

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**OF THE**

**CITY OF WASILLA, ALASKA**

June 30, 2003

Dianne M. Keller  
Mayor

Prepared By  
Finance Department

Ted Leonard  
Finance Director

# CITY OF WASILLA, ALASKA

## Comprehensive Annual Financial Report

Year Ended June 30, 2003

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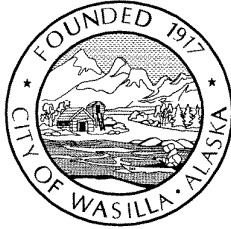
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## **INTRODUCTORY SECTION**





# CITY OF WASILLA

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October 14, 2003

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, 2003, 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. Included in this report are disclosures necessary to enable the reader to gain an understanding of the City's financial activities.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the City's organizational chart and a list of principal officials. The financial section includes 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 State Statutes. City code establishes a June 30 fiscal year end. There are no component units included in our financial statements.

### **Summary of Local Economy**

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

### **The Future**

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

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

The City of Wasilla voters have approved funding for the construction of a multi-use sports complex. When the project is completed in March 2004, we anticipate becoming more of a "destination point" in South Central Alaska.

### **Major Initiatives for the Year**

The most significant actions that the City took in FY02 and FY03 were the initiation of projects to improve our infrastructure, including resurfacing of roads and major extensions to our water and sewer system. The road improvements and water and sewer extensions will continue to help spur development in the core area of the city. We are in the process of completing our new Water Reservoir and the city is estimating that it will be online in early fiscal 2004. We are also continuing to work with other government agencies to improve the traffic flow in and around our community.

Major improvements in parks and recreation facilities built at Iditapark are progressing. Work is continuing on our Honor Garden/Path of Freedom that will be a fine tribute to citizens who serve our country.

One of the most exciting initiatives for the City is that the City of Wasilla has started construction of a Multi-use Sports Complex. The voters passed a bond proposition on March 5, 2002 to build a \$14,700,000 Multi-use Sports Complex. It is projected that this complex will be completed by early spring of 2004. Once the Multi-use Sports Complex and the surrounding infrastructure are completed, we believe this facility will be a key component in spurring more economic development in the surrounding area.

### **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 \$10,000 between departments within funds and transfers between funds require approval of the City Council. The City's policy is that estimated purchase order amounts are encumbered prior to the release of the order to the vendor. When an encumbrance exceeds the available appropriation authority, policy is that the order is delayed until the budget is amended. Operating budgets lapse at year-end. Any outstanding operating encumbrances are charged against the New Year's budget. Capital budget funds remaining are reappropriated in the New Year's budget.

### **General Government Functions**

Revenues for general governmental functions accounted for in the General, Special Revenue and Debt Service Funds totaled \$9,299,797 in FY03, an increase of 6.77 percent over FY02. As seen in the table below, Sales tax growth

the revenue increase from FY 02. Sales tax produced 76.73 percent of FY03 revenues compared to 74.59 percent in FY02.

	Amount	Percent Of Total	Increase (Decrease) From FY02
<b>Taxes</b>			
Sales Taxes	\$7,135,583	76.73	\$ 638,513
Property and Vehicle Taxes	273,619	2.94	(131,013)
Licenses and Permits	38,996	0.42	3,456
Fines, Forfeitures & Penalties	52,811	0.57	(21,831)
Intergovernmental	658,107	7.08	(15,416)
Matanuska-Susitna Borough	351,000	3.77	8,000
Special Assessments	318,159	3.42	8,925
Investment Income	241,185	2.59	(41,625)
Other	230,337	2.48	140,622
Total	<u>\$9,299,797</u>	<u>100.00</u>	<u>\$ 589,631</u>

The Sales tax revenue increase in FY03 was due to increased economic activity in the City of Wasilla. The increase is consistent with the City of Wasilla's projected growth model for Sales tax revenue.

Property Tax and Vehicle Tax revenue decreased in FY03 due to a decrease in the property tax mill rate (from .9 mills to .5 mills). Assessed valuation of property for FY03 (Net of Exemptions) of \$387,961,600 represented an increase of 7.69 percent over FY02. This increase is attributable to an increase in real property valuation, due mainly to new construction. FY03 tax collections were 98.76 percent of the tax levy as compared to 99.04 percent for FY02. Variation in the collection rate from year to year is normal.

Expenditures for general governmental purposes totaled \$7,046,325 not including transfers to other funds in FY03, an increase of 4.37 percent over FY02. 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 FY02
<b>General Government</b>	\$1,845,071	26.18	\$ 320,723
Public Safety	1,990,275	28.25	40,092
Public Works	1,289,360	18.30	195,601
Nondepartmental	54,204	0.77	(5,034)
Museum and Recreation Services	460,436	6.53	1,510
Library & Youth Court	748,317	10.62	22,619
Debt Service	658,662	9.35	(280,495)
Total	<u>\$7,046,325</u>	<u>100.00</u>	<u>\$ 295,016</u>

The major increases in expenditures were in the General Government function. The increases in expenditures in this function were mainly due to the increase in salaries and benefits in planning due to the addition of an economic planner (approximately \$70,200), the purchase of a new AS400 computer and financial software (approximately \$120,000 including training) and increases in the general administration services department expenditures (\$83,712).

Increases in the Public Works Function were mainly due to employee salary and benefits increases (\$86,986) in the public works department and due to repair expenditures to city property due to the major wind storm (\$44,810).

The significant decrease in debt service from FY02 to FY03 was mainly due to Gas LID refunds that were made in FY02 (\$152,176) and advance repayments of Street Paving Assessment Bonds (approximately 127,000) made in FY02.

### **Debt Administration**

During FY98, the City of Wasilla issued a General Obligation Bond of \$5,500,000 for road construction. Interest rates vary on the annual payments from 4.625% to 6.0% for the Road bond. Interest and principal payments of \$439,398 were made during FY03 leaving \$4,775,000 of General Government Obligation Debt remaining.

Special Assessment Bond Debt of \$1,191,207 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.

The City of Wasilla incurred loans of \$156,250 for water and sewer construction in FY03. The total debt for the Enterprise Funds is \$18,188,044. This debt includes a General Obligation Bond issued to construct the Multi-use Sports Complex for \$14,700,000 (interest rates of 2.5% to 4.5%) in FY02. In FY02, the City of Wasilla voters levied a 0.5% sales tax dedicated to pay off interest and principal payments on the Multi-use Sports Complex bond. Interest and principal payments of \$1,366,275 were made during FY03 leaving \$13,860,000 of General Obligation Debt remaining on the Multi-use Sports Complex bond.

### **Cash Management**

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

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

## **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.

### **Utility Fund**

The Utility fund showed an operating profit before depreciation of \$81,177 for FY03. The operating profit before depreciation was \$60,390 in FY02.

### **Airport Fund**

The Airport showed an operating profit before depreciation of \$4,315. In FY02, the Airport Fund had an operating loss before depreciation of \$30,914. Based on completion of the planned improvements to the runway and taxiways and to security fencing, it is believed that there will be increased utilization of this most important asset in FY04. Based on this increased utilization of the Airport, administration believes that the operating income before depreciation will continue to grow in FY04.

### **Multi-use Sports Complex Fund**

The Multi-use Sports Complex facility is currently being constructed and will not be in operation until March of 2004. The fund is collecting the dedicated sales tax revenue for retirement of the Multi-use general obligation bond and has made payments of interest and principal of \$1,366,275.

## **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 FY03 was 8.19%.

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 in which funds from the sale of cemetery lots are accumulated to pay for maintenance in perpetuity after all the cemetery 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, 2003, the general fixed assets of the City amounted to \$10,622,302. 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 Public Entity Joint Insurance Association (APEI) in FY03, which is a pooling arrangement of Alaskan cities, boroughs and school districts. The concept of shared risk was originally started to ensure that all municipalities had access to insurance coverage on a long-term basis, although not necessarily the least expensive coverage. Claims are covered on an occurrence basis. The APEI provides risk management services, appraisal services.

### **Independent Audit**

The City Code, Section 5.04.060 requires examination of the City's financial records and statements by a Certified Public Accounting Firm, licensed to perform financial audits in the State of Alaska. The completion of this examination with the 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, Sally Schug, Sharon Sinko, Carrie Winingler, Deborah Davis, Connie James, Kathy Healy 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**

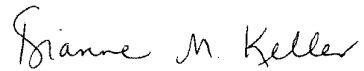
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Wasilla for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2002. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

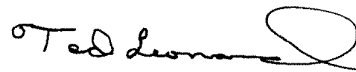
satisfy both generally accepted accounting principles and applicable legal requirements.

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

Respectfully submitted,



Dianne M. Keller  
Mayor



Ted Leonard  
Finance Director



CITY OF WASILLA, ALASKA

CITY OFFICIALS

CITY COUNCIL

Council Members:

Ron Cox  
Dianne Keller  
Noel Lowe  
Howard O'Neil (Deputy Mayor)  
Robert Sandie  
Colleen Sullivan-Leonard

STAFF

Mayor  
Public Works Director  
City Clerk  
Director of Finance and Admin. Services  
Library Director  
Police Chief  
Senior Accountant

Dianne M. Keller  
Don Shiesl  
Kristie Smithers  
Ted Leonard  
Chester Simton  
Don Savage  
Susan Colligan

PLANNING COMMISSION

Verdie Bowen  
Dorothy Hamilton  
Gregory Koskela  
William McCain

Ray McCarthy  
Stan Tucker (Chairman)  
John Vinette

PARKS AND RECREATION COMMISSION

Jesse Chandler  
Joan Matthews  
Maureen McCombs

Peter Powell  
Dave Tuttle (Chairman)

CONSULTANTS

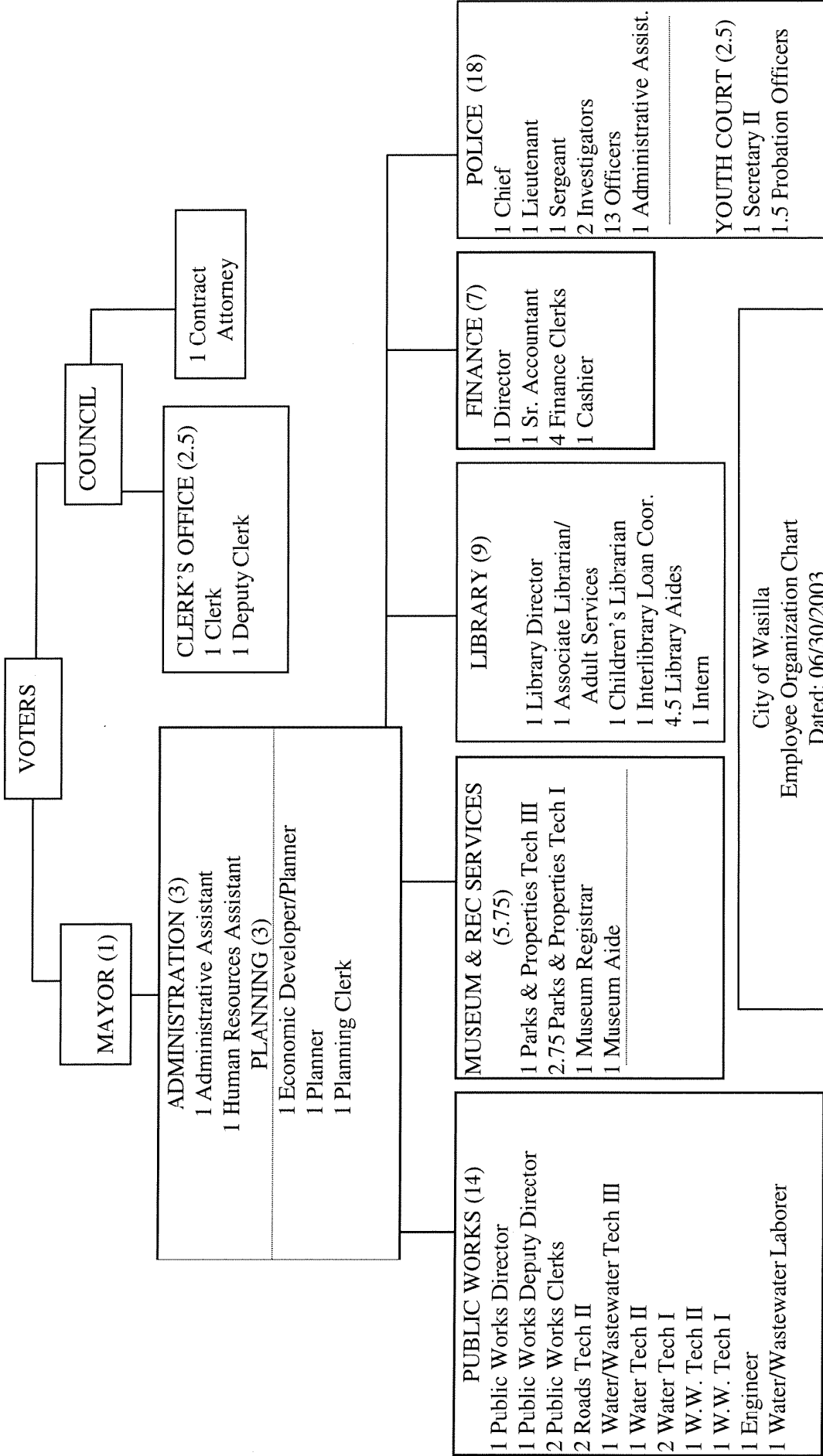
City Attorney  
Auditors  
Insurance Pool  
  
Insurance Broker

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

FY03  
Dated 11/10/03

City of Wasilla

Employee Organization Chart FY03



City of Wasilla  
Employee Organization Chart  
Dated: 06/30/2003  
Approved: *Gianne M. Keller*

# 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, 2002

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.



*William Patrick Pate*  
President

*Jeffrey R. Emmer*  
Executive Director

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## **FINANCIAL SECTION**

# MIKUNDA, COTTRELL & Co.

*A Professional Corporation*

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS  
3601 "C" Street, Suite 600 • Anchorage, Alaska 99503  
(907) 278-8878, Fax (907) 278-5779  
www.mcc-cpa.com

## 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, 2003. 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, 2003, 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 19, 2003 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, 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 19, 2003

**GENERAL PURPOSE FINANCIAL STATEMENTS**



**CITY OF WASILLA, ALASKA**  
 Combined Balance Sheet - All Fund Types and Account Groups  
 June 30, 2003  
 (With Comparative Totals for 2002)

Assets	Governmental Fund Types					Proprietary Fund Type		Fiduciary Fund Type		Account Groups			Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Project	Enterprise	Nonexpendable Trusts	General		Long-Term Debt	2003	2002	2003	2002	
							Fixed Assets	Debt						
Cash and investments	\$ 3,926,831	265,408	942,720	1,874,618	15,334,236	128,905	-	-	-	22,472,718	9,240,815	8,101	-	
Prepaid items	8,101	-	-	-	-	-	-	-	-	-	-	-	-	
Receivables (net where applicable, of allowances for doubtful receivables):														
Taxes	688,496	-	-	-	172,124	-	-	-	-	860,620	573,876	-	-	
Accounts	-	-	-	-	117,441	-	-	-	-	117,441	113,535	-	-	
Grants and shared revenues	265,539	4,288	-	194,970	145,155	-	-	-	-	609,952	750,256	-	-	
Accrued interest	-	-	-	-	-	-	-	-	-	-	1,742	-	-	
Loans	-	-	-	-	17,722	-	-	-	-	17,722	223,368	-	-	
Special assessments	209	-	924,485	-	56,029	-	-	-	-	980,723	910,194	-	-	
Other	128,610	-	-	163	-	-	-	-	-	128,773	79,309	-	-	
Notes	-	-	-	-	14,910	-	-	-	-	14,910	19,024	-	-	
Due from other funds	108,481	-	-	-	-	-	-	-	-	108,481	60,440	-	-	
Inventory	-	-	-	-	84,847	-	-	-	-	84,847	82,336	-	-	
Restricted cash and investments	-	-	-	-	2,426,804	-	-	-	-	2,426,804	17,845,696	-	-	
Advances to other funds	52,658	-	-	-	-	-	-	-	-	52,658	52,439	-	-	
Deferred charges, net of accumulated amortization	-	-	-	-	13,788	-	-	-	-	13,788	14,169	-	-	
Property, plant and equipment (net where applicable of accumulated depreciation)	-	-	-	-	34,880,917	-	-	-	10,622,302	45,503,219	40,998,318	-	-	
Amount available for payment of long-term debt	-	-	-	-	-	-	-	-	-	890,062	801,277	-	-	
Amount to be provided for payment of long-term debt	-	-	-	-	-	-	-	-	-	5,017,934	19,815,665	-	-	
<b>Total assets</b>	<b>\$ 5,178,925</b>	<b>269,696</b>	<b>1,867,205</b>	<b>2,069,751</b>	<b>53,263,973</b>	<b>128,905</b>	<b>10,622,302</b>	<b>890,062</b>	<b>79,308,753</b>	<b>91,582,459</b>				

**CITY OF WASILLA, ALASKA**

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

Liabilities and Fund Equity	Governmental Fund Types				Fiduciary Fund Type		Account Groups			Totals	
					Nonexpendable Trust		General			(Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Project	Enterprise		General Fixed Assets	Long-Term Debt	2003	2002	
Liabilities:											
Accounts payable	\$ 32,560	3,200	-	66	793,381	-	-	-	829,207	499,862	
Retainage payable	-	-	-	-	66,710	-	-	-	66,710	-	
Revenue billed in advance	-	-	-	-	9,841	-	-	-	9,841	9,854	
Accrued payroll and employee benefits	144,658	21,515	-	9,070	21,209	-	-	-	196,552	178,601	
Accrued annual and sick leave	208,816	23,565	-	-	26,662	-	-	-	259,143	248,245	
Due to other funds	-	-	-	108,481	-	-	-	-	108,481	60,440	
Customer deposits	-	-	-	-	42,896	-	-	-	42,896	70,106	
Accrued interest	-	-	-	-	167,614	-	-	-	167,614	25,466	
Deferred revenue	2,344	-	924,485	-	135,894	-	-	-	1,062,723	853,871	
Advances from other funds	-	-	-	-	-	-	-	3,898,438	52,658	52,439	
Bonds payable	-	-	-	-	13,927,769	-	-	-	19,826,207	20,679,072	
Notes payable	-	-	-	-	4,260,275	-	-	-	4,260,275	4,121,251	
Other liabilities	-	-	-	-	94,734	-	-	9,558	104,292	5,639	
Total liabilities	388,378	48,480	977,143	117,617	19,546,985	-	-	5,907,996	26,986,599	26,804,846	
Fund equity:											
Investment in general fixed assets	-	-	-	-	-	-	10,622,302	-	10,622,302	11,013,481	
Contributed capital, net of accumulated amortization	-	-	-	-	-	-	-	-	29,589,066	28,770,929	
Retained earnings:											
Reserved for debt service	-	-	-	-	236,235	-	-	-	236,235	2,435,910	
Unreserved	-	-	-	-	3,891,687	-	-	-	3,891,687	2,435,910	
Fund balances:											
Reserved:											
Encumbrances	112,458	8,887	-	25,249	-	-	-	-	146,594	648,373	
Debt service	-	-	557,662	-	-	-	-	-	557,662	568,802	
Advances to other funds	52,658	-	-	-	-	-	-	-	52,658	52,439	
Investment	-	-	-	-	-	128,905	-	-	128,905	117,780	
Insurance premium increases	54,336	-	-	-	-	-	-	-	54,336	54,336	
Prepaid items	8,101	-	-	-	-	-	-	-	8,101	-	
Unreserved:											
Designated:											
Operations	-	212,329	-	-	-	-	-	-	212,329	836,959	
Capital improvements	-	-	-	1,926,885	-	-	-	-	1,926,885	15,628,390	
Undesignated	4,562,994	-	332,400	-	-	-	-	-	4,895,394	4,650,214	
Total fund equity	4,790,547	221,216	890,062	1,952,134	33,716,988	128,905	10,622,302	-	52,322,154	64,777,613	
Total liabilities and fund equity	\$ 5,178,925	269,696	1,867,205	2,069,751	53,263,973	128,905	10,622,302	5,907,996	79,308,753	91,582,459	

