



A L A S K A

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2013



CITY OF WASILLA, ALASKA
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2013
(With Independent Auditors' Report Thereon)

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

CITY OF WASILLA, ALASKA
 Comprehensive Annual Financial Report
 Fiscal Year Ended June 30, 2013

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INTRODUCTORY SECTION



CITY OF WASILLA

290 East Herning Avenue
Wasilla, Alaska 99654-7091
Phone (907) 373-9080 Fax (907) 373-9085

December 23, 2013

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

State of Alaska statutes and local charter provisions require that all general purpose local governments publish a complete set of audited financial statements. This report is published to fulfill those requirements for the fiscal year ended June 30, 2013.

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

KPMG LLP, a firm of licensed certified public accountants, have issued an unmodified (clean) opinion on the City of Wasilla's financial statements for the year ended June 30, 2013. The independent auditors' report is located at the front of the financial section of this report.

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

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

Profile of the Government

The City of Wasilla (the City) is located in the south central part of the state and is approximately 42 miles north of Anchorage. Two beautiful lakes canvas the city limits – Wasilla Lake and Lake Lucile. The lakes were once connected by water flow until construction of the Alaska Railroad line and road development effectively separated the watersheds. The City is a First Class city incorporated in 1974 under Title 29 of the Alaska State Statutes and City code establishes a June 30 fiscal year end. The City currently occupies a land area of approximately 13.43 square miles and serves the resident population of an estimated 8,207 in addition to the estimated 85,594 adjacent Mat-Su Borough residents who patronize the Wasilla businesses. The City is empowered to levy a property tax on both real and personal property located within its boundaries, however at this time the City levies no said tax. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate. The City currently has petitioned the Local Boundary Commission to annex approximately 76.6 acres of land with the unanimous consent of the property owners. Upon final approval, the annexation will extend the western boundary of the City; encompassing largely undeveloped, commercial-zoned property along the Parks Highway and a portion of Jacobson Lake.

The City of Wasilla is operated under a strong mayoral system with six city council members. The mayor and council members are all elected at-large. The mayor is elected to serve a three year term and is responsible

for appointing department directors and managing the day to day governmental activities. The council members are elected to serve three-year, staggered terms, and are responsible for approving ordinances, municipal contracts, budgets, and certain appointments.

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

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

Local Economy

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

The service-oriented economy of the City continues to remain relatively stable but far from the growth during 2003 to 2009 when the City enjoyed an average of 7% increases in sales tax receipts year over year. For that same period the unemployment rate averaged 7.6%, approximately 2.3% higher than the national average. In 2009, the City's unemployment rate peaked to 9.4% in conjunction with the economic recession commencing throughout the country and remained relatively consistent or lesser than the national average until last year. The current local unemployment rate is 7.2% with the national average at 7.3%.

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

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

Long-Term Financial Planning and Major Initiatives

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

The City's Comprehensive Plan (the Plan) which was revised and adopted in FY 2012 also provides a flexible, forward-thinking road map to address important community elements. The Plan focuses on matters of transportation, land use, development of its downtown, use of community assets and economic vitality; to channel our progress into the next decade. It also provides alignment and consistency with other adopted plans of the City; such as, the 'Downtown Area Plan' which was completed in FY2013 and focuses specifically on the development and re-development of the historical downtown district. Adoption of the

Downtown Area Plan by the Wasilla City Council and the Matanuska Susitna Borough Assembly is expected to be completed in FY 2014.

Major initiatives impacting the community include revision of its Main Street to form a one-way couplet. Main Street is a state-owned road so the Alaska Department of Transportation is ultimately responsible for the administration and funding of this project. The City plays a governing role to ensure the community needs are met and was awarded five million dollars (\$5,000,000) in state legislative funding in FY 2012 to assist in the acceleration and enhancement of this project – through right-of-way purchase, design work, etc. This project targets traffic flow but plays an almost equally critical role in defining the community's downtown by re-shaping the core area, providing sidewalks, on-street parking, beautification, lighting, and streetscape design opportunities. In FY 2013, the Federal Highway Administration approved the project's environmental documents declaring it eligible for federal funds. The project will now enter into the design phase.

The City continues to move forward in its initiative to construct a new library. Its current library was built in 1978 and as the third busiest library in the state, no longer meets the needs of the community at large. Milestones reached in FY 2013 included graduation of the City's business plan from the Foraker Group Pre-development Program which validated construction estimates, operating costs, size requirements and a 10% conceptual design. In addition, site selection was completed upon receiving title to approximately four acres of land in the downtown from the Matanuska Susitna Borough for the sole purpose of constructing a new library. In October 2013, subsequent to year end, the Wasilla residents approved a ballot initiative to increase the City sales tax by one percent (1%) beginning January 1, 2014 with the increase being dedicated to funding the construction of the new library. The 1% increase will sunset the earlier of December 31, 2016 or upon reaching the required \$15M for construction through any combination of funding sources. The City intends to continue soliciting monies from the State of Alaska under the Library and Major Expansion Grant Program.

The City largely completed the replacement of an old, wooden dam structure at the western outlet of Lake Lucile. The dam was originally constructed by the Alaska Department of Fish and Game for reasons that no longer fit the agency's mission and the agency would rather have decommissioned the dam. The City waged strongly that decommissioning would enable the waterline to drop to its pre-'60s level posing much concern for the property owners who have built docks and waterfront landscaping based on the modern shoreline. Installation of the new steel dam and rock spillway was essential to sustaining the property values and vitality of one of the City's core neighborhoods. Final completion of this project is expected in FY 2014.

From FY2008 to FY2011, the City's health insurance costs increased approximately \$579,000, a 56% overall increase or a 14% average annual increase. Effective July 1, 2011, the City opted out of a traditional health insurance plan to a partially self-insured program that provides for aggregate and individual stop loss coverage and no significant changes to employee benefits. The insurance expense in FY2013 and FY2012 was approximately \$2,110,000 and \$1,791,000 respectively, or an approximate 17.7% annual increase.

Relevant Financial Policies

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

One, it is the policy of the City to maintain the fund balances and net position of the various City operating funds at levels sufficient to maintain the City's creditworthiness, and to provide financial resources for unforeseeable emergencies. As such, the general fund and the enterprise funds' unrestricted net position (as defined by the policy) must not fall below the prescribed minimum or exceed the prescribed maximum. At the end of FY 2013, the unrestricted net position of the general fund exceeded the calculated maximum by approximately \$3,637,000. This excess balance is reflected as committed and referenced as "excess stabilization of funds" in the governmental fund balance sheet as per policy.

The City provides pension benefits for all eligible employees through the State of Alaska Public Employees Retirement System (PERS). The system consists of three defined benefit (DB) Tiers, and one defined contribution (DC) Tier. This City has no obligations in connection with employee benefits offered through these plans beyond its annual required payments to the plans. The City pays its annual required contribution rates timely. The annual contribution rates have been capped at 22% of covered payroll for both DB and DC plans based on legislative action committing the State of Alaska to cover costs exceeding 22%. The legislature's cap on local government contribution rates brings stability to Wasilla's retirement rates although it is important to note that a future State legislature can eliminate its contributions. The transition from a single-agent, multiple-employer plan, to a cost-sharing plan as of July 1, 2008, provided a single rate for all participating PERS employers, eliminating the previous methodology of assessing each employer its own rate. The City now shares in the pooled liability of the PERS plan. Governmental Accounting Standards Board (GASB) issued Statement No. 68 effective for fiscal years beginning after June 15, 2014 and will require the City to recognize its proportionate share of the cost sharing plan's net pension liability. The City's portion of the liability has not yet been determined.

Awards and Acknowledgements

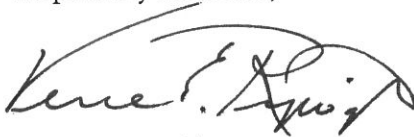
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Wasilla for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2012. This was the seventeenth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

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

The government also received the GFOA's Distinguished Budget Presentation Award for its biennial budget document for the period beginning July 1, 2012. To qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

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

Respectfully submitted,



Verne E. Rupright
Mayor



Troy Tankersley
Finance Director

CITY OF WASILLA, ALASKA

City Officials

Fiscal Year Ended June 30, 2013

Elected Officials

Mayor	Verne E. Rupright
City Council – Seat A	Vacant
City Council – Seat B	A.C. (Buzz) Buswell, III
City Council – Seat C	Leone Harris
City Council – Seat D	Colleen Sullivan-Leonard (Deputy Mayor)
City Council – Seat E	Dianne Woodruff
City Council – Seat F	Brandon Wall

Appointed Officials

Staff

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

Planning Commission

Patrick Brown	Glenda Ledford (Vice Chair)
Daniel Kelly Jr. (Chair)	William Green
Jessica Dean	Jesse Sumner

Parks and Recreation Commission

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

Airport Commission

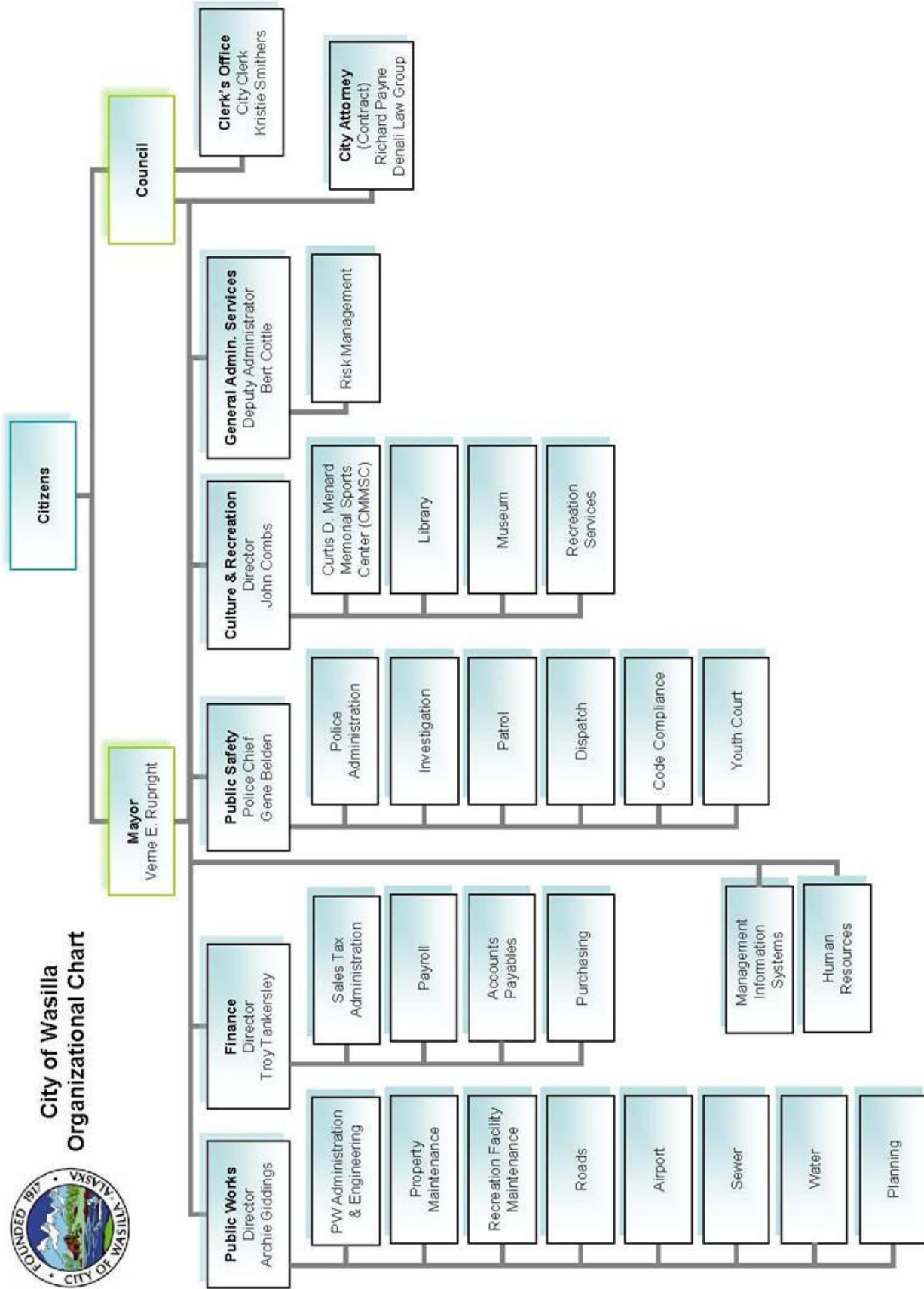
Brian Roberts (Chair)	John Popecki (Vice Chair)
Littleton C. Billingsley, Jr.	Raymond J. Block
William Bruu	Cameron Sharick
Aimee Nishimoto	

Consultants

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



City of Wasilla Organizational Chart





Government Finance Officers Association

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

Presented to

**City of Wasilla
Alaska**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

FINANCIAL SECTION



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

Independent Auditors' Report

Honorable Mayor and City Council
City of Wasilla, Alaska:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Wasilla, Alaska (the City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Wasilla, Alaska, as of June 30, 2013, and the



respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of a Matter

Correction of Material Misstatement

As discussed in note 1(1) to the basic financial statements, the beginning of year capital asset and net investment in capital assets component of net position have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Change in Accounting Principle

As discussed in note 1 to the basic financial statements, in 2013, the City adopted new accounting guidance as contained in Governmental Accounting Standards Board Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis and budgetary comparison information on pages 4–15 and 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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



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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

KPMG LLP

December 23, 2013

CITY OF WASILLA, ALASKA

Management's Discussion and Analysis

June 30, 2013

As management of the City of Wasilla, (the City) we offer readers of these financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2013.

Financial Highlights

- The assets of the City of Wasilla exceeded its liabilities at the close of the most current fiscal year by \$116,241,065 (total net position). Of this amount, \$19,558,000 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of business of the current fiscal year, the City of Wasilla's governmental funds reported combined ending fund balances of \$14,065,678. Of this total, \$7,539,574 is unassigned and available for spending at the government's discretion.
- The City's total outstanding debt decreased by \$564,592 to a year-end balance of \$4,720,104. The City's long-term debt information can be found on pages 41 – 44 of the notes to the basic financial statements.

Overview of the Financial Statements

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

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

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

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

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

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

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

CITY OF WASILLA, ALASKA

Management's Discussion and Analysis

June 30, 2013

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

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

The City of Wasilla maintains 11 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, and the Miscellaneous Capital Project Fund, which are considered to be major funds. The other 9 governmental funds are combined and shown as nonmajor governmental funds on the governmental funds balance sheet and governmental statement of revenues, expenditures, and changes in fund balances. Individual fund information for the 9 nonmajor funds is presented in combining balance sheets for nonmajor governmental funds and combining statement of revenues, expenditures, and changes in fund balances for nonmajor funds, by fund type.

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

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

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sewer, sports center, and airport, all of which are considered to be major funds of the City of Wasilla.

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26 – 49 of this report.

Required supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The City's budgetary comparison schedule for the General Fund can be found on page 50 of this report.

CITY OF WASILLA, ALASKA

Management’s Discussion and Analysis

June 30, 2013

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the City of Wasilla, assets exceeded liabilities by \$116,241,065 at the close of the most recent fiscal year.

The largest portion of the City of Wasilla’s net position (83%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment) less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated to satisfy these liabilities.

City of Wasilla’s Net Position

June 30, 2013 and 2012

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total government-wide</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012 (as restated)</u>	<u>2013</u>	<u>2012 (as restated)</u>
Current and other assets	\$ 15,549,332	13,647,986	7,488,160	6,310,735	23,037,492	19,958,721
Capital assets, net of depreciation	30,673,057	30,419,311	71,710,564	64,346,878	102,383,621	94,766,189
Total assets	<u>\$ 46,222,389</u>	<u>44,067,297</u>	<u>79,198,724</u>	<u>70,657,613</u>	<u>125,421,113</u>	<u>114,724,910</u>
Total deferred outflows of resources	\$ 51,006	59,506	—	—	51,006	59,506
Long-term liabilities	\$ 2,848,611	3,085,372	2,441,306	2,718,763	5,289,917	5,804,135
Other liabilities	2,796,875	1,275,527	1,144,262	937,661	3,941,137	2,213,188
Total liabilities	<u>\$ 5,645,486</u>	<u>4,360,899</u>	<u>3,585,568</u>	<u>3,656,424</u>	<u>9,231,054</u>	<u>8,017,323</u>
Net position:						
Net investment in capital assets	27,146,916	27,866,382	69,269,258	68,715,514	96,416,174	96,581,896
Restricted for cemetery endowment	253,745	235,672	—	—	253,745	235,672
Restricted for federal and state drug enforcement	13,146	13,146	—	—	13,146	13,146
Unrestricted	<u>13,214,102</u>	<u>11,627,002</u>	<u>6,343,898</u>	<u>5,326,572</u>	<u>19,558,000</u>	<u>16,953,574</u>
Total net position	<u>\$ 40,627,909</u>	<u>39,742,202</u>	<u>75,613,156</u>	<u>74,042,086</u>	<u>116,241,065</u>	<u>113,784,288</u>

The remaining balance of unrestricted net position of \$19,558,000 may be used to meet the government’s ongoing obligations to citizens and creditors.

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

CITY OF WASILLA, ALASKA

Management's Discussion and Analysis

June 30, 2013

The government's net position increased by \$2,456,777 during the current fiscal year. The increase largely consists of increased sales tax, fees, and fines along with capital grant contributions, and donated water and sewer main line extensions from developers.

Governmental Activities. During fiscal year 2013, the City of Wasilla's net position increased by \$885,707 for governmental activities. Highlights of governmental activities net position changes are as follows:

- Increase in State of Alaska PERS Legislative funding of \$167,000 over the prior year.
- Capital grants and contributions received in the amount of \$1,034,593 primarily for road construction and replacement of the Lake Lucille Dam.
- Sales tax revenue increase of \$437,943 over prior year.
- Offsetting the revenue increases was a \$753,834 increase to expenses over the prior year.
- Increase in transfers to other funds over prior year by \$197,215.

