash flows from operating activities:		
Operating loss	\$ (304,447)	(300,520)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation	286,801	265,439
(Increase) decrease in accounts receivable	(32,966)	1,861
Increase (decrease) in liabilities:		
Accounts payable	8,770	68
Revenue billed in advance	1,688	3,154
Accrued payroll and employee benefits	(251)	616
Accrued annual and sick leave	<u>(390)</u>	<u>(41)</u>
Net cash flows from operating activities	<u>(40,795)</u>	<u>(29,423)</u>
 Cash flows from noncapital financing activities - operating transfers in	 <u>41,407</u>	 <u>54,135</u>
 Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(36,639)	(306,156)
Residual equity transfers in as contributed capital	28,125	30,347
Other contributed capital received	<u>32,999</u>	<u>268,712</u>
Net cash flows from capital and related financing activities	<u>24,485</u>	<u>(7,097)</u>
 Cash flows from investing activities - investment income received	 <u>1,503</u>	 <u>612</u>
 Net increase in cash and investments	 26,600	 18,227
 Cash and investments at beginning of year	 <u>30,389</u>	 <u>12,162</u>
 Cash and investments at end of year	 \$ <u>56,989</u>	 <u>30,389</u>

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TRUST FUNDS

Nonexpendable Trust Fund

The Cemetery Fund is used to account for cemetery funds received and related investment income. The Cemetery Fund sets aside proceeds from lot sales in perpetuity to generate investment income to help fund the operations, maintenance and capital improvements of the cemetery.

CITY OF WASILLA, ALASKA
Cemetery Nonexpendable Trust Fund
Balance Sheet
June 30, 2001
(With Comparative Amounts for 2000)

	<u>Assets</u>	<u>2001</u>	<u>2000</u>
Cash and investments		\$ 109,591	100,484
Accrued interest receivable		<u>1,789</u>	<u>1,621</u>
Total assets		\$ <u>111,380</u>	<u>102,105</u>
 <u>Fund Balance</u> 			
Fund balance - reserved for investment		\$ <u>111,380</u>	<u>102,105</u>

CITY OF WASILLA, ALASKA
 Cemetery Nonexpendable Trust Fund
 Statement of Revenues, Expenses
 and Changes in Fund Balance
 Year Ended June 30, 2001
 (With Comparative Amounts for 2000)

	<u>2001</u>	<u>2000</u>
Revenues:		
Lot sales	\$ 9,275	8,200
Investment income	<u>4,499</u>	<u>5,281</u>
Total revenues	13,774	13,481
 Expenses - supplies	 <u>-</u>	 <u>5,051</u>
 Income before operating transfers	 13,774	 8,430
 Operating transfers out	 <u>(4,499)</u>	 <u>(21,793)</u>
 Net income (loss)	 9,275	 (13,363)
 Beginning fund balance	 <u>102,105</u>	 <u>115,468</u>
 Ending fund balance	 \$ <u>111,380</u>	 <u>102,105</u>

CITY OF WASILLA, ALASKA
Cemetery Nonexpendable Trust Fund
Statement of Cash Flows
Year Ended June 30, 2001
(With Comparative Amounts for 2000)

	<u>2001</u>	<u>2000</u>
Cash flows from operating activities:		
Operating income	\$ 13,774	8,430
Adjustments to reconcile operating income to net cash flows from operating activities:		
Investment income	(4,499)	(5,281)
Decrease in accounts payable	-	(1,309)
Net cash flows from operating activities	<u>9,275</u>	<u>1,840</u>
Cash flows from noncapital financing activities - operating transfers out	<u>(4,499)</u>	<u>(21,793)</u>
Cash flows from investing activities - investment income received	<u>4,331</u>	<u>5,145</u>
Net increase (decrease) in cash and investments	9,107	(14,808)
Cash and investments at beginning of year	<u>100,484</u>	<u>115,292</u>
Cash and investments at end of year	\$ <u>109,591</u>	<u>100,484</u>

GENERAL FIXED ASSETS ACCOUNT GROUP

The General Fixed Assets Account Group is a self-balancing group of accounts used to account for the fixed assets of the City of Wasilla. These are tangible assets of significant value having a life which extends beyond one year other than those recorded in the Enterprise Funds.