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, 2003  
 (With Comparative Totals for 2002)

	Governmental Fund Types				Totals	
	General	Special Revenue	Debt Service	Capital Project	(Memorandum Only)	
					2003	2002
<b>Revenues:</b>						
Taxes	\$ 7,409,202	-	-	-	7,409,202	6,901,702
Licenses and permits	38,996	-	-	-	38,996	35,540
Fines, forfeitures and penalties	37,166	15,645	-	-	52,811	74,642
Intergovernmental	576,793	81,314	-	364,815	1,022,922	979,948
Matanuska-Susitna Borough	1,000	350,000	-	29,700	380,700	437,120
Special assessments	-	-	318,159	-	318,159	309,234
Investment income	234,542	2,966	3,677	17,677	258,862	349,055
Other	185,743	40,605	3,989	33,669	264,006	144,302
Total revenues	<u>8,483,442</u>	<u>490,530</u>	<u>325,825</u>	<u>445,861</u>	<u>9,745,658</u>	<u>9,231,543</u>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	1,761,100	83,971	-	-	1,845,071	1,524,348
Public safety	1,989,408	867	-	-	1,990,275	1,950,183
Public works	1,289,360	-	-	-	1,289,360	1,093,759
Culture and recreation	460,436	-	-	-	460,436	458,926
Nondepartmental	54,204	-	-	-	54,204	59,238
Library	-	602,949	-	-	602,949	584,355
Youth court	-	145,368	-	-	145,368	141,343
Debt service	-	-	658,662	-	658,662	939,157
Capital outlay	-	-	-	2,153,900	2,153,900	2,187,939
Total expenditures	<u>5,554,508</u>	<u>833,155</u>	<u>658,662</u>	<u>2,153,900</u>	<u>9,200,225</u>	<u>8,939,248</u>
Excess of revenues over (under) expenditures	2,928,934	(342,625)	(332,837)	(1,708,039)	545,433	292,295
<b>Other financing sources (uses):</b>						
Bond proceeds	-	-	-	346,028	346,028	14,828,128
Operating transfers from other funds	490	925,338	439,398	1,903,331	3,268,557	2,103,568
Operating transfers to other funds	(2,561,789)	(755,384)	(8,888)	(13,000)	(3,339,061)	(2,184,523)
Net other financing sources (uses)	<u>(2,561,299)</u>	<u>169,954</u>	<u>430,510</u>	<u>2,236,359</u>	<u>275,524</u>	<u>14,747,173</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	367,635	(172,671)	97,673	528,320	820,957	15,039,468
Beginning fund balances	4,607,912	836,959	801,277	16,193,365	22,439,513	8,100,045
Residual equity transfers to other funds	(185,000)	(443,072)	(8,888)	-	(636,960)	(700,000)
Adjustment resulting from conversion from capital project fund	-	-	-	(14,769,551)	(14,769,551)	-
Ending fund balances	<u>\$ 4,790,547</u>	<u>221,216</u>	<u>890,062</u>	<u>1,952,134</u>	<u>7,853,959</u>	<u>22,439,513</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, 2003

	General Fund			Special Revenue Funds			Debt Service Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>									
Taxes	\$ 7,082,980	7,409,202	326,222	-	-	-	-	-	-
Licenses and permits	34,485	38,996	4,511	-	-	-	-	-	-
Fines, forfeitures and penalties	71,000	37,166	(33,834)	16,000	15,645	(355)	-	-	-
Intergovernmental	634,434	576,793	(57,641)	73,630	81,314	7,684	-	-	-
Matanuska-Susitna Borough	1,000	1,000	-	350,000	350,000	-	-	-	-
Special assessments	-	-	-	-	-	-	175,102	318,159	143,057
Investment income	213,443	234,542	21,099	22,900	2,966	(19,934)	39,281	3,677	(35,604)
Other	63,510	185,743	122,233	41,150	40,605	(545)	9,891	3,989	(5,902)
Total revenues	<u>8,100,852</u>	<u>8,483,442</u>	<u>382,590</u>	<u>503,680</u>	<u>490,530</u>	<u>(13,150)</u>	<u>224,274</u>	<u>325,825</u>	<u>101,551</u>
<b>Expenditures:</b>									
General government	1,819,883	1,761,100	58,783	88,000	83,971	4,029	-	-	-
Public safety	2,108,466	1,989,408	119,058	873	867	6	-	-	-
Public works	1,302,376	1,289,360	13,016	-	-	-	-	-	-
Culture and recreation	490,768	460,436	30,332	-	-	-	-	-	-
Nondepartmental	112,383	54,204	58,179	-	-	-	-	-	-
Library	-	-	-	641,612	602,949	38,663	-	-	-
Youth court	-	-	-	150,647	145,368	5,279	-	-	-
Debt service	-	-	-	-	-	-	656,178	658,662	(2,484)
Total expenditures	<u>5,833,876</u>	<u>5,554,508</u>	<u>279,368</u>	<u>881,132</u>	<u>833,155</u>	<u>47,977</u>	<u>656,178</u>	<u>658,662</u>	<u>(2,484)</u>
Excess of revenues over (under) expenditures	2,266,976	2,928,934	661,958	(377,452)	(342,625)	34,827	(431,904)	(332,837)	99,067
<b>Other financing sources (uses):</b>									
Operating transfers from other funds	2,000	490	(1,510)	949,764	925,338	(24,426)	439,398	439,398	-
Operating transfers to other funds	(2,586,026)	(2,561,789)	24,237	(755,384)	(755,384)	-	(8,888)	(8,888)	-
Net other financing sources (uses)	<u>(2,584,026)</u>	<u>(2,561,299)</u>	<u>22,727</u>	<u>194,380</u>	<u>169,954</u>	<u>(24,426)</u>	<u>430,510</u>	<u>430,510</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	(317,050)	367,635	684,685	(183,072)	(172,671)	10,401	(1,394)	97,673	99,067
Beginning fund balances	4,607,912	4,607,912	-	836,959	836,959	-	801,277	801,277	-
Residual equity transfers to other funds	(185,000)	(185,000)	-	(443,072)	(443,072)	-	(8,888)	(8,888)	-
Ending fund balances	<u>\$ 4,105,862</u>	<u>4,790,547</u>	<u>684,685</u>	<u>210,815</u>	<u>221,216</u>	<u>10,401</u>	<u>790,995</u>	<u>890,062</u>	<u>99,067</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, 2003  
 (With Comparative Totals for 2002)

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)	
	Enterprise	Non- expendable Trust	2003	2002
Operating revenues:				
Sales and user charges	\$ 1,009,687	11,125	1,020,812	944,229
Fees and rentals	41,220	-	41,220	31,802
Water meters	11,552	-	11,552	9,659
Investment income	-	490	490	1,542
Other	6,123	-	6,123	7,382
Total operating revenues	<u>1,068,582</u>	<u>11,615</u>	<u>1,080,197</u>	<u>994,614</u>
Operating expenses:				
Salaries	406,800	-	406,800	387,000
Employee benefits	142,592	-	142,592	122,677
Other purchased services	62,178	-	62,178	55,471
Professional and technical services	21,999	-	21,999	28,847
Supplies	218,067	-	218,067	210,491
Administration	49,850	-	49,850	54,446
Property services	77,047	-	77,047	97,705
Bad debt expense	4,557	-	4,557	415
Other	-	-	-	144
Total operating expenses	<u>983,090</u>	<u>-</u>	<u>983,090</u>	<u>957,196</u>
Operating income before depreciation	85,492	11,615	97,107	37,418
Depreciation	1,003,366	-	1,003,366	861,490
Operating income (loss)	(917,874)	11,615	(906,259)	(824,072)
Nonoperating revenues (expenses):				
Line extension fee	-	-	-	100,000
Payments in lieu of assessments	145,072	-	145,072	58,165
Sales tax revenue	1,740,791	-	1,740,791	-
Interest expense	(26,061)	-	(26,061)	(7,714)
Investment income	13,063	-	13,063	37,740
Other	(3,157)	-	(3,157)	5,387
Net nonoperating revenues (expenses)	<u>1,869,708</u>	<u>-</u>	<u>1,869,708</u>	<u>193,578</u>
Income (loss) before operating transfers and contributions	951,834	11,615	963,449	(630,494)
Operating transfers:				
Operating transfers in	88,494	-	88,494	130,738
Operating transfers out	(17,500)	(490)	(17,990)	(49,783)
Net operating transfers	<u>70,994</u>	<u>(490)</u>	<u>70,504</u>	<u>80,955</u>
Net income (loss)	1,022,828	11,125	1,033,953	(549,539)
Capital contributions	669,184	-	669,184	1,842,019
Increase in retained earnings/fund balance	1,692,012	11,125	1,703,137	1,292,480
Beginning retained earnings/fund balance	2,435,910	117,780	2,553,690	1,261,210
Ending retained earnings/fund balance	<u>\$ 4,127,922</u>	<u>128,905</u>	<u>4,256,827</u>	<u>2,553,690</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, 2003  
 (With Comparative Totals for 2002)

	Proprietary Fund Type	Fiduciary Fund Type Non- expendable Trust	Totals (Memorandum Only)	
	<u>Enterprise</u>	<u>Trust</u>	<u>2003</u>	<u>2002</u>
Cash flows from operating activities:				
Operating income (loss)	\$ (917,874)	11,615	(906,259)	(824,072)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation	1,003,366	-	1,003,366	861,490
Amortization	381	-	381	381
Other nonoperating revenues (expenses)	(3,157)	-	(3,157)	105,387
Increase in allowance for doubtful accounts	4,556	-	4,556	512
Investment income	-	(490)	(490)	(1,542)
(Increase) decrease in assets:				
Accounts receivable	(8,462)	-	(8,462)	5,056
Inventory	(2,511)	-	(2,511)	8,522
Increase (decrease) in liabilities:				
Accounts payable	(180,769)	-	(180,769)	161,038
Revenue billed in advance	(13)	-	(13)	(25,552)
Accrued payroll and employee benefits	1,735	-	1,735	4,389
Accrued annual and sick leave	988	-	988	5,521
Customer deposits	(27,210)	-	(27,210)	30,625
Net cash flows from operating activities	<u>(128,970)</u>	<u>11,125</u>	<u>(117,845)</u>	<u>331,755</u>
Cash flows from noncapital financing activities:				
Operating transfers in	88,494	-	88,494	130,738
Operating transfers out	(17,500)	(490)	(17,990)	(49,783)
Adjustment resulting from conversion from capital project fund	<u>14,769,551</u>	<u>-</u>	<u>14,769,551</u>	<u>-</u>
Net cash flows from noncapital financing activities	<u>14,840,545</u>	<u>(490)</u>	<u>14,840,055</u>	<u>80,955</u>
Cash flows from capital and related financing activities:				
Principal and interest paid on long-term debt	(1,528,886)	-	(1,528,886)	(23,566)
Loan proceeds	361,895	-	361,895	3,740,590
Special assessments received	12,398	-	12,398	16,284
Receipt of payments in lieu of assessments	145,072	-	145,072	58,165
Acquisition and construction of capital assets	(4,331,922)	-	(4,331,922)	(4,361,885)
Residual equity transfers in as contributed capital	636,960	-	636,960	700,000
Capital contributions received	1,071,676	-	1,071,676	1,841,447
Sales tax revenue received	<u>1,568,667</u>	<u>-</u>	<u>1,568,667</u>	<u>-</u>
Net cash flows from capital and related financing activities	<u>(2,064,140)</u>	<u>-</u>	<u>(2,064,140)</u>	<u>1,971,035</u>
Cash flows from investing activities:				
Investment income received	264,365	490	264,855	52,452
Principal payments received on notes receivable	<u>4,114</u>	<u>-</u>	<u>4,114</u>	<u>26,190</u>
Net cash flows from investing activities	<u>268,479</u>	<u>490</u>	<u>268,969</u>	<u>78,642</u>
Net increase in cash and investments	12,915,914	11,125	12,927,039	2,462,387
Cash and investments at beginning of year	<u>4,845,126</u>	<u>117,780</u>	<u>4,962,906</u>	<u>2,500,519</u>
Cash and investments at end of year	\$ <u>17,761,040</u>	<u>128,905</u>	<u>17,889,945</u>	<u>4,962,906</u>
Reconciliation of cash and investments to balance sheet:				
Cash and investments	15,334,236			
Restricted cash and investments	<u>2,426,804</u>			
	\$ <u>17,761,040</u>			

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, 2003

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

**General**

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

**Reporting Entity**

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

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

**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.

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. The Capital Project Funds have project-length budgets. The budget is submitted to the City Council for review and approval. Legal enactment of the budget is obtained through passage of a City ordinance. Amendments to the budget can occur any time during the fiscal year through City Council action. The legal level of budgetary control for all funds is at the function or activity level. All appropriations lapse at the end of the budget year to the extent that they have not been expended or lawfully encumbered, except for capital projects.

## CITY OF WASILLA, ALASKA

### Notes to General Purpose Financial Statements, continued

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

##### Budgets, continued

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

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

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	\$ 8,143,748	461,154	8,604,902
Special Revenue Funds	1,321,090	758,498	2,079,588
Debt Service Funds	673,954	-	673,954

##### 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 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 2002 financial statements to make them comparable with the 2003 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 generally accepted accounting principles. 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, 2003, the carrying amount of the City's deposits was (\$620,993) and the bank balances were \$2,290,482. The bank balances are categorized as follows:

Amount insured by the FDIC	\$ 121,990
Amount collateralized with securities held by the financial institution's trust department or agent in the City's name	<u>2,168,492</u>
Total bank balances	\$ <u>2,290,482</u>

In consideration of the banking services agreement, the City is required to keep a \$106,000 noninterest bearing account 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:

- Government obligations: shares of SEC registered money market mutual funds conforming to Rule 2a-7 of the Investment Company Act of 1940 that invest primarily in direct obligations of the United States and repurchase agreements backed by those obligations and rated in the highest category by S&P and Moody's.
- Commercial paper: having original maturities of not more than two hundred seventy (270) days and rated at all times "A-1" or better by S&P and "P-1" or better by Moody's, and bearing interest at a rate at least twenty-five basis points (.25%) above the rate of interest on United States Treasury obligations of the same maturity at the time of purchase.
- Interest bearing obligations of a corporation, or of any state of the United States of America or any political subdivision thereof, which obligations at all times are rated at least "AA" by S&P or Moody's; provided, that any such obligation of a corporation shall bear interest at a rate of at least twenty-five basis points (.25%) above the rate of interest on United States Treasury obligations of the same maturity at the time of purchase.
- Certificates of deposit of any rated bank, provided that such certificates of deposit are:
  - Fully insured by an appropriate insuring agency of the United States; and
  - To the extent not so insured, collateralized with government obligations held by a third party custodian, in an amount equal to one hundred-two percent (102%) of the principal and unpaid accrued interest.
- Repurchase agreements with primary dealers or rated banks, collateralized with government obligations held by a third party custodian, in an amount equal to one hundred-two percent (102%) of the principal and unpaid accrued interest.
- The Alaska Municipal League Investment Pool, Inc. (AMLIP).

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, 2003, the share value of investments in the AML pool is approximately equal to fair value.

## CITY OF WASILLA, ALASKA

### Notes to General Purpose Financial Statements, continued

#### **Cash and Investments, continued**

##### **Investments, continued**

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.

	Category			Fair Value
	1	2	3	
Repurchase agreements \$	-	1,072,494	-	1,072,494
U.S. government securities	18,403,126	-	-	18,403,126
	<u>\$ 18,403,126</u>	<u>1,072,494</u>	<u>-</u>	19,475,620
Alaska Municipal League Investment Pool				<u>6,044,895</u>
Total investments				<u>\$ 25,520,515</u>

(3) **Fixed Assets**

A summary of changes in general fixed assets follows:

	Balance July 1, 2002	Additions/ Transfers In	Deletions/ Transfers Out	Balance June 30, 2003
Land	\$ 2,474,396	150,075	50,000	2,574,471
Buildings	3,829,727	79,216	733,170	3,175,773
Office furniture and equipment	587,062	178,277	23,750	741,589
Vehicles and equipment	1,320,747	150,730	-	1,471,477
Library collections	2,018,648	61,483	45,704	2,034,427
Construction in progress	<u>782,901</u>	<u>114,950</u>	<u>273,286</u>	<u>624,565</u>
	<u>\$ 11,013,481</u>	<u>734,731</u>	<u>1,125,910</u>	<u>10,622,302</u>



**CITY OF WASILLA, ALASKA**

Notes to General Purpose Financial Statements, continued

**Fixed Assets, continued**

The following is a summary of Enterprise Fund property, plant and equipment at June 30, 2003:

	Water and Sewer Utility	Municipal Airport	Sports Complex	Totals
Land	\$ 806,980	1,470,000	219,110	2,496,090
Land improvements	-	5,330,984	-	5,330,984
Treatment system	7,913,975	-	-	7,913,975
Collection/distribution system	18,182,050	-	-	18,182,050
Water tank and fence	2,591,612	-	-	2,591,612
Wells/well house	367,793	-	-	367,793
Equipment	5,256,584	624,016	-	5,880,600
Construction in progress	<u>1,535,381</u>	<u>278,921</u>	<u>2,792,527</u>	<u>4,606,829</u>
	<u>36,654,375</u>	<u>7,703,921</u>	<u>3,011,637</u>	<u>47,369,933</u>
Accumulated depreciation	<u>(9,797,064)</u>	<u>(2,691,952)</u>	<u>-</u>	<u>(12,489,016)</u>
Net property, plant and equipment	\$ <u>26,857,311</u>	<u>5,011,969</u>	<u>3,011,637</u>	<u>34,880,917</u>

(4) **Operating Transfers**

A summary of operating transfers between funds for the year ended June 30, 2003, follows:

	Transfers <u>In</u>	Transfers <u>Out</u>
General Fund	\$ 490	2,561,789
Special Revenue Funds:		
Library	257,429	-
Capital Reserve	573,409	755,384
Technology Replacement	94,500	-
Debt Service Funds:		
1982 Original Water Bond	-	8,888
General Obligation Bond	439,398	-
Capital Project Funds:		
Miscellaneous Projects and Road and Street Improvements	1,634,258	13,000
Vehicle Replacement	145,000	-
Honor Garden	30,000	-
Regional Dispatch Center	94,073	-
Enterprise Funds:		
Water and Sewer Utility	48,705	17,500
Municipal Airport	39,789	-
Cemetery Nonexpendable Trust Fund	-	490
	<u>\$ 3,357,051</u>	<u>3,357,051</u>

**CITY OF WASILLA, ALASKA**

Notes to General Purpose Financial Statements, continued

(5) **Residual Equity Transfers**

Residual equity transfers between funds for the year ended June 30, 2003 follow:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	185,000
Capital Reserve Special Revenue Fund	-	443,072
1982 Original Water Bond Debt Service Fund	-	8,888
Enterprise Funds:		
Water and Sewer Utility	626,860	-
Municipal Airport	<u>10,000</u>	<u>-</u>
	<u>\$ 636,960</u>	<u>636,960</u>

The residual equity transfers to the Enterprise Funds were recorded in contributed capital.