City of Wasilla's Changes in Net Position

Years ended June 30, 2013 and 2012

	Governmental activities		Business-type activities		Total activities	
	2013	2012	2013	2012 (as restated)	2013	2012 (as restated)
Revenues:						
Program revenues:						
Fees, fines, and charges for services	\$ 2,028,218	2,029,832	3,567,597	3,363,979	5,595,815	5,393,811
Operating grants and contributions	731,335	691,402	160,748	395,857	892,083	1,087,259
Capital grants and contributions	1,034,593	1,779,393	2,641,162	2,254,264	3,675,755	4,033,657
General revenues:						
Sales taxes	12,346,152	11,911,716	—	—	12,346,152	11,911,716
Property and vehicle taxes	120,969	117,462	—	—	120,969	117,462
Grants and entitlements not restricted to a specific purpose	1,798,256	1,564,089	—	—	1,798,256	1,564,089
Investment income	85,725	67,015	6,542	4,574	92,267	71,589
Other	35,261	81,304	25,466	36,396	60,727	117,700
Total revenues	18,180,509	18,242,213	6,401,515	6,055,070	24,582,024	24,297,283
Expenses:						
General government	3,215,470	2,994,569	—	—	3,215,470	2,994,569
Public safety	7,108,991	6,920,691	—	—	7,108,991	6,920,691
Public works	4,029,730	3,852,249	—	—	4,029,730	3,852,249
Culture and recreation	2,086,325	1,907,136	—	—	2,086,325	1,907,136

CITY OF WASILLA, ALASKA
Management's Discussion and Analysis
June 30, 2013

City of Wasilla's Changes in Net Position

Years ended June 30, 2013 and 2012

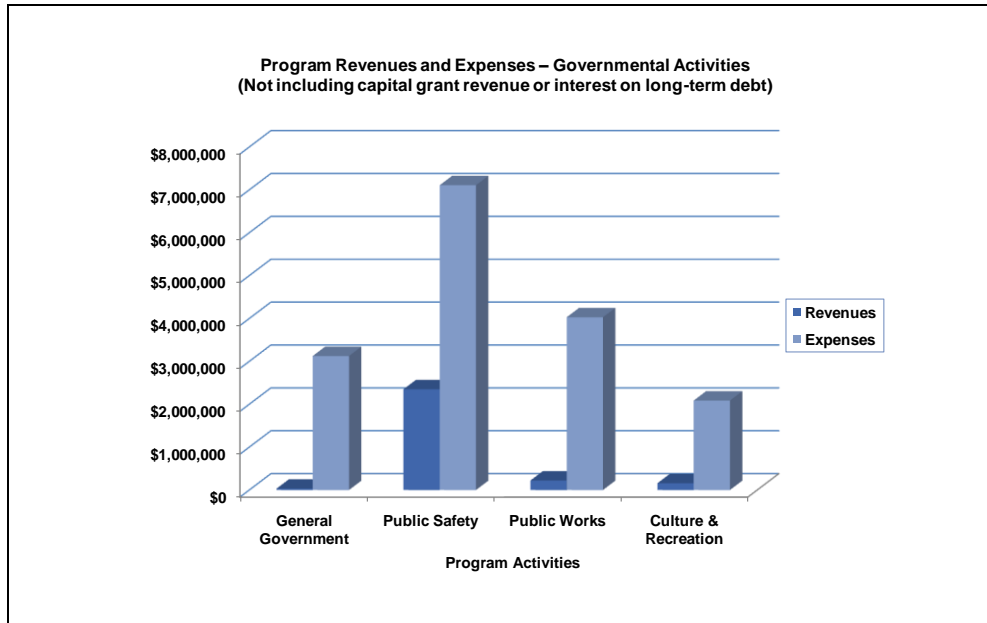
	Governmental activities		Business-type activities		Total activities	
	2013	2012	2013	2012 <i>(as restated)</i>	2013	2012 <i>(as restated)</i>
Interest on long-term debt	\$ 113,071	125,108	—	—	113,071	125,108
Water utility	—	—	1,522,151	1,514,774	1,522,151	1,514,774
Sewer utility	—	—	1,490,873	1,473,249	1,490,873	1,473,249
Municipal airport	—	—	833,245	1,647,280	833,245	1,647,280
Curtis D. Menard Memorial Sports Center	—	—	1,725,391	1,584,802	1,725,391	1,584,802
Total expenses	<u>16,553,587</u>	<u>15,799,753</u>	<u>5,571,660</u>	<u>6,220,105</u>	<u>22,125,247</u>	<u>22,019,858</u>
Increase in net position before transfers	1,626,922	2,442,460	829,855	(165,035)	2,456,777	2,277,425
Transfers	<u>(741,215)</u>	<u>(544,000)</u>	<u>741,215</u>	<u>544,000</u>	<u>—</u>	<u>—</u>
Increase in net position	885,707	1,898,460	1,571,070	378,965	2,456,777	2,277,425
Net position – beginning	<u>39,742,202</u>	<u>37,843,742</u>	<u>74,042,086</u>	<u>73,663,121</u>	<u>113,784,288</u>	<u>111,506,863</u>
Net position – ending	<u>\$ 40,627,909</u>	<u>39,742,202</u>	<u>75,613,156</u>	<u>74,042,086</u>	<u>116,241,065</u>	<u>113,784,288</u>

CITY OF WASILLA, ALASKA

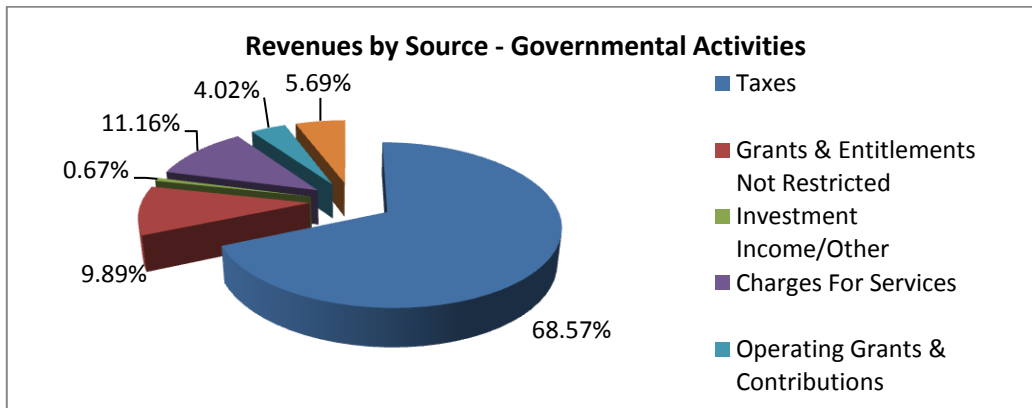
Management's Discussion and Analysis

June 30, 2013

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



The following graph shows the percentages of all revenue sources for governmental activities. Taxes are the largest revenue source for the City of Wasilla, followed in order by fees, fines, and charges for services, capital grants and contributions, nonrestricted grants and entitlements, operating grants and contributions, and investment income and other. Tax revenue for governmental activities increased from 2012 to 2013 by \$437,943, or 3.7%. This growth may be the result of a stabilizing national and local economy, increased cost of taxable goods and services, and the opening of businesses offering a new service to the community. Expenses for governmental activities increased by \$753,834, or 4.8%, from prior fiscal year.



CITY OF WASILLA, ALASKA

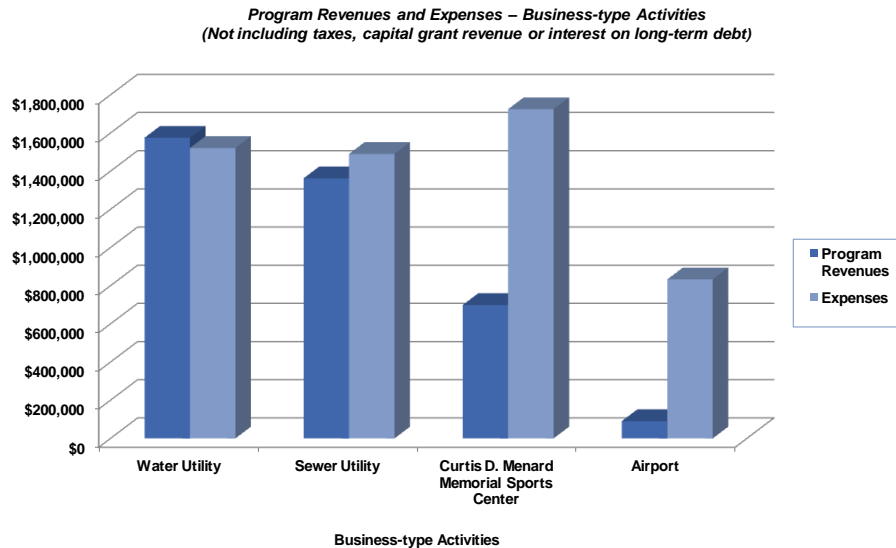
Management's Discussion and Analysis

June 30, 2013

Business-type activities. Business-type activities increased the City of Wasilla's net position by \$1,571,070. The increase in the water, sewer and airport funds of \$681,689, \$113,792, and \$1,180,029, respectively, was offset by losses in the sports center fund of \$404,440. The increase in the water and sewer funds are largely due to contributed capital consisting of both water and sewer main extensions donated by developers and vehicles transferred from the vehicle replacement fund. The increase from the airport fund is entirely due to continued capital grant contributions for infrastructure offset by operating losses due largely to depreciation. The sports center fund's decrease to net position is due to insufficient user fees and charges to cover its operating costs.

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

This is the second year in at least the last ten years, that the water fund reported program revenue in excess of expenses. This is attributed primarily to the annual, five-year rate increase that was approved and made effective in FY 2010. While the sewer fund was also included in the rate increase, this fund has a smaller customer base to the ratio of infrastructure to maintain resulting in continued operating losses. The airport fund continues to fall short primarily due to the depreciation expense on infrastructure obtained through capital grants. The shortfall in revenue to expense for the Curtis D. Menard Memorial Sports Center includes depreciation, high minimum operating costs, and low user fees.

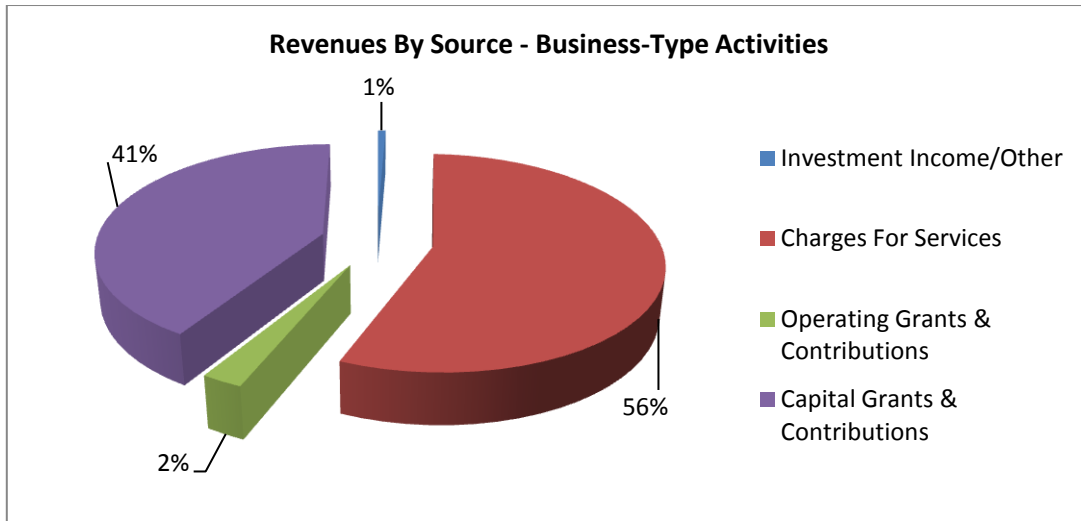


CITY OF WASILLA, ALASKA

Management's Discussion and Analysis

June 30, 2013

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



Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City of Wasilla's governmental funds reported combined ending fund balances of \$14,065,678, an increase of \$1,711,139 in comparison with the prior year. The City's total fund balance is made up of the following components:

The first component is nonspendable, which indicates it is not in spendable form, or is legally or contractually required to remain intact. The nonspendable portion is 2.5% (\$355,846) of the total fund balance. The restricted classification includes amounts for which constraints have been placed by external parties (creditors, grantors, etc.) or enabling legislation. Restricted fund balance is 0.1% (\$13,146) of total fund balance. The committed classification can only be used for specific purposes by formal action of the City Council. The committed portion is 25.9% (\$3,636,891) of the total fund balance. The next component is assigned fund balance that includes amounts that are intended to be used for a specific purpose and have been expressly assigned by the person with designated authority. The assigned portion is 17.9% (\$2,520,221) of the total fund balance. Unassigned fund balance is the residual fund balance available for use for any purpose. The unassigned fund balance portion is 53.6% (\$7,539,574) of the total fund balance.

CITY OF WASILLA, ALASKA

Management's Discussion and Analysis

June 30, 2013

The General Fund is the chief operating fund of the City of Wasilla. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$7,539,574 while total fund balance was \$11,948,562. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 55% of total General Fund expenditures, while total fund balance represents 87% of that same amount.

Fund balance of the City of Wasilla's General Fund increased by \$1,539,020 and \$1,722,388 during the current and prior fiscal year, respectively. In the current year, revenues increased by \$662,537 or 4.1% over prior year but were offset by an increase to expenditures of \$298,757 or 2.3% over prior year. Additional impact to the fund resulted from an increase in transfers out of \$489,483.

The Miscellaneous Capital Project Fund has a total fund balance of \$694,063. This total amount is designated for future capital project construction expenditures. Fund balance increased by \$103,806 over the prior year, which resulted from intergovernmental grant revenue of \$424,804 and transfers in of \$447,000; transfers in have been a significant source of the fund's inflows in prior years. Offsetting the revenues were expenditures of \$767,998 for various capital acquisitions.

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

The water utility's unrestricted net position is \$2,766,728. Unrestricted net position has increased by \$572,266 in comparison with the prior year. Approximately \$477,000 relates to contributed revenue from private developers for water main extensions donated to the City. Additionally, user fees and meter sales increased \$61,312 over prior year. This increase was derived largely from a multi-year utility rate increase approved and implemented in FY 2010 to facilitate the demand of ongoing repairs and maintenance and need to build a reserve for additional capital requirements. Consumer rates increased 7.5% during the current years as part of the multi-year plan.

The sewer utility's unrestricted net position is \$2,170,084. Unrestricted net position increased by \$309,420 over prior year resulting primarily from contributed capital of \$251,315. Contributed capital consisted of state grants, equipment transferred from the vehicle fund and sewer main extensions donated to the City from private developers. Sewer rates also increased 7.5% during the current year as part of the multi-year plan approved in FY 2010; largely attributing to the \$72,923 increase in sales and user charges for the fund.

The Airport Fund's unrestricted net position is \$303,938, an increase of \$101,351 from prior year. The increase is attributed to the \$175,000 transfer in to offset its operating loss. The airport operations continue to generate losses even before depreciation. The City of Wasilla receives significant federal and state grant funding annually to construct infrastructure necessary to allow for commercial use and development in the future. As such, the City will continue to offset operating losses with transfers from the General Fund in an effort to support development of the airport and the economic opportunities it may bring to the community in the future.

The Curtis D. Menard Memorial Sports Center's unrestricted net position is \$1,093,148, an increase of \$34,289 over prior year. The sports center continues to generate operating losses before depreciation and operations are supported by routine transfers from the General Fund. In the current year, the transfers in were \$607,215. The City will continue to offset operating losses with transfers from the General Fund in an effort to support development of the sports center, the service it provides to the community, and the economic opportunities it may bring to the community in the future.

CITY OF WASILLA, ALASKA

Management's Discussion and Analysis

June 30, 2013

General Fund Budgetary Highlights

The difference between the original and final amended budget was a decrease to fund balance of \$330,719. The major of this difference relates to increase insurance rates for health, workers compensation and other general policies for which notification was received after the budgeting process.

The difference in fund balance between the final amended budget and the actual results is a positive variance of \$2,065,282. The major components of the difference are as follows:

- A positive variance in revenues attributed primarily to increased sales tax of approximately \$677,623 and State of Alaska PERS Relief of approximately \$831,051 in excess of the budget.
- A favorable variance in expenditures of \$558,644 primarily generated from lower than expected staffing in dispatch and a lower than expected use of professional services and purchased services throughout general government.

Capital Asset and Debt Administration

Capital assets. The City of Wasilla's investment in capital assets for its governmental and business-type activities as of June 30, 2013 amounts to \$102,383,621(net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery, equipment, and construction in progress.

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

- Beginning in fiscal year 2001, GASB 33, *Accounting and Financial Reporting for Nonexchange Transactions*, required the City to record the contributions by developers of contributed water and sewer extension lines. Prior to 2013, the City had not recognized these contributions in its financial statements. The City restated the opening balances for 2013 by recording an increase in capital assets and net investment in capital assets of \$5,179,683 and \$1,861,215 for the water and sewer utility lines, respectively. Additionally, the City recorded donated water and sewer lines in the current year of \$477,603 and \$108,145, respectively.
- Completion of Municipal Airport Apron D which will provide additional tie-down lots.
- Land contribution of approximately four acres from the Matanuska-Susitna Borough restricted for use of a new library.
- Paving of E. Susitna Avenue and the Wasilla Townsite parking lot.
- Purchase of four vehicles, a motorcycle, and a K-9 unit for public safety.
- Equipment purchases including a broom sweeper, fuel tank, vehicle, and sign board for public works.

CITY OF WASILLA, ALASKA
Management's Discussion and Analysis
June 30, 2013

City of Wasilla's Capital Assets
June 30, 2013 and 2012
(Net of depreciation)

	Governmental activities		Business-type activities		Total activities	
	2013	2012	2013	2012	2013	2012
				<i>(as restated)</i>		<i>(as restated)</i>
Land	\$ 7,702,824	6,385,624	4,048,970	4,048,970	11,751,794	10,434,594
Buildings	5,809,073	5,990,548	14,557,022	15,002,465	20,366,095	20,993,013
Land improvements	—	—	9,683,292	7,959,292	9,683,292	7,959,292
Infrastructure	13,895,623	14,687,781	38,382,565	38,856,187	52,278,188	53,543,968
Furniture and equipment	636,702	977,240	—	—	636,702	977,240
Vehicles and equipment	1,778,228	1,968,179	2,758,409	2,778,979	4,536,637	4,747,158
Construction in progress	850,607	409,939	2,280,306	2,741,882	3,130,913	3,151,821
Total capital assets	<u>\$ 30,673,057</u>	<u>30,419,311</u>	<u>71,710,564</u>	<u>71,387,775</u>	<u>102,383,621</u>	<u>101,807,086</u>

Additional information on the City of Wasilla's capital assets can be found in note 3 on pages 38 – 40 of this report.

Long-term debt. At the end of the current fiscal year, the City of Wasilla had total long-term debt outstanding of \$4,720,104. Of this amount, \$2,278,798 comprises debt backed by the full faith and credit of the government. The remainder of the City of Wasilla's debt represents bonds and loans secured solely by specified revenue sources (i.e., special assessments levied against properties specifically benefited) in the amount of \$2,441,306.

City of Wasilla's Outstanding Debt
General Obligation Bonds and Loans
June 30, 2013 and 2012

	Governmental activities		Business-type activities		Total activities	
	2013	2012	2013	2012	2013	2012
General obligation	\$ 2,278,798	2,601,931	—	—	2,278,798	2,601,931
Long-term loans and capital leases	—	10,504	2,441,306	2,672,261	2,441,306	2,682,765
Total long-term debt	<u>\$ 2,278,798</u>	<u>2,612,435</u>	<u>2,441,306</u>	<u>2,672,261</u>	<u>4,720,104</u>	<u>5,284,696</u>

The City of Wasilla's total debt decreased by \$564,592, or 10.7%, during the current fiscal year. The decrease is attributed to the City meeting its required debt payments and not issuing new debt.

State statutes do not impose debt limits on the City of Wasilla; however, its Municipal Code 5.02.040 requires that annual general obligation debt service not exceed twenty percent (20%) of annual general fund revenue. Additional information on the City's long-term debt can be found on pages 41 – 44 of this report.

CITY OF WASILLA, ALASKA
Management's Discussion and Analysis
June 30, 2013

Economic Factors and Next Year's Budgets and Rates

In setting the budgets for fiscal year 2014, the City considered a number of issues with citywide impact. Among them are the following:

- In FY 2013, actual sales tax revenues were approximately 5.8% over budgeted sales tax revenues. In FY 2014, sales tax revenues are projected to increase 3.52% over FY 2013 budgeted sales tax revenues.
- User fees and charges in the business-type activities will increase due to the City's planned sewer and water rate increase of 7.5% during FY 2014. This is the fourth year increase of a five-year rate plan approved and made effective in FY 2010. The increase will continue to assist in strengthening the health of the fund with a goal to increase fund balance for necessary future capital replacements. Additionally, the City engaged a professional services firm in the prior year to review the current rate structure to ensure that equitable and adequate utility rates are in place. The review is still in progress.
- The City of Wasilla will continue to implement programs to keep local government small, efficient, and accountable to the citizens of Wasilla.
- The City of Wasilla will continue to invest in needed infrastructure as funding is available. The budgeted transfers to the capital project fund in FY 2014 is \$1,145,384.

With the above considerations, the fiscal year 2014 budget included setting the City of Wasilla's property tax at an approved rate of 0.0 mills and maintaining a sales tax rate at 2.0%.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

CITY OF WASILLA, ALASKA

Statement of Net Position

June 30, 2013

Assets and Deferred Outflows of Resources	Governmental activities	Business-type activities	Total
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and investments	\$ 13,520,161	6,098,827	19,618,988
Receivables, net of allowance for uncollectible amounts:			
Accounts, net	36,302	435,401	471,703
Sales and property taxes	1,221,593	—	1,221,593
Grants	378,518	812,793	1,191,311
Shared revenues	290,215	—	290,215
Special assessments	442	43,823	44,265
Prepaid items	102,101	20,903	123,004
Inventories	—	76,413	76,413
Capital assets:			
Not being depreciated	8,553,431	6,329,276	14,882,707
Being depreciated	22,119,626	65,381,288	87,500,914
Total assets	<u>46,222,389</u>	<u>79,198,724</u>	<u>125,421,113</u>
Deferred outflows of resources:			
Deferred charge on refunding of debt	51,006	—	51,006
Total assets and deferred outflows of resources	<u>\$ 46,273,395</u>	<u>79,198,724</u>	<u>125,472,119</u>
Liabilities and Net Position			
Liabilities:			
Accounts payable	\$ 322,030	676,186	998,216
Accrued payroll and employee benefits	469,069	211,823	680,892
Customer deposits	13,306	45,782	59,088
Health claims payable	488,431	—	488,431
Unearned revenue	1,489,167	195,599	1,684,766
Accrued interest	14,872	14,872	29,744
Noncurrent liabilities:			
Due within one year	902,946	230,674	1,133,620
Due in more than one year	1,945,665	2,210,632	4,156,297
Total liabilities	<u>5,645,486</u>	<u>3,585,568</u>	<u>9,231,054</u>
Net position:			
Net investment in capital assets	27,146,916	69,269,258	96,416,174
Restricted for:			
Cemetery endowment, nonspendable	253,745	—	253,745
Federal and state drug enforcement	13,146	—	13,146
Unrestricted	13,214,102	6,343,898	19,558,000
Total net position	<u>40,627,909</u>	<u>75,613,156</u>	<u>116,241,065</u>
Total liabilities and net position	<u>\$ 46,273,395</u>	<u>79,198,724</u>	<u>125,472,119</u>

See accompanying notes to basic financial statements.

