

# **MATANUSKA-SUSITNA BOROUGH**

## **Comprehensive Annual Financial Report**

**For the Fiscal Year Ended  
June 30, 2012**

**John Moosey  
Borough Manager**

**Prepared by the Finance Department**

**Tammy E. Clayton, CPA  
Finance Director**

**Elizabeth Hartley, CPA  
Comptroller**

# **INTRODUCTORY SECTION**

**MATANUSKA-SUSITNA BOROUGH**  
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## MATANUSKA-SUSITNA BOROUGH

### Department of Finance

350 East Dahlia Avenue • Palmer, AK 99645

Phone (907) 745-4801 • Fax (907) 745-0886

[www.matsugov.us](http://www.matsugov.us)

December 21, 2012

To the Honorable Mayor,  
Members of the Assembly and  
Citizens of the Matanuska-Susitna Borough:

#### **Transmittal of the CAFR**

In accordance with Section 29.35.120 of Alaska Statutes, the Comprehensive Annual Financial Report of the Matanuska-Susitna Borough for the fiscal year ended June 30, 2012, is hereby submitted. The financial statements were prepared in conformance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

This report consists of management's representations concerning the finances of the Matanuska-Susitna Borough ("Borough"). Consequently, management assumes full responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, management of the Borough has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Borough's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Borough's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Borough's financial statements have been audited by Mikunda, Cottrell & Company, a firm of independent certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Borough for the fiscal year ended June 30, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Borough's financial statements for the fiscal year ended June 30, 2012, are fairly presented

in conformity with GAAP. The independent auditor's report is presented as the first component of the basic financial statements of this report.

The independent audit of the financial statements of the Borough was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal and state of Alaska 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 certain legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. These reports are included within the Comprehensive Annual Financial Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Borough's MD&A can be found immediately following the report of the independent auditors.

#### **Profile of the Matanuska-Susitna Borough**

The Matanuska-Susitna Borough was incorporated January 1, 1964 as a second-class Borough. The Borough is located in the south central part of the state of Alaska. It occupies a geographic area of approximately 25,265 miles. It is the fastest growing community in the state of Alaska and serves a population of 91,697. The Borough is empowered to levy a property tax on both real and personal properties located within its boundaries. State of Alaska law mandates that second-class Boroughs provide certain services on an areawide basis to all taxpayers.

The Borough exercises the following areawide powers: general administration, education, property assessment and collection of taxes, education, planning and zoning, parks and recreation, ports, emergency medical services and historic preservation. The Borough also exercises the following non-areawide powers: solid waste, libraries, septage disposal, animal care and regulation and economic development. Additionally, following voter approval, the Borough is now responsible for 36 active service areas for water, sewer, flood, water erosion, fire, and/or roads. Service area boards of supervisors are appointed by the assembly to oversee the affairs of each service area. This report includes the financial data for these service areas.

The Borough operates under an Assembly-Manager form of government. Policy-making and legislative authority are vested in a governing assembly consisting of a mayor and seven assembly members. The Assembly is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring the Borough Manager, Attorney and Clerk. The Borough Manager is responsible for carrying out the policies and ordinances of the Borough, for overseeing the day-to-day operations of the Borough and for appointing the heads of the various departments. The Assembly and Mayor are elected on a non-partisan basis. Assemblymembers are elected by district. They serve three-year staggered terms, with two or three members elected each year. The Mayor is elected at large and also serves a three-year term.

The Matanuska-Susitna Borough is financially accountable for a legally separate school district which is reported separately within the Matanuska-Susitna Borough's financial statements.

Additional information on this legally separate entity can be found in Note (1) in the Notes to the Basic Financial Statements.

The annual budget serves as the foundation for the Borough's financial planning and control. All departments and service areas submit budgets to the Manager on or about January 31<sup>st</sup>. The Manager uses these requests for developing a proposed budget. The Manager submits his proposed budget to the Assembly on the third Tuesday of April. The Assembly is required to hold public hearings on the proposed budget. The Assembly is required by Borough Code to adopt the budget by May 31<sup>st</sup>. The budget is appropriated by fund (Areawide), department (Emergency Services), and division (Dive Rescue). The Manager is authorized to make transfers within a department within any fund. Assembly action is required to transfer between funds or departments within a fund. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an annual budget has been adopted. For the General Fund, this comparison is presented on pages 60, 61, 62 and 63. For governmental funds, other than the General Fund, these comparisons start on page 70.

#### **Economic Condition of the Matanuska-Susitna Borough**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Matanuska-Susitna Borough operates.

The Borough's economy began experiencing growth in the early 1990's. In looking back over the last 20 years, the population of the Borough grew 97%. Whereas, the population of the State only grew 27%. Just during the last decade, no other area of the state came close to the Borough's track record of population and employment growth.

The communities of the Borough were historically established to support farming and still continue to be the largest agricultural producer in the state. However, farming is now overshadowed by other economic players. There are a number of factors driving the Borough's dynamic economy. In brief, one of these factors is health care. Another new facility was being constructed during 2012. Southcentral Foundation is constructing a new 84,000 square feet, \$40 million Native Primary Care Facility. When completed the number of permanent jobs will increase from the current staff of 35 to 250 medical personnel. Furthermore, the Mat-Su College has recently initiated new nursing courses and a new paramedic's curriculum that will provide a four year degree in paramedic medicine. In addition to the hospitals, several new medical facilities are being built or were built this past year. This includes a new Clinic in Willow and a new Clinic and Birthing Center in Wasilla.

An ever growing sector in the Borough is the businesses in the Borough that provide expanded services to Borough residents as well as the rest of the state. New industry, professional businesses and a variety of new commercial buildings have moved into or expanded in the Borough including several new significant retail developments and warehouse facilities. The new entities serve the growing number of people choosing to reside in the Borough while working elsewhere. Approximately 38% of the workforce commutes to work outside of the Borough.

In addition to new construction of commercial buildings, the construction of new residences throughout the Borough has continued to increase year after year. Thirty one new commercial structures were completed this past year as well as six hundred, twenty-two residences.