(6) **Long-Term Debt**

On January 8, 2002 the City entered into loan agreements with the State of Alaska Department of Environmental Conservation (ADEC) to help fund the costs of the water main and sewer improvements. The maximum amount of the water loan is \$905,000. At June 30, 2003, the City had incurred \$745,939 in costs that were eligible to be reimbursed out of the loan proceeds and had drawn \$745,084. The maximum amount of the sewer loan is \$580,000. At June 30, 2003, the City had incurred \$301,066 in costs that were eligible to be reimbursed out of the loan proceeds and had drawn \$301,066.

On August 7 and November 6, 2002, the City entered into two new loan agreements with ADEC to help fund the costs of additional sewer and water main improvements. The maximum amount of each loan is \$50,000. At June 30, 2003, the City had incurred \$39,401 in costs that were eligible to be reimbursed out of the sewer loan and had drawn \$32,671. At June 30, 2003, the City had incurred \$33,802 in costs that were eligible to be reimbursed out of the water loan and had drawn \$23,665.

Repayment of all four loans will start one year following substantial completion and initiation of operation of the facilities.

On May 9, 2002, the City entered into a loan agreement to provide interim financing for water improvement projects. The loan was for \$3,000,000 and bears interest at 4.6%. This interim loan is expected be retired in full on May 9, 2004 with the proceeds from other long-term financing.

In 2003, the City also issued two paving special assessment bonds with values of \$117,690 and \$228,338, respectively. Both bonds bear interest at 5.25% and have a maturity date of March 1, 2013.

## CITY OF WASILLA, ALASKA

### Notes to General Purpose Financial Statements, continued

#### **Long-Term Debt, continued**

Long-term debt consists of the following at June 30, 2003:

#### **Special Assessment Bonds**

\$329,300 1986 Southside Water District Bond, due in annual installments of \$3,954 to \$6,454 through June 30, 2026; plus interest at 6.125%	\$ 127,702
\$626,000 1987 Sewer Improvement District Bond, due in annual installments of \$3,775 to \$4,900 through August 17, 2027; plus interest at 6.5%	107,125
\$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; plus interest at 6.05%	19,247
\$261,942 1995 Whispering Woods/Nelson Avenue/Lake View Avenue Paving Improvement Districts Bond, due in annual installments of \$18,194 through July 26, 2003 with a final installment of \$1,588 due July 26, 2004; plus interest at 6.825%;	19,782
\$251,298 1997 Westpoint/Hallea Lane/Wild Adventure/Southview Paving Improvement Districts Bond, due in annual installments of \$25,130 through March 17, 2004 with a final installment of \$20,189 due March 17, 2005; plus interest at 6.435%	45,319
\$287,200 2001 WoodCrest/Patricia/Century Park Paving Improvement Districts Bond, due in annual installments of \$28,720 through November 24, 2008; plus interest at 5.9%	172,320
\$189,320 2002 North Country Paving Improvement District Bond, due in annual installments of \$18,932 through April 6, 2009; plus interest at 6.545%	112,724
\$17,400 2001 Susitna Area Paving Improvement District Bond, due in annual installments of \$1,740 through June 28, 2011; plus interest at 4.55%	13,920
\$199,088 2001 Talerico Paving Improvement District Bond, due in annual installments of \$19,909 through June 28, 2011; plus interest at 4.55%	159,271
\$84,711 2001 Broadview Sewer Improvement District Bond, due in annual installments of \$8,471 through June 28, 2011; plus interest at 4.55%	67,769

## CITY OF WASILLA, ALASKA

### Notes to General Purpose Financial Statements, continued

#### Long-Term Debt, continued

##### Special Assessment Bonds, continued

\$117,690 2003 Prospector Hills and WVCSA Paving Bond, due in annual installments of \$11,769 through March 1, 2013; plus interest at 5.25%	\$ 117,690
\$228,338 2003 GVC/GGL Subdivision Paving Bond, due in annual installments of \$22,834 through March 1, 2013; plus interest at 5.25%	<u>228,338</u>
Total Special Assessment Bonds	<u>1,191,207</u>

##### General Obligation Bonds

\$5,500,000 1998 Street Paving/Street Improvements General Obligation Bonds, due in annual installments of \$205,000 to \$420,000 through October 1, 2018; plus variable interest from 4.625% to 5.0%	4,775,000
\$14,700,000 2002 Multi-use Sports Complex General Obligation Bonds, due in annual installments of \$1,020,000 to \$2,180,000 through April 1, 2012; plus variable interest from 3.0% to 4.5%	<u>13,860,000</u>
Total General Obligation Bonds	<u>18,635,000</u>

##### Loans Payable

\$177,100 Water loan payable, due in annual installments of \$8,754 through August 3, 2018, plus interest at 2.5%	140,067
\$745,939 (\$905,000 maximum) Water loan payable, payment terms have not been established; interest at 2.5%	745,939
\$3,000,000 Water loan payable, due in one installment on May 9, 2004; plus interest at 4.6%	3,000,000
\$301,066 (\$580,000 maximum) Sewer loan payable, payment terms have not been established; interest at 2.5%	301,066
\$33,802 (\$50,000 maximum) Water loan payable, payment terms have not been established; interest at 2.5%	33,802
\$39,401 (\$50,000 maximum) Sewer loan payable, payment terms have not been established; interest at 2.5%	<u>39,401</u>
Total loans payable	<u>4,260,275</u>
Total long-term debt	<u>\$ 24,086,482</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 \$404,745 of interest, are as follows:

Year Ending June 30,	1986 Southside Water District Bond	1987 Sewer Improvement District Bond	1994 Mountain Village/ Crestwood Paving Improvement Districts Bond	Prospector Hills and WVCSA Paving Bond	GVC/GGL Subdivision Paving Bond
2004	\$ 11,805	10,738	16,758	17,491	33,935
2005	11,533	10,493	3,874	17,330	33,623
2006	11,291	10,247	-	16,712	32,424
2007	11,049	10,127	-	16,094	31,225
2008	10,807	9,874	-	15,476	30,026
Thereafter	<u>173,794</u>	<u>151,310</u>	<u>-</u>	<u>68,113</u>	<u>132,151</u>
	230,279	202,789	20,632	151,216	293,384
Less amount of interest	<u>102,577</u>	<u>95,664</u>	<u>1,385</u>	<u>33,526</u>	<u>65,046</u>
	<u>\$ 127,702</u>	<u>107,125</u>	<u>19,247</u>	<u>117,690</u>	<u>228,338</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
2004	\$ 21,133	28,046	38,887	26,310	2,373
2005	-	21,489	37,192	25,071	2,294
2006	-	-	35,498	23,832	2,215
2007	-	-	33,803	22,592	2,136
2008	-	-	32,109	21,353	2,057
Thereafter	<u>-</u>	<u>-</u>	<u>30,414</u>	<u>19,246</u>	<u>5,695</u>
	21,133	49,535	207,903	138,404	16,770
Less amount of interest	<u>1,351</u>	<u>4,216</u>	<u>35,583</u>	<u>25,680</u>	<u>2,850</u>
	<u>\$ 19,782</u>	<u>45,319</u>	<u>172,320</u>	<u>112,724</u>	<u>13,920</u>

## CITY OF WASILLA, ALASKA

### Notes to General Purpose Financial Statements, continued

#### Long-Term Debt, continued

Year Ending June 30,	2001 Tallerico Paving Improvement District Bond	2001 Broadview Sewer Improvement District Bond	Totals
2004	\$ 27,156	11,555	246,187
2005	26,250	11,169	200,318
2006	25,344	10,784	168,347
2007	24,438	10,398	161,862
2008	23,532	10,013	155,247
Thereafter	<u>65,162</u>	<u>27,726</u>	<u>673,611</u>
	191,882	81,645	1,605,572
Less amount of interest	<u>32,611</u>	<u>13,876</u>	<u>414,365</u>
	<u>\$ 159,271</u>	<u>67,769</u>	<u>1,191,207</u>

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

Year Ending June 30,	1998 Street Paving/ Street Improvement		2002 Multi-use Sports Complex		Totals
	Principal	Interest	Principal	Interest	
2004	\$ 205,000	233,026	1,020,000	553,119	2,011,145
2005	215,000	221,348	1,125,000	522,519	2,083,867
2006	225,000	209,810	1,240,000	485,956	2,160,766
2007	235,000	198,310	1,365,000	442,556	2,240,866
2008	245,000	186,310	1,495,000	391,369	2,317,679
Thereafter	<u>3,650,000</u>	<u>1,086,885</u>	<u>7,615,000</u>	<u>876,269</u>	<u>13,228,154</u>
Total	<u>\$ 4,775,000</u>	<u>2,135,689</u>	<u>13,860,000</u>	<u>3,271,788</u>	<u>24,042,477</u>

The water and sewer loan debt service requirements to maturity, exclusive of the four loans not yet in repayment status, are as follows:

Year Ending June 30,	Principal	Interest	Totals
2004	\$ 8,754	3,502	12,256
2005	8,754	3,283	12,037
2006	8,754	3,064	11,818
2007	8,754	2,845	11,599
2008	8,754	2,626	11,380
Thereafter	<u>96,297</u>	<u>14,445</u>	<u>110,742</u>
Total	<u>\$ 140,067</u>	<u>29,765</u>	<u>169,832</u>

## CITY OF WASILLA, ALASKA

### Notes to General Purpose Financial Statements, continued

#### **Long-Term Debt, continued**

During the year ended June 30, 2003, the following changes occurred in long-term liabilities:

<u>General Government</u>	<u>Balance July 1, 2002</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2003</u>
Special Assessment Bonds	\$ 941,303	346,028	163,893	1,123,438
General Obligation Bonds	4,970,000	-	195,000	4,775,000
Free Main Allowances	<u>5,639</u>	<u>3,919</u>	<u>-</u>	<u>9,558</u>
	<u>\$ 5,916,942</u>	<u>349,947</u>	<u>358,893</u>	<u>5,907,996</u>
 <u>Enterprise Funds</u>				
Water and Sewer Utility:				
Special Assessment Bonds	76,240	-	8,471	67,769
ADEC Loans Payable	1,112,780	156,250	8,755	1,260,275
Interim Construction Loan Payable	<u>3,000,000</u>	<u>-</u>	<u>-</u>	<u>3,000,000</u>
	4,189,020	156,250	17,226	4,328,044
Multi-use Sports Complex - General Obligation Bonds	<u>14,700,000</u>	<u>-</u>	<u>840,000</u>	<u>13,860,000</u>
	<u>\$ 18,889,020</u>	<u>156,250</u>	<u>857,226</u>	<u>18,188,044</u>

The July 1, 2002 balance of the Multi-use Sports Complex general obligation bonds was reclassified above with the adjustment resulting in the conversion of the fund from a capital project fund to an enterprise fund.

#### **Special Assessment Bond Covenants**

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

- The Bond Guarantee Fund shall be kept separate from all other money and funds of the City and shall be held in trust for the uses and purposes provided for in the ordinances.

**CITY OF WASILLA, ALASKA**

Notes to General Purpose Financial Statements, continued

**Long-Term Debt, continued**

**Special Assessment Bond Covenants, continued**

- 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

(7) **Contributed Capital**

A summary of changes in contributed capital of the Enterprise Funds for the year ended June 30, 2003 follows:

	<u>Balance at</u> <u>July 1, 2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>June 30, 2003</u>
Water and Sewer Utility	\$ 31,185,544	626,960	-	31,812,504
Municipal Airport	7,116,868	10,000	-	7,126,868
Multi-use Sports Complex	<u>          -</u>	<u>181,177</u>	<u>          -</u>	<u>          181,177</u>
	<u>\$ 38,302,412</u>	<u>818,137</u>	<u>          -</u>	<u>39,120,549</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	5.81%
Postemployment healthcare	<u>2.38%</u>
Total contribution rate	<u>8.19%</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, 2003, the City's annual pension cost of \$239,376 for PERS was equal to its required and actual contributions.

The required contribution was determined as part of the June 30, 1999 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 9.5% in 1999, trending downward 1% per year through 2003; 5% from 2004 through 2008; and 4.5% 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 – assumes investment return of 8.25% compared to a 5% corridor around the market value of the assets. Any differences are amortized and applied to the employer contribution rate. Valuation assets cannot be outside the range of 80% to 120% of market value of assets.

**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</u> <u>Year</u> <u>Ending</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
June 30, 2001	\$ 254,683	100%	\$ -
2002	234,922	100%	-
2003	239,376	100%	-

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

<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Actuarial</u> <u>Value of</u> <u>Assets</u>	<u>Actuarial</u> <u>Accrued</u> <u>Liability</u>	<u>Unfunded</u> <u>(Assets in</u> <u>Excess of)</u> <u>Liability</u>	<u>Funded</u> <u>Ratio</u>	<u>Covered</u> <u>Payroll</u>	<u>Unfunded</u> <u>(Assets in</u> <u>Excess of)</u> <u>Liability as</u> <u>Percentage</u> <u>of Covered</u> <u>Payroll</u>
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%)
June 30, 2001:						
Pension	5,190,000	5,239,000	49,000	99%	2,676,000	2%
Postemployment healthcare	2,198,000	2,219,000	21,000	99%	2,676,000	1%
June 30, 2002:						
Pension	4,385,000	5,967,000	1,582,000	73%	3,071,000	52%
Postemployment healthcare	2,664,000	3,625,000	961,000	73%	3,071,000	31%

An actuarial valuation was not done for June 30, 2000.

**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 current 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 water and sewer, and municipal airport services and a multi-use sports complex which is still under construction. Segment information as of and for the year ended June 30, 2003 follows:

	Water and Sewer Utility	Municipal Airport	Multi-use Sports Complex	<u>Total</u>
Operating revenues	\$ 1,027,362	41,220	-	1,068,582
Depreciation	726,255	277,111	-	1,003,366
Operating loss	(645,078)	(272,796)	-	(917,874)
Net income (loss)	(485,251)	(232,712)	1,740,791	1,022,828
Operating transfers in	48,705	39,789	-	88,494
Operating transfers out	(17,500)	-	-	(17,500)
Capital contributions	312,965	351,113	5,106	669,184
Property, plant and equipment additions	2,521,920	365,889	2,830,460	5,718,269
Net working capital	1,789,637	147,747	11,647,780	13,585,164
Total assets	31,113,526	5,169,747	16,980,700	53,263,973
Total equity	26,630,198	5,159,716	1,927,074	33,716,988

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

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

	<u>Budget</u>	<u>Actual</u>
Debt Service Funds:		
1986 Southside Water District Bond	\$ 12,047	12,532
Street Paving Assessment Bonds	180,583	195,749

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

APEI is a public entity risk pool organized to share risks among its members. The Association's bylaws provide for the assessment of supplemental contributions from members in the event that losses and expenses for any coverage year exceed the annual contributions and income earned on such contributions for the year. Such supplemental contributions shall be based upon each member's annual deposit contribution in comparison to the aggregate annual deposit contributions of all members. APEI made no supplemental assessments during the year ended June 30, 2003. 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. The outstanding balance at June 30, 2003 was \$2,028,837.

On November 27, 2000, the City Council authorized the issuance of nonrecourse revenue bonds for the purpose of providing funds to loan to the Southcentral Foundation to finance the construction of a facility. The bonds were issued in the amount of \$9,800,000. The outstanding balance at June 30, 2003 was \$9,231,589.