CITY OF WASILLA, ALASKA
General Fixed Assets Account Group
Schedule of General Fixed Assets by Source
June 30, 2001
(With Comparative Amounts for 2000)

Exhibit L-1

	<u>2001</u>	<u>2000</u>
General fixed assets:		
Land		
Buildings	\$ 2,393,091	1,793,091
Office furniture and equipment	3,784,680	2,813,666
Vehicles and equipment	480,887	389,781
Library collections	1,314,072	924,782
Construction in progress	1,989,286	1,951,476
	<u>400,782</u>	<u>245,813</u>
Total general fixed assets	\$ <u>10,362,798</u>	<u>8,118,609</u>
Investment in general fixed assets:		
Prior years - unidentified sources	7,476,095	7,476,095
General funds	2,707,879	568,003
Grants from other governments	178,824	74,511
	<u>178,824</u>	<u>74,511</u>
Total investment in general fixed assets	\$ <u>10,362,798</u>	<u>8,118,609</u>

CITY OF WASILLA, ALASKA

Exhibit L-2

General Fixed Assets Account Group

Schedule of General Fixed Assets by Function and Activity

June 30, 2001

		<u>Land</u>	<u>Buildings</u>	Office Furniture and Equipment	Vehicles and Equipment	Library Collections	<u>Total</u>
General government							
City Council	\$	-	-	30,475	-	-	30,475
Planning		-	-	5,861	26,301	-	32,162
Finance		-	-	287,205	-	-	287,205
Museum		90,650	97,986	-	-	-	188,636
Recreation services		783,068	304,812	-	82,083	-	1,169,963
Nondepartmental		<u>904,373</u>	<u>1,778,948</u>	<u>10,573</u>	<u>-</u>	<u>-</u>	<u>2,693,894</u>
Total general government		1,778,091	2,181,746	334,114	108,384	-	4,402,335
Police		600,000	662,716	118,502	724,091	-	2,105,309
Public works		-	234,293	7,000	481,597	-	722,890
Library		<u>15,000</u>	<u>705,925</u>	<u>21,271</u>	<u>-</u>	<u>1,989,286</u>	<u>2,731,482</u>
Total general fixed assets allocated to functions	\$	<u>2,393,091</u>	<u>3,784,680</u>	<u>480,887</u>	<u>1,314,072</u>	<u>1,989,286</u>	9,962,016
Construction in progress							<u>400,782</u>
							\$ <u>10,362,798</u>

CITY OF WASILLA, ALASKA

Exhibit L-3

General Fixed Assets Account Group
Schedule of Changes in General Fixed Assets by Function and Activity
Year Ended June 30, 2001

	General Fixed Assets July 1, <u>2000</u>	<u>Additions</u>	<u>Deletions</u>	General Fixed Assets June 30, <u>2001</u>
General government				
City Council	\$ 30,475	-	-	30,475
Planning	32,162	-	-	32,162
Finance	271,205	16,000	-	287,205
Museum	188,636	-	-	188,636
Recreation services	1,169,963	-	-	1,169,963
Nondepartmental	<u>2,422,521</u>	<u>271,373</u>	-	<u>2,693,894</u>
Total general government	4,114,962	287,373	-	4,402,335
Police	573,566	1,531,743	-	2,105,309
Public works	490,596	232,294	-	722,890
Library	2,693,672	37,810	-	2,731,482
Construction in progress	<u>245,813</u>	<u>380,957</u>	<u>225,988</u>	<u>400,782</u>
Total general fixed assets	\$ <u>8,118,609</u>	<u>2,470,177</u>	<u>225,988</u>	<u>10,362,798</u>

CITY OF WASILLA, ALASKA
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2001