To further economic development, the Borough completed an Economic Development Strategic Plan. The purpose of the plan was to provide a blue print for positioning the Borough for sustainable economic growth and prosperity. The plan placed heavy emphasis on business community involvement and included over 140 business representatives and 40 public entity representatives in the plan process. The plan sets forth an economic vision whereby the Borough becomes a premiere destination of quality development and well-paying jobs in Alaska. The plan identifies 24 implementation strategies and over 80 specific actions to achieve the economic vision and provide for more high paying jobs. It also places emphasis on the private sector/public sector partnership to help guide growth and development throughout the Borough. The specific recommendations included the establishment of the university medical district for additional medical services and university, building greater awareness of the Borough as a destination for new investment from the employers in Anchorage, establishing a new Borough-wide business/public partnership to support economic development, improving workforce training and apprenticeship programs so that more young workers can permanently become part of the workforce, developing multi-modal transportation infrastructure at Port MacKenzie and continuing to invest in tourism infrastructure and marketing the Borough.

On December 22, 2008, the Borough issued the Series 2008 Lease Revenue Bonds in the amount of \$244,285,000. The funds were utilized to design, construct and equip the Goose Creek Correctional Center. This 1,536 bed facility was completed September 2011. It is being leased to and operated by the state of Alaska. The center is now fully operational. In total, 345 permanent positions were created to operate the facility. This does not include the indirect nor induced labor.

In addition to the continued development of the industrial district of Port MacKenzie, the Borough is working with the Alaska Railroad to construct a railspur. They completed a \$10 million environmental study to extend the Alaska Railroad 39 miles from Willow to Port Mackenzie. The Borough also previously acquired \$17.5 million to start construction on the rail loop in the Port District. In July 2010, \$35 million more was received for the next phase. This phase will construct 8.1 miles of rail embankment, purchase right-of-way for the remaining rail extension and engineer the route selected by the Environmental Impact Study. In July 2011, we received another \$30 million. These funds will be utilized to continue the construction of another 6.5 miles of the rail embankment and to acquire additional right-of-ways. In July 2012, we received an additional \$23.5 million which was for a 4.8 mile section of the project. Additionally \$30 million was approved in a State bond package that will be issued in 2013. Those funds will be utilized to construct 6.1 miles with construction starting June 2013. This rail spur will greatly increase natural resource development within the Valley and rail freight transport through the Port.

Cash from all Borough funds as well as the operating cash of the School District is held in a central treasury and managed by the Borough Administration. Interest income on investments is allocated to participating funds based on its average cash balance. The Investment Policy approved by the Borough Assembly authorizes cash temporarily idle during the year to be invested in the United States Treasury, its agencies and instrumentalities, Repurchase Agreements, fully collateralized Certificates of Deposit, bank or credit union accounts, provided the accounts are insured, money market mutual funds, provided they are comprised entirely of United States Treasury, its agencies or instrumentalities, taxable General Obligation Bonds of a Borough/County or State which has two ratings AA or higher and the Alaska

Municipal League Investment Pool. The maturities at June 30, 2012 of the investments range from 15 days to thirty-two months, with an average maturity of thirteen months. The average yield this fiscal year was .16%.

In accordance with Code, the Borough has a self insurance program for property and casualty coverage. This program is administered by a risk management committee. As part of this program, resources are accumulated in an internal service fund to meet potential claims and associated costs. In addition, the Borough employs a loss control specialist to prevent risk of accidental losses or claims. The Borough has third party coverage subject to the self-insured retentions, which is more fully described in Note (1) in the Notes to the Basic Financial Statements.

The Borough provides pension benefits for all eligible employees through the State of Alaska Public Employees Retirement System (PERS). The Borough has no obligations in connection with employee benefits offered through this plan beyond its annual required payment to the pension plan.

The Matanuska-Susitna Borough School District provides pension benefits for all eligible employees through PERS and the Teachers Retirement System (TRS). The school district has no obligations in connection with employee benefits offered through these plans beyond its annual required payments to the pension plans.

Additional information on pension arrangements and postemployment benefits can be found in Note (8) in the Notes to the Basic Financial Statements.

#### **Relevant Financial Policies**

The Borough has established a number of reserves for a variety of purposes. The balances are reported as committed fund balance within this report. Details of these reserves are as follows.

The major reserve of the Areawide Fund is the Reservation of the General Fund Balance. This reserve is equal to a minimum of 25 percent of all operating budgeted expenditures of the fiscal year 2013 budget excluding the budgeted operating expenditures of the school district. This would provide funds to protect essential Borough programs if there is ever a significant shortfall in projected revenues or catastrophic uncovered loss. Also, it has been reported by the bond rating agencies as one of the reasons for maintaining or increasing our bond rating. It assists in maintaining our credit worthiness.

Another reserve has been established for Emergency Response. This reserve is within the Areawide Fund to cover unanticipated expenditures resulting from natural or human caused disasters including disaster response expenses. The said funds can only be expended after the issuance of the formal declaration of emergency.

Also within the Areawide Fund is a reserve for Capital. This reserve will cover one-time capital expenditures or site acquisition costs. Expenditure of these funds requires Assembly approval. Additionally, there is a reserve for Major Repair and Renovation. This too is included within the Areawide Fund. The expenditure of these funds also requires Assembly approval.

To meet the need for future school facilities, another reserve has been established within the Areawide Fund. This reserve has been established to provide funds for future school site acquisitions.

Lastly, a practice has been established for the use of one-time revenues. Rather than utilize these one-time payments for operating expenditures, the funds are utilized for tax rebates to taxpayers. Specifically for taxpayers who pay real and personal property taxes. These funds have also been used for one-time expenditures.

#### **Long-Term Financial Planning**

The Borough received voter approval to issue \$214,495,000 in General Obligation Bonds. In March the Borough issued the 2012 Series A General Obligation School Bonds in the amount of \$91,770,000. These funds will be utilized for the acquisition, design, construction, major renovation and renewal of school capital improvement projects. The projects will be completed during fiscal years 2013, 2014 and 2015. The remaining \$122,725,000 will be issued in Fiscal Years 2013 and 2014.