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

## 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.

(15) **Subsequent Events**

Subsequent to June 30, 2003, the City Council passed resolutions accepting the following grants:

\$ 946,100	Water main improvement program – phase II
271,500	Storm water pumping and treatment facility
1,346,624	Church Road south extension
200,000	Airport apron design – phase I

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, 2003

(With Comparative Amounts for 2002)

<u>Assets</u>	<u>2003</u>	<u>2002</u>
Cash and investments	\$ 3,926,831	4,124,058
Receivables:		
Sales taxes	688,496	573,876
Grants and shared revenues	265,539	218,528
Accrued interest	-	1,742
Special assessments	209	388
Other	128,610	79,309
Total receivables	<u>1,082,854</u>	<u>873,843</u>
Prepaid items	8,101	-
Due from other funds:		
Bond Guarantee Debt Service Fund	-	60,440
Regional Dispatch Center Capital Project Fund	108,481	-
Advances to Bond Guarantee Debt Service Fund	<u>52,658</u>	<u>52,439</u>
Total assets	\$ <u>5,178,925</u>	<u>5,110,780</u>
<u>Liabilities and Fund Balance</u>		
Liabilities:		
Accounts payable	32,560	167,111
Accrued payroll and employee benefits	144,658	135,958
Accrued annual and sick leave	208,816	199,261
Deferred revenue	2,344	538
Total liabilities	<u>388,378</u>	<u>502,868</u>
Fund balance:		
Reserved:		
Encumbrances	112,458	83,398
Advances to other funds	52,658	52,439
Insurance premium increases	54,336	54,336
Prepaid items	8,101	-
Unreserved and undesignated	<u>4,562,994</u>	<u>4,417,739</u>
Total fund balance	<u>4,790,547</u>	<u>4,607,912</u>
Total liabilities and fund balance	\$ <u>5,178,925</u>	<u>5,110,780</u>

## CITY OF WASILLA, ALASKA

## General Fund

## Statement of Revenues, Expenditures and Changes in Fund Balance

Year Ended June 30, 2003

(With Comparative Amounts for 2002)

	<u>2003</u>	<u>2002</u>
Revenues:		
Taxes	\$ 7,409,202	6,901,702
Licenses and permits	38,996	35,540
Fines, forfeitures and penalties	37,166	56,358
Intergovernmental	576,793	540,701
Matanuska-Susitna Borough	1,000	1,000
Investment income	234,542	261,685
Other	<u>185,743</u>	<u>66,422</u>
Total revenues	<u>8,483,442</u>	<u>7,863,408</u>
Expenditures:		
General government:		
City Council	375,648	361,566
Administration	303,288	288,367
General administration services	238,431	154,719
Finance	473,014	413,945
Management information systems	152,074	147,430
Planning	<u>218,645</u>	<u>158,321</u>
Total general government	<u>1,761,100</u>	<u>1,524,348</u>
Public safety	<u>1,989,408</u>	<u>1,921,788</u>
Public works:		
Administration	299,476	255,360
Road maintenance	651,622	598,772
Property maintenance	294,082	239,627
Property maintenance - wind damage	<u>44,180</u>	<u>-</u>
Total public works	<u>1,289,360</u>	<u>1,093,759</u>
Culture and recreation:		
Museum	60,001	65,719
Recreation	<u>400,435</u>	<u>393,207</u>
Total culture and recreation	<u>460,436</u>	<u>458,926</u>
Nondepartmental	<u>54,204</u>	<u>59,238</u>
Debt service	<u>-</u>	<u>440,323</u>
Total expenditures	<u>5,554,508</u>	<u>5,498,382</u>
Excess of revenues over expenditures	2,928,934	2,365,026
Other financing sources (uses):		
Operating transfers from other funds	490	37,873
Operating transfers to other funds	<u>(2,561,789)</u>	<u>(2,071,957)</u>
Net other financing sources (uses)	<u>(2,561,299)</u>	<u>(2,034,084)</u>
Excess of revenues and other financing sources over expenditures and other uses	367,635	330,942
Beginning fund balance	4,607,912	4,901,970
Residual equity transfers to Enterprise Funds	<u>(185,000)</u>	<u>(625,000)</u>
Ending fund balance	<u>\$ 4,790,547</u>	<u>4,607,912</u>

## CITY OF WASILLA, ALASKA

## General Fund

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

## Budget and Actual

Year Ended June 30, 2003

(With Comparative Amounts for 2002)

	2003		Variance	2002
	<u>Budget</u>	<u>Actual</u>	Favorable (Unfavorable)	<u>Actual</u>
Revenues:				
Taxes:				
Sales tax, including penalty and interest	\$ 6,800,000	7,135,583	335,583	6,497,070
Property and vehicle taxes	282,980	273,619	(9,361)	404,632
Total taxes	<u>7,082,980</u>	<u>7,409,202</u>	<u>326,222</u>	<u>6,901,702</u>
Licenses and permits:				
City business licenses	13,500	17,611	4,111	16,567
Land use permits	7,500	9,700	2,200	8,127
Utility permits	8,555	7,562	(993)	6,591
Driveway permits	1,015	2,000	985	1,350
Taxicab permits	3,815	1,650	(2,165)	2,875
Animal licenses	100	273	173	30
Vendor permits	-	200	200	-
Total licenses and permits	<u>34,485</u>	<u>38,996</u>	<u>4,511</u>	<u>35,540</u>
Fines, forfeitures and penalties	<u>71,000</u>	<u>37,166</u>	<u>(33,834)</u>	<u>56,358</u>
Intergovernmental:				
Safe communities	127,883	126,800	(1,083)	127,883
Revenue-sharing	66,679	65,426	(1,253)	66,679
Electric and telephone co-op tax	180,000	227,189	47,189	157,749
Public safety grants	238,023	131,011	(107,012)	172,297
Alcoholic beverage tax	19,000	24,200	5,200	11,000
Aviation fuel tax revenue sharing	2,000	1,661	(339)	3,767
Other	849	506	(343)	1,326
Total intergovernmental	<u>634,434</u>	<u>576,793</u>	<u>(57,641)</u>	<u>540,701</u>
Matanuska-Susitna Borough - solid waste	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Investment income	<u>213,443</u>	<u>234,542</u>	<u>21,099</u>	<u>261,685</u>
Other:				
Administration fee revenue	17,000	48,366	31,366	22,338
Charges for services	6,610	4,936	(1,674)	6,866
Building rentals	800	8,514	7,714	100
Insurance recovery	-	63,656	63,656	-
Donations	8,500	2,570	(5,930)	2,350
Youth litter patrol	5,000	3,500	(1,500)	3,500
Sale of fixed assets	10,000	45,100	35,100	-
Miscellaneous	15,600	9,101	(6,499)	31,268
Total other	<u>63,510</u>	<u>185,743</u>	<u>122,233</u>	<u>66,422</u>
Total revenues	<u>8,100,852</u>	<u>8,483,442</u>	<u>382,590</u>	<u>7,863,408</u>

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

	2003		Variance Favorable (Unfavorable)	2002
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Expenditures:				
General government:				
City Council:				
Salaries	\$ 134,157	129,940	4,217	119,083
Employee benefits	36,210	38,766	(2,556)	29,754
Professional and technical services	114,507	150,500	(35,993)	149,537
Property services	8,500	8,230	270	5,892
Other purchased services	43,830	38,031	5,799	39,285
Supplies	10,502	10,181	321	18,015
Total City Council	<u>347,706</u>	<u>375,648</u>	<u>(27,942)</u>	<u>361,566</u>
Administration:				
Salaries	114,600	113,979	621	162,209
Employee benefits	43,730	42,413	1,317	51,523
Professional and technical services	118,387	117,378	1,009	45,290
Property services	4,000	3,930	70	6,653
Other purchased services	12,680	14,744	(2,064)	10,642
Supplies	13,000	10,844	2,156	12,050
Total administration	<u>306,397</u>	<u>303,288</u>	<u>3,109</u>	<u>288,367</u>
General administration services:				
Salaries	32,708	32,641	67	21,366
Employee benefits	10,463	10,396	67	7,384
Professional and technical services	93,100	92,325	775	46,755
Property services	4,000	2,980	1,020	4,010
Other purchased services	82,438	82,049	389	56,264
Supplies	23,698	18,040	5,658	18,940
Total general administration services	<u>246,407</u>	<u>238,431</u>	<u>7,976</u>	<u>154,719</u>
Finance:				
Salaries	280,652	277,921	2,731	276,808
Employee benefits	102,185	95,170	7,015	91,046
Professional and technical services	56,725	38,796	17,929	2,188
Property services	9,570	9,483	87	2,530
Other purchased services	46,050	33,243	12,807	28,175
Supplies	8,815	18,401	(9,586)	13,198
Total finance	<u>503,997</u>	<u>473,014</u>	<u>30,983</u>	<u>413,945</u>
Management information systems:				
Salaries	19,346	19,246	100	17,732
Employee benefits	5,811	5,777	34	5,343
Professional and technical services	31,750	13,785	17,965	-
Property services	73,718	71,080	2,638	93,068
Other purchased services	4,400	88	4,312	2,766
Supplies	36,633	36,569	64	16,869
Capital expenditures	5,300	5,529	(229)	11,652
Total management information systems	<u>176,958</u>	<u>152,074</u>	<u>24,884</u>	<u>147,430</u>

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

	2003			2002
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>Actual</u>
Expenditures continued:				
General government, continued:				
Planning:				
Salaries	\$ 159,450	154,681	4,769	95,666
Employee benefits	45,838	41,537	4,301	25,335
Professional and technical services	17,896	10,946	6,950	15,794
Property services	2,750	510	2,240	1,115
Other purchased services	7,684	6,079	1,605	6,667
Supplies	4,800	4,892	(92)	10,124
Capital expenditures	-	-	-	3,620
Total planning	<u>238,418</u>	<u>218,645</u>	<u>19,773</u>	<u>158,321</u>
Total general government	<u>1,819,883</u>	<u>1,761,100</u>	<u>58,783</u>	<u>1,524,348</u>
Public safety - police:				
Salaries	1,106,775	1,074,457	32,318	1,076,217
Employee benefits	374,564	357,513	17,051	336,870
Professional and technical services	5,700	7,332	(1,632)	11,114
Property services	36,785	35,828	957	33,215
Other purchased services	410,850	424,230	(13,380)	349,852
Supplies	166,196	90,048	76,148	114,520
Capital expenditures	7,596	-	7,596	-
Total public safety - police	<u>2,108,466</u>	<u>1,989,408</u>	<u>119,058</u>	<u>1,921,788</u>
Public works:				
Administration:				
Salaries	170,591	182,652	(12,061)	160,707
Employee benefits	46,806	60,541	(13,735)	31,199
Professional and technical services	1,000	1,000	-	1,421
Property services	10,393	10,916	(523)	2,212
Other purchased services	18,815	30,582	(11,767)	36,075
Supplies	16,000	13,785	2,215	23,746
Total administration	<u>263,605</u>	<u>299,476</u>	<u>(35,871)</u>	<u>255,360</u>
Road maintenance:				
Salaries	161,363	175,527	(14,164)	153,954
Employee benefits	51,845	61,194	(9,349)	51,476
Property services	41,000	53,665	(12,665)	29,292
Other purchased services	228,150	194,214	33,936	217,792
Supplies	147,721	136,808	10,913	122,077
Capital expenditures	30,000	30,214	(214)	24,181
Total road maintenance	<u>660,079</u>	<u>651,622</u>	<u>8,457</u>	<u>598,772</u>
Property maintenance:				
Salaries	47,240	35,643	11,597	32,951
Employee benefits	18,156	14,188	3,968	12,472
Property services	117,372	119,468	(2,096)	107,656
Other purchased services	26,450	25,096	1,354	16,595
Supplies	121,500	84,019	37,481	64,469
Capital expenditures	-	3,114	(3,114)	-
Other	3,789	12,554	(8,765)	5,484
Total property maintenance	<u>334,507</u>	<u>294,082</u>	<u>40,425</u>	<u>239,627</u>

## CITY OF WASILLA, ALASKA

## General Fund

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

	2003			2002
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>Actual</u>
Expenditures continued:				
Public works, continued:				
Property maintenance - wind damage:				
Salaries	\$ 644	644	-	-
Employee benefits	111	109	2	-
Property services	650	650	-	-
Supplies	847	847	-	-
Capital expenditures	<u>41,933</u>	<u>41,930</u>	<u>3</u>	<u>-</u>
Total property maintenance - wind damage	<u>44,185</u>	<u>44,180</u>	<u>5</u>	<u>-</u>
Total public works	<u>1,302,376</u>	<u>1,289,360</u>	<u>13,016</u>	<u>1,093,759</u>
Culture and recreation:				
Museum:				
Salaries	37,478	32,015	5,463	36,629
Employee benefits	10,689	9,741	948	10,409
Professional and technical services	1,000	1,157	(157)	754
Property services	3,000	3,413	(413)	3,186
Other purchased services	6,232	4,115	2,117	5,782
Supplies	<u>6,100</u>	<u>9,560</u>	<u>(3,460)</u>	<u>8,959</u>
Total museum	<u>64,499</u>	<u>60,001</u>	<u>4,498</u>	<u>65,719</u>
Recreation:				
Salaries	238,324	227,826	10,498	216,531
Employee benefits	60,017	62,094	(2,077)	53,890
Professional and technical services	10,200	15,034	(4,834)	8,498
Property services	54,346	27,620	26,726	54,325
Other purchased services	13,832	14,681	(849)	9,552
Supplies	43,550	53,180	(9,630)	47,924
Capital expenditures	<u>6,000</u>	<u>-</u>	<u>6,000</u>	<u>2,487</u>
Total recreation	<u>426,269</u>	<u>400,435</u>	<u>25,834</u>	<u>393,207</u>
Total culture and recreation	<u>490,768</u>	<u>460,436</u>	<u>30,332</u>	<u>458,926</u>
Nondepartmental:				
Insurance deductible	10,000	1,723	8,277	2,132
Foreclosed tax payments	10,000	155	9,845	3,337
Animal control	26,000	26,000	-	26,000
Donations to nonprofit organizations	<u>66,383</u>	<u>26,326</u>	<u>40,057</u>	<u>27,769</u>
Total nondepartmental	<u>112,383</u>	<u>54,204</u>	<u>58,179</u>	<u>59,238</u>
Debt service:				
Principal payments on general obligation bonds	-	-	-	185,000
Interest payments on general obligation bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>255,323</u>
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>440,323</u>
Total expenditures	<u>5,833,876</u>	<u>5,554,508</u>	<u>279,368</u>	<u>5,498,382</u>
Excess of revenues over expenditures	<u>2,266,976</u>	<u>2,928,934</u>	<u>661,958</u>	<u>2,365,026</u>

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

	2003		Variance Favorable (Unfavorable)	2002
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Other financing sources (uses) -				
operating transfers from (to) other funds:				
Special Revenue Funds	\$ (915,764)	(889,838)	25,926	(1,212,182)
Special Revenue Funds	-	-	-	13,090
Debt Service Fund	(439,398)	(439,398)	-	-
Capital Project Funds	(1,145,370)	(1,147,059)	(1,689)	(767,925)
Enterprise Funds	(85,494)	(85,494)	-	(91,850)
Enterprise Funds	-	-	-	23,241
Nonexpendable Trust Fund	2,000	490	(1,510)	1,542
Net other financing sources (uses)	<u>(2,584,026)</u>	<u>(2,561,299)</u>	<u>22,727</u>	<u>(2,034,084)</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	(317,050)	367,635	684,685	330,942
Beginning fund balance	4,607,912	4,607,912	-	4,901,970
Residual equity transfers to Enterprise Funds	<u>(185,000)</u>	<u>(185,000)</u>	<u>-</u>	<u>(625,000)</u>
Ending fund balance	<u>\$ 4,105,862</u>	<u>4,790,547</u>	<u>684,685</u>	<u>4,607,912</u>

## SPECIAL REVENUE FUNDS

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

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

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

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

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

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



**CITY OF WASILLA, ALASKA**  
Special Revenue Funds  
Combining Balance Sheet  
June 30, 2003  
(With Comparative Totals for 2002)

<u>Assets</u>	<u>Library</u>	<u>Youth Court</u>	<u>Federal Asset Forfeiture</u>	<u>Capital Reserve</u>	<u>Technology Replacement</u>	<u>State Asset Forfeiture</u>	<u>Totals</u>	
							<u>2003</u>	<u>2002</u>
Cash and investments	\$ 44,463	8,755	6	189,673	13,760	8,751	265,408	882,866
Receivables - grants	<u>-</u>	<u>4,288</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,288</u>	<u>6,840</u>
<b>Total assets</b>	<b>\$ <u>44,463</u></b>	<b><u>13,043</u></b>	<b><u>6</u></b>	<b><u>189,673</u></b>	<b><u>13,760</u></b>	<b><u>8,751</u></b>	<b><u>269,696</u></b>	<b><u>889,706</u></b>
 <u>Liabilities and Fund Balances</u>								
Liabilities:								
Accounts payable	59	40	-	-	3,101	-	3,200	9,057
Accrued payroll and employee benefits	16,606	5,009	-	-	-	-	21,615	20,380
Accrued annual and sick leave	<u>18,911</u>	<u>4,754</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,665</u>	<u>23,310</u>
<b>Total liabilities</b>	<b><u>35,576</u></b>	<b><u>9,803</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>3,101</u></b>	<b><u>-</u></b>	<b><u>48,480</u></b>	<b><u>52,747</u></b>
Fund balances:								
Reserved for encumbrances	8,887	-	-	-	-	-	8,887	-
Unreserved - designated for operations	<u>-</u>	<u>3,240</u>	<u>6</u>	<u>189,673</u>	<u>10,659</u>	<u>8,751</u>	<u>212,329</u>	<u>836,959</u>
<b>Total fund balances</b>	<b><u>8,887</u></b>	<b><u>3,240</u></b>	<b><u>6</u></b>	<b><u>189,673</u></b>	<b><u>10,659</u></b>	<b><u>8,751</u></b>	<b><u>221,216</u></b>	<b><u>836,959</u></b>
<b>Total liabilities and fund balances</b>	<b>\$ <u>44,463</u></b>	<b><u>13,043</u></b>	<b><u>6</u></b>	<b><u>189,673</u></b>	<b><u>13,760</u></b>	<b><u>8,751</u></b>	<b><u>269,696</u></b>	<b><u>889,706</u></b>

**CITY OF WASILLA, ALASKA**  
Special Revenue Funds  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Year Ended June 30, 2003  
(With Comparative Totals for 2002)

	Library	Youth Court	Federal Asset Forfeiture	Capital Reserve	Technology Replacement	State Asset Forfeiture	Totals	
							2003	2002
Revenues:								
Intergovernmental	\$ 14,407	58,160	-	-	-	8,747	81,314	132,822
Matanuska-Susitna Borough	322,000	28,000	-	-	-	-	350,000	342,000
Library fines	15,645	-	-	-	-	-	15,645	18,284
Investment income	231	142	-	2,459	130	4	2,966	3,273
Other	2,124	38,481	-	-	-	-	40,605	22,986
Total revenues	<u>354,407</u>	<u>124,783</u>	<u>-</u>	<u>2,459</u>	<u>130</u>	<u>8,751</u>	<u>490,530</u>	<u>519,365</u>
Expenditures:								
Salaries	319,702	95,728	-	-	-	-	415,430	444,550
Employee benefits	94,009	35,173	-	-	-	-	129,182	124,259
Professional and technical services	40,016	-	-	-	-	-	40,016	43,488
Property services	35,229	98	-	-	-	-	35,327	14,872
Other purchased services	30,166	8,973	-	-	-	-	39,139	33,229
Supplies	59,014	5,396	867	-	15,418	-	80,695	81,544
Capital expenditures	24,813	-	-	-	68,553	-	93,366	12,151
Total expenditures	<u>602,949</u>	<u>145,368</u>	<u>867</u>	<u>-</u>	<u>83,971</u>	<u>-</u>	<u>833,155</u>	<u>754,093</u>
Excess of revenues over (under) expenditures	(248,542)	(20,585)	(867)	2,459	(83,841)	8,751	(342,625)	(234,728)
Other financing sources (uses):								
Operating transfers from other funds	257,429	-	-	573,409	94,500	-	925,338	1,212,182
Operating transfers to other funds	-	-	-	(755,384)	-	-	(755,384)	(93,090)
Net other financing sources (uses)	<u>257,429</u>	<u>-</u>	<u>-</u>	<u>(181,975)</u>	<u>94,500</u>	<u>-</u>	<u>169,954</u>	<u>1,119,092</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	8,887	(20,585)	(867)	(179,516)	10,659	8,751	(172,671)	884,364
Beginning fund balances	-	23,825	873	812,261	-	-	836,959	27,595
Residual equity transfers to Enterprise Funds	-	-	-	(443,072)	-	-	(443,072)	(75,000)
Ending fund balances	\$ <u>8,887</u>	<u>3,240</u>	<u>6</u>	<u>189,673</u>	<u>10,659</u>	<u>8,751</u>	<u>221,216</u>	<u>836,959</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, 2003  
(With Comparative Amounts for 2002)