CITY OF WASILLA, ALASKA

Statement of Activities

Year ended June 30, 2013

Functions	Expenses	Program revenues			Net (expense) revenue and changes in net position		
		Fees, fines and charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	Total
Governmental activities:							
General government	\$ 3,215,470	31,055	—	—	(3,184,415)	—	(3,184,415)
Public safety	7,108,991	1,710,651	638,619	67,346	(4,692,375)	—	(4,692,375)
Public works	3,884,911	221,723	—	967,247	(2,695,941)	—	(2,695,941)
Culture and recreation	2,086,325	64,789	92,716	—	(1,928,820)	—	(1,928,820)
Interest	113,071	—	—	—	(113,071)	—	(113,071)
Total governmental activities	16,408,768	2,028,218	731,335	1,034,593	(12,614,622)	—	(12,614,622)
Business-type activities:							
Water Utility	1,522,151	1,537,994	37,485	594,252	—	647,580	647,580
Sewer Utility	1,490,873	1,308,737	54,136	139,359	—	11,359	11,359
Municipal Airport	833,245	69,522	21,187	1,748,065	—	1,005,529	1,005,529
Sports Center	1,725,391	651,344	47,940	14,667	—	(1,011,440)	(1,011,440)
Total business-type activities	5,571,660	3,567,597	160,748	2,496,343	—	653,028	653,028
Totals	\$ 21,980,428	5,595,815	892,083	3,530,936	(12,614,622)	653,028	(11,961,594)
General revenues:							
Sales taxes					\$ 12,346,152	—	12,346,152
Property and vehicle taxes					120,969	—	120,969
Grants and entitlements not restricted to a specific purpose					1,798,256	—	1,798,256
Investment income					85,725	6,542	92,267
Other					35,261	25,466	60,727
Transfers					(886,034)	886,034	—
Total general revenues and transfers					13,500,329	918,042	14,418,371
Change in net position					885,707	1,571,070	2,456,777
Net position at beginning of year, <i>as restated</i> (see note 1(l))					39,742,202	74,042,086	113,784,288
Net position at end of year					\$ 40,627,909	75,613,156	116,241,065

See accompanying notes to basic financial statements.

CITY OF WASILLA, ALASKA

Governmental Funds

Balance Sheet

June 30, 2013

Assets	General	Miscellaneous capital project	Other governmental funds	Total governmental funds
Cash and investments	\$ 11,439,745	684,008	1,396,408	13,520,161
Receivables, net of allowance for uncollectible amounts:				
Accounts	29,177	7,125	—	36,302
Sales and property taxes	1,221,593	—	—	1,221,593
Grants	38,554	100,755	239,209	378,518
Shared revenues	290,215	—	—	290,215
Special assessments	442	—	—	442
Prepaid items	96,268	5,819	14	102,101
Total assets	\$ 13,115,994	797,707	1,635,631	15,549,332
 Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 185,078	43,644	93,308	322,030
Accrued payroll and employee benefits	459,985	—	9,084	469,069
Customer deposits	13,306	—	—	13,306
Health claims payable	488,431	—	—	488,431
Unearned revenue	20,632	60,000	110,186	190,818
Total liabilities	1,167,432	103,644	212,578	1,483,654
Fund balances:				
Nonspendable:				
Prepaid items	96,268	5,819	14	102,101
Cemetery endowment	—	—	253,745	253,745
Restricted for:				
Federal and state drug enforcement	—	—	13,146	13,146
Committed for:				
Economic stabilization	3,636,891	—	—	3,636,891
Assigned for:				
Land bank	62,000	—	—	62,000
Capital improvements	—	688,244	—	688,244
Compensated absences	569,813	—	—	569,813
Youth court	—	—	93,560	93,560
Vehicle replacement	—	—	407,583	407,583
Right-of-way acquisition	—	—	105,652	105,652
Road improvements	—	—	125,327	125,327
Technology replacement	—	—	424,026	424,026
Other purposes	44,016	—	—	44,016
Unassigned	7,539,574	—	—	7,539,574
Total fund balances	11,948,562	694,063	1,423,053	14,065,678
Total liabilities and fund balances	\$ 13,115,994	797,707	1,635,631	15,549,332

See accompanying notes to basic financial statements.

CITY OF WASILLA, ALASKA

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

June 30, 2013

Amount reported as fund balance on the governmental funds balance sheet	\$ 14,065,678
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	30,673,057
Deferred amounts related to losses on refundings reported in governmental activities are not financial resources; therefore, are not reported in the funds:	
Deferred loss on refunding of debt	51,006
Unearned amounts related to donated capital assets where eligibility requirements have not been met are liabilities in the governmental activities, but are not financial resources and, therefore, are not reported in the funds	(1,298,349)
Long-term obligations, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
General obligation bonds payable	(2,200,000)
Issuance premiums	(78,798)
Compensated absences	(569,813)
Accrued interest on bonds	(14,872)
	<u>(2,863,483)</u>
Net position of governmental activities	<u>\$ 40,627,909</u>

See accompanying notes to basic financial statements.

CITY OF WASILLA, ALASKA

Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances

Year ended June 30, 2013

	<u>General</u>	<u>Miscellaneous capital project</u>	<u>Other governmental funds</u>	<u>Total governmental funds</u>
Revenues:				
Taxes	\$ 12,467,121	—	—	12,467,121
Licenses and permits	31,345	—	—	31,345
Fines, forfeitures, and penalties	233,424	—	4,450	237,874
Intergovernmental	2,307,939	424,804	824,168	3,556,911
Charges for services	1,744,199	—	—	1,744,199
Investment income	85,725	—	—	85,725
Lot sales	—	—	14,800	14,800
Other	81,554	—	5,135	86,689
	<u>16,951,307</u>	<u>424,804</u>	<u>848,553</u>	<u>18,224,664</u>
Total revenues				
Expenditures:				
Current:				
General government	2,815,187	—	—	2,815,187
Public safety	6,292,968	—	173,429	6,466,397
Public works	2,148,487	—	59,517	2,208,004
Culture and recreation	1,917,983	—	—	1,917,983
Nondepartmental	139,725	—	—	139,725
Debt service:				
Principal	310,000	—	10,505	320,505
Interest	112,744	—	—	112,744
Capital outlay	—	767,998	1,037,062	1,805,060
	<u>13,737,094</u>	<u>767,998</u>	<u>1,280,513</u>	<u>15,785,605</u>
Total expenditures				
Excess of revenues over (under) expenditures	<u>3,214,213</u>	<u>(343,194)</u>	<u>(431,960)</u>	<u>2,439,059</u>
Other financing sources (uses):				
Proceeds from the sale of assets	13,295	—	—	13,295
Transfers in	—	447,000	500,273	947,273
Transfers out	<u>(1,688,488)</u>	<u>—</u>	<u>—</u>	<u>(1,688,488)</u>
Net other financing sources (uses)	<u>(1,675,193)</u>	<u>447,000</u>	<u>500,273</u>	<u>(727,920)</u>
Net change in fund balances	1,539,020	103,806	68,313	1,711,139
Beginning fund balances	<u>10,409,542</u>	<u>590,257</u>	<u>1,354,740</u>	<u>12,354,539</u>
Ending fund balances	\$ <u><u>11,948,562</u></u>	<u><u>694,063</u></u>	<u><u>1,423,053</u></u>	<u><u>14,065,678</u></u>

See accompanying notes to basic financial statements.

CITY OF WASILLA, ALASKA

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

Year ended June 30, 2013

Net change in fund balance – total governmental funds	\$	1,711,139
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:		
Capital outlay		1,069,701
Transfers of capital assets to business-type activities		(144,819)
Depreciation expense		(1,916,166)
		(991,284)
In the statement of activities, only the gain or loss on the disposal of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of assets sold		
		(53,320)
Revenues and transfers in the statement of activities that do not provide current financial resources and are deferred in the funds:		
Special assessments		(4,130)
The effect of the increase in the noncurrent accrued interest is to decrease net position		
		(4,959)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effects of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Principal payments on general obligation debt and capital leases		320,504
Some expenses and transfers reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Increase in compensated absences		(96,876)
Amortization of deferred amounts		4,633
		(92,243)
Change in net position of governmental activities	\$	885,707

See accompanying notes to basic financial statements.

CITY OF WASILLA, ALASKA

Proprietary Funds

Statement of Net Position

June 30, 2013

Assets	Water Utility	Sewer Utility	Municipal Airport	Curtis D. Menard Memorial Sports Center	Total enterprise funds
Current assets:					
Cash and investments	\$ 2,607,589	2,120,375	162,879	1,207,984	6,098,827
Receivables:					
Accounts	294,941	141,802	1,219	32,833	470,795
Allowance for doubtful accounts	(20,077)	(15,317)	—	—	(35,394)
Special assessments	34,250	9,573	—	—	43,823
Grants	95,790	—	711,336	5,667	812,793
Prepaid items	4,252	4,266	1,183	1,226	10,927
Inventories	40,056	36,357	—	—	76,413
Total current assets	<u>3,056,801</u>	<u>2,297,056</u>	<u>876,617</u>	<u>1,247,710</u>	<u>7,478,184</u>
Noncurrent assets:					
Prepaid item	9,976	—	—	—	9,976
Capital assets, net	26,840,544	14,510,532	14,611,408	15,748,080	71,710,564
Total noncurrent assets	<u>26,850,520</u>	<u>14,510,532</u>	<u>14,611,408</u>	<u>15,748,080</u>	<u>71,720,540</u>
Total assets	<u>\$ 29,907,321</u>	<u>16,807,588</u>	<u>15,488,025</u>	<u>16,995,790</u>	<u>79,198,724</u>
Liabilities and Net Position					
Liabilities:					
Current liabilities:					
Accounts payable	\$ 64,335	20,853	552,002	38,996	676,186
Accrued payroll and employee benefits	24,441	30,324	1,674	33,985	90,424
Accrued annual and sick leave	25,435	68,347	8,786	18,831	121,399
Customer deposits	37,259	5,773	—	2,750	45,782
Accrued interest	13,197	1,675	—	—	14,872
Unearned revenue	125,382	—	10,217	60,000	195,599
Current portion of bond and loans	213,429	17,245	—	—	230,674
Total current liabilities	<u>503,478</u>	<u>144,217</u>	<u>572,679</u>	<u>154,562</u>	<u>1,374,936</u>
Long-term debt, net of current portion	2,053,233	157,399	—	—	2,210,632
Total liabilities	<u>2,556,711</u>	<u>301,616</u>	<u>572,679</u>	<u>154,562</u>	<u>3,585,568</u>
Net position:					
Net investment in capital assets	24,573,882	14,335,888	14,611,408	15,748,080	69,269,258
Unrestricted	2,776,728	2,170,084	303,938	1,093,148	6,343,898
Total net position	<u>27,350,610</u>	<u>16,505,972</u>	<u>14,915,346</u>	<u>16,841,228</u>	<u>75,613,156</u>
Total liabilities and net position	<u>\$ 29,907,321</u>	<u>16,807,588</u>	<u>15,488,025</u>	<u>16,995,790</u>	<u>79,198,724</u>

See accompanying notes to basic financial statements.

CITY OF WASILLA, ALASKA
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Position
Year ended June 30, 2013

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Municipal Airport</u>	<u>Curtis D. Menard Memorial Sports Center</u>	<u>Total enterprise funds</u>
Operating revenues – charges for services	\$ 1,537,994	1,308,737	69,522	651,344	3,567,597
Operating expenses:					
Salaries and benefits	492,060	676,863	45,470	735,608	1,950,001
Other operating expenses	264,097	347,401	99,414	495,699	1,206,611
Depreciation	731,376	464,069	670,628	494,084	2,360,157
Total operating expenses	<u>1,487,533</u>	<u>1,488,333</u>	<u>815,512</u>	<u>1,725,391</u>	<u>5,516,769</u>
Operating income (loss)	<u>50,461</u>	<u>(179,596)</u>	<u>(745,990)</u>	<u>(1,074,047)</u>	<u>(1,949,172)</u>
Nonoperating revenues (expenses):					
Payments in lieu of assessments	12,377	6,268	—	—	18,645
Interest	(34,618)	(2,540)	—	—	(37,158)
Other	60	94	5	2,837	2,996
Investment income	—	—	—	6,542	6,542
Debt service assessment income	3,369	709	—	—	4,078
State PERS relief	37,425	54,042	3,892	47,846	143,205
Plans and studies	—	—	(17,733)	—	(17,733)
Nonoperating grants	—	—	17,290	—	17,290
Total nonoperating revenue, net	<u>18,613</u>	<u>58,573</u>	<u>3,454</u>	<u>57,225</u>	<u>137,865</u>
Income (loss) before transfers and capital contributions	69,074	(121,023)	(742,536)	(1,016,822)	(1,811,307)
Transfers in	—	—	175,000	607,215	782,215
Transfers out	(14,500)	(16,500)	(500)	(9,500)	(41,000)
Capital contributions	627,115	251,315	1,748,065	14,667	2,641,162
Change in net position	681,689	113,792	1,180,029	(404,440)	1,571,070
Beginning, net position, <i>as restated</i> (see note 1(l))	26,668,921	16,392,180	13,735,317	17,245,668	74,042,086
Ending, net position	<u>\$ 27,350,610</u>	<u>16,505,972</u>	<u>14,915,346</u>	<u>16,841,228</u>	<u>75,613,156</u>

See accompanying notes to basic financial statements.

CITY OF WASILLA, ALASKA

Proprietary Funds

Statement of Cash Flows

Year ended June 30, 2013

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Municipal Airport</u>	<u>Curtis D. Menard Memorial Sports Center</u>	<u>Total enterprise funds</u>
Cash flows from operating activities:					
Cash received from customers and users	\$ 1,530,692	1,289,461	70,068	636,882	3,527,103
Cash payments to suppliers for goods and services	(236,938)	(364,138)	(99,438)	(467,243)	(1,167,757)
Cash payments to employees for services	(444,489)	(619,075)	(41,951)	(686,342)	(1,791,857)
Net cash provided by (used for) operating activities	<u>849,265</u>	<u>306,248</u>	<u>(71,321)</u>	<u>(516,703)</u>	<u>567,489</u>
Cash flows from noncapital financing activities:					
Transfers in from other funds	—	—	175,000	607,215	782,215
Transfers out to other funds	(14,500)	(16,500)	(500)	(9,500)	(41,000)
Nonoperating funding received	—	—	17,290	2,837	20,127
Other nonoperating payments	60	94	(17,728)	—	(17,574)
Net cash provided by (used for) noncapital financing activities	<u>(14,440)</u>	<u>(16,406)</u>	<u>174,062</u>	<u>600,552</u>	<u>743,768</u>
Cash flows from capital and related financing activities:					
Principal paid on long-term debt	(213,683)	(17,272)	—	—	(230,955)
Interest paid on long-term debt	(37,205)	(2,879)	—	—	(40,084)
Special assessments received	19,579	2,171	—	—	21,750
Payments in lieu of assessments received	12,779	6,502	—	—	19,281
Acquisition and construction of capital assets	(116,650)	(31,066)	(1,715,617)	(55,355)	(1,918,688)
Capital contributions received	20,859	31,213	1,822,257	9,321	1,883,650
Increase in due to other funds	—	—	(46,502)	—	(46,502)
Net cash provided by (used for) capital and related financing activities	<u>(314,321)</u>	<u>(11,331)</u>	<u>60,138</u>	<u>(46,034)</u>	<u>(311,548)</u>
Cash flows from investing activities – investment income received					
	—	—	—	6,542	6,542
Net increase in cash and cash equivalents	520,504	278,511	162,879	44,357	1,006,251
Beginning cash and cash equivalents	2,087,085	1,841,864	—	1,163,627	5,092,576
Ending cash and cash equivalents	\$ <u>2,607,589</u>	<u>2,120,375</u>	<u>162,879</u>	<u>1,207,984</u>	<u>6,098,827</u>

CITY OF WASILLA, ALASKA

Proprietary Funds

Statement of Cash Flows

Year ended June 30, 2013

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Municipal Airport</u>	<u>Curtis D. Menard Memorial Sports Center</u>	<u>Total enterprise funds</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ 50,461	(179,596)	(745,990)	(1,074,047)	(1,949,172)
Adjustments to reconcile operating income (loss) to cash provided by (used for) operating activities:					
Depreciation	731,376	464,069	670,628	494,084	2,360,157
State of Alaska on-behalf payments – PERS relief expense	37,425	54,042	3,892	47,846	143,205
Changes in operating assets and liabilities that provided (used) cash:					
Accounts receivable and related allowance	(116,597)	(23,624)	(741)	(6,457)	(147,419)
Inventory	(12,312)	(2,022)	—	—	(14,334)
Prepaid expense	(178)	(562)	(24)	(21)	(785)
Accounts payable	47,648	(9,680)	—	28,477	66,445
Accrued payroll and employee benefits	5,428	(2,371)	(89)	649	3,617
Accrued annual and sick leave	4,718	6,117	(284)	771	11,322
Customer deposits	(7,721)	(125)	—	(8,605)	(16,451)
Unearned revenue	109,017	—	1,287	600	110,904
Net cash provided by (used for) operating activities	\$ <u>849,265</u>	<u>306,248</u>	<u>(71,321)</u>	<u>(516,703)</u>	<u>567,489</u>
Noncash noncapital financing and capital and related financing activities:					
Acquisition and construction of capital assets through accounts payable	\$ —	—	33,689	—	33,689
State of Alaska on-behalf payments – PERS relief	37,425	54,042	3,892	47,846	143,205
Contributions by developers	477,603	108,145	—	—	585,748
Contribution of equipment by governmental funds	32,863	111,956	—	—	144,819

See accompanying notes to basic financial statements.

CITY OF WASILLA, ALASKA

Notes to Basic Financial Statements

June 30, 2013

(1) Summary of Significant Accounting Policies

(a) General

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

(b) Reporting Entity

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

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

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

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

(c) Basis of Presentation

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

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

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

CITY OF WASILLA, ALASKA

Notes to Basic Financial Statements

June 30, 2013

The City reports the following major governmental funds:

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

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

The City reports the following major proprietary funds:

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

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

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

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

(d) Measurement Focus and Basis of Accounting

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

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

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

CITY OF WASILLA, ALASKA

Notes to Basic Financial Statements

June 30, 2013

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

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

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

(e) Budgets

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

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

Annual budgets are also adopted for the Enterprise Funds. However, 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.

(f) Assets and Liabilities

Deposits and Investments

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

CITY OF WASILLA, ALASKA

Notes to Basic Financial Statements

June 30, 2013

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

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

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

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

- U.S. government obligations, U.S. government agency obligations, and U.S. government instrumentality obligations, which have a liquid market with a readily determinable market value and are insured or guaranteed by the United States or agencies or instrumentalities of the United States – 5 years. Securities in these asset classes with maturities longer than five years would be permitted if they have coupon rates that adjust periodically.
- Repurchase agreements that are documented by a written agreement, and are fully collateralized by delivery of government related obligations, to an independent third party custodian, which meet a margin requirement of one hundred two percent (102%) of the principal and unpaid accrued interest – 2 years.
- Certificates of deposit and other deposits at banks and savings and loan associations collateralized between 100% and 107%, depending on collateralized type – 3 years.
- Uncollateralized deposits at banks and savings and loan associations, to the extent that the deposits are insured by the Federal Deposit Insurance Corporation (FDIC) or the Federal Savings and Loan Insurance Corporation – 3 years.
- Bonds and notes which are issued by any state or political subdivision thereof, and which are rated A or higher by a nationally recognized statistical rating organization – 5 years.
- Prime commercial paper graded A1 or higher by a Moody's Investor's Service, Inc., and P1 or higher by Standard and Poor's Corporation, or equivalent by a nationally recognized statistical rating organization – 270 days.
- Prime bankers' acceptances offered by the fifty (50) largest banks – 180 days.
- U.S. dollar denominated corporate obligations issued by corporations organized and operated within the United States – 5 years.
 - Corporate obligations shall be rated as follows:
 - a) 1 year or less A rated by two major nationally recognized statistical rating agencies;
 - b) 1-2 years AA rated by at least one major nationally recognized statistical rating agencies;

CITY OF WASILLA, ALASKA

Notes to Basic Financial Statements

June 30, 2013

- c) 2-4 years AA rated by two major nationally recognized statistical rating agencies; and
 - d) 4-5 years AAA rated by two major nationally recognized statistical rating agencies.
- Money market mutual funds that adhere to SEC rule 2a – 7.
 - The Alaska Municipal League Investment Pool, Inc., made in accordance with the terms of that pool's "Common Investment Agreement."
 - Special assessments of the city authorized by Chapter 5.20. Total principal investment is not to exceed two hundred fifty thousand dollars (\$250,000) at the end of any fiscal year. The rate the city shall receive when investing in special assessments is the prime rate plus two percent on the date the ordinance confirming the assessment roll is enacted by the council.