The Borough also received authorization from the voters to issue \$32,165,000 in General Obligation Transportation System Bonds to finance the construction, additions, improvements, betterments, repair, reconstruction or acquisition of public roads and facilities. The bonds could only be issued if a matching grant was received from the State of Alaska. That grant was received on July 1, 2012. A portion of the bonds will be issued in fiscal year 2013. The remainder will be issued in fiscal years 2014 and 2015

Approved in the capital/grant budget was \$750,000 for matching grants for numerous grants. These funds will not lapse. The funds will be used to leverage future grant funds for the Borough. Almost all grants now require a monetary match.

Lastly, over \$7,100,000 was budgeted for various small projects throughout the Borough. These funds will be utilized to upgrade various recreational facilities, emergency service facilities and other facilities as well as roads. By so funding, future deferred maintenance costs of buildings will be significantly reduced. Also, maintenance costs will be reduced once the roads are upgraded.

#### **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 Matanuska-Susitna Borough for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2011. This was the twenty-seventh consecutive year that the Borough has received this prestigious award. In order to be awarded a Certificate of Achievement, the Borough published an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

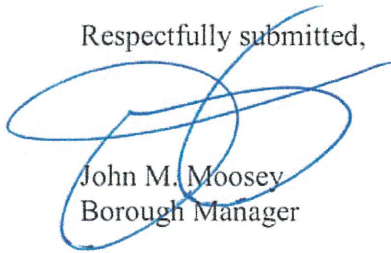
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.



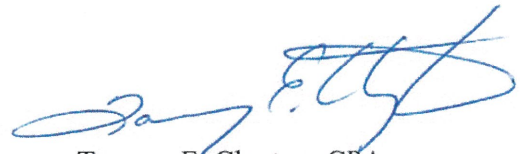
The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated service of the entire staff of the Accounting Division. We wish to express our appreciation to all members of the Finance Department who assisted and contributed to the preparation of this report with special thanks to Elizabeth Hartley, Tyrone Hodge, Melanie Schoppe, Kathleen Thornlow, Lisa Reeves, Cindy Loyer, Eileen Pickett, Jeff Krueger, Cheron Simeroth, Sara Clemons, Cheyenne Heindel, Katie Robinson and Tosha Colwell. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

We also wish to thank the Mayor and the members of the Borough Assembly for their interest and support in maintaining the highest standards of professionalism in the management of the Matanuska-Susitna Borough finances.

Respectfully submitted,



John M. Moosey  
Borough Manager



Tammy E. Clayton, CPA  
Director of Finance

# MATANUSKA-SUSITNA BOROUGH

## PRINCIPAL OFFICIALS

### MAYOR AND ASSEMBLY

The legislative power of the borough is vested in the mayor and a seven member assembly. The assembly meets the first and third Tuesday of each month for its regular sessions. In addition, special meetings and work sessions are scheduled throughout the year.

Larry DeVilbiss, Mayor  
Ronald Arvin, Deputy Mayor

Warren Keogh  
Noel W. Woods  
Steve Colligan

Darcie K. Salmon  
Jim Colver  
Vern Halter



### Borough Staff

John M. Moosey  
Nicholas Spiropoulos  
Lonnie McKechnie  
George Hays  
Tammy E. Clayton  
Eileen Probasco  
Shaune O'Neil  
Dennis Brodigan  
Eric Phillips  
Shannon Post  
David Dunivan  
Elizabeth Hartley

Borough Manager  
Borough Attorney  
Borough Clerk  
Assistant Manager  
Director of Finance  
Director of Planning & Land Use  
Director of Public Works  
Director of Emergency Services  
Director of Community Development  
Chief Information Officer  
Borough Assessor  
Borough Comptroller

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Matanuska-Susitna Borough  
Alaska