	2003		Variance Favorable (Unfavorable)	2002
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
<b>Revenues:</b>				
Intergovernmental	\$ 14,457	14,407	(50)	6,400
Matanuska-Susitna Borough	322,000	322,000	-	322,000
Library fines	16,000	15,645	(355)	18,284
Investment income	3,600	231	(3,369)	463
Other	<u>2,200</u>	<u>2,124</u>	<u>(76)</u>	<u>2,190</u>
Total revenues	<u>358,257</u>	<u>354,407</u>	<u>(3,850)</u>	<u>349,337</u>
<b>Expenditures:</b>				
Salaries	351,322	319,702	31,620	348,295
Employee benefits	106,501	94,009	12,492	93,145
Professional and technical services	43,520	40,016	3,504	43,488
Property services	22,216	35,229	(13,013)	14,272
Other purchased services	37,996	30,166	7,830	24,733
Supplies	67,535	59,014	8,521	60,422
Capital expenditures	<u>12,522</u>	<u>24,813</u>	<u>(12,291)</u>	<u>-</u>
Total expenditures	<u>641,612</u>	<u>602,949</u>	<u>38,663</u>	<u>584,355</u>
Excess of revenues over (under) expenditures	(283,355)	(248,542)	34,813	(235,018)
<b>Other financing sources -</b>				
operating transfers from General Fund	<u>283,355</u>	<u>257,429</u>	<u>(25,926)</u>	<u>234,129</u>
Excess of revenues and other financing sources over (under) expenditures	-	8,887	8,887	(889)
Beginning fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>889</u>
Ending fund balance	\$ <u>-</u>	<u>8,887</u>	<u>8,887</u>	<u>-</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, 2003  
 (With Comparative Amounts for 2002)

	2003			2002
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues:				
Intergovernmental	\$ 59,173	58,160	(1,013)	99,026
Matanuska-Susitna Borough	28,000	28,000	-	20,000
Investment income	200	142	(58)	450
Other	38,950	38,481	(469)	20,796
Total revenues	126,323	124,783	(1,540)	140,272
Expenditures:				
Salaries	92,473	95,728	(3,255)	96,255
Employee benefits	34,166	35,173	(1,007)	31,114
Property services	800	98	702	600
Other purchased services	10,497	8,973	1,524	8,496
Supplies	12,711	5,396	7,315	4,878
Total expenditures	150,647	145,368	5,279	141,343
Excess of revenues over (under) expenditures	(24,324)	(20,585)	3,739	(1,071)
Beginning fund balance	23,825	23,825	-	24,896
Ending fund balance	\$ (499)	3,240	3,739	23,825

**CITY OF WASILLA, ALASKA**  
 Federal Asset Forfeiture Special Revenue Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance -  
 Budget and Actual  
 Year Ended June 30, 2003  
 (With Comparative Amounts for 2002)

	2003			2002
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues:				
Intergovernmental	\$ -	-	-	27,396
Investment income	<u>500</u>	<u>-</u>	<u>(500)</u>	<u>62</u>
Total revenues	<u>500</u>	<u>-</u>	<u>(500)</u>	<u>27,458</u>
Expenditures:				
Supplies	873	867	6	16,244
Capital expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,151</u>
Total expenditures	<u>873</u>	<u>867</u>	<u>6</u>	<u>28,395</u>
Excess of revenues over (under) expenditures	(373)	(867)	(494)	(937)
Beginning fund balance	<u>873</u>	<u>873</u>	<u>-</u>	<u>1,810</u>
Ending fund balance	\$ <u><u>500</u></u>	<u><u>6</u></u>	<u><u>(494)</u></u>	<u><u>873</u></u>

**CITY OF WASILLA, ALASKA**  
**Capital Reserve Special Revenue Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual**  
**Year Ended June 30, 2003**  
**(With Comparative Amounts for 2002)**

	2003		Variance Favorable (Unfavorable)	2002
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues - investment income	\$ <u>18,000</u>	<u>2,459</u>	<u>(15,541)</u>	<u>2,298</u>
Other financing sources (uses):				
Operating transfers from General Fund	573,409	573,409	-	978,053
Operating transfers to other funds	<u>(755,384)</u>	<u>(755,384)</u>	<u>-</u>	<u>(93,090)</u>
Net other financing sources (uses)	<u>(181,975)</u>	<u>(181,975)</u>	<u>-</u>	<u>884,963</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	(163,975)	(179,516)	(15,541)	887,261
Beginning fund balance	812,261	812,261	-	-
Residual equity transfers to Enterprise Funds	<u>(443,072)</u>	<u>(443,072)</u>	<u>-</u>	<u>(75,000)</u>
Ending fund balance	\$ <u><u>205,214</u></u>	<u><u>189,673</u></u>	<u><u>(15,541)</u></u>	<u><u>812,261</u></u>

**CITY OF WASILLA, ALASKA**  
 Technology Replacement Special Revenue Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance -  
 Budget and Actual  
 Year Ended June 30, 2003

	2003		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues - investment income	\$ <u>600</u>	<u>130</u>	<u>(470)</u>
Expenditures:			
Supplies	18,000	15,418	2,582
Capital expenditures	<u>70,000</u>	<u>68,553</u>	<u>1,447</u>
Total expenditures	<u>88,000</u>	<u>83,971</u>	<u>4,029</u>
Excess of revenues over (under) expenditures	(87,400)	(83,841)	3,559
Other financing sources - operating transfers from other funds	<u>93,000</u>	<u>94,500</u>	<u>1,500</u>
Excess of revenues and other financing sources over expenditures	5,600	10,659	5,059
Beginning fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Ending fund balance	\$ <u><u>5,600</u></u>	<u><u>10,659</u></u>	<u><u>5,059</u></u>

**CITY OF WASILLA, ALASKA**  
 State Asset Forfeiture Special Revenue Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance -  
 Budget and Actual  
 Year Ended June 30, 2003

	2003		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$ -	8,747	8,747
Investment income	-	4	4
Total revenues	-	8,751	8,751
 Beginning fund balance	-	-	-
 Ending fund balance	\$ -	8,751	8,751



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## DEBT SERVICE FUNDS

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

**CITY OF WASILLA, ALASKA**

Debt Service Funds  
Combining Balance Sheet

June 30, 2003

(With Comparative Totals for 2002)

Assets	1986		1987		1988		Totals		
	1982 Original Water Bond	Southside Water District Bond	Sewer Improvement District Bond	Street Paving Assessment Bonds	Gas Assessments	Improvement Bond	Overlook Sewer Bond	Guaranteee	2002
Cash and investments	\$ 133,480	69,882	181,013	380,655	44,626	34,592	98,472	942,720	914,156
Receivables - special assessments, net	128,151	44,801	67,137	682,442	1,954	-	-	924,485	841,379
Total assets	\$ 261,631	114,683	248,150	1,063,097	46,580	34,592	98,472	1,867,205	1,755,535

Liabilities and Fund Balances

Liabilities:

Due to General Fund	-	-	-	-	-	-	-	-	60,440
Advances from General Fund	-	-	-	-	-	-	52,658	52,658	52,439
Deferred revenue	128,151	44,801	67,137	682,442	1,954	-	-	924,485	841,379
Total liabilities	128,151	44,801	67,137	682,442	1,954	-	52,658	977,143	954,258

Fund balances:

Reserved for debt service	-	69,882	107,125	380,655	-	-	-	557,662	568,802
Unreserved and undesignated	133,480	-	73,888	-	44,626	34,592	45,814	332,400	232,475
Total fund balances	133,480	69,882	181,013	380,655	44,626	34,592	45,814	890,062	801,277
Total liabilities and fund balances	\$ 261,631	114,683	248,150	1,063,097	46,580	34,592	98,472	1,867,205	1,755,535

**CITY OF WASILLA, ALASKA**

Debt Service Funds

Combining Statement of Revenues, Expenditures and

Changes in Fund Balances

Year Ended June 30, 2003

(With Comparative Totals for 2002)

	1982 Original Water Bond	1986		1987		1988		Totals			
		Southside Water District Bond	Water District Bond	Sewer Improvement District Bond	Street Paving Assessment Bonds	Overlook Sewer Improvement Bond	Gas Assessments	Bond Guarantee	Street Paving General Obligation Bond	2003	2002
Revenues:											
Special assessments	\$ 39,133	20,073	40,571	218,382	-	-	-	-	318,159	309,234	
Investment income	455	271	907	1,738	167	139	-	-	3,677	17,852	
Free main allowances	-	-	-	-	3,919	-	-	-	3,919	307	
Other	-	70	-	-	-	-	-	-	70	-	
Total revenues	<u>39,588</u>	<u>20,414</u>	<u>41,478</u>	<u>220,120</u>	<u>4,086</u>	<u>139</u>	<u>-</u>	<u>-</u>	<u>325,825</u>	<u>327,393</u>	
Expenditures - debt service:											
Principal	-	4,438	3,775	155,679	-	-	-	195,000	358,892	273,791	
Interest	-	8,094	7,208	40,070	-	-	-	244,398	299,770	72,254	
Gas LID refunds	-	-	-	-	-	-	-	-	-	152,789	
Total expenditures	<u>-</u>	<u>12,532</u>	<u>10,983</u>	<u>195,749</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>439,398</u>	<u>558,662</u>	<u>498,834</u>	
Excess of revenues over (under) expenditures	39,588	7,882	30,495	24,371	4,086	139	-	(439,398)	(332,837)	(171,441)	
Other financing sources (uses):											
Operating transfers from General Fund	-	-	-	-	-	-	-	439,398	439,398	-	
Operating transfers to other funds	(8,888)	-	-	-	-	-	-	-	(8,888)	(17,776)	
Net other financing sources (uses)	<u>(8,888)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>439,398</u>	<u>430,510</u>	<u>(17,776)</u>	
Excess of revenues and other financing sources over (under) expenditures and other uses	30,700	7,882	30,495	24,371	4,086	139	-	-	97,673	(189,217)	
Beginning fund balances	111,668	62,000	150,518	356,284	40,540	34,453	45,814	-	801,277	990,494	
Residual equity transfers to other funds	(8,888)	-	-	-	-	-	-	-	(8,888)	-	
Ending fund balances	<u>\$ 133,480</u>	<u>69,882</u>	<u>181,013</u>	<u>380,655</u>	<u>44,626</u>	<u>34,592</u>	<u>45,814</u>	<u>-</u>	<u>890,062</u>	<u>801,277</u>	

**CITY OF WASILLA, ALASKA**  
 1982 Original Water Bond Debt Service Fund  
 Statement of Revenues, Expenditures  
 and Changes in Fund Balance - Budget and Actual  
 Year Ended June 30, 2003  
 (With Comparative Amounts for 2002)

	2003		Variance Favorable (Unfavorable)	2002
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Special assessments	\$ 19,993	39,133	19,140	24,028
Investment income	<u>3,700</u>	<u>455</u>	<u>(3,245)</u>	<u>3,232</u>
Total revenues	<u>23,693</u>	<u>39,588</u>	<u>15,895</u>	<u>27,260</u>
Other uses - operating transfers to:				
Water Enterprise Fund	-	-	-	(8,888)
Miscellaneous Projects and Road and Street Improvements Capital Project Fund	<u>(8,888)</u>	<u>(8,888)</u>	<u>-</u>	<u>(8,888)</u>
Total other uses	<u>(8,888)</u>	<u>(8,888)</u>	<u>-</u>	<u>(17,776)</u>
Excess of revenues over other uses	14,805	30,700	15,895	9,484
Beginning fund balance	111,668	111,668	-	102,184
Residual equity transfer to				
Water and Sewer Utility Enterprise Fund	<u>(8,888)</u>	<u>(8,888)</u>	<u>-</u>	<u>-</u>
Ending fund balance	\$ <u>117,585</u>	<u>133,480</u>	<u>15,895</u>	<u>111,668</u>

**CITY OF WASILLA, ALASKA**  
 1986 Southside Water District Bond Debt Service Fund  
 Statement of Revenues, Expenditures  
 and Changes in Fund Balance - Budget and Actual  
 Year Ended June 30, 2003  
 (With Comparative Amounts for 2002)

	2003		Variance	2002
	Budget	Actual	Favorable (Unfavorable)	Actual
Revenues:				
Special assessments	\$ 10,185	20,073	9,888	24,282
Investment income	1,650	271	(1,379)	645
Other	-	70	70	-
Total revenues	11,835	20,414	8,579	24,927
Expenditures - debt service:				
Principal	3,954	4,438	(484)	3,954
Interest	8,093	8,094	(1)	8,336
Total expenditures	12,047	12,532	(485)	12,290
Excess of revenues over (under) expenditures	(212)	7,882	8,094	12,637
Beginning fund balance	62,000	62,000	-	49,363
Ending fund balance	\$ 61,788	69,882	8,094	62,000

**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, 2003  
 (With Comparative Amounts for 2002)

	2003		Variance	2002
	<u>Budget</u>	<u>Actual</u>	Favorable (Unfavorable)	<u>Actual</u>
Revenues:				
Special assessments	\$ 13,139	40,571	27,432	28,442
Investment income	4,000	907	(3,093)	1,558
Total revenues	<u>17,139</u>	<u>41,478</u>	<u>24,339</u>	<u>30,000</u>
Expenditures - debt service:				
Principal	3,775	3,775	-	3,400
Interest	7,208	7,208	-	7,430
Total expenditures	<u>10,983</u>	<u>10,983</u>	<u>-</u>	<u>10,830</u>
Excess of revenues over expenditures	6,156	30,495	24,339	19,170
Beginning fund balance	<u>150,518</u>	<u>150,518</u>	<u>-</u>	<u>131,348</u>
Ending fund balance	<u>\$ 156,674</u>	<u>181,013</u>	<u>24,339</u>	<u>150,518</u>

**CITY OF WASILLA, ALASKA**  
 Street Paving Assessment Bonds Debt Service Fund  
 Statement of Revenues, Expenditures  
 and Changes in Fund Balance - Budget and Actual  
 Year Ended June 30, 2003  
 (With Comparative Amounts for 2002)

	2003		2002	
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>Actual</u>
Revenues:				
Special assessments	\$ 129,485	218,382	88,897	232,482
Investment income	19,298	1,738	(17,560)	4,522
Total revenues	<u>148,783</u>	<u>220,120</u>	<u>71,337</u>	<u>237,004</u>
Expenditures - debt service:				
Principal	136,975	155,679	(18,704)	266,437
Interest	43,608	40,070	3,538	56,488
Total expenditures	<u>180,583</u>	<u>195,749</u>	<u>(15,166)</u>	<u>322,925</u>
Excess of revenues over (under) expenditures	(31,800)	24,371	56,171	(85,921)
Beginning fund balance	<u>356,284</u>	<u>356,284</u>	-	<u>442,205</u>
Ending fund balance	<u>\$ 324,484</u>	<u>380,655</u>	<u>56,171</u>	<u>356,284</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, 2003  
 (With Comparative Amounts for 2002)

	2003		Variance Favorable (Unfavorable)	2002
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Investment income	\$ 2,300	167	(2,133)	1,458
Free main allowances	<u>9,891</u>	<u>3,919</u>	<u>(5,972)</u>	<u>307</u>
Total revenues	12,191	4,086	(8,105)	1,765
Expenditures - Gas LID refunds	<u>13,167</u>	-	<u>13,167</u>	<u>152,789</u>
Excess of revenues over (under) expenditures	(976)	4,086	5,062	(151,024)
Beginning fund balance	<u>40,540</u>	<u>40,540</u>	-	<u>191,564</u>
Ending fund balance	\$ <u>39,564</u>	<u>44,626</u>	<u>5,062</u>	<u>40,540</u>

**CITY OF WASILLA, ALASKA**  
 1988 Overlook Sewer Improvement Bond Debt Service Fund  
 Statement of Revenues, Expenditures  
 and Changes in Fund Balance - Budget and Actual  
 Year Ended June 30, 2003  
 (With Comparative Amounts for 2002)

	2003		Variance	2002
	<u>Budget</u>	<u>Actual</u>	Favorable (Unfavorable)	<u>Actual</u>
Revenues - investment income	\$ 425	139	(286)	312
Beginning fund balance	<u>34,453</u>	<u>34,453</u>	<u>-</u>	<u>34,141</u>
Ending fund balance	\$ <u>34,878</u>	<u>34,592</u>	<u>(286)</u>	<u>34,453</u>

**CITY OF WASILLA, ALASKA**  
 Bond Guarantee Debt Service Fund  
 Statement of Revenues, Expenditures  
 and Changes in Fund Balance - Budget and Actual  
 Year Ended June 30, 2003  
 (With Comparative Amounts for 2002)

	2003			2002
			Variance	
	<u>Budget</u>	<u>Actual</u>	Favorable	<u>Actual</u>
			(Unfavorable)	
Revenues - investment income	\$ 10,208	-	(10,208)	6,125
Beginning fund balance	<u>45,814</u>	<u>45,814</u>	<u>-</u>	<u>39,689</u>
Ending fund balance	\$ <u>56,022</u>	<u>45,814</u>	<u>(10,208)</u>	<u>45,814</u>

**CITY OF WASILLA, ALASKA**  
 Street Paving General Obligation Bond Debt Service Fund  
 Statement of Revenues, Expenditures  
 and Changes in Fund Balance - Budget and Actual  
 Year Ended June 30, 2003

	<u>2003</u>		Variance Favorable (Unfavorable)
	<u>Budget</u>	<u>Actual</u>	
Expenditures - debt service:			
Principal	\$ 195,000	195,000	-
Interest	<u>244,398</u>	<u>244,398</u>	-
Total expenditures	<u>439,398</u>	<u>439,398</u>	-
Other financing sources - operating transfers from General Fund	<u>439,398</u>	<u>439,398</u>	-
Excess of other financing sources over expenditures	-	-	-
Beginning fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Ending fund balance	\$ <u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

## CAPITAL PROJECT FUNDS

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

## CITY OF WASILLA, ALASKA

Capital Project Funds  
Combining Balance Sheet  
June 30, 2003

(With Comparative Totals for 2002)