Receivables and Payables

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

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

Inventories and Prepaid Items

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

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

Capital Assets

Capital assets, which includes, property, plant, equipment, system infrastructure (e.g., roads, streets, lighting, etc.), and sewer and water infrastructure (e.g., treatment centers, pipes, tanks, etc.) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

CITY OF WASILLA, ALASKA

Notes to Basic Financial Statements

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Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized in 2013.

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

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

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

Compensated Absences

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

Unearned Grant Revenue

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

Bond Premiums, Discounts, and Issuance Costs

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

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

CITY OF WASILLA, ALASKA

Notes to Basic Financial Statements

June 30, 2013

(g) *Deferred Outflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

(h) *Equity*

Fund Balance Components

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

Nonspendable

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

Restricted

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

Committed

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

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

Assigned

Amounts that are intended by the City to be used for specific purposes, but are neither restricted nor limited, are reported as assigned fund balance. The finance director is given authority by Municipal

CITY OF WASILLA, ALASKA

Notes to Basic Financial Statements

June 30, 2013

Code to make the determination of assigned fund balances, including removal and modification of assigned amounts. This would include any activity reported in a fund other than the general fund that is not otherwise restricted more narrowly by the above definitions.

Unassigned

Includes any remaining amounts after applying the above definitions. Planned spending in the subsequent year's budget would be included here.

Spending Policy

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

(i) Net Position

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

Net Investment in Capital Assets

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

Restricted

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

Unrestricted

This consists of net position that does not meet the definition of "restricted" or "invested in capital assets, net of related debt."

(j) Revenues, Expenditures, and Expenses

Property Taxes

Property taxes are levied on the assessed value of taxable property as of January 1 and are payable in two installments in August and February. An enforceable lien is attached on all taxable property as of January 1. The Matanuska-Susitna Borough bills and collects all property taxes for the City. The property tax for the fiscal years ended June 30, 2013 and 2012, held a zero mill rate.

Grants and Other Intergovernmental Revenues

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

CITY OF WASILLA, ALASKA

Notes to Basic Financial Statements

June 30, 2013

(k) Recently Issued Accounting Pronouncements

In June 2011, the GASB issued GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Statement 63 provides financial reporting guidance for deferred outflows and deferred inflows of resources. The City adopted Statement 63 during 2013 and there was no significant impact upon adoption.

In March 2012, the GASB issued GASB 65, *Items Previously Reported as Assets and Liabilities*. Statement 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reports as assets and liabilities. The City adopted Statement 65 during 2013 and there was no significant impact upon adoption. Equity amounts as of June 30, 2012 were adjusted for the retrospective charge off of bond issuance costs of \$23,702 for the governmental activities.

In June 2012, the GASB issued GASB 68, *Accounting and Financial Reporting for Pensions*, an amendment of GASB 27. This Statement requires that an employer recognize its obligation for pensions net of the amount of the pensions plan's fiduciary net position that is available to satisfy that obligation as well as additional note disclosures regarding the obligation. The new standard is effective for financial statements for periods beginning after June 15, 2014. The City is currently evaluating the impact that the adoption of Statement 68 will have on its financial statements, however, it is expected to be material.

CITY OF WASILLA, ALASKA

Notes to Basic Financial Statements

June 30, 2013

(l) Correction of a Material Misstatement

During the year ended June 30, 2013, the City identified an error in the application of U.S. generally accepted accounting principles that relates to prior periods. Prior to 2013, the City had not recognized contributions by developers of water and sewer extension lines. Contributions of these lines to the City date back to 1984.

Accordingly, the following adjustments have been applied to certain beginning balances in the 2013 financial statements:

	As previously reported	As restated
Government-wide financial statements:		
Statement of activities:		
Business-type activities:		
Net position at beginning of year	\$ 67,001,189	74,042,086
Proprietary fund statements:		
Statement of revenues, expenses, and changes in net position:		
Water utility:		
Net position at beginning of year	21,489,239	26,668,921
Sewer utility:		
Net position at beginning of year	14,530,965	16,392,180
Note 3 - Capital assets beginning balance:		
Business-type activities:		
Total assets being depreciated	84,389,856	94,151,184
Total accumulated depreciation	26,833,830	29,554,261

CITY OF WASILLA, ALASKA

Notes to Basic Financial Statements

June 30, 2013

(2) Deposits and Investments

(a) Investments

As of June 30, 2013, the City had the following investments:

<u>Investment type</u>	<u>Fair value</u>	<u>Investment maturities</u>		
		<u>Less than 1 year</u>	<u>1 – 5 Years</u>	<u>More Than 5 years</u>
Money market funds	\$ 137,346	137,346	—	—
Certificate of deposits	1,964,449	1,964,449	—	—
U.S. treasuries	5,480,782	1,918,898	3,561,884	—
U.S. government agencies	3,476,354	1,040,564	1,766,525	669,265
Corporate bonds	3,592,113	2,647,357	944,756	—
Alaska Municipal League Investment Pool, Inc. (AMLIP)	141,817	141,817	—	—
Total subject to interest rate risk	<u>\$ 14,792,861</u>	<u>7,850,431</u>	<u>6,273,165</u>	<u>669,265</u>

(b) Interest Rate Risk

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

(c) Credit Risk

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

At June 30, 2013, the City corporate bonds were rated as follows:

<u>Investment</u>	<u>Standard & Poor's</u>	<u>Moody's Investor Service</u>
Corporate bonds	AAA to AA-	Aa3 to A1

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

CITY OF WASILLA, ALASKA

Notes to Basic Financial Statements

June 30, 2013

The manager is required to produce monthly disclosure statements on the pool. The pool also has retained an investment adviser who monitors the performance of the investment manager to ensure compliance with investment policies. All participation in the pool is voluntary. The pool must maintain a dollar-weighted average maturity of 90 days or less, and only purchase instruments having remaining maturities of 397 days or less. On a monthly basis, the investments in the pool are reviewed for fair value by an independent pricing service. As of June 30, 2013, the fair value of the investments in the pool approximates amortized cost and is equal to the value of pool shares.

(d) Concentration of Credit Risk

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

(e) Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City’s deposit policy for custodial credit risk is to collateralize its primary demand deposit account for 102% of the uninsured balance. As of June 30, 2013, the City’s bank account balances were not exposed to custodial credit risk as they were either insured or collateralized.

(f) Custodial Credit Risk – Investments

For an investment, this is a risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City had no debt securities exposed to custodial credit risk at June 30, 2013 because the investments were held by a custodian in the name of the City.

(g) Reconciliation to the Statement of Net Position

Deposits and investments are reported as follows on the statement of net position, as of June 30, 2013:

Cash and investments	\$	19,618,988
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Deposits and investments comprise the following as of June 30, 2013:

Carrying value of bank deposits	\$	4,822,757
Petty cash accounts		3,370
Investments		14,792,861
	\$	<u>19,618,988</u>

CITY OF WASILLA, ALASKA

Notes to Basic Financial Statements

June 30, 2013

(3) Capital Assets

Capital asset activity for the year ended June 30, 2013 is as follows:

<u>Governmental activities</u>	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Capital assets not being depreciated:				
Land	\$ 6,385,624	1,317,200	—	7,702,824
Construction in progress	409,939	1,069,701	(629,033)	850,607
Total assets not being depreciated	<u>6,795,563</u>	<u>2,386,901</u>	<u>(629,033)</u>	<u>8,553,431</u>
Capital assets being depreciated:				
Buildings	8,113,310	16,704	—	8,130,014
Office furniture and equipment	3,647,097	45,858	(147,337)	3,545,618
Vehicles and equipment	4,148,502	310,833	(136,285)	4,323,050
Infrastructure	25,938,287	92,173	—	26,030,460
Total assets being depreciated	<u>41,847,196</u>	<u>465,568</u>	<u>(283,622)</u>	<u>42,029,142</u>
Less accumulated depreciation for:				
Buildings	2,122,762	198,179	—	2,320,941
Office furniture and equipment	2,669,857	386,396	(147,337)	2,908,916
Vehicles and equipment	2,180,323	447,260	(82,761)	2,544,822
Infrastructure	11,250,506	884,331	—	12,134,837
Total accumulated depreciation	<u>18,223,448</u>	<u>1,916,166</u>	<u>(230,098)</u>	<u>19,909,516</u>
Total capital assets being depreciated, net	<u>23,623,748</u>	<u>(1,450,598)</u>	<u>(53,524)</u>	<u>22,119,626</u>
Governmental activity capital assets, net	<u>\$ 30,419,311</u>	<u>936,303</u>	<u>(682,557)</u>	<u>30,673,057</u>

CITY OF WASILLA, ALASKA

Notes to Basic Financial Statements

June 30, 2013

Business-type activities	Beginning balances (as restated)	Increases	Decreases	Ending balances
Capital assets not being depreciated:				
Land	\$ 4,048,970	—	—	4,048,970
Construction in progress	2,741,882	1,952,379	(2,413,955)	2,280,306
Total assets not being depreciated	6,790,852	1,952,379	(2,413,955)	6,329,276
Capital assets being depreciated:				
Land improvements	14,344,889	2,327,533	—	16,672,422
Buildings	17,652,478	—	—	17,652,478
Treatment system	8,080,804	31,067	—	8,111,871
Collection/distribution system	39,535,577	585,748	—	40,121,325
Water tank and fence	6,847,577	—	—	6,847,577
Wells/well house	368,659	—	—	368,659
Vehicles and equipment	7,321,200	200,174	—	7,521,374
Total assets being depreciated	94,151,184	3,144,522	—	97,295,706
Less accumulated depreciation for:				
Land improvements	6,385,597	603,533	—	6,989,130
Buildings	2,650,013	445,443	—	3,095,456
Treatment system	2,966,960	158,592	—	3,125,552
Collection/distribution	10,920,827	788,238	—	11,709,065
Water tank and fence	1,873,343	137,297	—	2,010,640
Wells/well house	215,299	6,311	—	221,610
Vehicles and equipment	4,542,222	220,743	—	4,762,965
Total accumulated depreciation	29,554,261	2,360,157	—	31,914,418
Total capital assets being depreciated, net	64,596,923	784,365	—	65,381,288
Business-type activity capital assets, net	\$ 71,387,775	2,736,744	(2,413,955)	71,710,564

CITY OF WASILLA, ALASKA

Notes to Basic Financial Statements

June 30, 2013

Depreciation expense was charged to the functions as follows:

Governmental activities:	
General government	\$ 125,662
Public safety	639,001
Public works	1,078,866
Culture and recreation	<u>72,637</u>
Total depreciation expense – governmental activities	\$ <u><u>1,916,166</u></u>
Business-type activities:	
Water utility	\$ 731,376
Sewer utility	464,069
Municipal airport	670,628
Curtis D. Menard Memorial Sports Center	<u>494,084</u>
Total depreciation expense – business-type activities	\$ <u><u>2,360,157</u></u>

(4) Interfund Receivables, Payables, and Transfers

Interfund receivables and payables at June 30, 2013 consisted of short-term operating advances, all of which are expected to be paid within one year. At June 30, 2013, there were no interfund receivables or payables.

Interfund transfers have been made in accordance with budget ordinances. Funds are transferred from one fund to support expenditures of other funds in accordance with the authority established for the individual fund. Transfers between fund types during the year ended June 30, 2013 were as follows:

	Transfers in				
	Governmental funds		Enterprise funds		
Transfers out	Misc. Capital Project Fund	Nonmajor Govt. Funds	Municipal Airport	Curtis D. Menard Memorial Sports Center	Total
General Fund	\$ 447,000	459,273	175,000	607,215	1,688,488
Sewer Utility Fund	—	16,500	—	—	16,500
Water Utility Fund	—	14,500	—	—	14,500
Municipal Airport	—	500	—	—	500
Curtis D. Menard Memorial Sports Center Fund	—	9,500	—	—	9,500
Total transfers	\$ <u><u>447,000</u></u>	<u><u>500,273</u></u>	<u><u>175,000</u></u>	<u><u>607,215</u></u>	<u><u>1,729,488</u></u>

CITY OF WASILLA, ALASKA

Notes to Basic Financial Statements

June 30, 2013

Significant transfers were as follows:

- General Fund transferred \$607,215 to the Sports Center to subsidize operations.
- General Fund transferred \$447,000 to the Miscellaneous Capital Project Fund primarily for the purchase of new road equipment and property improvements.

(5) Long-Term Obligations

(a) General Obligation Bonds

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

	Bond principal
\$3,380,000 1998 Series A for street paving and other road improvements, due in annual installments of \$310,000 to \$375,000 through December 1, 2018, plus interest rates from 3.875% to 5.5%	\$ 2,200,000

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

	Principal	Interest	Total
Fiscal years ending:			
2014	\$ 320,000	97,744	417,744
2015	340,000	82,263	422,263
2016	355,000	65,819	420,819
2017	375,000	46,681	421,681
2018	395,000	28,241	423,241
2019	415,000	9,588	424,588
	\$ 2,200,000	330,336	2,530,336

CITY OF WASILLA, ALASKA

Notes to Basic Financial Statements

June 30, 2013

(b) ADEC Loans

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

	Loan principal
\$177,100 Water loan payable, due in annual installments of \$8,754 through August 31, 2018, plus interest at 1.5%	\$ 52,528
\$745,938 Water loan payable, due in annual installments of \$37,294 through November 15, 2022, plus interest at 1.5%	372,938
\$301,066 Sewer loan payable, due in annual installments of \$15,053 through November 15, 2022, plus interest at 1.5%	150,533
\$39,049 Water loan payable, due in annual installments of \$1,952 through September 30, 2023, plus interest at 1.5%	21,246
\$44,353 Sewer loan payable, due in annual installments of \$2,194 through September 30, 2023, plus interest at 1.5%	24,111
\$3,309,000 Water loan payable, due in annual installments of \$165,450 through March 4, 2024, plus interest at 1.5%	1,819,950
	\$ 2,441,306

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

	Loan principal	Interest	Total
Fiscal years ending:			
2014	\$ 230,674	36,620	267,294
2015	230,674	33,160	263,834
2016	230,674	29,700	260,374
2017	230,674	26,239	256,913
2018	230,674	22,779	253,453
2019 – 2023	1,118,360	62,781	1,181,141
2024	169,576	2,544	172,120
	\$ 2,441,306	213,823	2,655,129

CITY OF WASILLA, ALASKA

Notes to Basic Financial Statements

June 30, 2013

(c) Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2013 was as follows:

	Balance, June 30, 2012	Additions	Reductions	Balance, June 30, 2013	Due within one year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 2,510,000	—	(310,000)	2,200,000	320,000
Plus deferred amounts:					
Issuance premiums	91,931	—	(13,133)	78,798	13,133
Total bonds payable	2,601,931	—	(323,133)	2,278,798	333,133
Capital leases	10,504	—	(10,504)	—	—
Health claims payable	207,505	2,052,664	(1,771,738)	488,431	448,431
Compensated absences	472,937	619,027	(522,151)	569,813	569,813
Total governmental activities	<u>\$ 3,292,877</u>	<u>2,671,691</u>	<u>(2,627,526)</u>	<u>3,337,042</u>	<u>1,351,377</u>
Business-type activities:					
ADEC loans	\$ 2,672,261	—	(230,955)	2,441,306	230,674
Compensated absences	110,077	108,335	(97,013)	121,399	121,399
Total business-type activities	<u>\$ 2,782,338</u>	<u>108,335</u>	<u>(327,968)</u>	<u>2,562,705</u>	<u>352,073</u>

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

(d) Refunded Bond Issues

The City has issued various advance refunding bond issues for the purpose of redeeming certain general obligation bond issues as they become due or callable. The proceeds of the refunding bond issue have been placed in irrevocable escrow accounts and invested in U.S. government obligations that together with interest earned thereon, will provide amounts sufficient for future payment of all interest, principal, and call premiums. Since payments of these advance refunded bond issues have been provided through funding as described above, neither the liability nor the assets irrevocably pledged are reflected in the basic financial statements. At June 30, 2013, the balances of the refunded general obligation bonds payable are as follows:

Issue:	
1998 Series – Paving	\$ 3,120,000

CITY OF WASILLA, ALASKA

Notes to Basic Financial Statements

June 30, 2013

(e) **Conduit Revenue Bonds**

On April 22, 1996, the City Council authorized the issuance of nonrecourse revenue bonds for the purpose of providing funds to loan to the Cook Inlet Housing Development Corporation to purchase a facility. The bonds were issued in the amount of \$2,327,532. The outstanding balance at June 30, 2013 was \$1,262,214.

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, 2013 was \$5,308,216.

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

(6) **Retirement Commitments**

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

Plan Description

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

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

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

Conversion to Cost Sharing

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

CITY OF WASILLA, ALASKA

Notes to Basic Financial Statements

June 30, 2013

past-service liability, exceeds 22%. Any such additional contributions are recognized by each employer as an on-behalf payment.

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

Funding Policy

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

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

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

The City's contribution rates for 2013 were determined as part of the June 30, 2010 actuarial valuation and are as follows:

	City's Contractual rate	State of Alaska rate	ARM Board Adopted rate
Pension	9.67%	6.08%	15.75%
Postemployment healthcare	12.33	7.76	20.09
Total contribution rate	22.00%	13.84%	35.84%

Annual Pension and Postemployment Healthcare Contributions

The City is required to contribute 22% of covered payroll, subject to a wage floor. In addition, the State of Alaska contributed approximately 13.84% of covered payroll to the Plan. In accordance with the provisions of GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, the City has recorded the State PERS on-behalf payment in the amount of \$986,905 as revenue and expenditures/expenses. However, because the City is not statutorily obligated for these payments, this amount is excluded from pension and other

CITY OF WASILLA, ALASKA

Notes to Basic Financial Statements

June 30, 2013

postemployment benefit (OPEB) cost below. The City’s contributions to PERS for the last three years equaled the required contributions each year and are as follows:

<u>Year ended June 30</u>	<u>Annual Pension</u>	<u>Annual OPEB</u>	<u>Total</u>
2013	\$ 446,218	568,962	1,015,180
2012	476,808	582,766	1,059,574
2011	361,288	679,071	1,040,359

(b) Defined Contribution Pension Plan

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

Employees are required to contribute 8% of their annual covered salary, and the City is required to make the following contributions:

	<u>Others Tier IV</u>	<u>Police/fire Tier IV</u>
Individual account	5.00%	5.00%
Health reimbursement arrangement (HRA)*	3.00	3.00
Retiree medical plan	0.48	0.48
Occupational death and disability benefits	0.14	0.99
	<u>8.62%</u>	<u>9.47%</u>

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

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

CITY OF WASILLA, ALASKA

Notes to Basic Financial Statements

June 30, 2013

Employees are immediately vested in their own contributions and vest 25% per year in employer contributions. The City and employee contributions to PERS including the HRA contributions for the year ended June 30, 2013 were as follows:

Defined contribution plan contributions:		
City	\$	200,807
Employees		171,404
Defined benefit unfunded liability:		
City		270,616
	\$	<u>642,827</u>

(c) *Deferred Compensation Plan*

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

(7) Risk Management

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

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

APEI is a public entity risk pool organized to share risks among its members. APEI's bylaws provide for the assessment of supplemental contributions from members in the event that losses and expenses for any coverage year exceed the annual contributions and income earned on such contributions for the year. Such supplemental contributions shall be based upon each member's annual deposit contribution in comparison to the aggregate annual deposit contributions of all members. APEI made no supplemental assessments during the year ended June 30, 2013. Coverage limits and the deductibles on the policies have stayed relatively constant for the past few years.