Exhibit M-1

Name of Award	Grant Number	Catalog of Federal Domestic Assistance Number	Total Grant Award	July 1, 2000 Receivable (Deferred)	Federal Share of Expenditures	Federal Receipts	Adjustments	June 30, 2001 Receivable (Deferred)
DEPARTMENT OF TRANSPORTATION								
Airport Paving Phase II	3-02-0417-0699	20.106	\$ 1,037,323	335,543	-	335,543	-	-
Airport Master Plan Study	AIP3-02-0417-0701	20.106	421,875	-	32,999	-	-	32,999
Passed through the State of Alaska:								
Department of Natural Resources:								
Winter Recreation Staging	10795200	20.219	30,000	-	-	-	-	-
Winter Recreation Staging	10795161	20.219	10,844	120	10,724	120	-	10,724
Trail Marker Install	10795220	20.219	30,000	710	1,781	2,491	-	-
Department of Transportation and Public Facilities:								
Bicycle/Pedestrian Safety	PS 00-04-03	20.600	750	750	-	750	-	-
Bicycle/Pedestrian Safety	PS 01-04-08	20.600	1,200	-	1,093	1,093	-	-
Highway Safety Video	AL-01-02-04	20.600	6,850	-	6,075	-	-	6,075
				<u>337,123</u>	<u>52,672</u>	<u>339,997</u>	<u>-</u>	<u>49,798</u>
DEPARTMENT OF EDUCATION								
Passed through the State of Alaska:								
Department of Education and Early Development:								
Governor's Drug Prevention	DA 00.057.01	84.186B	30,000	1,077	-	1,077	-	-
Governor's Drug Prevention	DA 01.157.01	84.186	34,909	-	34,909	25,489	-	9,420
				<u>1,077</u>	<u>34,909</u>	<u>26,566</u>	<u>-</u>	<u>9,420</u>
DEPARTMENT OF ENVIRONMENTAL PROTECTION AGENCY								
* Septage Facility Phase A & B	XP980774010	66.606	600,000	-	600,000	425,151	-	174,849
DEPARTMENT OF JUSTICE								
Local Law Enforcement Block Grant	1999LBVX7003	16.592	20,030	10,435	17,202	20,030	(10,435)	(2,828)
Local Law Enforcement Block Grant	2000LBBX0782	16.592	17,885	-	7,389	17,885	-	(10,496)
Troops to COPS	1999TCWX0001	16.711	17,941	150	-	150	-	-
COPS Universal Hiring Grant	98UMWX1538	16.710	150,000	13,794	64,144	73,136	-	4,802
Asset Seizure and Forfeiture Program	N/A	16.xxx	48,037	(6,282)	17,660	11,378	-	-
Bulletproof Vest Program Year 2000	N/A	16.607	6,201	-	2,466	2,466	-	-
Bulletproof Vest Program Year 2001	N/A	16.607	1,456	-	-	-	-	-
Passed through the State of Alaska:								
Department of Health and Social Services:								
Juvenile Justice FY00	06-0708	16.523	26,260	1,313	-	1,313	-	-
Juvenile Justice FY01	06-1708	16.523	26,260	-	26,260	25,301	-	959
Local Delinquency Prevention FY00	06-0724	16.523	40,000	9,714	-	9,714	-	-
Local Delinquency Prevention FY01	06-1724	16.523	40,000	-	38,922	30,479	-	8,443
Department of Public Safety:								
MJTFFA	99-023E	16.579	54,522	10,886	-	10,886	-	-
MJTFFA	00-023E	16.579	56,883	-	55,481	45,418	-	10,065
				<u>40,010</u>	<u>229,524</u>	<u>248,156</u>	<u>(10,435)</u>	<u>10,943</u>
DEPARTMENT OF AGRICULTURE								
Wasilla Action Plan	00DG11100000213	10.670	3,500	-	1,326	-	-	1,326
Passed through the State of Alaska:								
Department of Natural Resources -								
Urban and Community Forestry	N/A	10.664	15,000	-	2,400	6,000	-	(3,600)
				<u>-</u>	<u>3,726</u>	<u>6,000</u>	<u>-</u>	<u>(2,274)</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			\$	378,210	920,831	1,045,870	(10,435)	242,736

* Major Program

CITY OF WASILLA, ALASKA
 Schedule of State Financial Assistance
 Year Ended June 30, 2001