<u>Assets</u>	Miscellaneous	Projects and	Road and	Vehicle	Right-	Honor	Regional	<u>Totals</u>	
	<u>Improvements</u>	<u>Street</u>	<u>Replacement</u>	<u>Acquisition</u>	<u>Garden</u>	<u>Center</u>	2003	2002	
Cash and investments	\$ 1,474,020	326,577	38,283	35,738	-	1,874,618	1,358,365		
Receivables:									
Grants	82,565	-	-	-	112,405	194,970	113,135		
Other	163	-	-	-	-	163	-		
Restricted cash	-	-	-	-	-	-	14,844,160		
<b>Total assets</b>	<b>\$ 1,556,748</b>	<b>326,577</b>	<b>38,283</b>	<b>35,738</b>	<b>112,405</b>	<b>2,069,751</b>	<b>16,315,660</b>		
<u>Liabilities and Fund Balances</u>									
Liabilities:									
Accounts payable	-	-	-	66	-	66	107,552		
Accrued payroll and employee benefits	5,367	-	-	-	3,703	9,070	2,789		
Deferred revenue	-	-	-	-	-	-	11,954		
Due to General Fund	-	-	-	-	108,481	108,481	-		
<b>Total liabilities</b>	<b>5,367</b>	<b>-</b>	<b>-</b>	<b>66</b>	<b>112,184</b>	<b>117,617</b>	<b>122,295</b>		
Fund balances:									
Reserved for encumbrances	-	-	-	25,249	-	25,249	564,975		
Unreserved - designated for capital improvements	1,551,381	326,577	38,283	10,423	221	1,926,885	15,628,390		
<b>Total fund balances</b>	<b>1,551,381</b>	<b>326,577</b>	<b>38,283</b>	<b>35,672</b>	<b>221</b>	<b>1,952,134</b>	<b>16,193,365</b>		
<b>Total liabilities and fund balances</b>	<b>\$ 1,556,748</b>	<b>326,577</b>	<b>38,283</b>	<b>35,738</b>	<b>112,405</b>	<b>2,069,751</b>	<b>16,315,660</b>		

**CITY OF WASILLA, ALASKA**  
 Capital Project Funds  
 Combining Statement of Revenues, Expenditures and  
 Changes in Fund Balances  
 Year Ended June 30, 2003  
 (With Comparative Totals for 2002)

	Miscellaneous Projects and					Regional	
	Road and Street <u>Improvements</u>	Vehicle Replacement	Right- of-Way Acquisition	Honor Garden	Dispatch Center	Totals	
						<u>2003</u>	<u>2002</u>
Revenues:							
Intergovernmental	\$ 245,306	-	-	-	119,509	364,815	306,425
Matanuska-Susitna Borough	-	-	-	29,700	-	29,700	94,120
Investment income	15,783	1,520	153	-	221	17,677	66,245
Other	28,403	-	-	5,266	-	33,669	54,587
Total revenues	<u>289,492</u>	<u>1,520</u>	<u>153</u>	<u>34,966</u>	<u>119,730</u>	<u>445,861</u>	<u>521,377</u>
Expenditures - capital outlay	<u>1,709,719</u>	<u>121,405</u>	<u>-</u>	<u>109,194</u>	<u>213,582</u>	<u>2,153,900</u>	<u>2,187,939</u>
Excess of revenues over (under) expenditures	(1,420,227)	(119,885)	153	(74,228)	(93,852)	(1,708,039)	(1,666,562)
Other financing sources (uses):							
Bond proceeds	346,028	-	-	-	-	346,028	14,828,128
Operating transfers from other funds	1,634,258	145,000	-	30,000	94,073	1,903,331	853,513
Operating transfers to other funds	(13,000)	-	-	-	-	(13,000)	(1,700)
Net other financing sources (uses)	<u>1,967,286</u>	<u>145,000</u>	<u>-</u>	<u>30,000</u>	<u>94,073</u>	<u>2,236,359</u>	<u>15,679,941</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	547,059	25,115	153	(44,228)	221	528,320	14,013,379
Beginning fund balances	15,773,873	301,462	38,130	79,900	-	16,193,365	2,179,986
Adjustment resulting from conversion of multi-use sports complex project to an enterprise fund	<u>(14,769,551)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,769,551)</u>	<u>-</u>
Ending fund balances	<u>\$ 1,551,381</u>	<u>326,577</u>	<u>38,283</u>	<u>35,672</u>	<u>221</u>	<u>1,952,134</u>	<u>16,193,365</u>

**CITY OF WASILLA, ALASKA**  
 Miscellaneous Projects and Road and Street  
 Improvement Capital Project Fund  
 Schedule of Expenditures by Project  
 Year Ended June 30, 2003

Expenditures:	
GVC/GLL paving	\$ 33,761
Prospect Hills/Wasilla Villa paving	19,407
Nelson Road upgrade	332,898
Road upgrading	70,773
Transportation master plan	14,273
South Mack Drive	559,187
Traffic signs	16,545
Land acquisition	150,075
Public safety building	34,623
Building modification	43,686
Recreational trails	126,902
Urban and community forestry project	3,989
Bumpus recreation area	30,153
Iditapark development	103,700
Storm water drainage	114,951
Record retention	36,820
Other miscellaneous projects	<u>17,976</u>
 Total expenditures	 \$ <u>1,709,719</u>



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## ENTERPRISE FUNDS

The Water and Sewer Utility Fund is 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. The Multi-use Sports Complex Fund accounts for the construction (and future operations) of the multi-use sports complex facilities. All activities necessary to provide such services are accounted for in these funds, including but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

**CITY OF WASILLA, ALASKA**  
 Enterprise Funds  
 Combining Balance Sheet  
 June 30, 2003  
 (With Comparative Totals for 2002)

<u>Assets</u>	Water and Sewer <u>Utility</u>	Municipal <u>Airport</u>	Multi-use Sports <u>Complex</u>	<u>Totals</u>	
				<u>2003</u>	<u>2002</u>
Current assets:					
Cash and investments	\$ 1,614,542	125,146	13,594,548	15,334,236	1,843,590
Receivables:					
Accounts	124,228	4,112	-	128,340	119,878
Allowance for doubtful accounts	(10,899)	-	-	(10,899)	(6,343)
Grants	116,635	28,520	-	145,155	411,753
Special assessments, current portion	8,471	-	-	8,471	8,471
Notes, current portion	6,600	-	-	6,600	6,600
Loans	17,722	-	-	17,722	223,368
Sales tax	-	-	172,124	172,124	-
Inventory	84,847	-	-	84,847	82,336
Total current assets	<u>1,962,146</u>	<u>157,778</u>	<u>13,766,672</u>	<u>15,886,596</u>	<u>2,689,653</u>
Restricted cash and investments	2,224,413	-	202,391	2,426,804	3,001,536
Special assessments receivable, net of current portion	47,558	-	-	47,558	59,956
Notes receivable, net of current portion	8,310	-	-	8,310	12,424
Property, plant and equipment:					
Land	806,980	1,470,000	219,110	2,496,090	2,276,980
Land improvements	-	5,330,984	-	5,330,984	5,330,984
Treatment system	7,913,975	-	-	7,913,975	7,859,928
Collection/distribution system	18,182,050	-	-	18,182,050	17,155,738
Water tank and fence	2,591,612	-	-	2,591,612	2,337,975
Wells/well house	367,793	-	-	367,793	363,405
Other plant in service	-	-	-	-	2,919,746
Equipment	5,256,584	624,016	-	5,880,600	2,401,929
Construction in progress	1,535,381	278,921	2,792,527	4,606,829	823,802
Total property, plant and equipment	36,654,375	7,703,921	3,011,637	47,369,933	41,470,487
Less accumulated depreciation	(9,797,064)	(2,691,952)	-	(12,489,016)	(11,485,650)
Net property, plant and equipment	<u>26,857,311</u>	<u>5,011,969</u>	<u>3,011,637</u>	<u>34,880,917</u>	<u>29,984,837</u>
Deferred charges, net of accumulated amortization	13,788	-	-	13,788	14,169
Total assets	<u>\$ 31,113,526</u>	<u>5,169,747</u>	<u>16,980,700</u>	<u>53,263,973</u>	<u>35,762,575</u>

**CITY OF WASILLA, ALASKA**  
Enterprise Funds  
Combining Balance Sheet, continued

<u>Liabilities and Fund Equity</u>	Water and	Municipal	Multi-use	Totals	
	Sewer Utility			Airport	Sports Complex
Liabilities:					
Current liabilities:					
Accounts payable	\$ 26,442	7	766,932	793,381	216,142
Retainage payable	8,924	-	57,786	66,710	-
Revenue billed in advance	2,570	7,271	-	9,841	9,854
Accrued payroll and employee benefits	20,064	1,145	-	21,209	19,474
Accrued annual and sick leave	25,054	1,608	-	26,662	25,674
Customer deposits	42,896	-	-	42,896	70,106
Accrued interest	29,334	-	138,280	167,614	25,466
Deferred revenue	-	-	135,894	135,894	-
Current portion of long-term debt	<u>17,225</u>	<u>-</u>	<u>1,020,000</u>	<u>1,037,225</u>	<u>17,225</u>
Total current liabilities	172,509	10,031	2,118,892	2,301,432	383,941
Long-term debt, net of current portion:					
Bonds payable	59,298	-	12,840,000	12,899,298	67,769
Loans payable	4,251,521	-	-	4,251,521	4,104,026
Unamortized bond premium	-	-	94,734	94,734	-
Total liabilities	<u>4,483,328</u>	<u>10,031</u>	<u>15,053,626</u>	<u>19,546,985</u>	<u>4,555,736</u>
Fund equity:					
Contributed capital:					
Federal and state grants	22,781,794	6,998,295	-	29,780,089	29,780,089
Other	<u>9,030,710</u>	<u>128,573</u>	<u>181,177</u>	<u>9,340,460</u>	<u>8,522,323</u>
Total contributed capital	31,812,504	7,126,868	181,177	39,120,549	38,302,412
Less accumulated amortization	<u>(7,408,025)</u>	<u>(2,123,458)</u>	<u>-</u>	<u>(9,531,483)</u>	<u>(9,531,483)</u>
Net contributed capital	<u>24,404,479</u>	<u>5,003,410</u>	<u>181,177</u>	<u>29,589,066</u>	<u>28,770,929</u>
Retained earnings:					
Reserved for debt service	-	-	236,235	236,235	-
Unreserved	<u>2,225,719</u>	<u>156,306</u>	<u>1,509,662</u>	<u>3,891,687</u>	<u>2,435,910</u>
Total retained earnings	<u>2,225,719</u>	<u>156,306</u>	<u>1,745,897</u>	<u>4,127,922</u>	<u>2,435,910</u>
Total fund equity	<u>26,630,198</u>	<u>5,159,716</u>	<u>1,927,074</u>	<u>33,716,988</u>	<u>31,206,839</u>
Total liabilities and fund equity	<u>\$ 31,113,526</u>	<u>5,169,747</u>	<u>16,980,700</u>	<u>53,263,973</u>	<u>35,762,575</u>

**CITY OF WASILLA, ALASKA**  
 Enterprise Funds  
 Combining Statement of Revenues, Expenses  
 and Changes in Retained Earnings  
 Year Ended June 30, 2003  
 (With Comparative Totals for 2002)

	Water and Sewer Utility	Municipal Airport	Multi-use Sports Complex	Totals	
				2003	2002
Operating revenues:					
Sales and user charges	\$ 1,009,687	-	-	1,009,687	937,829
Fees and rentals	-	41,220	-	41,220	31,802
Water meters	11,552	-	-	11,552	9,659
Other	6,123	-	-	6,123	7,382
Total operating revenues	<u>1,027,362</u>	<u>41,220</u>	<u>-</u>	<u>1,068,582</u>	<u>986,672</u>
Operating expenses:					
Salaries	393,466	13,334	-	406,800	387,000
Employee benefits	139,500	3,092	-	142,592	122,677
Other purchased services	51,508	10,670	-	62,178	55,471
Professional and technical services	21,999	-	-	21,999	28,847
Supplies	213,792	4,275	-	218,067	210,491
Administration	49,850	-	-	49,850	54,446
Property services	71,513	5,534	-	77,047	97,705
Bad debt expense	4,557	-	-	4,557	539
Total operating expenses	<u>946,185</u>	<u>36,905</u>	<u>-</u>	<u>983,090</u>	<u>957,196</u>
Operating income before depreciation	81,177	4,315	-	85,492	29,476
Depreciation	<u>726,255</u>	<u>277,111</u>	<u>-</u>	<u>1,003,366</u>	<u>861,490</u>
Operating loss	(645,078)	(272,796)	-	(917,874)	(832,014)
Nonoperating revenues (expenses):					
Line extension fee	-	-	-	-	100,000
Payments in lieu of assessments	145,072	-	-	145,072	58,165
Sales tax revenue	-	-	1,740,791	1,740,791	-
Interest expense	(26,061)	-	-	(26,061)	(7,714)
Investment income	12,768	295	-	13,063	37,740
Other	(3,157)	-	-	(3,157)	5,387
Net nonoperating revenues (expenses)	<u>128,622</u>	<u>295</u>	<u>1,740,791</u>	<u>1,869,708</u>	<u>193,578</u>
Income (loss) before operating transfers and contributions	(516,456)	(272,501)	1,740,791	951,834	(638,436)
Operating transfers:					
Operating transfers in	48,705	39,789	-	88,494	130,738
Operating transfers out	(17,500)	-	-	(17,500)	(48,241)
Net operating transfers	<u>31,205</u>	<u>39,789</u>	<u>-</u>	<u>70,994</u>	<u>82,497</u>
Net income (loss)	(485,251)	(232,712)	1,740,791	1,022,828	(555,939)
Capital contributions	<u>312,965</u>	<u>351,113</u>	<u>5,106</u>	<u>669,184</u>	<u>1,842,019</u>
Increase (decrease) in retained earnings	(172,286)	118,401	1,745,897	1,692,012	1,286,080
Beginning retained earnings	<u>2,398,005</u>	<u>37,905</u>	<u>-</u>	<u>2,435,910</u>	<u>1,149,830</u>
Ending retained earnings	\$ <u>2,225,719</u>	<u>156,306</u>	<u>1,745,897</u>	<u>4,127,922</u>	<u>2,435,910</u>

## CITY OF WASILLA, ALASKA

## Enterprise Funds

## Combining Statement of Cash Flows

Year Ended June 30, 2003

(With Comparative Totals for 2002)

	Water and Sewer Utility	Municipal Airport	Multi-use Sports Complex	Totals	
				2003	2002
Cash flows from operating activities:					
Operating loss	\$ (645,078)	(272,796)	-	(917,874)	(832,014)
Adjustments to reconcile operating loss to net cash flows from operating activities:					
Depreciation	726,255	277,111	-	1,003,366	861,490
Amortization	381	-	-	381	381
Other nonoperating revenues (expenses)	(3,157)	-	-	(3,157)	105,387
Increase (decrease) in allowance for doubtful accounts	4,556	-	-	4,556	512
(Increase) decrease in assets:					
Accounts receivable	(8,501)	39	-	(8,462)	5,056
Inventory	(2,511)	-	-	(2,511)	8,522
Increase (decrease) in liabilities:					
Accounts and retainage payable	(121,678)	(59,091)	-	(180,769)	161,038
Revenue billed in advance	(949)	936	-	(13)	(25,552)
Accrued payroll and employee benefits	1,048	687	-	1,735	4,389
Accrued annual and sick leave	957	31	-	988	5,521
Customer deposits	(27,210)	-	-	(27,210)	30,625
Net cash flows from operating activities	<u>(75,887)</u>	<u>(53,083)</u>	<u>-</u>	<u>(128,970)</u>	<u>325,355</u>
Cash flows from noncapital financing activities:					
Operating transfers in	48,705	39,789	-	88,494	130,738
Operating transfers out	(17,500)	-	-	(17,500)	(48,241)
Adjustment resulting from conversion from capital project fund	-	-	14,769,551	14,769,551	-
Net cash flows from noncapital financing activities	<u>31,205</u>	<u>39,789</u>	<u>14,769,551</u>	<u>14,840,545</u>	<u>82,497</u>
Cash flows from capital and related financing activities:					
Principal and interest paid on long-term debt	(162,610)	-	(1,366,276)	(1,528,886)	(23,566)
Loan proceeds	361,895	-	-	361,895	3,740,590
Special assessments received	12,398	-	-	12,398	16,284
Receipt of payments in lieu of assessments	145,072	-	-	145,072	58,165
Acquisition and construction of capital assets	(2,398,728)	(365,889)	(1,567,305)	(4,331,922)	(4,361,885)
Residual equity transfers in as contributed capital	626,960	10,000	-	636,960	700,000
Capital contributions received	502,500	428,176	141,000	1,071,676	1,841,447
Sales tax revenue received	-	-	1,568,667	1,568,667	-
Net cash flows from capital and related financing activities	<u>(912,513)</u>	<u>72,287</u>	<u>(1,223,914)</u>	<u>(2,064,140)</u>	<u>1,971,035</u>
Cash flows from investing activities:					
Investment income received	12,768	295	251,302	264,365	49,121
Principal payments received on notes receivable	4,114	-	-	4,114	26,190
Net cash flows from investing activities	<u>16,882</u>	<u>295</u>	<u>251,302</u>	<u>268,479</u>	<u>75,311</u>
Net increase (decrease) in cash and investments	(940,313)	59,288	13,796,939	12,915,914	2,454,198
Cash and investments at beginning of year	<u>4,779,268</u>	<u>65,858</u>	<u>-</u>	<u>4,845,126</u>	<u>2,390,928</u>
Cash and investments at end of year	\$ <u>3,838,955</u>	<u>125,146</u>	<u>13,796,939</u>	<u>17,761,040</u>	<u>4,845,126</u>
Reconciliation of cash and investments to balance sheet:					
Cash and investments	1,614,542	125,146	13,594,548	15,334,236	1,843,590
Restricted cash and investments	<u>2,224,413</u>	<u>-</u>	<u>202,391</u>	<u>2,426,804</u>	<u>3,001,536</u>
	\$ <u>3,838,955</u>	<u>125,146</u>	<u>13,796,939</u>	<u>17,761,040</u>	<u>4,845,126</u>

**CITY OF WASILLA, ALASKA**  
Water and Sewer Utility Enterprise Fund  
Balance Sheet  
June 30, 2003  
(With Comparative Amounts for 2002)

<u>Assets</u>	<u>2003</u>	<u>2002</u>
Current assets:		
Cash and investments	\$ 1,614,542	1,777,732
Receivables:		
Accounts	124,228	115,727
Allowance for doubtful accounts	(10,899)	(6,343)
Grants	116,635	306,170
Special assessments, current portion	8,471	8,471
Notes, current portion	6,600	6,600
Loans	17,722	223,368
Inventory	<u>84,847</u>	<u>82,336</u>
Total current assets	<u>1,962,146</u>	<u>2,514,061</u>
Restricted cash and investments	2,224,413	3,001,536
Special assessments receivable, net of current portion	47,558	59,956
Notes receivable, net of current portion	<u>8,310</u>	<u>12,424</u>
Property, plant and equipment:		
Land	806,980	806,980
Treatment system	7,913,975	7,859,928
Collection/distribution system	18,182,050	17,155,738
Water tank and fence	2,591,612	2,337,975
Wells/well house	367,793	363,405
Other plant in service	-	2,919,746
Equipment	5,256,584	2,187,975
Construction in progress	<u>1,535,381</u>	<u>500,708</u>
Total property, plant and equipment	36,654,375	34,132,455
Less accumulated depreciation	<u>(9,797,064)</u>	<u>(9,070,809)</u>
Net property, plant and equipment	<u>26,857,311</u>	<u>25,061,646</u>
Deferred charges, net of accumulated amortization	<u>13,788</u>	<u>14,169</u>
Total assets	<u>\$ 31,113,526</u>	<u>30,663,792</u>