CITY OF WASILLA, ALASKA

Notes to Basic Financial Statements

June 30, 2013

In an effort to decrease health insurance costs, the City of Wasilla became self-insured for employee health insurance claims with a stop loss of \$50,000 beginning July 1, 2011. The stop-loss of \$50,000 remains in effect through June 30, 2013. The health plan is administered by Meritain Health. An estimate for claims incurred but not reported (IBNR) has been reported based on claims lag reports provided from the plan administrator. Changes in the balances for claims liabilities are as follows:

	2013	2012
Claims liabilities, July 1	\$ 207,505	—
Incurred claims	2,052,664	1,744,730
Claims payments	(1,771,738)	(1,537,225)
Claims liabilities, June 30	\$ 488,431	207,505

(8) Commitments and Contingencies

(a) Commitments

Encumbrances outstanding at year-end, including purchase orders, contracts and other commitments for the expenditure of moneys, are reported as assigned fund balances in the governmental funds. Outstanding encumbrances at June 30, 2013 were as follows:

Governmental funds:	
General fund	\$ 44,016
Miscellaneous capital project fund	247,399
Road capital project fund	1,364,182
Other nonmajor governmental funds	66,929
Total governmental funds	1,722,526
Proprietary funds:	
Water utility	13,496
Sewer utility	22,057
Municipal Airport	242,920
Curtis D. Menard Memorial Sports Center	65,581
Total proprietary funds	344,054
Total	\$ 2,066,580

(b) Litigation

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

CITY OF WASILLA, ALASKA

Notes to Basic Financial Statements

June 30, 2013

(c) ***Grants***

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WASILLA, ALASKA

General Fund

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

Year ended June 30, 2013

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	Variance with final budget positive (negative)
Revenues:				
Taxes	\$ 11,789,498	11,789,498	12,467,121	677,623
Licenses and permits	34,875	34,875	31,345	(3,530)
Fines, forfeitures, and penalties	214,000	214,000	233,424	19,424
Intergovernmental	1,481,025	1,547,410	2,307,939	760,529
Charges for services	1,711,994	1,711,994	1,744,199	32,205
Investment income	140,237	140,237	85,725	(54,512)
Other	12,950	14,950	81,554	66,604
	<u>15,384,579</u>	<u>15,452,964</u>	<u>16,951,307</u>	<u>1,498,343</u>
Total revenues				
Expenditures:				
Current:				
General government	2,960,912	3,023,555	2,815,187	208,368
Public safety	6,372,927	6,561,787	6,292,968	268,819
Public works	2,169,962	2,170,431	2,148,487	21,944
Culture and recreation	1,924,089	1,979,221	1,917,983	61,238
Nondepartmental	81,000	138,000	139,725	(1,725)
Debt service:				
Principal	310,000	310,000	310,000	—
Interest	112,744	112,744	112,744	—
	<u>13,931,634</u>	<u>14,295,738</u>	<u>13,737,094</u>	<u>558,644</u>
Total expenditures				
Excess of revenues over expenditures	<u>1,452,945</u>	<u>1,157,226</u>	<u>3,214,213</u>	<u>2,056,987</u>
Other financing sources (uses):				
Proceeds from sale of assets	5,000	5,000	13,295	8,295
Transfers out	<u>(1,653,488)</u>	<u>(1,688,488)</u>	<u>(1,688,488)</u>	<u>—</u>
Net other financing sources (uses), net	<u>(1,648,488)</u>	<u>(1,683,488)</u>	<u>(1,675,193)</u>	<u>8,295</u>
Net change in fund balance	\$ <u><u>(195,543)</u></u>	<u><u>(526,262)</u></u>	<u>1,539,020</u>	<u><u>2,065,282</u></u>
Beginning fund balance			<u>10,409,542</u>	
Ending fund balance			\$ <u><u>11,948,562</u></u>	

See accompanying independent auditors' report.

SUPPLEMENTARY INFORMATION

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

GENERAL FUND

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

CITY OF WASILLA, ALASKA
 General Fund
 Balance Sheet
 June 30, 2013
 (with comparative amounts for 2012)

Assets	2013	2012
Cash and investments	\$ 11,439,745	9,614,284
Receivables:		
Accounts	29,177	28,673
Sales taxes	1,221,593	1,114,342
Grants	38,554	61,402
Shared revenues	290,215	269,287
Special assessments	442	—
Total receivables	<u>1,579,981</u>	<u>1,473,704</u>
Prepaid items	96,268	118,443
Due from other funds	—	46,502
Total assets	<u><u>\$ 13,115,994</u></u>	<u><u>11,252,933</u></u>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 185,078	119,736
Accrued payroll and employee benefits	459,985	477,894
Customer deposits	13,306	14,142
Health claims payable	488,431	207,505
Unearned revenue	20,632	24,114
Total liabilities	<u>1,167,432</u>	<u>843,391</u>
Fund balance:		
Nonspendable:		
Prepaid items	96,268	118,443
Committed for:		
Economic stabilization	3,636,891	2,502,183
Assigned for:		
Land bank	62,000	12,000
Compensated absences	569,813	472,937
Other purposes	44,016	154,903
Unassigned	7,539,574	7,149,076
Total fund balance	<u>11,948,562</u>	<u>10,409,542</u>
Total liabilities and fund balance	<u><u>\$ 13,115,994</u></u>	<u><u>11,252,933</u></u>

See accompanying independent auditors' report.

CITY OF WASILLA, ALASKA

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Year ended June 30, 2013
(with comparative amounts for 2012)

	<u>2013</u>	<u>2012</u>
Revenues:		
Taxes	\$ 12,467,121	12,029,178
Licenses and permits	31,345	32,695
Fines, forfeitures, and penalties	233,424	252,101
Intergovernmental	2,307,939	2,136,769
Charges for services	1,744,199	1,721,924
Investment income	85,725	66,097
Other	81,554	50,006
	<hr/>	<hr/>
Total revenues	16,951,307	16,288,770
Expenditures:		
General government:		
City clerk	405,784	408,663
City council	108,081	131,150
Administration	308,673	290,284
General administration services	738,897	709,237
Finance	1,040,826	1,040,651
Management information systems	212,926	210,934
	<hr/>	<hr/>
Total general government	2,815,187	2,790,919
Public safety:		
Police	555,310	554,895
Multitask drug enforcement	148,001	138,997
General investigation	328,042	304,955
Police patrol	2,724,302	2,640,812
COPS – school resource officer grant	164,180	145,017
Dispatch center	2,216,735	2,232,978
Code compliance	156,398	143,357
	<hr/>	<hr/>
Total public safety	6,292,968	6,161,011

CITY OF WASILLA, ALASKA

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Year ended June 30, 2013
(with comparative amounts for 2012)

	<u>2013</u>	<u>2012</u>
Public works:		
Administration	\$ 494,238	443,991
Road maintenance	1,063,170	1,071,734
Property maintenance	591,079	651,404
Total public works	<u>2,148,487</u>	<u>2,167,129</u>
Culture and recreation:		
Museum	191,151	173,066
Parks maintenance	654,162	622,562
Library	1,020,593	993,512
Recreation services	52,077	45,727
Total culture and recreation	<u>1,917,983</u>	<u>1,834,867</u>
Debt service:		
Principal	310,000	295,000
Interest	112,744	124,844
Total debt service	<u>422,744</u>	<u>419,844</u>
Nondepartmental	139,725	64,567
Total expenditures	<u>13,737,094</u>	<u>13,438,337</u>
Excess of revenues over expenditures	<u>3,214,213</u>	<u>2,850,433</u>
Other financing sources (uses):		
Proceeds from the sale of assets	13,295	55,881
Transfers in	—	15,079
Transfers out	(1,688,488)	(1,199,005)
Net other financing uses	<u>(1,675,193)</u>	<u>(1,128,045)</u>
Net change in fund balance	1,539,020	1,722,388
Beginning fund balance	<u>10,409,542</u>	<u>8,687,154</u>
Ending fund balance	<u>\$ 11,948,562</u>	<u>10,409,542</u>

See accompanying independent auditors' report.

CITY OF WASILLA, ALASKA

General Fund

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

Year ended June 30, 2013
(with comparative amounts for 2012)

	2013		Variance positive (negative)	2012
	Budget	Actual		Actual
Revenues:				
Taxes:				
Sales taxes, including penalty and interest	\$ 11,679,498	12,346,152	666,654	11,911,716
Property and vehicle taxes	110,000	120,969	10,969	117,462
Total taxes	11,789,498	12,467,121	677,623	12,029,178
Licenses and permits:				
City business licenses	25,000	23,775	(1,225)	22,800
Land use permits	8,500	6,050	(2,450)	8,250
Other licenses and permits	1,375	1,520	145	1,645
Total licenses and permits	34,875	31,345	(3,530)	32,695
Fines, forfeitures and penalties	214,000	233,424	19,424	252,101
Intergovernmental:				
Electric and telephone co-op tax	220,000	241,256	21,256	223,411
Public safety grants	406,877	309,831	(97,046)	388,122
Library grants	8,000	8,000	—	12,430
Alcoholic beverage tax	26,000	29,700	3,700	27,500
Aviation fuel tax revenue sharing	1,500	1,528	28	1,543
Matanuska-Susitna Borough – School resource officer	118,379	114,409	(3,970)	100,039
Matanuska-Susitna Borough – Block grant	77,442	77,443	1	72,089
Fisheries tax	100	—	(100)	19
State revenue sharing	689,112	693,410	4,298	647,091
State PERS relief	—	831,051	831,051	664,525
State unum life insurance	—	1,311	1,311	—
Total intergovernmental	1,547,410	2,307,939	760,529	2,136,769
Charges for services				
Police dispatch services	1,472,194	1,501,311	29,117	1,485,928
Building rentals	211,100	221,703	10,603	210,281
Other charges for services	28,700	21,185	(7,515)	25,715
Total charges for services	1,711,994	1,744,199	32,205	1,721,924
Investment income	140,237	85,725	(54,512)	66,097
Other:				
Administration fee revenue	200	116	(84)	121
Special assessments	—	4,474	4,474	8,501
Donations	5,500	7,273	1,773	8,853
Miscellaneous	9,250	69,691	60,441	32,531
Total other	14,950	81,554	66,604	50,006
Total revenues	15,452,964	16,951,307	1,498,343	16,288,770
Expenditures:				
General government:				
City clerk:				
Salaries	219,953	212,175	7,778	187,506
Employee benefits	140,072	149,167	(9,095)	113,413
Professional and technical services	40,867	7,560	33,307	52,697
Property services	10,708	3,600	7,108	3,644
Other purchased services	51,030	28,648	22,382	49,114
Supplies	5,600	4,634	966	2,289
Total city clerk	468,230	405,784	62,446	408,663

CITY OF WASILLA, ALASKA

General Fund

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

Year ended June 30, 2013
(with comparative amounts for 2012)

	2013		Variance positive (negative)	2012
	Budget	Actual		Actual
City council:				
Salaries	\$ 31,050	22,950	8,100	27,000
Employee benefits	5,966	3,734	2,232	6,159
Professional and technical services	68,819	60,255	8,564	73,919
Property services	4,460	3,383	1,077	2,568
Other purchased services	25,485	16,690	8,795	20,680
Supplies	2,656	1,069	1,587	824
Total city council	138,436	108,081	30,355	131,150
Administration:				
Salaries	162,023	157,744	4,279	163,000
Employee benefits	99,515	120,798	(21,283)	106,991
Professional and technical services	19,708	7,076	12,632	6,090
Property services	2,371	2,371	—	1,901
Other purchased services	18,831	18,232	599	9,975
Supplies	5,000	2,452	2,548	2,327
Total administration	307,448	308,673	(1,225)	290,284
General administration services:				
Salaries	419,800	393,055	26,745	386,791
Employee benefits	204,246	226,711	(22,465)	212,137
Professional and technical services	80,797	44,476	36,321	60,143
Property services	9,588	9,200	388	7,624
Other purchased services	66,259	54,045	12,214	23,690
Supplies	18,386	11,410	6,976	18,852
Total general administration services	799,076	738,897	60,179	709,237
Finance:				
Salaries	561,062	533,445	27,617	553,372
Employee benefits	378,942	409,089	(30,147)	397,593
Professional and technical services	48,615	38,642	9,973	38,409
Property services	21,468	17,684	3,784	10,055
Other purchased services	45,301	33,660	11,641	33,377
Supplies	10,713	8,306	2,407	7,845
Total finance	1,066,101	1,040,826	25,275	1,040,651
Management information systems:				
Salaries	57,768	57,566	202	56,372
Employee benefits	29,200	37,585	(8,385)	33,138
Professional and technical services	39,650	35,200	4,450	36,688
Property services	69,756	40,371	29,385	45,140
Other purchased services	30,709	27,471	3,238	28,261
Supplies	17,181	14,733	2,448	11,335
Total management information systems	244,264	212,926	31,338	210,934
Total general government	3,023,555	2,815,187	208,368	2,790,919
Public safety:				
Police:				
Salaries	255,234	245,510	9,724	245,958
Employee benefits	108,234	111,637	(3,403)	120,146
Professional and technical services	82,365	58,577	23,788	59,790
Property services	44,366	40,370	3,996	30,944
Other purchased services	44,604	40,721	3,883	40,116
Supplies	73,082	58,495	14,587	57,941
Total police	607,885	555,310	52,575	554,895

CITY OF WASILLA, ALASKA

General Fund

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

Year ended June 30, 2013
(with comparative amounts for 2012)

	2013		Variance positive (negative)	2012
	Budget	Actual		Actual
Multitask drug enforcement:				
Salaries	\$ 87,366	85,067	2,299	80,630
Employee benefits	46,726	52,438	(5,712)	49,486
Other purchased services	3,439	3,235	204	2,804
Supplies	9,563	7,261	2,302	6,077
Total multitask drug enforcement	147,094	148,001	(907)	138,997
General investigation:				
Salaries	188,757	180,330	8,427	177,446
Employee benefits	110,788	133,189	(22,401)	112,252
Professional and technical services	4,200	1,221	2,979	1,960
Property services	1,250	1,008	242	912
Other purchased services	13,413	7,645	5,768	7,277
Supplies	6,331	4,649	1,682	5,108
Total general investigation	324,739	328,042	(3,303)	304,955
Police patrol:				
Salaries	1,495,635	1,406,808	88,827	1,401,526
Employee benefits	859,092	1,018,300	(159,208)	899,991
Professional and technical services	16,818	11,795	5,023	10,697
Property services	42,182	43,400	(1,218)	43,081
Other purchased services	81,364	63,720	17,644	42,211
Supplies	287,773	180,279	107,494	205,944
Capital purchases	—	—	—	37,362
Total police patrol	2,782,864	2,724,302	58,562	2,640,812
School resource officer grant:				
Salaries	88,911	88,909	2	85,674
Employee benefits	53,888	66,160	(12,272)	53,036
Property services	505	505	—	77
Other purchased services	5,705	5,339	366	3,107
Supplies	3,661	3,267	394	3,123
Total school resource officer grant	152,670	164,180	(11,510)	145,017
Dispatch center:				
Salaries	1,328,278	1,181,400	146,878	1,224,258
Employee benefits	890,931	890,841	90	859,600
Professional and technical services	2,300	529	1,771	—
Property services	97,640	86,973	10,667	94,273
Other purchased services	57,155	44,650	12,505	30,776
Supplies	13,314	12,342	972	24,071
Total dispatch center	2,389,618	2,216,735	172,883	2,232,978
Code compliance:				
Salaries	91,610	88,079	3,531	81,148
Employee benefits	37,327	45,856	(8,529)	40,274
Property services	1,500	291	1,209	252
Other purchased services	18,345	15,890	2,455	15,677
Supplies	8,135	6,282	1,853	6,006
Capital purchases	—	—	—	—
Total code compliance	156,917	156,398	519	143,357
Total public safety	6,561,787	6,292,968	268,819	6,161,011

CITY OF WASILLA, ALASKA

General Fund

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

Year ended June 30, 2013
(with comparative amounts for 2012)

	2013		Variance positive (negative)	2012
	Budget	Actual		Actual
Public works:				
Administration:				
Salaries	\$ 263,885	263,885	—	256,731
Employee benefits	146,431	183,765	(37,334)	163,567
Professional and technical services	15,675	15,456	219	835
Property services	7,502	7,109	393	7,116
Other purchased services	27,863	20,886	6,977	11,479
Supplies	4,785	3,137	1,648	4,263
Capital purchases	—	—	—	—
Total administration	<u>466,141</u>	<u>494,238</u>	<u>(28,097)</u>	<u>443,991</u>
Road maintenance:				
Salaries	303,626	290,103	13,523	306,616
Employee benefits	182,895	218,955	(36,060)	201,492
Property services	255,260	254,643	617	47,093
Other purchased services	19,917	19,296	621	236,947
Supplies	270,298	267,673	2,625	279,586
Capital purchases	12,500	12,500	—	—
Total road maintenance	<u>1,044,496</u>	<u>1,063,170</u>	<u>(18,674)</u>	<u>1,071,734</u>
Property maintenance:				
Salaries	168,923	158,048	10,875	154,742
Employee benefits	123,968	143,172	(19,204)	122,821
Professional and technical services	950	—	950	846
Property services	138,804	99,810	38,994	165,178
Other purchased services	41,355	35,028	6,327	53,087
Supplies	163,614	132,842	30,772	133,745
Other expenditures	22,180	22,179	1	20,985
Total property maintenance	<u>659,794</u>	<u>591,079</u>	<u>68,715</u>	<u>651,404</u>
Total public works	<u>2,170,431</u>	<u>2,148,487</u>	<u>21,944</u>	<u>2,167,129</u>
Culture and recreation:				
Museum:				
Salaries	91,246	80,893	10,353	74,555
Employee benefits	47,763	45,249	2,514	42,362
Professional and technical services	3,016	3,015	1	3,031
Property services	11,697	11,119	578	6,686
Other purchased services	27,865	27,282	583	24,540
Supplies	23,594	23,593	1	21,892
Total museum	<u>205,181</u>	<u>191,151</u>	<u>14,030</u>	<u>173,066</u>
Parks maintenance:				
Salaries	348,392	303,000	45,392	332,845
Employee benefits	164,023	179,474	(15,451)	154,595
Property services	38,657	30,141	8,516	27,356
Other purchased services	16,924	14,278	2,646	10,823
Supplies	122,219	118,279	3,940	96,943
Capital expenditures	10,080	8,990	1,090	—
Total parks maintenance	<u>700,295</u>	<u>654,162</u>	<u>46,133</u>	<u>622,562</u>
Library:				
Salaries	469,351	463,310	6,041	463,684
Employee benefits	305,730	369,634	(63,904)	321,967
Professional and technical services	30,537	27,070	3,467	8,606
Property services	28,906	25,813	3,093	40,059
Other purchased services	33,154	29,615	3,539	28,151
Supplies	121,365	105,151	16,214	127,430
Capital expenditures	—	—	—	3,615
Total library	<u>989,043</u>	<u>1,020,593</u>	<u>(31,550)</u>	<u>993,512</u>

CITY OF WASILLA, ALASKA

General Fund

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

Year ended June 30, 2013
(with comparative amounts for 2012)

	2013		Variance positive (negative)	2012
	Budget	Actual		Actual
Recreation services:				
Salaries	\$ 36,053	28,824	7,229	33,071
Employee benefits	12,921	12,100	821	5,595
Other purchased services	30,338	8,459	21,879	5,923
Supplies	5,390	2,694	2,696	1,138
Total recreation services	84,702	52,077	32,625	45,727
Total culture and recreation	1,979,221	1,917,983	61,238	1,834,867
Debt service:				
Principal	310,000	310,000	—	295,000
Interest	112,744	112,744	—	124,844
Total debt service	422,744	422,744	—	419,844
Nondepartmental:				
Insurance deductible	46,000	46,000	—	46,000
Foreclosed tax payments	2,247	1,600	647	507
Other agreements	89,753	92,125	(2,372)	18,060
Total nondepartmental	138,000	139,725	(1,725)	64,567
Total expenditures	14,295,738	13,737,094	558,644	13,438,337
Excess of revenues over expenditures	1,157,226	3,214,213	2,056,987	2,850,433
Other financing sources (uses):				
Proceeds from the sale of assets	5,000	13,295	8,295	55,881
Transfers in	—	—	—	15,079
Transfers out	(1,688,488)	(1,688,488)	—	(1,199,005)
Net other financing sources (uses)	(1,683,488)	(1,675,193)	8,295	(1,128,045)
Net change in fund balance	\$ (526,262)	1,539,020	2,065,282	1,722,388
Beginning fund balance		10,409,542		8,687,154
Ending fund balance		\$ 11,948,562		\$ 10,409,542

See accompanying independent auditors' report.

CITY OF WASILLA, ALASKA

Nonmajor Governmental Funds

Combining Balance Sheet

June 30, 2013

Assets	Special Revenue Funds	Capital Project Funds	Cemetery Permanent Fund	Total Nonmajor Governmental Funds
Cash and investments	\$ 135,527	1,007,136	253,745	1,396,408
Receivables – grants	16,244	222,965	—	239,209
Prepaid items	14	—	—	14
Total assets	<u>\$ 151,785</u>	<u>1,230,101</u>	<u>253,745</u>	<u>1,635,631</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 1,680	91,628	—	93,308
Accrued payroll and employee benefits	9,084	—	—	9,084
Unearned revenue	34,301	75,885	—	110,186
Total liabilities	<u>45,065</u>	<u>167,513</u>	<u>—</u>	<u>212,578</u>
Fund balances:				
Nonspendable:				
Prepaid items	14	—	—	14
Permanent fund principal	—	—	253,745	253,745
Restricted to:				
Federal and state drug enforcement	13,146	—	—	13,146
Assigned to:				
Youth court	93,560	—	—	93,560
Road capital project	—	125,327	—	125,327
Vehicle replacement	—	407,583	—	407,583
Right-of-way acquisition	—	105,652	—	105,652
Technology replacement	—	424,026	—	424,026
Total fund balances	<u>106,720</u>	<u>1,062,588</u>	<u>253,745</u>	<u>1,423,053</u>
Total liabilities and fund balances	<u>\$ 151,785</u>	<u>1,230,101</u>	<u>253,745</u>	<u>1,635,631</u>

See accompanying independent auditors' report.