Exhibit N-1

Name of Award	Grant Number	Total Grant Award	July 1, 2000 Receivable (Deferred)	State Share of Expenditures	State Receipts	June 30, 2001 Receivable (Deferred)
ALCOHOL BEVERAGE CONTROL						
Alcohol Beverage Control (ABC Grant)	N/A	\$ 5,400	5,400	-	5,400	-
Alcohol Beverage Control (ABC Grant)	N/A	2,503	-	2,503	-	2,503
			<u>5,400</u>	<u>2,503</u>	<u>5,400</u>	<u>2,503</u>
DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT						
External Defibrillator	01-DC-11	2,698	-	2,698	2,698	-
• Safe Communities	810507	114,435	-	114,435	114,435	-
• State Revenue Sharing	N/A	65,692	-	65,692	65,692	-
• Iditapark Site Improvements	01-MG-164	107,487	-	85,205	53,771	31,434
Old Knik Landfill/Smith Ball Fields Ground Water	4/99-002	50,000	(10,000)	-	-	(10,000)
			<u>(10,000)</u>	<u>268,030</u>	<u>236,596</u>	<u>21,434</u>
DEPARTMENT OF ENVIRONMENTAL CONSERVATION						
Downtown Stormwater Intertie	90511	45,000	-	40,991	40,703	288
• Storm Water Pumping and Treatment Facility	90510	1,264,300	-	63,322	5,189	58,133
• Septage Facility	90513	430,000	-	230,929	48,423	182,506
• Septage Facility	90508	420,000	-	420,000	420,000	-
Sewer Lagoon Upgrade	90514	309,400	-	21,837	18,361	3,476
Wastewater Outfall Study and Preliminary Design	90515	45,000	-	219	-	219
• Emergency Water Source/Wastewater Treatment	90509	300,000	-	229,332	189,332	40,000
Parks Hwy West Water Main Extension	90512	462,500	-	27,654	17,522	10,132
			<u>-</u>	<u>1,034,284</u>	<u>739,530</u>	<u>294,754</u>
DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT						
Public Library Assistance Grant	PLA-01-787-86	6,300	-	6,300	6,300	-
DEPARTMENT OF REVENUE						
Alcohol and Beverage Tax FY00	N/A	7,500	7,500	-	7,500	-
Alcohol and Beverage Tax FY01	N/A	20,700	-	20,700	14,100	6,600
Electric and Telephone Co-op Tax FY00	N/A	142,715	142,715	-	142,715	-
• Electric and Telephone Co-op Tax FY01	N/A	186,189	-	186,189	-	186,189
• Vehicle Taxes FY01	N/A	78,195	-	78,195	58,646	19,549
			<u>150,215</u>	<u>285,084</u>	<u>222,961</u>	<u>212,338</u>
DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES						
Airport Paving and Fence	54139	34,577	-	34,577	34,577	-
DEPARTMENT OF NATURAL RESOURCES						
Winter Trail Grooming	10790209	10,500	-	845	-	845
Winter Trailhead Amenities	10790208	15,000	-	-	-	-
			<u>-</u>	<u>845</u>	<u>-</u>	<u>845</u>
DEPARTMENT OF PUBLIC SAFETY						
RAVE	N/A	420	-	420	420	-
Marijuana eradication	N/A	5,239	-	5,239	2,407	2,832
			<u>-</u>	<u>5,659</u>	<u>2,827</u>	<u>2,832</u>
DEPARTMENT OF HEALTH AND SOCIAL SERVICES						
Governor's Conference on Youth and Justice	06-0773	1,400	-	253	253	-
TOTAL STATE FINANCIAL ASSISTANCE		\$	<u>145,615</u>	<u>1,637,535</u>	<u>1,248,444</u>	<u>534,706</u>

• Major Programs

CITY OF WASILLA, ALASKA
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
LAST TEN FISCAL YEARS

FISCAL YEAR	(2) GENERAL GOVERN- MENT	(3) POLICE	PUBLIC WORKS	(4) (5)	MUSEUM & RECREA- TION SERVICES	DEBT SERVICE	(6)	TOTAL
				LIBRARY, YOUTH COURT & PASS-THRU GRANTS			CAPITAL OUTLAY	
1992	\$ 717,596	\$ -	\$ 388,558	\$ 342,072	\$ 174,940	\$ 518,835	\$ 379,252	\$ 2,521,253
1993	832,358	151,459	420,550	372,372	201,032	207,064	1,145,857	3,330,692
1994	994,402	861,096	484,963	435,082	285,469	336,819	2,556,528	5,954,359
1995	1,353,163	981,124	603,926	436,098	345,626	179,975	1,663,337	5,563,249
1996	1,286,594	1,090,305	587,309	520,367	442,987	390,385	2,309,488	6,627,435
1997	1,319,683	1,280,540	668,716	653,242	477,911	264,826	1,376,179	6,041,097
1998	1,283,709	1,289,878	731,585	674,234	486,756	333,429	1,805,596	6,605,187
1999	1,335,308	1,502,984	728,392	709,991	439,771	486,298	4,382,531	9,585,275
2000	1,425,757	1,632,413	754,122	669,743	480,528	642,999	4,840,525	10,446,087
2001	1,528,350	1,752,855	1,089,402	666,613	519,655	745,646	-	6,302,521