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2011

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



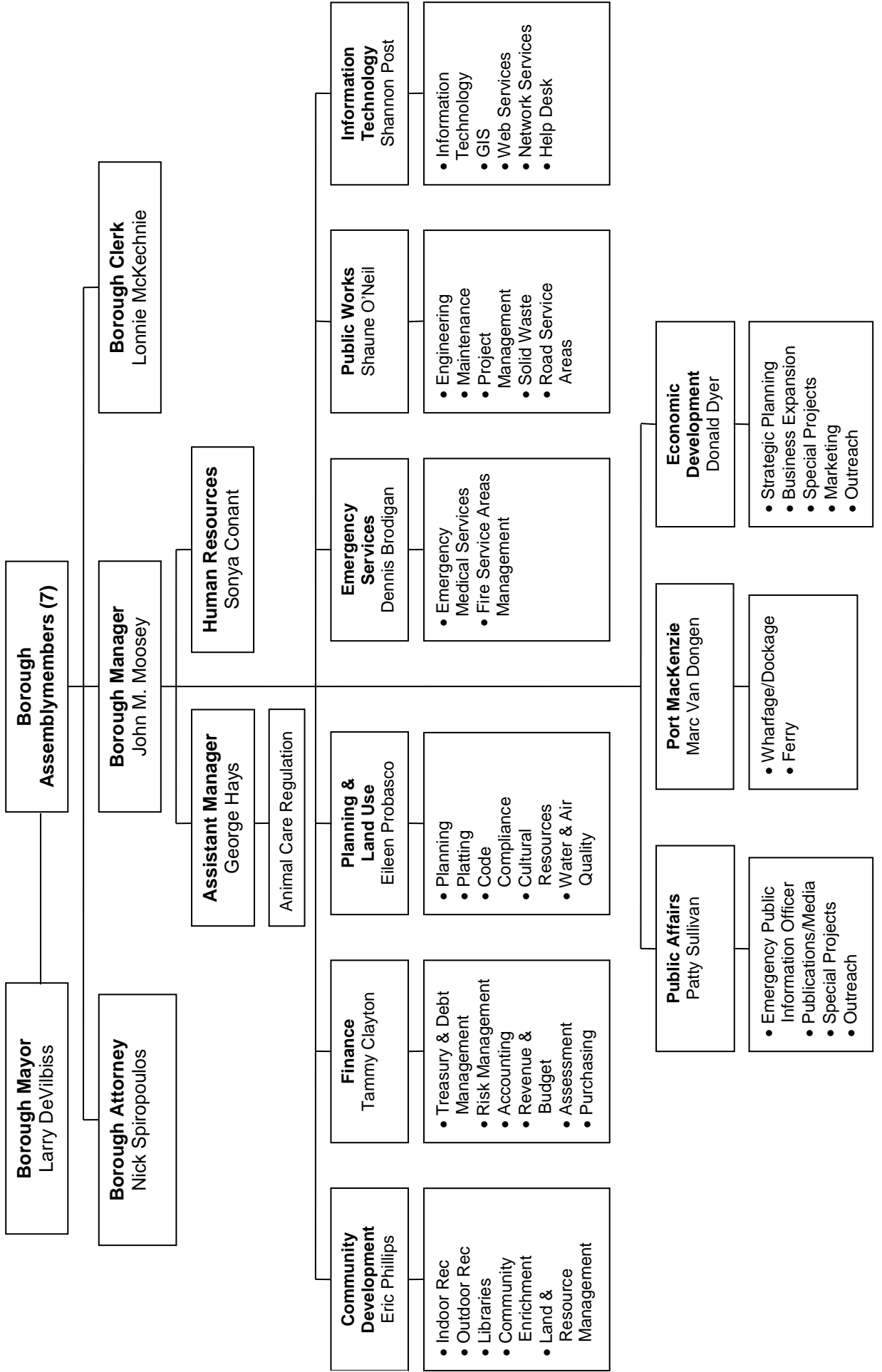
*Christopher P. Moynell*

President

*Jeffrey R. Enos*

Executive Director

# Matanuska-Susitna Borough Organization Chart Fiscal Year 2012



# **FINANCIAL SECTION**

**INDEPENDENT  
AUDITOR'S  
REPORT**

## Independent Auditor's Report

Honorable Mayor and  
Members of the Assembly  
Matanuska-Susitna Borough

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Matanuska-Susitna Borough, Alaska, as of and for the year ended June 30, 2012, which collectively comprise Matanuska-Susitna Borough's basic financial statements. These financial statements are the responsibility of Matanuska-Susitna Borough's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Matanuska-Susitna Borough, Alaska, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2012 on our consideration of Matanuska-Susitna Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Honorable Mayor and  
Members of the Assembly  
Matanuska-Susitna Borough

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 5 through 16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit for the year ended June 30, 2012 was conducted for the purpose of forming opinions on the financial statements that collectively comprise Matanuska-Susitna Borough's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, Schedule of State Financial Assistance, and the combining and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the Schedule of State Financial Assistance is required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary 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 supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2012.



Honorable Mayor and  
Members of the Assembly  
Matanuska-Susitna Borough

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, Matanuska-Susitna Borough's basic financial statements for the year ended June 30, 2011 which are not presented with the accompanying financial statements. In our report dated December 22, 2011, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Matanuska-Susitna Borough's basic financial statements as a whole. The individual fund financial statements and schedules related to the June 30, 2011 financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the June 30, 2011 financial statements. The information has been subjected to the auditing procedures applied in the audit of those financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2011.

The other data included in the "introductory" and "statistical" section 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.

*Mikunda, Cottrell & Co.*

Anchorage, Alaska  
December 21, 2012

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**MANAGEMENT'S  
DISCUSSION  
AND ANALYSIS**

# MATANUSKA SUSITNA BOROUGH

## Management's Discussion and Analysis

June 30, 2012

As management of the Matanuska-Susitna Borough, we offer the readers of the Borough's financial statements this overview and analysis of the Borough's financial activities for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on page VIII of this report.

### **Financial Highlights**

- The assets of the Matanuska-Susitna Borough exceeded its liabilities at the close of the most recent year by \$645,499,529. Of this amount, \$144,637,744 (unrestricted net assets) is legally unreserved and may therefore be used to meet the Borough's ongoing obligations to citizens and creditors. Much of this amount has been previously designated by the Borough Assembly for specific purposes and is discussed in more detail on pages 12-13.
- At the end of the current fiscal year, unrestricted fund balance for the General Fund was \$54,032,443. Of this amount, \$12,277,156 was unassigned and available for spending. The unassigned fund balance for the General Fund represented 10.25% of total General Fund expenditures and transfers.
- The Borough's total net assets increased by \$38,964,984.
- As of the close of the current fiscal year, the Borough's governmental funds reported combined ending fund balances of \$268,584,135, an increase of \$94,891,735 in comparison to the prior year.
- The Borough's total outstanding debt increased by \$87,595,351 to a year-end balance of \$303,034,962. The primary reason was that new debt was issued in the amount of \$91.8 million for school construction projects. The Borough's long-term debt table can be found on pages 44-51 of the Notes to the Basic Financial Statements.
- In fiscal year 2005, the Borough established two enterprise funds in order to account for the Borough's sanitary landfill and Port MacKenzie activities. Current fiscal year activities of the two funds combined decreased total Borough net assets by \$147,852.

## **Overview of the Financial Statements**

The management discussion and analysis serves as an introduction to the Borough's basic financial statements, which are the government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

### **Government-wide Financial Statements**

The government-wide financial statements report information about the overall finances of the Borough similar to a business enterprise. These statements combine and consolidate short-term, spendable resources with capital assets and long-term obligations. The government-wide financial statements can be found on pages 17 and 18 of this report.

The government-wide financial statements are divided into the following three categories:

- Governmental activities – These are functions of the Borough that are financed primarily by taxes, intergovernmental revenues, and charges for services. The Borough's governmental activities include general government, public works, emergency services, public services, education, and debt service.
- Business-type activities – These are functions of the Borough in which customer user fees and charges are used to help cover all or most of the cost of services they provide. The Borough's business-type activities include sanitary landfill and Port MacKenzie operations.
- Component unit – The Borough also includes the Matanuska-Susitna Borough School District in its report as it is financially accountable for this "component unit". Financial information for the School District is reported separately from the financial information presented for the primary government itself.