CITY OF WASILLA, ALASKA

Nonmajor Governmental Funds

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

Year ended June 30, 2013

	Special Revenue Funds	Capital Project Funds	Cemetery Permanent Fund	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Revenues:				
Fines and charges	\$ 4,450	—	—	4,450
Intergovernmental	281,725	542,443	—	824,168
Lot sales	—	—	14,800	14,800
Other	5,135	—	—	5,135
	<u>291,310</u>	<u>542,443</u>	<u>14,800</u>	<u>848,553</u>
Total revenues				
Expenditures:				
Public safety	173,429	—	—	173,429
Supplies	—	59,517	—	59,517
Debt service:				
Principal	—	10,505	—	10,505
Capital outlay	67,346	969,716	—	1,037,062
	<u>240,775</u>	<u>1,039,738</u>	<u>—</u>	<u>1,280,513</u>
Total expenditures				
Excess (deficit) of revenues over expenditures	50,535	(497,295)	14,800	(431,960)
Other financing sources (uses):				
Transfers in	—	497,000	3,273	500,273
	<u>—</u>	<u>497,000</u>	<u>3,273</u>	<u>500,273</u>
Net other financing sources (uses)				
Net change in fund balances	50,535	(295)	18,073	68,313
Beginning fund balances	56,185	1,062,883	235,672	1,354,740
Ending fund balances	\$ <u>106,720</u>	<u>1,062,588</u>	<u>253,745</u>	<u>1,423,053</u>

See accompanying independent auditors' report.

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SPECIAL REVENUE FUNDS

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

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

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

CITY OF WASILLA, ALASKA

Nonmajor Special Revenue Funds

Combining Balance Sheet

June 30, 2013

Assets	Youth Court	Federal Asset Forfeiture	State Asset Forfeiture	Totals
Cash and investments	\$ 92,117	8,796	34,614	135,527
Receivables – grants	16,244	—	—	16,244
Prepaid items	14	—	—	14
Total assets	<u>\$ 108,375</u>	<u>8,796</u>	<u>34,614</u>	<u>151,785</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 1,680	—	—	1,680
Accrued payroll and employee benefits	9,084	—	—	9,084
Unearned revenue	4,037	5,928	24,336	34,301
Total liabilities	<u>14,801</u>	<u>5,928</u>	<u>24,336</u>	<u>45,065</u>
Fund balances:				
Nonspendable	14	—	—	14
Restricted	—	2,868	10,278	13,146
Assigned	93,560	—	—	93,560
Total fund balances	<u>93,574</u>	<u>2,868</u>	<u>10,278</u>	<u>106,720</u>
Total liabilities and fund balances	<u>\$ 108,375</u>	<u>8,796</u>	<u>34,614</u>	<u>151,785</u>

See accompanying independent auditors' report.

CITY OF WASILLA, ALASKA

Nonmajor Special Revenue Funds

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

Year ended June 30, 2013

	<u>Youth court</u>	<u>Federal Asset Forfeiture</u>	<u>State Asset Forfeiture</u>	<u>Totals</u>
Revenues:				
Fines and charges	\$ 4,450	—	—	4,450
Intergovernmental	214,379	58,762	8,584	281,725
Other	5,135	—	—	5,135
Total revenues	<u>223,964</u>	<u>58,762</u>	<u>8,584</u>	<u>291,310</u>
Expenditures:				
Salaries	86,661	—	—	86,661
Employee benefits	80,712	—	—	80,712
Professional and technical services	212	—	—	212
Other purchased services	4,535	—	—	4,535
Supplies	1,309	—	—	1,309
Capital outlay	—	58,762	8,584	67,346
Total expenditures	<u>173,429</u>	<u>58,762</u>	<u>8,584</u>	<u>240,775</u>
Excess (deficit) of revenues over expenditures	50,535	—	—	50,535
Other financing sources – transfers in	—	—	—	—
Net change in fund balances	50,535	—	—	50,535
Beginning fund balances	43,039	2,868	10,278	56,185
Ending fund balances	<u>\$ 93,574</u>	<u>2,868</u>	<u>10,278</u>	<u>106,720</u>

See accompanying independent auditors' report.

CITY OF WASILLA, ALASKA

Youth Court Fund

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

Year ended June 30, 2013
(with comparative amounts for 2012)

	2013		Variance positive (negative)	2012
	Budget	Actual		Actual
Revenues:				
Fines and charges	\$ 6,800	4,450	(2,350)	10,162
Intergovernmental	201,700	214,379	12,679	109,869
Investment income	—	—	—	38
Other	1,250	5,135	3,885	9,452
Total revenues	209,750	223,964	14,214	129,521
Expenditures – public safety:				
Salaries	92,511	86,661	5,850	85,618
Employee benefits	69,498	80,712	(11,214)	70,221
Professional and technical services	212	212	—	340
Other purchased services	5,408	4,535	873	4,827
Supplies	2,750	1,309	1,441	926
Total expenditures	170,379	173,429	(3,050)	161,932
Other financing sources – transfers in	—	—	—	40,505
Net change in fund balance	\$ 39,371	50,535	11,164	8,094
Beginning fund balance		43,039		34,945
Ending fund balance		\$ 93,574		43,039

See accompanying independent auditors' report.

CITY OF WASILLA, ALASKA

Federal Asset Forfeiture Fund

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

Year ended June 30, 2013
(with comparative amounts for 2012)

	2013		Variance positive (negative)	2012
	Budget	Actual		Actual
Revenues:				
Intergovernmental	\$ 64,300	58,762	(5,538)	—
Investment income	—	—	—	13
Total revenues	64,300	58,762	(5,538)	13
Expenditures – capital outlay	64,300	58,762	5,538	—
Net change in fund balance	\$ —	—	—	13
Beginning fund balance		2,868		2,855
Ending fund balance		\$ 2,868		2,868

See accompanying independent auditors' report.

CITY OF WASILLA, ALASKA

State Asset Forfeiture Fund

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

Year ended June 30, 2013
(with comparative amounts for 2012)

	<u>2013</u>			<u>2012</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>	<u>Actual</u>
Revenues – intergovernmental	\$ 8,600	8,584	(16)	—
Expenditures – capital outlay	<u>(8,600)</u>	<u>(8,584)</u>	<u>16</u>	<u>—</u>
Net change in fund balance	\$ <u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Beginning fund balance		<u>10,278</u>		<u>10,278</u>
Ending fund balance		\$ <u><u>10,278</u></u>		<u><u>10,278</u></u>

See accompanying independent auditors' report.

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CAPITAL PROJECT FUNDS

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

CITY OF WASILLA, ALASKA

Nonmajor Capital Project Funds

Combining Balance Sheet

June 30, 2013

Assets	Road capital project	Vehicle replacement	Right- of-way acquisition	Technology replacement	Totals
Cash and investments	\$ 38,875	407,583	105,652	455,026	1,007,136
Receivables – grants	222,965	—	—	—	222,965
Total assets	<u>\$ 261,840</u>	<u>407,583</u>	<u>105,652</u>	<u>455,026</u>	<u>1,230,101</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	60,628	—	—	31,000	91,628
Unearned revenue	\$ 75,885	—	—	—	75,885
	<u>136,513</u>	<u>—</u>	<u>—</u>	<u>31,000</u>	<u>167,513</u>
Fund balances:					
Assigned	<u>125,327</u>	<u>407,583</u>	<u>105,652</u>	<u>424,026</u>	<u>1,062,588</u>
Total fund balances	<u>125,327</u>	<u>407,583</u>	<u>105,652</u>	<u>424,026</u>	<u>1,062,588</u>
Total liabilities and fund balances	<u>\$ 261,840</u>	<u>407,583</u>	<u>105,652</u>	<u>455,026</u>	<u>1,230,101</u>

See accompanying independent auditors' report.

CITY OF WASILLA, ALASKA
 Nonmajor Capital Project Funds
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Year ended June 30, 2013

	Road capital project	Vehicle replacement	Right- of-way acquisition	Technology replacement	Totals
Revenues:					
Intergovernmental	\$ 542,443	—	—	—	542,443
Total revenues	<u>542,443</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>542,443</u>
Expenditures:					
Supplies	—	—	—	59,517	59,517
Debt service-principal	—	—	—	10,505	10,505
Capital outlay	674,541	295,175	—	—	969,716
	<u>674,541</u>	<u>295,175</u>	<u>—</u>	<u>70,022</u>	<u>1,039,738</u>
Excess (deficit) of revenues over expenditures	(132,098)	(295,175)	—	(70,022)	(497,295)
Other financing sources:					
Transfers in	100,000	235,000	25,000	137,000	497,000
Net other financing sources	<u>100,000</u>	<u>235,000</u>	<u>25,000</u>	<u>137,000</u>	<u>497,000</u>
Net change in fund balances	(32,098)	(60,175)	25,000	66,978	(295)
Beginning fund balances	<u>157,425</u>	<u>467,758</u>	<u>80,652</u>	<u>357,048</u>	<u>1,062,883</u>
Ending fund balances	<u>\$ 125,327</u>	<u>407,583</u>	<u>105,652</u>	<u>424,026</u>	<u>1,062,588</u>

See accompanying independent auditors' report.

CITY OF WASILLA, ALASKA

Miscellaneous Capital Project Fund

Schedule of Expenditures by Project

Year ended June 30, 2013

Expenditures:	
Lake Lucile dam	\$ 315,191
Building improvements	132,303
Lake Lucile dredging	79,711
Equipment	75,248
Software acquisitions	58,640
New library planning	31,347
Park improvements	22,016
Townsite restoration	18,295
Regional transportation plan	17,832
City website	17,415
	<hr/>
	\$ 767,998
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See accompanying independent auditors' report.

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PERMANENT FUND

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

CITY OF WASILLA, ALASKA

Cemetery Permanent Fund

Balance Sheet

June 30, 2013

(with comparative amounts for 2012)

	Assets	2013	2012
Cash and investments		\$ 253,745	235,672
Total assets		<u>253,745</u>	<u>235,672</u>
Liabilities and Fund Balance			
Fund balances:			
Nonspendable:			
Permanent fund principal		253,745	235,672
Total fund balances		<u>253,745</u>	<u>235,672</u>
Total liabilities and fund balances		\$ <u>253,745</u>	<u>235,672</u>

See accompanying independent auditors' report.

CITY OF WASILLA, ALASKA

Cemetery Permanent Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Year ended June 30, 2013
(with comparative amounts for 2012)

	<u>2013</u>	<u>2012</u>
Revenues:		
Lot sales	\$ 14,800	12,950
Investment income	—	79
Total revenues	<u>14,800</u>	<u>13,029</u>
Other financing sources – transfers in	3,273	—
Other financing uses – transfers out	<u>—</u>	<u>(79)</u>
Net change in fund balance	18,073	12,950
Beginning fund balance	<u>235,672</u>	<u>222,722</u>
Ending fund balance	<u>\$ 253,745</u>	<u>235,672</u>

See accompanying independent auditors' report.

ENTERPRISE FUNDS

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

CITY OF WASILLA, ALASKA

Water Utility Enterprise Fund

Statement of Net Position

June 30, 2013

(with comparative amounts for 2012)

Assets	2013	2012 <i>(as restated)</i>
	<u>2013</u>	<u>2012</u>
Current assets:		
Cash and investments	\$ 2,607,589	2,087,085
Receivables:		
Accounts	294,941	186,343
Allowance for doubtful accounts	(20,077)	(28,076)
Special assessments	34,250	50,862
Grants	95,790	—
Prepaid items	4,252	3,693
Inventories	40,056	27,744
	<u>3,056,801</u>	<u>2,327,651</u>
Total current assets		
Noncurrent assets:		
Prepaid items	9,976	10,357
Property, plant, and equipment:		
Land	149,170	149,170
Collection/distribution system	28,611,477	28,133,874
Water tank and fence	6,847,577	6,847,577
Wells/well house	368,659	368,659
Equipment	344,096	311,233
Construction in progress	212,112	95,463
	<u>36,533,091</u>	<u>35,905,976</u>
Total property, plant and equipment		
Less accumulated depreciation	<u>(9,692,547)</u>	<u>(8,961,172)</u>
Net property, plant, and equipment	<u>26,840,544</u>	<u>26,944,804</u>
Total noncurrent assets	<u>26,850,520</u>	<u>26,955,161</u>
Total assets	<u>\$ 29,907,321</u>	<u>29,282,812</u>

CITY OF WASILLA, ALASKA
Water Utility Enterprise Fund
Statement of Net Position
June 30, 2013
(with comparative amounts for 2012)

Liabilities and Net Position	2013	2012 <i>(as restated)</i>
Liabilities:		
Current liabilities:		
Accounts payable	\$ 64,335	16,687
Accrued payroll and employee benefits	24,441	19,013
Accrued annual and sick leave	25,435	20,717
Customer deposits	37,259	44,980
Accrued interest	13,197	15,784
Unearned revenue	125,382	16,365
Current portion of long-term debt	213,429	213,450
Total current liabilities	503,478	346,996
Long-term debt, net of current portion	2,053,233	2,266,895
Total liabilities	2,556,711	2,613,891
Net position:		
Net investment in capital assets	24,573,882	24,464,459
Unrestricted	2,776,728	2,204,462
Total net position	27,350,610	26,668,921
Total liabilities and net position	\$ 29,907,321	29,282,812

See accompanying independent auditors' report.

CITY OF WASILLA, ALASKA

Water Utility Enterprise Fund

Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2013
(with comparative amounts for 2012)

	<u>2013</u>	<u>2012</u> <i>(as restated)</i>
Operating revenues:		
Sales and user charges	\$ 1,524,547	1,461,092
Water meters	13,447	15,590
Total operating revenues	<u>1,537,994</u>	<u>1,476,682</u>
Operating expenses:		
Salaries	266,375	246,919
Employee benefits	225,685	175,300
Professional and technical services	28,445	25,636
Repair and maintenance	46,107	73,716
Other purchased services	57,618	62,062
Supplies	131,927	172,706
Total operating expenses	<u>756,157</u>	<u>756,339</u>
Operating income before depreciation	781,837	720,343
Depreciation	<u>731,376</u>	<u>717,971</u>
Operating income	<u>50,461</u>	<u>2,372</u>
Nonoperating revenues (expenses):		
Payments in lieu of assessments	12,377	5,054
Interest	(34,618)	(40,464)
Other	60	5,438
Investment income	—	599
Debt service assessment	3,369	10,117
State PERS relief	37,425	23,496
Net nonoperating revenues	<u>18,613</u>	<u>4,240</u>
Income before transfers and contributions	69,074	6,612
Transfers out	(14,500)	(14,500)
Capital contributions	<u>627,115</u>	<u>6,701</u>
Change in net position	681,689	(1,187)
Beginning net position	<u>26,668,921</u>	<u>26,670,108</u>
Ending net position	<u>\$ 27,350,610</u>	<u>26,668,921</u>

See accompanying independent auditors' report.

CITY OF WASILLA, ALASKA
Water Utility Enterprise Fund
Statement of Cash Flows
Year ended June 30, 2013
(with comparative amounts for 2012)

	<u>2013</u>	<u>2012</u> <i>(as restated)</i>
Cash flows from operating activities:		
Cash received from customers and users	\$ 1,530,692	1,451,333
Cash payments to suppliers for goods and services	(236,938)	(305,729)
Cash payments to employees for services	(444,489)	(390,961)
Net cash provided by operating activities	<u>849,265</u>	<u>754,643</u>
Cash flows from noncapital financing activities:		
Transfers out to other funds	(14,500)	(14,500)
Other nonoperating receipts	60	5,437
Net cash used for noncapital financing activities	<u>(14,440)</u>	<u>(9,063)</u>
Cash flows from capital and related financing activities:		
Principal paid on long-term debt	(213,683)	(270,719)
Interest paid on long-term debt	(37,205)	(40,387)
Special assessments received	19,579	9,018
Payments in lieu of assessments received	12,779	5,069
Acquisition and construction of capital assets	(116,650)	(6,702)
Capital contributions received	20,859	144,652
Net cash used for capital and related financing activities	<u>(314,321)</u>	<u>(159,069)</u>
Cash flows from investing activities – investment income received	<u>—</u>	<u>599</u>
Net increase in cash and cash equivalents	520,504	587,110
Beginning cash and cash equivalents	2,087,085	1,499,975
Ending cash and cash equivalents	<u>\$ 2,607,589</u>	<u>2,087,085</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 50,461	2,372
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	731,376	717,971
State of Alaska on-behalf payments – PERS relief expense	37,425	23,496
Changes in operating assets and liabilities that provided (used) cash:		
Accounts receivable and related allowance	(116,597)	(23,233)
Inventory	(12,312)	29,899
Prepaid items	(178)	(37)
Accounts payable	47,648	(4,398)
Accrued payroll and employee benefits	5,428	7,515
Accrued annual and sick leave	4,718	247
Customer deposits	(7,721)	211
Unearned revenue	109,017	600
Net cash provided by operating activities	<u>\$ 849,265</u>	<u>754,643</u>
Noncash noncapital financing activities:		
State of Alaska on-behalf payments – PERS relief	\$ 37,425	23,496
Water extensions contributed by developers	477,603	—
Equipment transfer from general government	32,863	—

See accompanying independent auditors' report.

CITY OF WASILLA, ALASKA

Sewer Utility Enterprise Fund

Statement of Net Position

June 30, 2013

(with comparative amounts for 2012)

Assets	2013	2012 <i>(as restated)</i>
Current assets:		
Cash and investments	\$ 2,120,375	1,841,864
Receivables:		
Accounts	141,802	122,651
Allowance for doubtful accounts	(15,317)	(19,790)
Special assessments	9,573	11,269
Grants	—	—
Prepaid expenses	4,266	3,704
Inventory	36,357	34,335
Total current assets	<u>2,297,056</u>	<u>1,994,033</u>
Noncurrent assets:		
Property, plant, and equipment:		
Land	657,810	657,810
Building	143,456	143,456
Treatment system	8,127,617	8,096,550
Collection/distribution system	11,509,848	11,401,703
Equipment	5,289,945	5,177,989
Total property, plant, and equipment	<u>25,728,676</u>	<u>25,477,508</u>
Less accumulated depreciation	<u>(11,218,144)</u>	<u>(10,754,076)</u>
Net property, plant, and equipment	<u>14,510,532</u>	<u>14,723,432</u>
Total assets	<u>\$ 16,807,588</u>	<u>16,717,465</u>

CITY OF WASILLA, ALASKA

Sewer Utility Enterprise Fund

Statement of Net Position

June 30, 2013

(with comparative amounts for 2012)

Liabilities and Net Position	2013	2012 <i>(as restated)</i>
Liabilities:		
Current liabilities:		
Accounts payable	\$ 20,853	30,533
Accrued payroll and employee benefits	30,324	32,694
Accrued annual and sick leave	68,347	62,230
Customer deposits	5,773	5,898
Accrued interest	1,675	2,014
Current portion of long-term debt	17,245	17,247
Total current liabilities	<u>144,217</u>	<u>150,616</u>
Long-term debt, net of current portion	<u>157,399</u>	<u>174,669</u>
Total liabilities	<u>301,616</u>	<u>325,285</u>
Net position:		
Net investment in capital assets	14,335,888	14,531,516
Unrestricted	<u>2,170,084</u>	<u>1,860,664</u>
Total net position	<u>16,505,972</u>	<u>16,392,180</u>
Total liabilities and net position	<u>\$ 16,807,588</u>	<u>16,717,465</u>

See accompanying independent auditors' report.

CITY OF WASILLA, ALASKA

Sewer Utility Enterprise Fund

Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2013
(with comparative amounts for 2012)

	<u>2013</u>	<u>2012</u> <i>(as restated)</i>
Operating revenues – sales and user charges	\$ 1,308,737	1,235,814
Operating expenses:		
Salaries	375,162	352,278
Employee benefits	301,701	269,134
Professional and technical services	8,509	7,514
Repair and maintenance	116,427	97,123
Other purchased services	37,036	50,189
Supplies	185,429	247,469
Total operating expenses	<u>1,024,264</u>	<u>1,023,707</u>
Operating income before depreciation	284,473	212,107
Depreciation	<u>464,069</u>	<u>446,396</u>
Operating loss	<u>(179,596)</u>	<u>(234,289)</u>
Nonoperating revenues (expenses):		
Payments in lieu of assessments	6,268	4,792
Interest	(2,540)	(3,146)
Other	94	5,436
Investment income	—	536
Debt service assessment	709	690
State PERS relief	54,042	44,365
Net nonoperating revenues	<u>58,573</u>	<u>52,673</u>
Loss before transfers and capital contributions	(121,023)	(181,616)
Transfers in	—	—
Transfers out	(16,500)	(16,500)
Capital contributions	<u>251,315</u>	<u>29,557</u>
Change in net position	113,792	(168,559)
Beginning net position	<u>16,392,180</u>	<u>16,560,739</u>
Ending net position	\$ <u><u>16,505,972</u></u>	<u><u>16,392,180</u></u>

See accompanying independent auditors' report.