**CITY OF WASILLA, ALASKA**  
Water and Sewer Utility Enterprise Fund  
Balance Sheet, continued

	<u>2003</u>	<u>2002</u>
<u>Liabilities and Fund Equity</u>		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 26,442	157,044
Retainage payable	8,924	-
Revenue billed in advance	2,570	3,519
Accrued payroll and employee benefits	20,064	19,016
Accrued annual and sick leave	25,054	24,097
Customer deposits	42,896	70,106
Accrued interest	29,334	25,466
Current portion:		
Bonds payable	8,471	8,471
Loans payable	8,754	8,754
Total current liabilities	<u>172,509</u>	<u>316,473</u>
Long-term debt, net of current portion:		
Bonds payable	59,298	67,769
Loans payable	<u>4,251,521</u>	<u>4,104,026</u>
Total liabilities	<u>4,483,328</u>	<u>4,488,268</u>
Fund equity:		
Contributed capital:		
Federal and state grants	22,781,794	22,781,794
Other	<u>9,030,710</u>	<u>8,403,750</u>
Total contributed capital	31,812,504	31,185,544
Less accumulated amortization	<u>(7,408,025)</u>	<u>(7,408,025)</u>
Net contributed capital	24,404,479	23,777,519
Retained earnings - unreserved	<u>2,225,719</u>	<u>2,398,005</u>
Total fund equity	<u>26,630,198</u>	<u>26,175,524</u>
Total liabilities and fund equity	\$ <u>31,113,526</u>	<u>30,663,792</u>



**CITY OF WASILLA, ALASKA**  
Water and Sewer Utility Enterprise Fund  
Statement of Revenues, Expenses  
and Changes in Retained Earnings  
Year Ended June 30, 2003  
(With Comparative Amounts for 2002)

	<u>2003</u>	<u>2002</u>
Operating revenues:		
Sales and user charges:		
Water	\$ 486,722	417,152
Sewer	522,965	520,677
Water meters	11,552	9,659
Other	<u>6,123</u>	<u>7,382</u>
Total operating revenues	<u>1,027,362</u>	<u>954,870</u>
Operating expenses:		
Water department:		
Salaries	170,847	163,921
Employee benefits	57,147	50,020
Other purchased services	22,312	16,808
Professional and technical services	11,393	17,994
Supplies	86,497	80,445
Administration	24,925	26,257
Property services	54,216	42,914
Bad debt expense	<u>2,540</u>	<u>415</u>
Total water department	<u>429,877</u>	<u>398,774</u>
Sewer department:		
Salaries	222,619	212,920
Employee benefits	82,353	70,159
Other purchased services	29,196	30,246
Professional and technical services	10,606	7,464
Supplies	127,295	123,146
Administration	24,925	28,189
Property services	17,297	23,438
Bad debt expense	<u>2,017</u>	<u>144</u>
Total sewer department	<u>516,308</u>	<u>495,706</u>
Total operating expenses	<u>946,185</u>	<u>894,480</u>
Operating income before depreciation	81,177	60,390
Depreciation	<u>726,255</u>	<u>574,003</u>
Operating loss	<u>(645,078)</u>	<u>(513,613)</u>

**CITY OF WASILLA, ALASKA**  
Water and Sewer Utility Enterprise Fund  
Statement of Revenues, Expenses  
and Changes in Retained Earnings, continued

	<u>2003</u>	<u>2002</u>
Nonoperating revenues (expenses):		
Line extension fee	\$ -	100,000
Payments in lieu of assessments	145,072	58,165
Interest expense	(26,061)	(7,714)
Investment income	12,768	36,902
Other	<u>(3,157)</u>	<u>5,387</u>
Net nonoperating revenues (expenses)	<u>128,622</u>	<u>192,740</u>
Loss before operating transfers and contributions	(516,456)	(320,873)
Operating transfers:		
Operating transfers in	48,705	93,384
Operating transfers out	<u>(17,500)</u>	<u>(48,241)</u>
Net operating transfers	<u>31,205</u>	<u>45,143</u>
Net loss	(485,251)	(275,730)
Capital contributions	<u>312,965</u>	<u>1,578,223</u>
Increase (decrease) in retained earnings	(172,286)	1,302,493
Beginning retained earnings	<u>2,398,005</u>	<u>1,095,512</u>
Ending retained earnings	\$ <u>2,225,719</u>	<u>2,398,005</u>

**CITY OF WASILLA, ALASKA**  
Water and Sewer Utility Enterprise Fund  
Statement of Cash Flows  
Year Ended June 30, 2003  
(With Comparative Amounts for 2002)

	<u>2003</u>	<u>2002</u>
Cash flows from operating activities:		
Operating loss	\$ (645,078)	(513,613)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation	726,255	574,003
Amortization	381	381
Other nonoperating revenues (expenses)	(3,157)	105,387
Increase in allowance for doubtful accounts	4,556	512
(Increase) decrease in assets:		
Accounts receivable	(8,501)	(24,273)
Inventory	(2,511)	8,522
Increase (decrease) in liabilities:		
Accounts and retainage payable	(121,678)	111,211
Revenue billed in advance	(949)	(27,045)
Accrued payroll and employee benefits	1,048	4,296
Accrued annual and sick leave	957	4,990
Customer deposits	<u>(27,210)</u>	<u>30,625</u>
Net cash flows from operating activities	<u>(75,887)</u>	<u>274,996</u>
Cash flows from noncapital financing activities:		
Operating transfers in	48,705	93,384
Operating transfers out	<u>(17,500)</u>	<u>(48,241)</u>
Net cash flows from noncapital financing activities	<u>31,205</u>	<u>45,143</u>
Cash flows from capital and related financing activities:		
Principal and interest paid on long-term debt	(162,610)	(23,566)
Loan proceeds	361,895	3,740,590
Special assessments received	12,398	16,284
Receipt of payments in lieu of assessments	145,072	58,165
Acquisition and construction of capital assets	(2,398,728)	(4,073,990)
Residual equity transfers in as contributed capital	626,960	650,000
Capital contributions received	<u>502,500</u>	<u>1,683,234</u>
Net cash flows from capital and related financing activities	<u>(912,513)</u>	<u>2,050,717</u>
Cash flows from investing activities:		
Investment income received	12,768	48,283
Principal payments received on notes receivable	<u>4,114</u>	<u>26,190</u>
Net cash flows from investing activities	<u>16,882</u>	<u>74,473</u>
Net increase (decrease) in cash and investments	(940,313)	2,445,320
Cash and investments at beginning of year	<u>4,779,268</u>	<u>2,333,939</u>
Cash and investments at end of year	\$ <u>3,838,955</u>	<u>4,779,268</u>
Reconciliation of cash and investments to balance sheet:		
Cash and investments	1,614,542	1,777,732
Restricted cash and investments	<u>2,224,413</u>	<u>3,001,536</u>
	\$ <u>3,838,955</u>	<u>4,779,268</u>

## CITY OF WASILLA, ALASKA

## Municipal Airport Enterprise Fund

## Balance Sheet

June 30, 2003

(With Comparative Amounts for 2002)

<u>Assets</u>	<u>2003</u>	<u>2002</u>
Current assets:		
Cash and investments	\$ 125,146	65,858
Receivables:		
Accounts	4,112	4,151
Grants	28,520	105,583
Total current assets	<u>157,778</u>	<u>175,592</u>
Property, plant and equipment:		
Land	1,470,000	1,470,000
Land improvements	5,330,984	5,330,984
Equipment	624,016	213,954
Construction work in process	278,921	323,094
Total property, plant and equipment	7,703,921	7,338,032
Less accumulated depreciation	<u>(2,691,952)</u>	<u>(2,414,841)</u>
Net property, plant and equipment	<u>5,011,969</u>	<u>4,923,191</u>
Total assets	\$ <u>5,169,747</u>	<u>5,098,783</u>
<u>Liabilities and Fund Equity</u>		
Current liabilities:		
Accounts payable	7	59,098
Revenue billed in advance	7,271	6,335
Accrued payroll and employee benefits	1,145	458
Accrued annual and sick leave	1,608	1,577
Total current liabilities	<u>10,031</u>	<u>67,468</u>
Fund equity:		
Contributed capital:		
Federal and state grants	6,998,295	6,998,295
Other	128,573	118,573
Total contributed capital	7,126,868	7,116,868
Less accumulated amortization	<u>(2,123,458)</u>	<u>(2,123,458)</u>
Net contributed capital	5,003,410	4,993,410
Retained earnings - unreserved	156,306	37,905
Total fund equity	<u>5,159,716</u>	<u>5,031,315</u>
Total liabilities and fund equity	\$ <u>5,169,747</u>	<u>5,098,783</u>

**CITY OF WASILLA, ALASKA**  
Municipal Airport Enterprise Fund  
Statement of Revenues, Expenses  
and Changes in Retained Earnings  
Year Ended June 30, 2003  
(With Comparative Amounts for 2002)

	<u>2003</u>	<u>2002</u>
Operating revenues - fees and rentals	\$ <u>41,220</u>	<u>31,802</u>
Operating expenses:		
Salaries	13,334	10,159
Employee benefits	3,092	2,498
Other purchased services	10,670	8,417
Professional and technical services	-	3,389
Supplies	4,275	6,900
Property services	<u>5,534</u>	<u>31,353</u>
Total operating expenses	<u>36,905</u>	<u>62,716</u>
Operating income (loss) before depreciation	4,315	(30,914)
Depreciation	<u>277,111</u>	<u>287,487</u>
Operating loss	(272,796)	(318,401)
Nonoperating revenues - investment income	<u>295</u>	<u>838</u>
Loss before operating transfers and contributions	(272,501)	(317,563)
Operating transfers in	<u>39,789</u>	<u>37,354</u>
Net loss	(232,712)	(280,209)
Capital contributions	<u>351,113</u>	<u>263,796</u>
Increase (decrease) in retained earnings	118,401	(16,413)
Beginning retained earnings	<u>37,905</u>	<u>54,318</u>
Ending retained earnings	\$ <u>156,306</u>	<u>37,905</u>

**CITY OF WASILLA, ALASKA**Exhibit J-9

## Municipal Airport Enterprise Fund

## Statement of Cash Flows

Year Ended June 30, 2002

(With Comparative Amounts for 2002)

	<u>2003</u>	<u>2002</u>
Cash flows from operating activities:		
Operating loss	\$ (272,796)	(318,401)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation	277,111	287,487
Decrease in accounts receivable	39	29,329
Increase (decrease) in liabilities:		
Accounts payable	(59,091)	49,827
Revenue billed in advance	936	1,493
Accrued payroll and employee benefits	687	93
Accrued annual and sick leave	31	531
Net cash flows from operating activities	<u>(53,083)</u>	<u>50,359</u>
 Cash flows from noncapital financing activities - operating transfers in	 <u>39,789</u>	 <u>37,354</u>
 Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(365,889)	(287,895)
Residual equity transfers in as contributed capital	10,000	50,000
Capital contributions received	428,176	158,213
Net cash flows from capital and related financing activities	<u>72,287</u>	<u>(79,682)</u>
 Cash flows from investing activities - investment income received	 <u>295</u>	 <u>838</u>
 Net increase in cash and investments	 59,288	 8,869
 Cash and investments at beginning of year	 <u>65,858</u>	 <u>56,989</u>
 Cash and investments at end of year	 \$ <u>125,146</u>	 <u>65,858</u>

**CITY OF WASILLA, ALASKA**  
Multi-use Sports Complex Enterprise Fund  
Balance Sheet  
June 30, 2003

<u>Assets</u>	<u>2003</u>
Current assets:	
Cash and investments	\$ 13,594,548
Sales tax receivable	<u>172,124</u>
Total current assets	<u>13,766,672</u>
Restricted cash and investments	<u>202,391</u>
Property, plant and equipment:	
Land	219,110
Construction in progress	<u>2,792,527</u>
Total property, plant and equipment	<u>3,011,637</u>
Total assets	\$ <u>16,980,700</u>
<u>Liabilities and Fund Equity</u>	
Liabilities:	
Current liabilities:	
Accounts payable	766,932
Retainage payable	57,786
Deferred revenue	135,894
Accrued interest	138,280
Current portion of bonds payable	<u>1,020,000</u>
Total current liabilities	2,118,892
Bonds payable, net of current portion	12,840,000
Unamortized bond premium	<u>94,734</u>
Total liabilities	<u>15,053,626</u>
Fund equity:	
Contributed capital - other	<u>181,177</u>
Retained earnings:	
Reserved for debt service	236,235
Unreserved	<u>1,509,662</u>
Total retained earnings	<u>1,745,897</u>
Total fund equity	<u>1,927,074</u>
Total liabilities and fund equity	\$ <u>16,980,700</u>

**CITY OF WASILLA, ALASKA**  
Multi-use Sports Complex Enterprise Fund  
Statement of Revenues, Expenses  
and Changes in Retained Earnings  
Year Ended June 30, 2003

	<u>2003</u>
Nonoperating revenues - sales tax revenue	\$ 1,740,791
Capital contributions	<u>5,106</u>
Increase in retained earnings	1,745,897
Beginning retained earnings	<u>-</u>
Ending retained earnings	\$ <u>1,745,897</u>



**CITY OF WASILLA, ALASKA**  
 Multi-use Sports Complex Enterprise Fund  
 Statement of Cash Flows  
 Year Ended June 30, 2003

	<u>2003</u>
Cash flows from noncapital financing activities - adjustment resulting from conversion from capital project fund	\$ <u>14,769,551</u>
Cash flows from capital and related financing activities:	
Principal and interest paid on long-term debt	(1,366,276)
Acquisition and construction of capital assets	(1,567,305)
Capital contributions received	141,000
Sales tax revenue received	<u>1,568,667</u>
Net cash flows from capital and related financing activities	<u>(1,223,914)</u>
Cash flows from investing activities - investment income received	<u>251,302</u>
Net decrease in cash and investments	13,796,939
Cash and investments at beginning of year	<u>-</u>
Cash and investments at end of year	\$ <u>13,796,939</u>
Reconciliation of cash and investments to balance sheet:	
Cash and investments	13,594,548
Restricted cash and investments	<u>202,391</u>
	\$ <u>13,796,939</u>

## 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, 2003  
(With Comparative Amounts for 2002)

	<u>2003</u>	<u>2002</u>
<u>Assets</u>		
Cash and investments	\$ <u>128,905</u>	<u>117,780</u>
<u>Fund Balance</u>		
Fund balance - reserved for investment	\$ <u>128,905</u>	<u>117,780</u>

**CITY OF WASILLA, ALASKA**  
 Cemetery Nonexpendable Trust Fund  
 Statement of Revenues, Expenses  
 and Changes in Fund Balance  
 Year Ended June 30, 2003  
 (With Comparative Amounts for 2002)

	<u>2003</u>	<u>2002</u>
Revenues:		
Lot sales	\$ 11,125	6,400
Investment income	<u>490</u>	<u>1,542</u>
Total revenues	11,615	7,942
Operating transfers out	<u>(490)</u>	<u>(1,542)</u>
Net income	11,125	6,400
Beginning fund balance	<u>117,780</u>	<u>111,380</u>
Ending fund balance	\$ <u>128,905</u>	<u>117,780</u>

**CITY OF WASILLA, ALASKA**  
 Cemetery Nonexpendable Trust Fund  
 Statement of Cash Flows  
 Year Ended June 30, 2003  
 (With Comparative Amounts for 2002)

	<u>2003</u>	<u>2002</u>
Cash flows from operating activities:		
Operating income	\$ 11,615	7,942
Adjustments to reconcile operating income to net cash flows from operating activities -		
investment income	<u>(490)</u>	<u>(1,542)</u>
Net cash flows from operating activities	<u>11,125</u>	<u>6,400</u>
Cash flows from noncapital financing activities -		
operating transfers out	<u>(490)</u>	<u>(1,542)</u>
Cash flows from investing activities -		
investment income received	<u>490</u>	<u>3,331</u>
Net increase in cash and investments	11,125	8,189
Cash and investments at beginning of year	<u>117,780</u>	<u>109,591</u>
Cash and investments at end of year	\$ <u>128,905</u>	<u>117,780</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**

Exhibit L-1

General Fixed Assets Account Group  
Schedule of General Fixed Assets by Source  
June 30, 2003  
(With Comparative Amounts for 2002)

	<u>2003</u>	<u>2002</u>
General fixed assets:		
Land	\$ 2,574,471	2,474,396
Buildings	3,175,773	3,829,727
Office furniture and equipment	741,589	587,062
Vehicles and equipment	1,471,477	1,320,747
Library collections	2,034,427	2,018,648
Construction in progress	<u>624,565</u>	<u>782,901</u>
 Total general fixed assets	 \$ <u>10,622,302</u>	 <u>11,013,481</u>
Investment in general fixed assets:		
Prior years - unidentified sources	7,476,095	7,476,095
General funds	2,718,982	3,191,658
Grants from other governments	<u>427,225</u>	<u>345,728</u>
 Total investment in general fixed assets	 \$ <u>10,622,302</u>	 <u>11,013,481</u>

**CITY OF WASILLA, ALASKA**

Exhibit L-2

General Fixed Assets Account Group  
 Schedule of General Fixed Assets by Function and Activity  
 June 30, 2003

	<u>Land</u>	<u>Buildings</u>	<u>Office Furniture and Equipment</u>	<u>Vehicles and Equipment</u>	<u>Library Collections</u>	<u>Total</u>
General government						
Administration	\$ -	-	-	15,542	-	15,542
City Council	-	-	6,725	-	-	6,725
Planning	-	-	12,806	26,301	-	39,107
Finance	-	-	375,288	-	-	375,288
Museum	90,650	97,986	-	-	-	188,636
Recreation services	783,068	304,812	-	55,781	-	1,143,661
Nondepartmental	<u>1,004,448</u>	<u>1,106,495</u>	<u>10,573</u>	<u>-</u>	<u>-</u>	<u>2,121,516</u>
Total general government	1,878,166	1,509,293	405,392	97,624	-	3,890,475
Police	600,000	726,263	199,869	791,409	-	2,317,541
Public works	81,305	234,293	115,057	582,444	-	1,013,099
Library	<u>15,000</u>	<u>705,924</u>	<u>21,271</u>	<u>-</u>	<u>2,034,427</u>	<u>2,776,622</u>
Total general fixed assets allocated to functions	\$ <u>2,574,471</u>	<u>3,175,773</u>	<u>741,589</u>	<u>1,471,477</u>	<u>2,034,427</u>	9,997,737
Construction in progress						<u>624,565</u>
						\$ <u>10,622,302</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, 2003