The Statement of Net Assets presents information on all of the Borough's assets less liabilities, which results in net assets. The statement is designed to display the financial position of the Borough. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Borough is improving or deteriorating.

The Statement of Activities provides information which shows how the Borough's net assets changed as a result of the year's activities. The statement uses the accrual basis of accounting, which is similar to the accounting used by private-sector businesses. All of the revenues and expenses are reported regardless of the timing of when cash is received or paid.

### **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 Borough, like other state and local governments, uses fund accounting to ensure and demonstrate fiscal accountability. All of the funds of the Borough can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

### ***Governmental funds***

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on the short-term view of the Borough's operations. 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 the governmental funds with similar information presented for governmental activities in the government-wide financial statements. 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 Borough maintains 55 individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, the School Buildings Debt Service Fund, the School Capital Projects Fund, and the Infrastructure Capital Projects Fund. The other 51 governmental funds are combined and shown as Nonmajor Governmental Funds on the Governmental Fund Balance Sheet and Governmental Statement of Revenues, Expenditures, and Changes in Fund Balances. Individual fund information for the 51 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 basic governmental fund financial statements can be found on pages 19 - 22 of this report. Budgetary comparison statements for the General Fund with annual budgets are provided on pages 60 - 63 to demonstrate compliance with these budgets. The 36 special revenue funds with annual budgets are provided on pages 70 – 113.

### ***Proprietary funds***

In fiscal year 2005, the Borough created two enterprise funds. Enterprise funds are used to account for activities for which a fee is charged to external users for goods and services. The Borough uses enterprise funds to account for activities relating to operations of the Borough's sanitary landfill and the operations of Port MacKenzie. Individual fund data for each of the enterprise funds is provided on pages 129-134.

The Borough has seven internal service funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Borough's various functions. The Borough uses internal service funds to account for its self insurance program. Because these services predominantly benefit governmental functions, they have been included within governmental activities in the government-wide financial statements. All internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements on pages 135-143.

Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 24-27 of this report.

### ***Fiduciary funds***

Fiduciary funds are used to account for assets held by the Borough in a trustee capacity or as an agent for others. Activities from fiduciary funds are not included in the government-wide financial statements because the Borough cannot use these assets for its operations. The accounting for fiduciary funds is much like that used in proprietary funds.

In fiscal year 2009, the Borough created the Prison Agency Fund to account for the construction of the Goose Creek Correctional Center located in the Matanuska-Susitna Borough. The facility is being leased to the State of Alaska pursuant to a triple net Lease Purchase Agreement between the Borough and the State.

The basic fiduciary aggregated fund financial statements can be found on page 28 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. Included in the notes to the financial statements is the required supplementary information. The notes to the financial statements can be found on pages 29-56 of this report.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information. The combining statements referred to earlier in connection with nonmajor governmental funds can be found on pages 57-58. Individual governmental funds can be found on pages 59-127 and proprietary funds can be found on pages 129-134 of this report.

### **Government-Wide Financial Analysis**

#### **Net Assets**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Borough, assets exceeded liabilities by \$645,499,529, at June 30, 2012 compared to \$606,534,545, at June 30, 2011. By far, the largest portion of the Borough's net assets (77%) reflects its investment in capital assets (e.g. land, buildings, machinery, etc.) less any related debt used to acquire those assets that are still outstanding. The Borough uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Borough'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 capital assets themselves cannot be used to liquidate these liabilities.

**Matanuska-Susitna Borough's Net Assets**  
**June 30, 2012 and 2011**  
*(in millions of dollars)*

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Current and other assets	\$ 316.2	211.0	\$ (3.7)	(2.8)	\$ 312.5	208.2
Capital assets	606.4	577.5	54.2	53.5	660.6	631.0
<b>Total assets</b>	<b>922.6</b>	<b>788.5</b>	<b>50.5</b>	<b>50.7</b>	<b>973.1</b>	<b>839.2</b>
Long-term debt outstanding	286.5	198.8	16.5	16.6	303.0	215.4
Other liabilities	23.9	16.6	.7	.7	24.6	17.3
<b>Total liabilities</b>	<b>310.4</b>	<b>215.4</b>	<b>17.2</b>	<b>17.3</b>	<b>327.6</b>	<b>232.7</b>
Net assets						
Invested in capital assets, net of related debt	457.1	382.4	42.7	41.5	499.8	423.9
Restricted	1.1	1.1	--	--	1.1	1.1
Unrestricted (deficit)	154.0	189.6	(9.4)	(8.1)	144.6	181.5
<b>Total net assets</b>	<b>\$ 612.2</b>	<b>573.1</b>	<b>\$ 33.3</b>	<b>33.4</b>	<b>\$ 645.5</b>	<b>606.5</b>

**Changes in Net Assets**

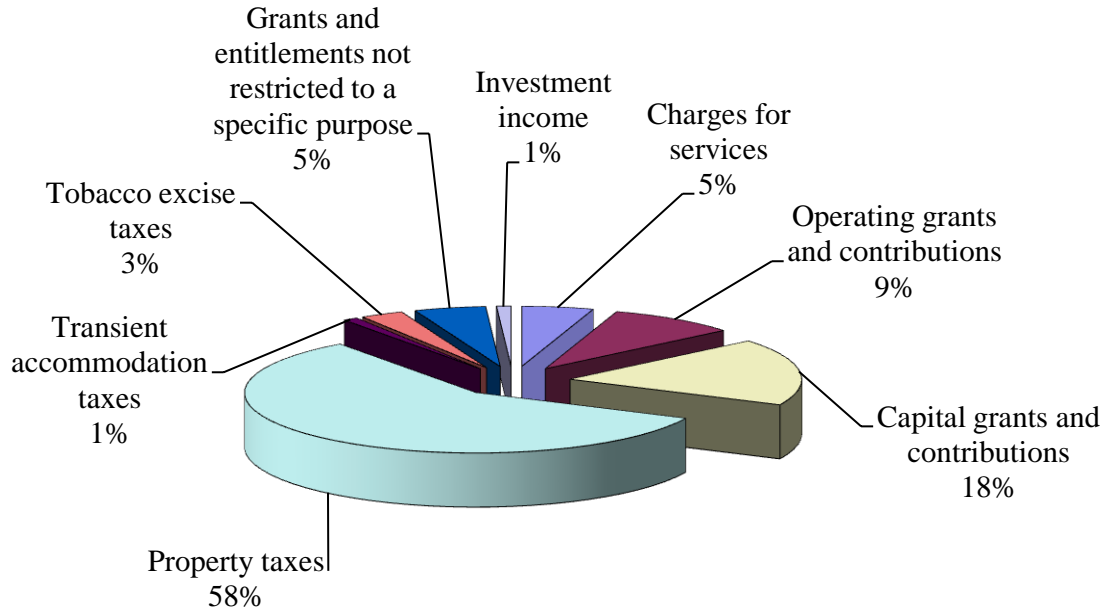
During the current fiscal year, the Borough's total net assets increased by \$39 million. This compares to an increase of \$53.2 million for the year ended June 30, 2011.