CITY OF WASILLA, ALASKA
Sewer Utility Enterprise Fund
Statement of Cash Flows
Year ended June 30, 2013
(with comparative amounts for 2012)

	2013	2012 <i>(as restated)</i>
Cash flows from operating activities:		
Cash received from customers and users	\$ 1,289,461	1,233,692
Cash payments to suppliers for goods and services	(364,138)	(319,523)
Cash payments to employees for services	(619,075)	(559,073)
Net cash provided by operating activities	306,248	355,096
Cash flows from noncapital financing activities:		
Transfers out to other funds	(16,500)	(16,500)
Nonoperating grants received	—	2,716
Other nonoperating receipts	94	5,436
Net cash used for noncapital financing activities	(16,406)	(8,348)
Cash flows from capital and related financing activities:		
Principal paid on long-term debt	(17,272)	(17,247)
Interest paid on long-term debt	(2,879)	(3,137)
Special assessments received	2,171	1,718
Payments in lieu of assessments received	6,502	4,883
Acquisition and construction of capital assets	(31,066)	—
Capital contributions received	31,213	—
Net cash used for capital and related financing activities	(11,331)	(13,783)
Cash flows from investing activities – investment income received	—	536
Net increase in cash and cash equivalents	278,511	333,501
Beginning cash and cash equivalents	1,841,864	1,508,363
Ending cash and cash equivalents	\$ 2,120,375	1,841,864
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$ (179,596)	(234,289)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	464,069	446,396
State of Alaska on-behalf payments – PERS relief expense	54,042	44,365
Changes in operating assets and liabilities that provided (used) cash:		
Accounts receivable and related allowance	(23,624)	(1,350)
Inventory	(2,022)	67,668
Prepaid expenses	(562)	(48)
Accounts payable	(9,680)	14,380
Accrued payroll and employee benefits	(2,371)	12,154
Accrued annual and sick leave	6,117	5,820
Customer deposits	(125)	—
Net cash provided by operating activities	\$ 306,248	355,096
Noncash noncapital financing and capital and related financing activities:		
State of Alaska on-behalf payments – PERS relief	54,042	44,365
Sewer extensions contributed by developers	108,145	—
Equipment transfer from general government	111,956	29,557

See accompanying independent auditors' report.

CITY OF WASILLA, ALASKA
Municipal Airport Enterprise Fund
Statement of Net Position
Year ended June 30, 2013
(with comparative amounts for 2012)

Assets	2013	2012
Current assets:		
Cash and investments	\$ 162,879	—
Receivables:		
Accounts	1,219	478
Grants	711,336	785,528
Prepaid expenses	1,183	1,159
Total current assets	876,617	787,165
Noncurrent assets – property, plant, and equipment:		
Land	1,470,000	1,470,000
Land improvements	16,422,422	14,094,889
Buildings	993,282	993,282
Equipment	1,287,969	1,287,969
Construction in progress	2,068,192	2,646,419
Total property, plant, and equipment	22,241,865	20,492,559
Less accumulated depreciation	(7,630,457)	(6,959,829)
Net property, plant, and equipment	14,611,408	13,532,730
Total assets	\$ 15,488,025	14,319,895
Liabilities and Net Position		
Current liabilities:		
Accounts payable	\$ 552,002	518,313
Accrued payroll and employee benefits	1,674	1,763
Accrued annual and sick leave	8,786	9,070
Unearned revenue	10,217	8,930
Due to other funds	—	46,502
Total current liabilities	572,679	584,578
Net position:		
Net investment in capital assets	14,611,408	13,532,730
Unrestricted	303,938	202,587
Total net position	14,915,346	13,735,317
Total liabilities and net position	\$ 15,488,025	14,319,895

See accompanying independent auditors' report.

CITY OF WASILLA, ALASKA

Municipal Airport Enterprise Fund

Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2013
(with comparative amounts for 2012)

	<u>2013</u>	<u>2012</u>
Operating revenues – fees and rentals	\$ 69,522	65,849
Operating expenses:		
Salaries	27,432	28,556
Employee benefits	18,038	16,292
Professional and technical services	4,461	160
Repair and maintenance	24,730	19,349
Other purchased services	29,328	30,623
Supplies	40,895	43,507
Total operating expenses	<u>144,884</u>	<u>138,487</u>
Operating loss before depreciation	(75,362)	(72,638)
Depreciation	<u>670,628</u>	<u>757,950</u>
Operating loss	<u>(745,990)</u>	<u>(830,588)</u>
Nonoperating revenues (expenses):		
Interest	—	(61)
Other income	5	4,135
State PERS relief	3,892	3,179
Plans and studies	(17,733)	(750,782)
Nonoperating grants	17,290	289,362
Net nonoperating revenues (expenses)	<u>3,454</u>	<u>(454,167)</u>
Loss before transfers and capital contributions	(742,536)	(1,284,755)
Transfers in	175,000	200,000
Transfers out	(500)	(15,500)
Capital contributions	<u>1,748,065</u>	<u>2,127,685</u>
Change in net position	1,180,029	1,027,430
Beginning net position	<u>13,735,317</u>	<u>12,707,887</u>
Ending net position	<u>\$ 14,915,346</u>	<u>13,735,317</u>

See accompanying independent auditors' report.

CITY OF WASILLA, ALASKA
Municipal Airport Enterprise Fund
Statement of Cash Flows
Year ended June 30, 2013
(with comparative amounts for 2012)

	2013	2012
Cash flows from operating activities:		
Cash received from customers and users	\$ 70,068	64,818
Cash payments to suppliers for goods and services	(99,438)	(93,641)
Cash payments to employees for services	(41,951)	(40,980)
Net cash used for operating activities	(71,321)	(69,803)
Cash flows from noncapital financing activities:		
Transfers in from other funds	175,000	200,000
Transfers out to other funds	(500)	(15,500)
Nonoperating grants received	17,290	289,362
Other nonoperating payments	(17,728)	(291,324)
Net cash provided by noncapital financing activities	174,062	182,538
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(1,715,617)	(1,937,847)
Capital contributions received	1,822,257	2,077,620
Increase in due to other funds	(46,502)	(252,447)
Interest paid on internal borrowing	—	(61)
Net cash provided by (used for) capital and related financing activities	60,138	(112,735)
Net increase in cash and cash equivalents	162,879	—
Beginning cash and cash equivalents	—	—
Ending cash and cash equivalents	\$ 162,879	—
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (745,990)	(830,588)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	670,628	757,950
State of Alaska on-behalf payments – PERS relief expense	3,892	3,179
Changes in operating assets and liabilities that provided (used) cash:		
Accounts receivable	(741)	435
Prepaid expenses	(24)	(2)
Accrued payroll and employee benefits	(89)	645
Accrued annual and sick leave	(284)	44
Unearned revenue	1,287	(1,466)
Net cash used for operating activities	\$ (71,321)	(69,803)
Noncash noncapital financing and capital and related financing activities:		
Acquisition and construction of capital assets through accounts payable	\$ 33,689	236,545
State of Alaska on-behalf payments – PERS relief	3,892	3,179
Increase in capital grants receivable	—	50,065
Abandoned construction in progress	—	455,323

See accompanying independent auditors' report.

CITY OF WASILLA, ALASKA

Curtis D. Menard Memorial Sports Center Enterprise Fund

Statement of Net Position

Year ended June 30, 2013

(with comparative amounts for 2012)

Assets	2013	2012
Current assets:		
Cash and investments	\$ 1,207,984	1,163,627
Receivables:		
Grants	5,667	321
Accounts	32,833	26,376
Prepaid expenses	1,226	1,205
Total current assets	<u>1,247,710</u>	<u>1,191,529</u>
Noncurrent assets – property, plant and equipment:		
Land	1,771,990	1,771,990
Buildings	16,765,740	16,765,740
Equipment	583,618	528,263
Total property, plant, and equipment	<u>19,121,348</u>	<u>19,065,993</u>
Less accumulated depreciation	<u>(3,373,268)</u>	<u>(2,879,184)</u>
Net property, plant, and equipment	<u>15,748,080</u>	<u>16,186,809</u>
Total noncurrent assets	<u>15,748,080</u>	<u>16,186,809</u>
Total assets	<u>\$ 16,995,790</u>	<u>17,378,338</u>
Liabilities and Net Position		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 38,996	10,519
Accrued payroll and employee benefits	33,985	33,336
Accrued annual and sick leave	18,831	18,060
Customer deposits	2,750	2,150
Unearned revenue	60,000	68,605
Total current liabilities	<u>154,562</u>	<u>132,670</u>
Net position:		
Net investment in capital assets	15,748,080	16,186,809
Unrestricted	1,093,148	1,058,859
Total net position	<u>16,841,228</u>	<u>17,245,668</u>
Total liabilities and net position	<u>\$ 16,995,790</u>	<u>17,378,338</u>

See accompanying independent auditors' report.

CITY OF WASILLA, ALASKA

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

Year ended June 30, 2013
(with comparative amounts for 2012)

	<u>2013</u>	<u>2012</u>
Operating revenues – fees and rentals	\$ 651,344	585,634
Operating expenses:		
Salaries	417,668	417,070
Employee benefits	317,940	272,954
Professional and technical services	9,795	9,448
Repair and maintenance	128,005	59,739
Other purchased services	68,422	77,561
Supplies	282,023	268,850
Equipment	7,454	—
Total operating expenses	<u>1,231,307</u>	<u>1,105,622</u>
Operating loss before depreciation	(579,963)	(519,988)
Depreciation	494,084	479,180
Operating loss	<u>(1,074,047)</u>	<u>(999,168)</u>
Nonoperating revenues:		
Investment income	6,542	3,439
Other	2,837	734
State PERS relief	47,846	35,455
Net nonoperating revenues	<u>57,225</u>	<u>39,628</u>
Loss before transfers and capital contributions	(1,016,822)	(959,540)
Transfers in	607,215	400,000
Transfers out	(9,500)	(9,500)
Capital contributions	14,667	90,321
Change in net position	<u>(404,440)</u>	<u>(478,719)</u>
Beginning net position	<u>17,245,668</u>	<u>17,724,387</u>
Ending net position	\$ <u><u>16,841,228</u></u>	<u><u>17,245,668</u></u>

See accompanying independent auditors' report.

CITY OF WASILLA, ALASKA

Curtis D. Menard Memorial Sports Center Enterprise Fund

Statement of Cash Flows

Year ended June 30, 2013

(with comparative amounts for 2012)

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Cash received from customers and users	\$ 636,882	655,316
Cash payments to suppliers for goods and services	(467,243)	(411,763)
Cash payments to employees for services	(686,342)	(641,585)
Net cash used for operating activities	<u>(516,703)</u>	<u>(398,032)</u>
Cash flows from noncapital financing activities:		
Transfers in	607,215	400,000
Transfers out	(9,500)	(9,500)
Other nonoperating receipts	2,837	734
Net cash provided by noncapital financing activities	<u>600,552</u>	<u>391,234</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(55,355)	(166,500)
Capital contributions received	9,321	90,000
Net cash used for capital and related financing activities	<u>(46,034)</u>	<u>(76,500)</u>
Cash flows from investing activities – investment income received	<u>6,542</u>	<u>3,439</u>
Net increase (decrease) in cash and investments	44,357	(79,859)
Beginning cash and investments	<u>1,163,627</u>	<u>1,243,486</u>
Ending cash and investments	\$ <u>1,207,984</u>	\$ <u>1,163,627</u>
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (1,074,047)	(999,168)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	494,084	479,180
State of Alaska on-behalf payments – PERS relief expense	47,846	35,455
Changes in operating assets and liabilities that provided (used) cash:		
Accounts receivable	(6,457)	(573)
Prepaid expenses	(21)	(48)
Accounts payable	28,477	3,883
Accrued payroll and employee benefits	649	11,749
Accrued annual and sick leave	771	1,235
Customer deposits	(8,605)	1,900
Unearned revenue	600	68,355
Net cash used for operating activities	\$ <u>(516,703)</u>	\$ <u>(398,032)</u>
Noncash noncapital financing activities:		
State of Alaska on-behalf payments – PERS relief	\$ 47,846	35,455

See accompanying independent auditors' report.

STATISTICAL SECTION

CITY OF WASILLA, ALASKA

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

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<i>These schedules contain trend information to help the reader understand how the City’s financial performance and well being have changed over time.</i>	
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Demographic and Economic Information

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

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

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

Table 1

CITY OF WASILLA, ALASKA

Net Position by Component

Last Nine Fiscal Years

(Accrual Basis of Accounting)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental activities:									
Net investment in capital assets	\$ 20,799,331	23,130,317	24,224,874	25,066,933	24,398,858	26,352,274	27,061,059	27,866,382	27,146,916
Restricted	—	—	—	—	—	210,573	222,722	248,818	266,891
Unrestricted	8,582,004	8,728,564	8,892,421	8,643,361	9,971,248	9,178,588	10,583,663	11,650,704	13,214,102
Total governmental activities net position	29,381,335	31,858,881	33,117,295	33,710,294	34,370,106	35,741,435	37,867,444	39,765,904	40,627,909
Business-type activities:									
Net investment in capital assets	37,833,931	40,517,807	47,010,053	50,098,545	58,196,431	59,488,483	61,667,398	68,715,514	69,269,258
Restricted	1,010,688	1,549,126	2,178,513	2,914,497	1,477,737	2,071,844	—	—	—
Unrestricted	3,253,754	3,150,604	2,196,833	2,946,178	2,711,915	3,674,997	4,775,904	5,326,572	6,343,898
Total business-type activities net position	42,098,373	45,217,537	51,385,399	55,959,220	62,386,083	65,235,324	66,443,302	74,042,086	75,613,156
Total activities:									
Net investment in capital assets	58,633,262	63,648,124	71,234,927	75,165,478	82,595,289	85,840,757	88,728,457	89,540,999	96,416,174
Restricted	1,010,688	1,549,126	2,178,513	2,914,497	1,477,737	2,282,417	222,722	248,818	266,891
Unrestricted	11,835,758	11,879,168	11,089,254	11,589,539	12,683,163	12,853,585	15,339,567	16,977,276	19,558,000
Total net position	\$ <u>71,479,708</u>	<u>77,076,418</u>	<u>84,502,694</u>	<u>89,669,514</u>	<u>96,756,189</u>	<u>100,976,759</u>	<u>104,290,746</u>	<u>106,767,093</u>	<u>116,241,065</u>

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

See accompanying independent auditors' report.

Table 2

CITY OF WASILLA, ALASKA

Changes in Net Position

Last Nine Fiscal Years

(Accrual Basis of Accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses:									
Governmental activities:									
General government	\$ 2,050,929	2,053,904	2,631,085	2,818,033	2,808,593	2,949,299	2,678,667	2,994,569	3,215,470
Public safety	3,692,121	4,483,195	5,142,112	5,761,075	6,290,577	6,469,113	6,585,810	6,920,691	7,108,991
Public works	2,254,234	2,746,502	2,682,130	2,925,326	3,609,023	3,473,727	3,949,216	3,852,249	4,029,730
Cultural and recreation	1,314,516	1,387,867	1,529,659	1,621,844	1,846,153	1,908,613	1,734,297	1,907,136	2,086,325
Interest on long-term debt	239,298	232,958	154,562	186,416	162,172	169,873	113,014	125,108	113,071
Total governmental activities expenses	9,551,098	10,904,426	12,139,548	13,312,694	14,716,518	14,970,625	15,061,004	15,799,753	16,553,587
Business-type activities:									
Water utility	946,892	948,453	1,087,748	1,096,799	1,160,186	1,354,805	1,347,403	1,364,302	1,522,151
Sewer utility	967,021	986,383	1,075,369	1,043,618	1,398,732	1,248,782	1,254,787	1,424,799	1,490,873
Municipal airport	434,727	456,878	490,437	481,477	819,103	1,081,269	1,046,550	1,647,280	833,245
Curtis D. Menard Memorial Sports Center	1,613,148	1,613,022	1,659,328	2,162,833	1,717,698	1,622,562	1,491,371	1,584,802	1,725,391
Total business-type activities expenses	3,961,788	4,004,736	4,312,882	4,784,727	5,095,719	5,307,418	5,140,111	6,021,183	5,571,660
Total expenses	13,512,886	14,909,162	16,452,430	18,097,421	19,812,237	20,278,043	20,201,115	21,820,936	22,125,247
Program revenues:									
Governmental activities:									
Fees, fines, and charges for services:									
General government	84,850	52,967	34,274	36,778	36,509	38,397	33,588	32,842	31,055
Public safety	1,165,503	1,394,672	1,557,226	1,697,437	1,583,265	1,564,989	1,544,398	1,722,970	1,710,651
Public works	554,450	100	—	19,145	328	141,022	191,833	210,329	221,723
Cultural and recreation	396,564	416,794	12,776	338,462	62,522	76,145	54,340	63,691	64,789
Operating grants and contributions	364,245	293,038	747,346	513,374	970,880	901,746	633,479	691,402	731,335
Capital grants and contributions	2,835,696	2,053,199	730,639	1,382,910	323,666	1,724,791	2,650,118	1,779,393	1,034,593
Total governmental activities program revenues	5,401,308	4,210,770	3,082,261	3,988,106	2,977,170	4,447,090	5,107,756	4,500,627	3,794,146
Business-type activities:									
Water utility	743,673	764,216	769,376	793,491	818,318	1,148,297	1,312,070	1,476,682	1,537,994
Sewer utility	642,553	656,759	673,985	678,897	694,702	1,024,400	1,159,179	1,235,814	1,308,737
Municipal airport	56,047	66,225	67,902	70,293	58,178	67,221	64,082	65,849	69,522
Curtis D. Menard Memorial Sports Center	576,555	642,091	728,117	688,958	698,333	735,723	544,627	585,634	651,344
Operating grants and contributions	—	—	—	—	—	216,869	320,593	395,857	160,748
Capital grants and contributions	3,196,010	1,906,555	4,828,574	2,599,391	5,426,008	1,231,514	1,893,891	2,254,264	2,641,162
Total business-type activities program revenues	5,214,838	4,035,846	7,067,954	4,831,030	7,695,539	4,424,024	5,294,442	6,014,100	6,369,507
Total primary government program revenues	10,616,146	8,246,616	10,150,215	8,819,136	10,672,709	8,871,114	10,402,198	10,514,727	10,163,653
Net (expenses) revenue:									
Governmental activities	(4,149,790)	(6,693,656)	(9,057,287)	(9,324,588)	(11,739,348)	(10,523,535)	(9,953,248)	(11,299,126)	(12,759,441)
Business-type activities	1,253,050	31,110	2,755,072	46,303	2,599,820	(883,394)	154,331	(7,083)	797,847
Total primary government net expenses	(2,896,740)	(6,662,546)	(6,302,215)	(9,278,285)	(9,139,528)	(11,406,929)	(9,798,917)	(11,306,209)	(11,961,594)

Table 2

CITY OF WASILLA, ALASKA

Changes in Net Position

Last Nine Fiscal Years

(Accrual Basis of Accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013
General revenues and other changes in net position:									
Governmental activities:									
Sales taxes	\$ 8,346,749	8,976,284	9,658,193	10,386,206	11,070,859	11,185,917	11,681,721	11,911,716	12,346,152
Property taxes	179,547	194,627	2,722	300	289	92	—	2	—
Vehicle taxes	100,725	91,630	96,190	101,620	105,419	107,640	108,670	117,460	120,969
Grants and entitlements not restricted to a specific purpose	226,516	376,984	773,246	654,011	1,359,374	1,220,956	1,158,757	1,564,089	1,798,256
Investment earnings	176,928	181,753	457,286	507,334	373,798	235,941	121,725	67,015	85,725
Other	121,429	25,213	90,005	23,105	13,654	57,143	31,540	81,304	35,261
Transfers	(1,080,002)	(675,289)	(761,941)	(1,754,989)	(845,500)	(912,825)	(1,023,156)	(544,000)	(741,215)
Extraordinary item – NPO/OPEB elimination	—	—	—	—	321,267	—	—	—	—
Total governmental activities	8,071,892	9,171,202	10,315,701	9,917,587	12,399,160	11,894,864	12,079,257	13,197,586	13,645,148
Business-type activities:									
Taxes	2,087,056	2,244,071	2,414,673	2,597,929	2,776,152	2,813,929	—	—	—
Grants and entitlements not restricted to a specific purpose	—	25,628	28,037	—	100,518	—	—	—	—
Investment earnings	65,450	143,066	205,401	165,956	36,052	5,881	2,836	4,574	6,542
Other	27,104	—	2,738	8,644	2,518	—	7,655	36,396	25,466
Transfers	1,080,002	675,289	761,941	1,754,989	845,500	912,825	1,023,156	544,000	741,215
Extraordinary item – NPO/OPEB elimination	—	—	—	—	66,303	—	—	—	—
Total business-type activities	3,259,612	3,088,054	3,412,790	4,527,518	3,827,043	3,732,635	1,033,647	584,970	773,223
Total primary government	11,331,504	12,259,256	13,728,491	14,445,105	16,226,203	15,627,499	13,112,904	13,782,556	14,418,371
Changes in net position:									
Governmental activities	3,922,102	2,477,546	1,258,414	592,999	659,812	1,371,329	2,126,009	1,898,460	885,707
Business-type activities	4,512,662	3,119,164	6,167,862	4,573,821	6,426,863	2,849,241	1,187,978	577,887	1,571,070
Total primary government	\$ 8,434,764	5,596,710	7,426,276	5,166,820	7,086,675	4,220,570	3,313,987	2,476,347	2,456,777

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

See accompanying independent auditors' report.