- (1) Includes General, Special Revenue, Debt Service, and Capital Project Funds.
(2) Includes Administration, City Council, Planning, Finance and Nondepartmental.
(3) Police Department established in FY93.
(4) Library is shown as a Special Revenue Fund as the expenditures are funded partly by the Matanuska-Susitna Borough.
(5) Youth Court established in FY96.
(6) Starting with Fiscal Year 2001, expenditures associated with Capital Outlays will not be included in total General Government Expenditures.

**CITY OF WASILLA, ALASKA
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1) (3)
LAST TEN FISCAL YEARS**

<u>FISCAL YEAR</u>	<u>(2) TAXES</u>	<u>STATE SHARED REVENUES</u>	<u>OTHER GOVERN- MENTS</u>	<u>PENAL- TIES FINES AND FORFEI- TURES</u>	<u>INVEST- MENT INCOME</u>	<u>FEEES, PERMITS AND OTHER REVENUES</u>	<u>SPECIAL ASSESS- MENTS</u>	<u>OTHER</u>	<u>TOTAL</u>
1992	\$ 829,773	\$ 880,899	\$ 332,212	\$ 9,951	\$ 25,202	\$ 31,798	\$ 488,635	\$ 233,686	\$ 2,832,156
1993	2,094,933	1,334,508	280,690	5,520	42,585	37,276	245,685	216,267	4,257,464
1994	3,699,781	2,381,351	131,316	19,450	58,809	39,650	355,433	312,073	6,997,863
1995	4,252,607	955,571	282,216	53,297	107,130	44,251	303,141	388,141	6,386,354
1996	4,626,864	879,473	315,499	53,728	110,929	52,585	407,258	529,828	6,976,164
1997	4,960,321	1,140,947	345,711	58,641	392,417	51,005	407,887	211,959	7,568,888
1998	5,121,764	680,238	379,770	79,841	490,879	48,922	332,234	299,437	7,433,085
1999	5,372,395	671,215	1,646,918	76,805	653,695	33,168	349,228	258,115	9,061,539
2000	5,950,156	685,834	977,443	71,191	528,552	33,630	345,511	598,680	9,190,997
2001	6,405,685	394,769	597,992	84,621	355,627	31,305	275,491	161,648	8,307,138

- (1) Includes General, Special Revenue, Debt Service, and Capital Project Funds.
- (2) A 2% sales tax on retail sales and services was approved by the voters in October 1992, becoming effective January 1, 1993.
- (3) Starting with Fiscal 2001, revenue associated with Capital outlays will not be included in General Governmental Revenues by Source.

CITY OF WASILLA, ALASKA
ASSESSED VALUATION, TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

<u>FISCAL YEAR</u>	<u>CITY LEVY</u>	<u>AMOUNT COLLECTED</u>	<u>% OF LEVY</u>	<u>AMOUNT OF LEVY UNCOLLECTED</u>	<u>AMOUNT OF LEVY UNCOLLECTED AS A PERCENT OF TOTAL TAXES</u>
1992	\$ 856,969	\$ 829,773	96.83%	\$ 27,196	3.17%
1993	989,302	971,184	98.17%	18,118	1.83%
1994	483,319	480,179	99.35%	3,140	0.65%
1995	418,659	427,566	102.13%	(8,907)	(2.13%)
1996	468,773	447,548	95.47%	21,225	4.53%
1997	465,016	553,962	119.13%	(88,946)	(19.13%)
1998	449,064	455,322	101.39%	(6,258)	(1.39%)
1999	372,930	371,302	99.56%	1,628	0.44%
2000	365,253	363,867	99.62%	1,386	0.38%
2001	341,867	342,320	100.13%	(453)	(0.13%)

- (1) The Matanuska-Susitna Borough (MSB) does all of the assessment, collection and foreclosure regarding property taxes for the City of Wasilla.
 No breakdown is furnished for delinquent taxes. Taxes are periodically forwarded to the city.