Revenues decreased overall by \$5.6 million with the majority of this resulting from a decrease in capital grants and contributions revenues of \$5.1 million due largely to a decreased amount of federal and state funding being provided for Borough capital projects. During fiscal year 2012, approximately 58% of the Borough's total revenues came from property taxes with the remainder being provided primarily by state and federal grants and charges for services provided.

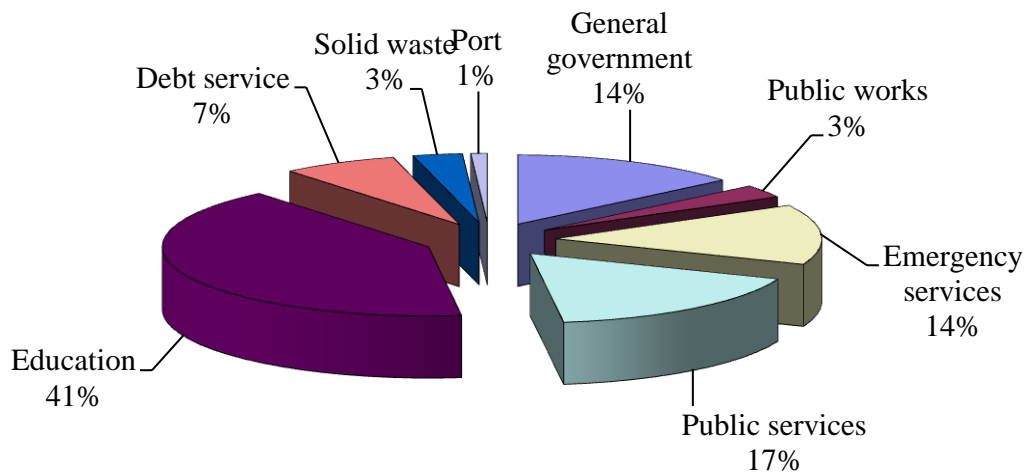
Expenses increased overall by \$9.9 million from the prior year. During fiscal year 2012, approximately 41% of the Borough's total expenses went toward education with the remainder primarily providing emergency services, public services, and general government services.



## Sources of Revenue for Fiscal Year 2012



## Functional Expenses for Fiscal Year 2012



**Changes in Matanuska-Susitna Borough's Net Assets**  
**For Years Ended June 30, 2012 and 2011**  
*(in millions of dollars)*

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 5.6	6.2	\$ 4.3	3.6	\$ 9.9	9.8
Operating grants and contributions	16.1	12.3	.8	.8	16.9	13.1
Capital grants and contributions	31.3	32.9	1.3	4.8	32.6	37.7
General revenues:						
Property taxes	104.7	107.1	--	--	104.7	107.1
Transient accommodation taxes	1.1	1.0	--	--	1.1	1.0
Tobacco excise taxes	4.9	4.9	--	--	4.9	4.9
Other	10.2	12.3	--	--	10.2	12.3
<b>Total revenues</b>	<b><u>173.9</u></b>	<b><u>176.7</u></b>	<b><u>6.4</u></b>	<b><u>9.2</u></b>	<b><u>180.3</u></b>	<b><u>185.9</u></b>
<b>Expenses</b>						
General government	19.3	18.3	--	--	19.3	18.3
Public works	4.1	3.6	--	--	4.1	3.6
Emergency services	19.6	18.2	--	--	19.6	18.2
Public services	24.1	21.1	--	--	24.1	21.1
Education	58.3	55.2	--	--	58.3	55.2
Interest	9.2	8.5	--	--	9.2	8.5
Solid waste	--	--	4.8	4.7	4.8	4.7
Port	--	--	1.8	1.7	1.8	1.7
<b>Total expenses</b>	<b><u>134.6</u></b>	<b><u>124.9</u></b>	<b><u>6.6</u></b>	<b><u>6.4</u></b>	<b><u>141.2</u></b>	<b><u>131.3</u></b>
Excess before transfers, special items, and extraordinary items	39.3	51.8	(.2)	2.8	39.1	54.6
Extraordinary items	--	--	--	(1.4)	--	(1.4)
Transfers	(.1)	--	--	--	(.1)	--
Special items	--	--	--	--	--	--
Increase in net assets	39.2	51.8	(.2)	1.4	39.0	53.2
Beginning net assets	573.1	521.3	33.4	32.0	606.5	553.3
<b>Ending net assets</b>	<b><u>\$ 612.3</u></b>	<b><u>573.1</u></b>	<b><u>\$ 33.2</u></b>	<b><u>33.4</u></b>	<b><u>\$ 645.5</u></b>	<b><u>606.5</u></b>

### ***Governmental activities***

Revenues for the Borough's governmental activities decreased by \$2.8 million from the prior year while expenses for governmental activities increased by \$9.7 million. Key elements to the decrease in revenues and increase in expenses include the following:

- Capital grants and contributions revenues and grants and entitlements not restricted for a specific purpose revenues decreased by a total of \$3.4 million due largely to a decreased amount of federal and state funding being provided for Borough capital projects.
- As a result of a growing population within the Borough, expenditures for education, public services, general government, and emergency services increased by a total of \$8.5 million from the prior fiscal year

### ***Business-type activities***

Revenues for the Borough's business-type activities decreased by \$2.8 million from the prior year while expenses for business-type activities increased by \$.2 million. The primary reason for the decrease in revenues is that capital grants and contributions revenues decreased by \$3.5 million due to a decreased amount of federal and state funding being provided for Port MacKenzie expansion projects.