Table 3

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General fund:										
Nonspendable	\$ 28,732	16,899	65,286	65,057	67,600	70,125	74,596	78,953	118,443	96,268
Committed	864,359	—	386,276	—	259,046	1,332,106	—	1,001,579	2,502,183	3,636,891
Assigned	155,266	147,854	192,093	94,967	37,110	92,771	129,694	312,990	639,840	675,829
Unassigned	4,494,564	5,424,551	5,217,815	6,007,895	5,666,711	5,639,118	6,273,841	7,293,632	7,149,076	7,539,574
Total general fund	<u>\$ 5,542,921</u>	<u>5,589,304</u>	<u>5,861,470</u>	<u>6,167,919</u>	<u>6,030,467</u>	<u>7,134,120</u>	<u>6,478,131</u>	<u>8,687,154</u>	<u>10,409,542</u>	<u>11,948,562</u>
All other governmental funds:										
Nonspendable:										
Permanent fund	\$ 145,705	164,505	175,705	187,105	201,501	204,055	210,573	222,722	235,672	253,745
Special revenue funds	—	—	—	138	—	—	—	—	14	14
Capital projects funds	—	—	—	7,125	—	—	—	—	12,845	5,819
Restricted for:										
Debt service funds	418,677	289,311	355,381	339,156	323,689	306,327	227,968	—	—	—
Special revenue funds	—	—	—	—	—	—	—	—	13,146	13,146
Assigned to:										
Special revenue funds	62,648	334,834	396,505	142,020	162,662	176,949	302,982	48,078	43,025	93,560
Debt service funds	357,001	365,588	382,730	423,639	429,865	373,904	354,460	—	—	—
Capital projects funds	1,558,916	1,913,326	2,004,431	2,189,860	2,129,129	2,140,726	2,190,737	2,278,206	1,640,295	1,750,832
Total all other governmental funds	<u>\$ 2,542,947</u>	<u>3,067,564</u>	<u>3,314,752</u>	<u>3,289,043</u>	<u>3,246,846</u>	<u>3,201,961</u>	<u>3,286,720</u>	<u>2,549,006</u>	<u>1,944,997</u>	<u>2,117,116</u>

See accompanying independent auditors' report.

Table 4

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues:										
Sales taxes	\$ 7,659,612	8,346,749	8,976,284	9,658,193	10,386,206	11,070,858	11,185,917	11,681,721	11,911,716	12,346,152
Property and vehicle taxes	330,766	280,272	286,257	98,912	101,920	105,709	107,732	108,670	117,462	120,969
Intergovernmental	3,827,307	4,444,364	3,016,976	2,320,519	2,998,131	2,629,049	3,876,409	2,702,239	3,664,535	3,556,911
Investment earnings	76,294	176,928	181,753	457,286	507,334	373,798	235,941	121,725	67,015	85,725
Other revenues	593,593	1,474,404	1,751,403	1,719,860	1,710,709	1,758,514	1,870,786	1,897,065	2,089,290	2,114,907
Total revenues	12,487,572	14,722,717	14,212,673	14,254,770	15,704,300	15,937,928	17,276,785	16,511,420	17,850,018	18,224,664
Expenditures:										
Current:										
General government	1,706,023	1,815,628	1,880,357	2,395,634	2,648,361	2,667,010	2,672,437	2,554,172	2,790,919	2,815,187
Public safety	2,212,835	3,286,366	3,950,162	4,622,369	5,092,492	5,726,540	5,619,041	5,772,067	6,161,011	6,292,968
Public works	1,328,883	1,611,765	1,905,214	1,871,951	1,947,844	2,145,522	2,163,887	2,064,098	2,171,962	2,208,004
Culture and recreation	1,161,330	1,266,452	1,319,595	1,436,864	1,542,290	1,728,673	1,681,948	1,670,474	1,834,867	1,917,983
Nondepartmental	66,154	66,590	32,987	30,528	24,346	22,500	102,000	54,486	64,567	139,725
Youth court	153,312	141,012	134,999	150,649	134,933	152,415	146,501	148,540	161,932	173,429
Capital outlay	3,998,267	4,112,880	3,232,681	2,193,371	2,235,245	1,102,536	4,087,063	1,349,794	2,608,221	1,805,060
Debt service:										
Principal	585,650	507,557	326,264	329,196	315,573	317,210	400,080	349,659	325,197	320,505
Interest	295,772	263,465	235,771	186,483	187,876	171,254	158,780	136,863	124,844	112,744
Other debt service costs	—	—	—	40,632	—	—	—	—	—	—
Total expenditures	11,508,226	13,071,715	13,018,030	13,257,677	14,128,960	14,033,660	17,031,737	14,100,153	16,243,520	15,785,605
Excess of revenues over expenditures	979,346	1,651,002	1,194,643	997,093	1,575,340	1,904,268	245,048	2,411,267	1,606,498	2,439,059
Other financing sources (uses):										
Bond proceeds	—	—	—	45,588	—	—	—	—	—	—
Proceeds from sale of assets	—	—	—	—	—	—	8,035	4,279	55,881	13,295
Transfers in	1,628,868	2,710,880	2,940,076	2,430,840	1,754,246	2,234,437	5,275,203	728,932	655,084	947,273
Transfers out	(2,737,691)	(3,790,882)	(3,615,365)	(3,192,781)	(3,509,235)	(3,079,937)	(6,188,028)	(1,673,169)	(1,199,084)	(1,688,488)
Proceeds from capital lease	—	—	—	—	—	—	88,512	—	—	—
Cumulative effect of a change in accounting principle	232,481	—	—	—	—	—	—	—	—	—
Net other financing sources (uses)	(876,342)	(1,080,002)	(675,289)	(716,353)	(1,754,989)	(845,500)	(816,278)	(939,958)	(488,119)	(727,920)
Net change in fund balances	\$ 103,004	571,000	519,354	280,740	(179,649)	1,058,768	(571,230)	1,471,309	1,118,379	1,711,139
Debt service as a percentage of noncapital expenditures										
Total noncapital expenditures	\$ 7,509,959	8,958,835	9,785,349	11,064,306	11,893,715	13,555,405	13,652,773	13,609,341	14,211,961	14,715,904
	11.74%	8.61%	5.74%	5.03%	4.23%	3.60%	4.09%	2.57%	3.17%	2.94%

See accompanying independent auditors' report.

Table 5**CITY OF WASILLA, ALASKA**

Governmental Activities Tax Revenues by Source

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	<u>Total taxes</u>	<u>Property taxes</u>	<u>Sales taxes</u>	<u>Vehicle taxes</u>
Fiscal year ended June 30:				
2004	\$ 7,990,378	235,621	7,659,612	95,145
2005	8,627,021	179,547	8,346,749	100,725
2006	9,262,541	194,627	8,976,284	91,630
2007	9,757,105	2,722	9,658,193	96,190
2008	10,488,126	300	10,386,206	101,620
2009	11,176,567	289	11,070,859	105,419
2010	11,293,649	92	11,185,917	107,640
2011	11,790,391	—	11,681,721	108,670
2012	12,029,178	2	11,911,716	117,460
2013	12,467,121	9	12,346,152	120,960

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

See accompanying independent auditors' report.

Table 6

CITY OF WASILLA, ALASKA

General Government Sales Tax Revenue By Category

June 30, 2013

Category	Total sales tax revenue	Percentage of total
Trade retail and wholesale	\$ 9,358,165	75.06%
Entertainment, recreation, and food service	1,419,346	11.38
Utilities and information	695,601	5.58
Real estate, rental, leasing, and transportation	187,483	1.50
Manufacturing (primarily construction related)	112,004	0.90
All other services	694,522	5.57
	<u>\$ 12,467,121</u>	<u>100.00%</u>

- (1) Wasilla Municipal Code restricts the publication of sales tax collection information identifiable to a particular seller. Sales tax revenue by category is presented in lieu of disclosing principal sales tax revenue payers.
- (2) The comparative data for fiscal year 2004 is not available, therefore only the current year has been presented.

See accompanying independent auditors' report.

Table 7

CITY OF WASILLA, ALASKA

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

	<u>Real</u>	<u>Total assessed value net of exemptions</u>	<u>Total direct tax rate</u>	<u>Estimated actual value</u>	<u>Assessed value as a percentage of actual value</u>
Fiscal year ended June 30:					
2004	\$ 445,441,100	418,986,300	12.89%	\$ 431,953,800	97.00%
2005	530,369,900	500,749,673	13.70	565,833,000	89.00
2006	681,562,200	649,749,673	12.68	843,508,500	77.00
2007	818,127,000	788,757,000	11.06	879,854,800	90.00
2008	883,096,000	845,977,500	11.10	922,533,500	92.00
2009	904,686,770	854,448,324	11.89	912,805,200	94.00
2010	929,324,350	879,403,919	11.70	951,043,600	92.00
2011	926,268,940	875,447,170	11.79	956,288,200	92.00
2012	946,059,121	921,197,041	11.97	1,002,502,500	92.00
2013	941,218,804	921,926,220	11.66		

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

See accompanying independent auditors' report.

Table 8

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

	(1)	(2)	Property tax		
	Sales tax	Mat-Su Borough	Wasilla Fire Service Area	City of Wasilla	Total
Fiscal year ended June 30:					
2004	2.50%	11.48%	1.00%	0.50%	12.98%
2005	2.50	11.80	1.50	0.40	13.70
2006	2.50	10.88	1.50	0.30	12.68
2007	2.50	9.64	1.42	—	11.06
2008	2.50	9.64	1.46	—	11.10
2009	2.50	10.33	1.56	—	11.89
2010	2.00	9.98	1.72	—	11.70
2011	2.00	9.96	1.83	—	11.79
2012	2.00	10.05	1.92	—	11.97
2013	2.00	9.69	1.97	—	11.66

Source: Matanuska-Susitna Borough

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

See accompanying independent auditors’ report.

Table 9

CITY OF WASILLA, ALASKA

Principal Property Taxpayers

June 30, 2013 and 2004

Taxpayer	Nature of business	2013			2004		
		(1) Taxable assessed value	Rank	Percentage of total taxable assessed value	(1) Taxable assessed value	Rank	Percentage of total taxable assessed value
Wal-Mart Stores Inc.	Retail Store	\$ 19,618,400	1	2.08%	\$ 16,748,028	2	3.76%
DBC LLC	Property Development and Retail Mall	19,243,500	2	2.04	14,233,200	3	3.20
Fred Meyer Stores	Retail Store	18,718,600	3	1.99	29,712,223	1	6.67
Lowe's HIW Inc.	Retail Store	14,680,500	4	1.56			
Gary Lundgren	Individual	13,479,300	5	1.43			
BDC Wasilla LP	Real Estate Rental and Leasing	13,156,300	6	1.40			
Wasilla LLC	Property Development and Retail Mall	12,883,200	7	1.37	9,776,500	4	2.19
Wasilla Retirement LLC	Retirement Facility	11,240,000	8	1.19			
Global Finance & Investment Co.	Real Estate Rental and Leasing	10,936,700	9	1.16			
Mat-Su Valley Medical Center	Medical Facilities	10,775,000	10	1.14	7,474,000	5	1.68
Karabelnikoff/Newcomb TRE	Family Trust				6,380,500	6	1.43
NYE Frontier Ford	Automobile Dealership				4,146,600	7	0.93
Pedersen Floyd/Creekside	Property Development and Retail Mall				5,553,300	8	1.25
Enstar Natural Gas	Private Utility				4,130,300	9	0.93
875 Commercial Dr LLC	Property Development				2,743,800	10	0.62
Total		\$ <u>144,731,500</u>		<u>15.36%</u>	\$ <u>100,898,451</u>		<u>22.66%</u>

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

See accompanying independent auditors' report.

Table 10

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

Fiscal year ended June 30:	(2) City levy	(1) Amount collected	Percentage of levy	Amount of levy uncollected	Amount of levy uncollected as percentage of total taxes
2004	\$ 207,000	235,621	113.83%	\$ (28,621)	(13.83)%
2005	200,299	179,547	89.64	20,752	10.36
2006	194,924	194,627	99.85	297	0.15
2007	—	2,722	—	(2,722)	—
2008	—	300	—	(300)	—
2009	—	289	—	(289)	—
2010	—	92	—	(92)	—
2011	—	—	—	—	—
2012	—	2	—	(2)	—
2013	—	9	—	(9)	—

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

See accompanying independent auditors' report.

Table 11

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

Fiscal year ended June 30:	Governmental activities			Business-type activities			Total general obligation bonds	Percentage of personal income (1)	Percentage of assessed value (2)	Per capita (1)
	General obligation bonds	Retired principal	Total	General obligation bonds	Retired principal	Total				
2004	\$ 4,775,000	205,000	4,570,000	13,860,000	1,020,000	12,840,000	17,410,000	0.17%	4.16%	\$ 2,283
2005	4,570,000	215,000	4,355,000	12,840,000	1,125,000	11,715,000	16,070,000	0.20	3.21	1,925
2006	4,355,000	225,000	4,130,000	11,715,000	1,173,686	10,541,314	14,671,314	0.23	2.25	1,600
2007	4,130,000	189,412	3,940,588	10,541,314	1,374,474	9,166,840	13,107,428	0.28	1.65	1,329
2008	3,940,588	254,632	3,685,956	9,166,840	1,504,473	7,662,367	11,348,323	0.35	1.33	1,150
2009	3,685,956	269,632	3,416,324	7,662,367	3,840,789	3,821,578	7,237,902	0.53	0.79	1,009
2010	3,416,324	279,633	3,136,691	3,821,578	1,820,789	2,000,789	5,137,480	0.79	0.55	716
2011	3,136,691	294,633	2,842,058	2,000,789	2,000,789	—	2,842,058	1.47	0.30	363
2012	2,842,058	299,633	2,542,425	—	—	—	2,542,425	1.65	0.27	315
2013	2,542,425	314,633	2,227,792	—	—	—	2,227,792	1.88	0.24	271

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

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

See accompanying independent auditors' report.

Table 11

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

	Governmental activities			Business-type activities			Total primary government	Percentage of personal income	Percentage of assessed value (3)	Per capita (2)
	General obligation bonds	Special assessment bonds	Capital Lease	General obligation bonds	Special assessment bonds	Loans payable				
Fiscal year ended June 30:										
2004	\$ 4,570,000	742,787	—	12,840,000	49,898	4,518,413	22,721,098	0.13%	5.10%	\$ 3,702
2005	4,355,000	450,230	—	11,715,000	41,427	4,287,687	20,849,344	0.15	3.93	3,279
2006	4,130,000	348,966	—	10,541,314	32,525	4,056,961	19,109,766	0.17	2.80	2,953
2007	3,940,588	254,640	—	9,166,840	24,054	3,826,233	17,212,355	0.21	2.10	2,490
2008	3,685,956	189,068	—	7,662,367	15,583	3,595,530	15,148,504	0.26	1.72	2,111
2009	3,416,324	136,851	88,512	3,821,578	7,111	3,364,353	10,834,729	0.36	1.20	1,510
2010	3,136,691	29,387	70,898	2,000,789	—	3,218,743	8,456,508	0.48	0.91	1,178
2011	2,842,058	—	40,701	—	—	2,960,227	5,842,986	0.72	0.63	746
2012	2,542,425	—	10,504	—	—	2,672,261	5,225,190	0.80	0.55	648
2013	2,227,792	—	—	—	—	2,441,306	4,669,098	0.90	0.50	569

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

See accompanying independent auditors’ report.

Table 12

CITY OF WASILLA, ALASKA

Direct and Overlapping Governmental Activities Debt

June 30, 2013

Name of governmental unit	Net debt outstanding	(1) Percentage applicable to this governmental unit	City of Wasilla's share of debt
City of Wasilla	\$ 2,227,792	100.00%	\$ 2,227,792
Matanuska-Susitna Borough	270,410,000	11.03	29,826,223
Total direct and overlapping	\$ 272,637,792		\$ 32,054,015

Source: Matanuska-Susitna Borough

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

See accompanying independent auditors' report.

Table 13

CITY OF WASILLA, ALASKA
 Demographic and Economic Statistics
 Last Ten Fiscal Years

	<u>City of Wasilla</u>		<u>Matanuska-Susitna Borough</u>				
	<u>Population</u>	<u>School enrollment</u>	<u>Population</u>	<u>Per capita personal income</u>	<u>Median age</u>	<u>School enrollment</u>	<u>Unemployment rate (annual percentage)</u>
Fiscal year ended June 30:							
2004	6,137	3,289	71,231	\$ 28,885	34.5	14,303	8.3%
2005	6,359	3,551	74,964	31,487	34.6	14,662	7.1
2006	6,471	3,903	80,480	33,033	34.0	15,949	6.9
2007	6,912	4,079	82,669	36,212	33.6	16,115	6.9
2008	7,176	4,101	85,458	39,534	33.2	16,285	7.5
2009	7,176	4,194	85,319	38,508	34.4	16,468	9.4
2010	7,176	4,208	85,319	40,656	34.7	16,653	8.6
2011	7,831	4,218	88,995	41,905	34.7	17,079	9.0
2012	8,064	4,366	91,697	41,905	34.7	17,338	8.9
2013	8,207	4,418	93,801	41,905	35.0	17,247	7.2
Source	(2) State of Alaska and U.S. Census	(3) State of Alaska Dept of Education	(2) State of Alaska and U.S. Census	(1) Bureau of Economic Analysis	(1) State of Alaska	(3) State of Alaska Dept of Education	(1) State of Alaska

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

See accompanying independent auditors’ report.

Table 14

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
City clerk	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00
Mayor	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
General admin services	1.00	1.00	1.00	1.00	1.00	2.00	6.00	6.00	6.00	6.00
Finance/MIS	7.00	7.75	7.75	8.00	9.00	9.00	11.00	11.00	11.00	10.00
Community and economic development	3.00	3.00	4.00	4.00	4.00	4.00	—	—	—	—
Police	26.00	40.00	47.00	50.00	50.00	50.00	50.00	48.00	48.00	49.00
Youth court	2.50	2.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Public works	19.00	18.00	21.00	23.00	22.00	23.00	23.00	23.00	23.00	23.00
Museum	1.00	1.00	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Recreation facilities maintenance	2.55	2.55	2.55	2.55	2.55	2.55	2.55	3.00	3.00	3.00
Sports center/recreation services	10.90	10.90	11.89	12.35	8.66	8.66	10.66	9.50	8.00	7.00
Library	10	9.50	9.50	9.50	9.50	9.50	9.50	9.50	9.50	9.50
Total	<u>86.95</u>	<u>100.20</u>	<u>111.69</u>	<u>117.40</u>	<u>113.71</u>	<u>115.71</u>	<u>119.71</u>	<u>117.00</u>	<u>115.50</u>	<u>115.50</u>

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

See accompanying independent auditors' report.

Table 15

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

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public safety:										
Police services:										
Police requests for service	6,759	6,651	6,730	11,175	16,537	17,821	16,658	19,800	20,526	20,856
Criminal arrests	672	608	729	605	838	751	712	847	883	1,006
Water and wastewater:										
Water production average										
Gallons per day average										
July readings	549,000	739,726	715,069	846,575	967,123	819,178	813,377	724,687	615,959	779,454
Wastewater treatment avg.										
Gallons per day average										
July readings	306,000	273,973	287,671	323,288	328,767	358,904	361,648	381,229	327,194	324,100

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

See accompanying independent auditors' report.

Table 16

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Miles of streets	63.26	63.26	63.26	63.62	64.75	66.37	66.37	69.82	70.24	70.24
Miles of water lines	33.61	36.82	37.62	39.28	41.08	41.34	41.50	41.67	42.35	43.64
Miles of sewer lines	24.39	25.32	25.65	26.13	26.22	26.22	26.36	26.53	26.57	26.78
Police protection:										
Number of stations	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Recreation:										
Number of facilities:										
Parks	4.00	4.00	4.00	4.00	4.00	4.00	5.00	5.00	5.00	5.00
Ball fields	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Fitness trails	2.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00	3.00
Soccer fields	1.00	1.00	1.00	1.00	1.00	1.00	2.00	2.00	2.00	2.00
Multipurpose facility	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

See accompanying independent auditors' report.