**CITY OF WASILLA, ALASKA
TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS**

<u>FISCAL YEAR</u>	<u>PROPERTY TAXES</u>	<u>SALES TAXES</u>	<u>TOTAL TAXES</u>
1992	\$ 829,773	\$ -	\$ 829,773
1993	971,184	1,123,749	2,094,933
1994	480,179	3,219,602	3,699,781
1995	427,566	3,825,041	4,252,607
1996	447,548	4,179,316	4,626,864
1997	553,962	4,406,359	4,960,321
1998	455,322	4,656,270	5,111,592
1999	371,302	4,932,494	5,303,796
2000	363,867	5,509,279	5,873,146
2001	342,320	5,985,169	6,327,489

- (1) A 2% sales tax on retail sales and services was approved by the voters in October 1992, becoming effective January 1, 1993.
- (2) Property taxes were capped at 2 mils effective for FY 94.
- (3) During FY95 the City implemented GASB 22.

CITY OF WASILLA, ALASKA
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

FISCAL YEAR	REAL PROPERTY	PERSONAL PROPERTY (1)	TOTAL ASSESSED VALUE NET OF EXEMPTIONS (1)	ESTIMATED ACTUAL VALUE (1)	RATIO OF TOTAL ASSESSED TO TOTAL ESTIMATED ACTUAL VALUE
1992	\$ 182,453,700	\$ 31,788,493	\$ 214,242,193	\$ 229,966,200	93.16%
1993	201,681,900	33,866,234	235,548,134	251,040,200	93.83%
1994	207,793,416	33,866,234	241,659,650	244,474,200	98.85%
1995	222,219,600	34,652,956	246,270,256	269,881,500	91.25%
1996	249,438,500	38,301,293	275,748,993	272,626,900	101.15%
1997	244,837,100	41,981,450	273,538,950	297,377,900	91.98%
1998	268,459,100	46,586,585	299,376,085	305,409,300	98.02%
1999	303,475,800	-	286,868,900	305,214,400	93.99%
2000	322,482,900	-	304,377,400	342,576,700	88.85%
2001	361,413,900	-	341,866,700	360,629,100	94.80%

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

**CITY OF WASILLA, ALASKA
PROPERTY TAX RATES-ALL DIRECT AND
OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEAR**

<u>FISCAL YEAR</u>	<u>MAT-SU BOROUGH</u>	<u>WASILLA FIRE SERVICE AREA</u>	<u>CITY OF WASILLA</u>	<u>TOTAL</u>
1992	13.00	0.90	4.00	17.90
1993	13.00	0.90	4.20	18.10
1994	15.78	0.90	2.00	18.68
1995	15.78	1.30	1.70	18.78
1996	13.75	1.30	1.70	16.75
1997	12.25	1.30	2.00	15.55
1998	11.50	1.30	1.50	14.30
1999	11.73	1.00	1.30	14.03
2000	12.50	1.00	1.20	14.70
2001	11.94	1.00	1.00	13.94

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

CITY OF WASILLA, ALASKA
PRINCIPAL TAXPAYERS
 June 30, 2001

TAXPAYER	NATURE OF BUSINESS	ASSESSED VALUE (1)	PERCENTAGE OF TOTAL VALUATION
WILLMINGTON TRUST CO TRE	RETAIL	\$ 14,744,800	4.08%
COTTONWOOD CREEK MALL LLC	PROPERTY DEVELOPMENT AND RETAIL MALLS	11,355,000	3.14%
WAL MART STORES INC.	RETAIL	8,164,800	2.26%
WASILLA LLC	PROPERTY DEVELOPMENT AND RETAIL MALLS	8,093,600	2.24%
PEDERSEN FLOYD/CREEKSIDE	PROPERTY DEVELOPMENT AND RETAIL MALLS	6,876,400	1.90%
KARABLLNIKOFF/NEWCOMB TR	FAMILY TRUST	5,970,000	1.65%
SEAGULL ENERGY CORP.	NATURAL GAS TRANSMISSION LINES	4,772,400	1.32%
VALLEY HOSPITAL ASSOCIATION INC	MEDICAL CENTER	4,044,000	1.12%
NYE FRONTIER FORD (HAROLD NYE)	AUTOMOBILE DEALERSHIP	3,545,800	0.98%
SPENARD	RETAIL	2,106,500	0.58%

(1) The 2001 assessed values are exclusive of personal property.