### **Financial Analysis of the Borough's Funds**

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

### ***Governmental funds***

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

At the end of the current fiscal year, the Borough's governmental funds reported combined ending fund balances of \$268,584,135, an increase of \$94,891,735 in comparison with the prior year. A portion of this amount is categorized as nonspendable to indicate it is inherently nonspendable because it has already been dedicated to liquidate prepaid expenses (\$852,607), is the noncurrent portion of notes receivable (\$70,179), or is already in the form of inventory (\$148,251).

A portion of the combined ending fund balance is categorized as restricted to indicate that there is an externally enforceable limitation on its use. Specifically, funds in the amount of \$1,085,976 are restricted due to lender imposed debt reserves for debt service and unused bond proceeds in the amount of \$130,837,373 are restricted for school construction projects as approved by the Borough voters.

A total of \$37,244,226 of the combined ending fund balance is categorized as committed to indicate that there are self-imposed limitations for the funds set in place prior to the end of the current period. \$25,047,100 is shown as committed in accordance with the Borough's minimum fund balance/stabilization policy. The remaining \$12,197,126 of the committed fund balance is shown as committed for the Land Management Permanent Fund, school site acquisition, and various other limitations that have been imposed by the Matanuska-Susitna Borough Assembly through formal action.

Of the combined ending fund balance, \$86,295,957 is categorized as assigned to indicate that there is a limitation on the funds resulting from intended use. Specifically, these funds are assigned for subsequent year's expenditures and appropriations, or for land management, service areas, debt service, or capital project purposes. The remainder of fund balance, in the amount of \$12,049,566 is unassigned.

The General Fund is the chief operating fund of the Borough. At the end of the current fiscal year, total fund balance was \$54,032,443, nonspendable fund balance was \$754,433, committed fund balance was \$30,555,043 assigned fund balance was \$10,445,811, and unassigned fund balance was \$12,277,156. Total fund balance decreased by \$10,931,999 from the prior year. Key factors include:

- A decrease of \$4,634,183 in current year property tax levy revenue from the prior year, due mainly to Assembly approval of tax relief in the amount \$7,759,998 during the Fiscal Year 2012 budget process.
- An increase of \$13,211,683 from the prior year in transfers out of the General Fund into various capital projects.
- A decrease from the prior year in the amount of \$1,969,994 from transfers into the General fund due to capital project funds lapsing and the capital contributions being returned to the General Fund.

The other major governmental funds in the current fiscal year were the School Building Debt Service Fund, the School Capital Projects Fund, and the Infrastructure Capital Projects Fund.

At the end of the current fiscal year, ending total fund balance in the School Building Debt Service Fund was \$1,004,897, with the entire fund balance being assigned for debt service. Total fund balance increased by \$18,065 from the prior year. The key factor in the increase in fund balance was a \$22,330 transfer from the School Building Capital Projects Fund for the unexpended portion of 2012 Series A General Obligation School Bond issuance costs. These funds are to be used for future debt service.

At the end of the current fiscal year, ending total fund balance in the School Building Capital Projects Fund was \$143,225,275, with unused bond proceeds in the amount of \$130,837,373 being restricted for school construction projects as approved by the Borough voters. The remainder of fund balance, in the amount of \$12,387,902 being assigned for school building capital projects. Total fund balance increased by \$91,595,318 from the prior year. The key factor in the increase in fund balance was that new debt was issued in the amount of \$91,770,000 for school construction projects.

At the end of the current fiscal year, ending total fund balance in the Infrastructure Capital Projects Fund was \$807,071 with the entire fund balance being assigned for infrastructure capital projects. Total fund balance increased by \$533,272 from the prior year. The key factor in the increase in fund balance was a \$750,000 transfer from the General Fund for the Hatcher Pass Nordic Ski Development project.

### ***Proprietary funds***

The Borough's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets of the solid waste and port enterprise funds were a deficit of (\$3,399,473) and a deficit of (\$6,011,043), respectively. Unrestricted net assets of the internal service funds at the end of the year were \$10,879,330.

The two major proprietary funds in the current fiscal year were the Solid Waste Enterprise Fund and the Port Enterprise Fund.

At the end of the current fiscal year, ending total net assets in the Solid Waste Enterprise Fund were \$7,482,624, with \$10,882,097 invested in capital assets, net of related debt, and an unrestricted net assets deficit of \$3,399,473. Total net assets decreased by \$293,346 from the prior year.

At the end of the current fiscal year, ending total net assets in the Port Enterprise Fund were \$25,768,028, with \$31,779,071 invested in capital assets, net of related debt, and an unrestricted net assets deficit of \$6,011,043. Total net assets increased by \$145,494 from the prior year.

### **General Fund Budgetary Highlights**

At year end, there was a \$7,366,484 difference between the original budget and the final amended budget. This difference was mainly due to an additional \$5,697,945 being transferred by Assembly appropriation from the General Fund into a capital project fund for the Dorothy Swanda Jones Building Addition construction project.

There was a total difference between the final amended budget and actual results in the amount of \$9,485,461. Key factors include:

- An increase of \$1,671,951 in PERS Relief from the State of Alaska from the budgeted amount.
- An increase of \$2,795,176 in current year property tax levy revenue from the budgeted amount.
- An increase of \$517,144 in excise tax from the budgeted amount due to a higher than expected amount of tobacco purchases than was expected for the year.
- An increase of \$2,263,046 in recovery of expenditures from other funds from the budgeted amount due to an increase in grant administration fees and General Fund employee wages being charged to other funds for grant administration and project management of various capital projects.
- An increase of \$190,548 in transfers into the General fund from the budgeted amount due to capital project funds lapsing and the capital contributions being returned to the General Fund.
- A decrease of \$298,946 in contributions to the School District from the budgeted amount due to the lapse of appropriations per MSB Code 3.04.110(C).