	General Fixed Assets July 1, <u>2002</u>	<u>Additions</u>	<u>Deletions</u>	General Fixed Assets June 30, <u>2003</u>
General government				
Administration	\$ -	15,542	-	15,542
City Council	30,475	-	23,750	6,725
Planning	32,162	6,945	-	39,107
Finance	291,218	84,070	-	375,288
Museum	188,636	-	-	188,636
Recreation services	1,143,661	-	-	1,143,661
Nondepartmental	<u>2,710,017</u>	<u>194,669</u>	<u>783,170</u>	<u>2,121,516</u>
Total general government	4,396,169	301,226	806,920	3,890,475
Police	2,146,962	170,579	-	2,317,541
Public works	926,605	86,494	-	1,013,099
Library	2,760,844	61,482	45,704	2,776,622
Construction in progress	<u>782,901</u>	<u>114,950</u>	<u>273,286</u>	<u>624,565</u>
 Total general fixed assets	 \$ <u>11,013,481</u>	 <u>734,731</u>	 <u>1,125,910</u>	 <u>10,622,302</u>

**CITY OF WASILLA, ALASKA**  
 Schedule of Expenditures of Federal Awards  
 Year Ended June 30, 2003

Exhibit M-1

<u>Name of Award</u>	<u>Grant Number</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Total Grant Award</u>	<u>July 1, 2002 Receivable (Deferred)</u>	<u>Federal Share of Expenditures</u>	<u>Federal Receipts</u>	<u>June 30, 2003 Receivable (Deferred)</u>
<b>DEPARTMENT OF TRANSPORTATION</b>							
Airport Master Plan Study	AIP3-02-0417-0701	20.106	\$ 421,875	105,583	87,639	176,120	17,102
Airport Security Improvements	3-02-0417-0802	20.106	264,110	-	254,671	247,654	7,017
Passed through the State of Alaska:							
Department of Natural Resources:							
Winter Recreation Staging	10795200	20.219	30,000	-	30,000	-	30,000
Trail Marker Install	10795220	20.219	30,000	10,151	6,330	16,481	-
Department of Transportation and Public Facilities:							
Bicycle/Pedestrian Safety	PS 03-04-03	20.600	750	-	750	750	-
Bicycle/Pedestrian Safety	PS 02-04-03	20.600	750	750	-	750	-
Seatbelt Enforcement	PT 03-05-06	20.600	15,332	-	2,994	-	2,994
Minor Consuming Diversion Panel	ALQN020204	20.600	5,513	1,390	1,355	2,745	-
Minor Consuming Diversion Panel	030204AL	20.600	13,700	-	8,791	5,853	2,938
Total Department of Transportation				<u>117,874</u>	<u>392,530</u>	<u>450,353</u>	<u>57,113</u>
<b>DEPARTMENT OF EDUCATION</b>							
Passed through the State of Alaska							
Department of Education and Early Development - Governor's Drug Prevention							
	DA 02.057.01	84.186	30,000	<u>3,950</u>	<u>-</u>	<u>3,950</u>	<u>-</u>
<b>ENVIRONMENTAL PROTECTION AGENCY</b>							
Passed through the State of Alaska							
Department of Environmental Conservation:							
Water Main Improvement Loan (82% federal)	905021	66.468	742,100	116,705	36,275	152,125	855
Water Main Improvement Loan, Phase II (82% federal)	905051	66.468	41,000	-	27,718	19,405	8,313
Sewer Main Improvement Loan (83% federal)	905031	66.458	481,400	68,050	32,211	100,261	-
Sewer Main Improvement Loan, Phase II (83% federal)	905041	66.458	41,500	-	<u>32,703</u>	<u>27,225</u>	<u>5,478</u>
Total Environmental Protection Agency				<u>184,755</u>	<u>128,907</u>	<u>299,016</u>	<u>9,168</u>
<b>DEPARTMENT OF JUSTICE</b>							
Local Law Enforcement Block Grant							
COPS Universal Hiring Grant	2002LBVX1246	16.592	21,014	-	21,014	21,014	-
Bulletproof Vest Partnership	98UMWX1538	16.710	150,000	11,472	-	11,472	-
Asset Seizure and Forfeiture Program	COW99-00BUP	16.607	8,606	-	425	-	425
COPS 2002 Technology Initiative	N/A	16.xxx	874	(874)	868	-	(6)
COPS 2002 Technology Initiative	2002CKWX0008	16.710	1,000,000	-	119,509	7,103	112,406
Passed through the State of Alaska:							
Department of Health and Social Services:							
Juvenile Justice FY02	06-2738	16.523	30,000	1,500	-	1,500	-
Juvenile Accountability Incentive	06-3760	16.523	27,000	-	27,000	25,650	1,350
Department of Public Safety:							
Multi-Jurisdictional Task Force	02-023E	16.579	67,148	-	60,234	45,043	15,191
Multi-Jurisdictional Task Force	01-023E	16.579	57,375	13,658	-	13,658	-
Multi-Jurisdictional SAM Investigator	01-006	16.579	114,262	13,728	64,641	61,388	16,981
Public Safety Equipment Technology	2001CKWX0008	16.710	63,879	<u>11,295</u>	<u>-</u>	<u>11,295</u>	<u>-</u>
Total Department of Justice				<u>50,779</u>	<u>293,691</u>	<u>198,123</u>	<u>146,347</u>
<b>DEPARTMENT OF AGRICULTURE</b>							
Wasilla Action Plan							
Wasilla Action Plan	00DG11100000213	10.670	3,500	1,326	506	1,659	173
Passed through the State of Alaska							
Department of Natural Resources - Urban and Community Forestry							
	N/A	10.664	15,000	<u>(1,354)</u>	<u>1,354</u>	<u>-</u>	<u>-</u>
Total Department of Agriculture				<u>(28)</u>	<u>1,860</u>	<u>1,659</u>	<u>173</u>
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>			\$	<u>357,330</u>	<u>816,988</u>	<u>953,101</u>	<u>212,801</u>

**CITY OF WASILLA, ALASKA**  
 Schedule of State Financial Assistance  
 Year Ended June 30, 2003

Name of Award	Grant Number	Total Grant Award	July 1, 2002 Receivable (Deferred)	State Share of Expenditures	State Receipts	June 30, 2003 Receivable (Deferred)
<b>DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT</b>						
* Revenue Sharing	N/A	\$ 65,426	-	65,426	65,426	-
* Safe Communities	N/A	126,800	-	126,800	126,800	-
Nelson Avenue Pedestrian Upgrades	02-DC-041	53,000	(10,600)	43,627	33,027	-
Iditapark Site Improvements	03-MG-063	61,677	-	44,038	39,962	4,076
Old Knik Landfill/Smith Ball Fields Ground Water	4/99-002	50,000	505	76	505	76
Public Facilities Improvements	02-MG-143	106,677	14,564	6,685	18,343	2,906
Ball Park Improvements	03-MG-064	45,000	-	17,729	15,580	2,149
Multi Use Sports Complex Utilities	03-DC-089	705,000	-	5,106	141,000	(135,894)
Passed through the Matanuska-Susitna Borough - Armed Forces Honor Garden	02-DC-030	29,700	-	29,700	29,700	-
Total Department of Community and Economic Development			<u>4,469</u>	<u>339,187</u>	<u>470,343</u>	<u>(126,687)</u>
<b>DEPARTMENT OF ENVIRONMENTAL CONSERVATION</b>						
Downtown Stormwater Intertie	90511	45,000	2,250	-	2,250	-
* Storm Water Pumping and Treatment Facility	90510	1,264,300	84,549	80,465	136,656	28,358
Sewer Lagoon Upgrade	90514	309,400	30,940	-	30,940	-
Wastewater Outfall Study and Preliminary Design	90515	45,000	1,346	6,709	6,906	1,149
* Emergency Water Source/Wastewater Treatment	90509	300,000	5,281	52,538	27,819	30,000
* Parks Hwy West Water Main Extension	90512	862,800	150,710	146,910	212,520	85,100
* Water Main Improvement Program	90516	449,700	117,893	72,157	189,663	387
Septage Facility Emergency Generator	90517	61,900	-	34,652	34,652	-
Total Department of Environmental Conservation			<u>392,969</u>	<u>393,431</u>	<u>641,406</u>	<u>144,994</u>
<b>DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT</b>						
Russian Language Reading Program	ILC-03-787-122	8,157	-	8,157	8,157	-
Public Library Assistance	PLA-03-787-87	6,250	-	6,250	6,250	-
Total Department of Education and Early Development			<u>-</u>	<u>14,407</u>	<u>14,407</u>	<u>-</u>
<b>DEPARTMENT OF REVENUE</b>						
Alcohol and Beverage Tax FY03	N/A	21,300	-	21,300	14,700	6,600
Alcohol and Beverage Tax FY02	N/A	13,900	-	2,900	2,900	-
* Electric and Telephone Co-op Tax FY03	N/A	227,189	-	227,189	6,000	221,189
Electric and Telephone Co-op Tax FY02	N/A	157,749	157,749	-	157,749	-
Aviation Fuel Tax FY03	N/A	1,661	-	1,661	-	1,661
Aviation Fuel Tax FY02	N/A	3,767	1,986	-	1,986	-
Total Department of Revenue			<u>159,735</u>	<u>253,050</u>	<u>183,335</u>	<u>229,450</u>
<b>DEPARTMENT OF NATURAL RESOURCES</b>						
Winter Trail Grooming	10790209	10,500	1,116	-	1,116	-
Winter Trailhead Amenities	10790208	15,000	-	15,000	-	15,000
Total Department of Natural Resources			<u>1,116</u>	<u>15,000</u>	<u>1,116</u>	<u>15,000</u>
<b>DEPARTMENT OF PUBLIC SAFETY</b>						
Highway Safety - Seatbelt Enforcement	DTNH2200G09051	35,000	5,601	1,393	6,994	-
Marijuana Eradication FY03	N/A	574	-	574	249	325
Marijuana Eradication FY02	N/A	655	655	-	655	-
Total Department of Public Safety			<u>6,256</u>	<u>1,967</u>	<u>7,898</u>	<u>325</u>
<b>DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES</b>						
Airport Security Improvements	56471	8,804	-	8,804	4,402	4,402
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>		<b>\$</b>	<b><u>564,545</u></b>	<b><u>1,002,689</u></b>	<b><u>1,314,750</u></b>	<b><u>252,484</u></b>

\* Major Programs

TABLE 1

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

FISCAL YEAR	(2)	POLICE	PUBLIC WORKS	(3) (4)	MUSEUM & RECREA-	DEBT SERVICE	(5)	TOTAL
	GENERAL GOVERN- MENT			LIBRARY & YOUTH COURT	TION SERVICES		CAPITAL OUTLAY	
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
2002	1,583,586	1,950,183	1,093,759	725,698	458,926	939,157	-	6,751,309
2003	1,899,275	1,990,275	1,289,360	748,317	460,436	658,662	-	7,046,325

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

TABLE 2

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

FISCAL YEAR	(2) TAXES	STATE SHARED REVENUES	OTHER GOVERN- MENTS	PENAL- TIES FINES AND FORFEI- TURES	INVEST- MENT INCOME	FEES, PERMITS AND OTHER REVENUES	SPECIAL ASSESS- MENTS	OTHER	TOTAL
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
2002	6,901,702	367,078	649,445	74,642	282,810	35,540	309,234	89,715	8,710,166
2003	7,409,202	445,275	563,832	52,811	241,185	38,996	318,159	230,337	9,299,797

(1) Includes General, Special Revenue and Debt Service

(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**

FISCAL YEAR	CITY LEVY	AMOUNT COLLECTED	% OF LEVY	AMOUNT OF LEVY UNCOLLECTED	AMOUNT OF LEVY UNCOLLECTED AS A PERCENT OF TOTAL TAXES
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%)
2002	324,235	321,112	99.04%	3,123	0.96%
2003	193,980	191,584	98.76%	2,396	1.24%

- (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**

FISCAL YEAR	PROPERTY TAXES	SALES TAXES	TOTAL TAXES
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
2002	321,112	6,497,069	6,818,181
2003	193,980	8,704,250	8,898,230

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

TABLE 5

**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
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%
2002	381,258,900	-	360,261,400	377,912,600	95.33%
2003	408,866,900	-	387,961,600	395,409,800	98.12%

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



TABLE 6

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

<u>FISCAL</u> <u>YEAR</u>	<u>MAT-SU</u> <u>BOROUGH</u>	<u>WASILLA</u> <u>FIRE</u> <u>SERVICE</u> <u>AREA</u>	<u>CITY</u> <u>OF</u> <u>WASILLA</u>	<u>TOTAL</u>
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
2002	13.13	1.00	0.90	15.03
2003	11.70	1.00	0.50	13.20

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

TABLE 7

**CITY OF WASILLA, ALASKA**  
**PRINCIPAL TAXPAYERS**  
 June 30, 2003

TAXPAYER	NATURE OF BUSINESS	ASSESSED VALUE	PERCENTAGE OF TOTAL VALUATION
FRED MEYER STORES, INC.	RETAIL	\$22,088,372	5.69%
WAL MART STORES INC.	RETAIL	15,422,372	3.98%
COTTONWOOD CREEK MALL LLC	PROPERTY DEVELOPMENT AND RETAIL MALLS	11,560,700	2.98%
WASILLA LLC	PROPERTY DEVELOPMENT AND RETAIL MALLS	8,571,900	2.21%
KARABLLNIKOFF/NEWCOMB TR	FAMILY TRUST	5,644,000	1.45%
PEDERSEN FLOYD/CREEKSIDE	PROPERTY DEVELOPMENT AND RETAIL MALLS	5,078,700	1.31%
VALLEY HOSPITAL ASSOC., INC.	MEDICAL CENTER	4,264,900	1.10%
SEAGULL ENERGY CORP.	NATURAL GAS TRANSMISSION LINES	3,904,500	1.01%
NYE FRONTIER FORD (HAROLD NYE)	AUTOMOBILE DEALERSHIP	3,551,900	0.92%
GLOBAL FINANCE & INVESTMENT CO.	PROPERTY DEVELOPMENT	3,038,000	0.78%

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

<u>FISCAL YEAR</u>	<u>(1) SPECIAL ASSESSMENT COLLECTIONS</u>
1994	\$ 355,433
1995	303,141
1996	407,258
1997	407,887
1998	332,234
1999	349,228
2000	345,511
2001	275,491
2002	309,234
2003	318,159

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

**CITY OF WASILLA, ALASKA**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
June 30, 2003

No debt limit is mandated by law.

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

FISCAL YEAR	Population (2)	ASSESSED VALUE (3)	BONDED LONG-TERM DEBT	DEBT SERVICE MONIES AVAILABLE	NET BONDED LONG-TERM DEBT	NET BONDED LONG-TERM DEBT TO ASSESSED VALUE	NET BONDED DEBT PER CAPITA
1998	5134	\$ 299,376,085	\$ 5,500,000	-	\$ 5,500,000	1.84%	\$ 1,071
1999	5213	286,868,900	5,500,000	-	5,500,000	1.92%	1,055
2000	5469	304,377,400	5,330,000	-	5,330,000	1.75%	975
2001	5568	341,866,700	5,155,000	-	5,155,000	1.51%	926
2002	5817	360,261,400	19,670,000	-	19,670,000	5.46%	3,381
2003	6343	387,961,600	18,635,000	-	18,635,000	4.80%	2,938

- (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 Borough Assessment Office.

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

FISCAL YEAR	PRINCIPAL	INTEREST (2)	TOTAL DEBT SERVICE	TOTAL GENERAL GOVERNMENTAL EXPENDITURES (3)	RATIO OF DEBT SERVICE TO GENERAL GOVERNMENTAL EXPENDITURES
1998	\$ -	\$ -	\$ -	4,799,591	0.00%
1999	-	281,341	281,341	5,189,286	5.42%
2000	170,000	276,241	446,241	5,605,562	7.96%
2001	175,000	265,891	440,891	6,302,521	7.00%
2002	185,000	255,323	440,323	6,751,309	6.52%
2003	195,000	244,398	439,398	7,046,325	6.24%

- (1) The City of Wasilla issued its first general obligation debt in Fiscal Year 1998.
- (2) Excludes bond issuance and other costs.
- (3) Includes General, Special Revenue and Debt Service Funds.
- (4) Does not include principal and interest payments on Multi-use Sports Complex General Obligation Bonds which are paid out of the Multi-use Sports Complex Enterprise Fund.

TABLE 12

**CITY OF WASILLA, ALASKA**  
**COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT**  
**GENERAL OBLIGATION BONDS**  
 June 30, 2003

<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	\$ 18,635,000	100.00%	\$ 18,635,000
OVERLAPPING:			
MATANUSKA-SUSITNA BOROUGH	<u>107,805,000</u> (1)	11.48% (2)	<u>12,377,766</u>
TOTAL	<u>\$ 126,440,000</u>		<u>\$ 31,012,766</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>
1994	4,124
1995	4,381
1996	4,635
1997	4,917
1998	5,134
1999	5,213
2000	5,469
2001	5,568
2002	5,817
2003	6,343

(1) The number is based on adjusting the 2000 census number by the average population trend growth rate.



**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>
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)
2002	360,261,400	(a)	(a)
2003	387,961,600	(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>
1993	78
1994	104
1995	140
1996	130
1997	159
1998	144
1999	100
2000	110
2001	109
2002	128

- (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, 2003, and have issued our report thereon dated September 19, 2003. 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 19, 2003

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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, 2003. 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, 2003.

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 19, 2003

**CITY OF WASILLA, ALASKA**

Schedule of Findings and Questioned Costs

Year Ended June 30, 2003

**AUDIT COMPONENT**

**AUDIT RESULT**

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

Financial Statements:

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

- Material weaknesses identified?

\_\_\_yes x no

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

\_\_\_yes x none reported

Noncompliance material to financial statements noted?

\_\_\_ yes x no

Federal Awards:

Internal control over major programs:

- Material weaknesses identified?

\_\_\_yes x no

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

\_\_\_yes x none reported

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

Unqualified

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

\_\_\_yes x no

Major program:

Agency  
Department of Transportation

CFDA Number  
20.106

Program  
Airport Security Improvements  
And Master Plan Study

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, 2003

There were no prior year audit findings.

**CITY OF WASILLA, ALASKA**

Corrective Action Plan

Year Ended June 30, 2003

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, 2003, and have issued our report thereon dated September 19, 2003. 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 19, 2003

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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, 2003. 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, 2003.

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 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 19, 2003