**CITY OF WASILLA, ALASKA
SPECIAL ASSESSMENT COLLECTIONS
LAST TEN FISCAL YEARS**

<u>FISCAL YEAR</u>	<u>(1) SPECIAL ASSESSMENT COLLECTIONS</u>
1992	\$ 488,635
1993	245,685
1994	355,433
1995	303,141
1996	407,258
1997	407,887
1998	332,234
1999	349,228
2000	345,511
2001	275,491

(1) Includes prepayment, foreclosure, current and delinquent payments

CITY OF WASILLA, ALASKA
COMPUTATION OF LEGAL DEBT MARGIN
June 30, 2001

No Debit limit is mandated by law.

**CITY OF WASILLA, ALASKA
RATIO OF NET GENERAL BONDED BEBT TO
ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
LAST FOUR FISCAL YEARS (1)**

<u>FISCAL YEAR</u>	<u>Population (2)</u>	<u>ASSESSED VALUE (3)</u>	<u>BONDED LONG-TERM DEBT</u>	<u>DEBT SERVICE MONIES AVAILABLE</u>	<u>NET BONDED LONG-TERM DEBT</u>	<u>NET BONDED LONG-TERM DEBT TO ASSESSED VALUE</u>	<u>NET BONDED DEBT PER CAPITA</u>
1998	5,134	\$ 299,376,085	\$ 5,500,000	-	\$ 5,500,000	1.84%	\$ 1.071
1999	5,213	286,868,900	5,500,000	-	5,500,000	1.92%	1.055
2000	5,469	304,377,400	5,330,000	-	5,330,000	1.75%	975
2001	5,568	341,866,700	5,155,000	-	5,155,000	1.51%	926

- (1) The City of Wasilla issued its first general obligation debt in Fiscal Year 1998.
- (2) Source of Data - State Of Alaska
- (3) Source of Data - Matanuska-Susitna Bourough Assessment Office.

CITY OF WASILLA, ALASKA
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL OBLIGATION BONDED DEBT
TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
LAST FOUR FISCAL YEARS (1)

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST (2)</u>	<u>TOTAL DEBT SERVICE</u>	<u>TOTAL GENERAL GOVERNMENTAL EXPENDITURES (3)</u>	<u>RATIO OF DEBT SERVICE TO GENERAL GOVERNMENTAL EXPENDITURES</u>
1998	\$ -	\$ -	\$ -	\$ 4,799,591.00	-
1999	-	281,341.00	281,341.00	5,189,286.00	5.42%
2000	170,000.00	276,241.00	446,241.00	5,605,562.00	7.96%
2001	175,000.00	265,891.00	440,891.00	6,302,521.00	7.00%

- (1) The City of Wasilla issued its first general obligation debt in Fiscal Year 1998.
- (2) Excludes bond issuance and other costs.
- (3) Includes General, Special Revenue and Debt Service Funds.

CITY OF WASILLA, ALASKA
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
GENERAL OBLIGATION BONDS
 June 30, 2001

<u>JURISDICTION</u>	<u>NET GENERAL OBLIGATION BONDED DEBT OUTSTANDING</u>	<u>PERCENTAGE APPLICABLE TO CITY OF WASILLA</u>	<u>AMOUNT APPLICABLE TO CITY OF WASILLA</u>
DIRECT:			
CITY OF WASILLA	\$ 5,155,000	100.00%	\$ 5,155,000
OVERLAPPING:			
MATANUSKA-SUSITNA BOROUGH	<u>118,559,137 (1)</u>	11.12% (2)	<u>13,182,558</u>
TOTAL	<u><u>\$ 123,714,137</u></u>		<u><u>\$ 18,337,558</u></u>

(1) Source: Matanuska-Susitna Borough Finance Department.

(2) Based upon the ratio of the City of Wasilla total assessed value to total assessed value of the Matanuska-Susitna Borough.

CITY OF WASILLA, ALASKA
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

<u>FISCAL YEAR</u>	<u>POPULATION</u>
1992	3,818
1993	4,028
1994	4,124
1995	4,381
1996	4,635
1997	4,917
1998	5,134
1999	5,213
2000	5,469
2001	5,568

CITY OF WASILLA, ALASKA
PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS (1)
LAST TEN FISCAL YEARS

<u>FISCAL YEAR</u>	<u>PROPERTY VALUE</u>	<u>CONSTRUCTION</u>	<u>BANK DEPOSITS</u>
1992	\$214,242,193	(a)	(a)
1993	235,548,134	(a)	(a)
1994	241,659,650	(a)	(a)
1995	246,270,256	(a)	(a)
1996	275,748,993	(a)	(a)
1997	273,538,950	(a)	(a)
1998	299,376,085	(a)	(a)
1999	286,868,900	(a)	(a)
2000	304,377,400	(a)	(a)
2001	341,866,700	(a)	(a)

(1) Effective in Fiscal Year 1999, Personal Property was exempted from property tax.
(a) Not available

CITY OF WASILLA, ALASKA
LAND USE PERMITS ISSUED
LAST TEN CALENDAR YEARS

<u>CALENDAR YEAR</u>	<u>NUMBER ISSUED</u>
1991	48
1992	47
1993	78
1994	104
1995	140
1996	130
1997	159
1998	144
1999	100
2000	110

- (1) The City Of Wasilla does not issue building permits.
- (2) No value is assigned to the land use permits.
- (3) Source: Wasilla Planning Office

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

Honorable Mayor and City Council
City of Wasilla, Alaska

We have audited the financial statements of City of Wasilla, as of and for the year ended June 30, 2001, and have issued our report thereon dated September 14, 2001. 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.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Wasilla's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Honorable Mayor and City Council
City of Wasilla, Alaska

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

Mikunda, Cottrell & Co.

September 14, 2001

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

Honorable Mayor and City Council
City of Wasilla, Alaska

Compliance

We have audited the compliance of City of Wasilla, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2001. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of City of Wasilla's management. Our responsibility is to express an opinion on City of Wasilla's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Wasilla's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on City of Wasilla's compliance with those requirements.

In our opinion, City of Wasilla complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001.

Honorable Mayor and City Council
City of Wasilla, Alaska

Internal Control Over Compliance

The management of City of Wasilla is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered City of Wasilla's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

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

Mikunda, Cottrell & Co.

September 14, 2001

CITY OF WASILLA, ALASKA
Schedule of Findings and Questioned Costs

Year Ended June 30, 2001

AUDIT RESULT

I. Summary of Auditor's Results:

Financial Statements:

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

- Material weaknesses identified?

___yes x no

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

___yes x none reported

Noncompliance material to financial statements noted?

___ yes x no

Federal Awards:

Internal control over major programs:

- Material weaknesses identified?

___yes x no

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

___yes x none reported

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

Unqualified

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

___yes x no

Major program:

Agency

CFDA Number

Program

Department of Environmental
Protection Agency

66.606

Septage Facility Phase A and B

Dollar threshold used to distinguish between Type A and B programs

\$300,000

Low-risk auditee

Yes

II. Financial Statement Findings

None noted

III. Federal Awards Findings and Questioned Costs

None noted

CITY OF WASILLA, ALASKA
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2001

There were no prior year audit findings.

CITY OF WASILLA, ALASKA

Corrective Action Plan

Year Ended June 30, 2001

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

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

Honorable Mayor and City Council
City of Wasilla, Alaska

We have audited the financial statements of City of Wasilla as of and for the year ended June 30, 2001, and have issued our report thereon dated September 14, 2001. 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.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Wasilla's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Honorable Mayor and City Council
City of Wasilla, Alaska

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

Mikunda, Cottrell & Co.

September 14, 2001

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

Honorable Mayor and City Council
City of Wasilla, Alaska

Compliance

We have audited the compliance of City of Wasilla with the types of compliance requirements described in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that are applicable to each of its major state programs for the year ended June 30, 2001. City of Wasilla's major state programs are identified in the accompanying schedule of state financial assistance. Compliance with laws, regulations, contracts and grants, general requirements, and specific requirements applicable to each of its major state programs is the responsibility of City of Wasilla's management. Our responsibility is to express an opinion on City of Wasilla's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Those standards and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about City of Wasilla's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of City of Wasilla's compliance with those requirements.

In our opinion, City of Wasilla complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended June 30, 2001.

Honorable Mayor and City Council
City of Wasilla, Alaska

Internal Control Over Compliance

The management of City of Wasilla is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to state programs. In planning and performing our audit, we considered City of Wasilla's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*.

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

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

Mikunda, Cottrell & Co.

September 14, 2001