## Capital Assets and Debt Administration

### Capital Assets

The Borough's investment in capital assets for its governmental and business-like activities as of June 30, 2012 amounts to \$660,605,354 (net of accumulated depreciation), an increase of \$29,526,118 from the prior year. This investment in capital assets includes land, buildings, improvements other than buildings, equipment, construction in progress, infrastructure, and landfill cells.

Major additions to capital assets during the current fiscal year included the following:

- Continuation of school construction projects. Primarily among the School Safety and Security, Roof, Fire Alarm, and Flooring Replacements at various schools increasing the construction in progress for governmental activities.
- Completion of the Nutrition Services Center; decreasing the construction in progress for governmental activities and increasing buildings for governmental activities.
- Construction on the Port MacKenzie Ferry/Intermodal Facility and Barge Dock expansion continued, increasing the construction in progress for business-type activities.

### **Matanuska-Susitna Borough's Capital Assets (net of depreciation, in millions of dollars)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Land and land improvements	\$ 14.2	13.7	\$ --	--	\$ 14.2	13.7
Buildings	308.1	302.1	1.9	1.9	310.0	304.0
Improvements other than buildings	16.5	13.8	1.0	.9	17.5	14.7
Equipment	14.8	13.2	.7	.5	15.5	13.7
Infrastructure	93.7	92.0	21.3	21.9	115.0	113.9
Construction in progress	159.1	142.7	25.7	24.5	184.8	167.2
Landfill cells	--	--	3.6	3.7	3.6	3.7
<b>Total capital assets</b>	<b>\$ 606.4</b>	<b>577.5</b>	<b>\$ 54.2</b>	<b>53.4</b>	<b>\$ 660.6</b>	<b>630.9</b>

Additional information on the Borough's capital assets can be found in on pages 42 - 44 of this report.

### Long-term Debt

At the end of the current fiscal year, the Borough had total debt outstanding of \$303,034,962. Of this amount, \$269,510,000 was bonded and backed by the full faith and credit of the Borough. The Certificates of Participation had an outstanding balance of \$6,390,000. The remaining debt consists of ADEC loans, landfill closure costs, accrued leave, and insurance claims incurred but not reported.

**Matanuska-Susitna Borough Outstanding Debt  
(in millions of dollars)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
General obligation bonds	\$ 262.8	184.2	\$ 6.7	7.2	\$ 269.5	191.4
Certificates of participation	6.4	7.1	--	--	6.4	7.1
Other debt	17.3	7.5	9.8	9.4	27.1	16.9
<b>Total outstanding debt</b>	<b>\$ 286.5</b>	<b>198.8</b>	<b>\$ 16.5</b>	<b>16.6</b>	<b>\$ 303.0</b>	<b>215.4</b>

Additional information on the Borough's long-term debt can be found on pages 44-51 of this report.

**Economic Factors and the Next Year's Budget and Rates**

In setting the budgets for fiscal year 2013, the Borough considered a number of issues with Borough-wide impact, among them:

- A sufficient level of funding necessary to meet the needs of Borough residents, visitors and communities.
- A continued reduction in the historical variance between budget and actual revenues and expenditures.
- Maintenance of the Borough's financial condition including compliance with the Borough's fund balance policy.
- The highest level of local educational funding that Borough residents can reasonably afford and sustain and as allowed by state law.
- A high quality capital and operational maintenance program that ensures the continued use and economic value of Borough assets.

All of these factors were considered in preparing the Borough's budget for fiscal year 2013. As a result, the fiscal year 2013 budget includes a decrease of .036 mills in the General Fund tax rate from the current rate of 10.051 mills to an approved rate of 9.691 mills. The Nonareawide mill rate increased by .064 mills in the fiscal year 2013 budget, going from the current rate of .425 mills to an approved rate of .489 mills.

**Request for Information**

This financial report is designed to provide a general overview of the Borough's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Director of Finance, Matanuska-Susitna Borough, 350 East Dahlia Avenue, Palmer, Alaska 99645-6488.

**BASIC  
FINANCIAL  
STATEMENTS**



## MATANUSKA-SUSITNA BOROUGH

## Statement of Net Assets

June 30, 2012

<u>Assets</u>	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>School District</u>
Cash and investments	\$ 141,781,024	-	141,781,024	13,970,815
Prepaid items	852,607	21,100	873,707	1,723,484
Receivables:				
Intergovernmental	16,598,507	767,809	17,366,316	5,125,344
Property taxes, net of allowance	11,836,929	-	11,836,929	-
Excise taxes	727,924	-	727,924	-
Accounts, net of allowance	-	245,078	245,078	-
Ambulance, net of allowance	1,271,860	-	1,271,860	-
Land sales contracts, net of allowance	17,414	-	17,414	-
Other	650,778	-	650,778	465,946
Accrued interest	516,272	-	516,272	-
Deposits	52,877	-	52,877	-
Inventory	148,251	765	149,016	1,085,797
Restricted cash	131,923,349	2,238,595	134,161,944	-
Internal balances	6,974,461	(6,974,461)	-	-
Land sales contracts receivable - long term	315,800	-	315,800	-
Unamortized bond issuance costs	2,558,754	-	2,558,754	-
Capital assets, not being depreciated	173,287,589	25,724,054	199,011,643	-
Capital assets, net of accumulated depreciation	433,128,872	28,464,839	461,593,711	5,707,926
<b>Total assets</b>	<b>\$ 922,643,268</b>	<b>50,487,779</b>	<b>973,131,047</b>	<b>28,079,312</b>
<u>Liabilities</u>				
Accounts, contracts and retentions payable	12,664,541	526,320	13,190,861	448,981
Accrued payroll and related liabilities	1,650,727	-	1,650,727	5,918,099
Other liabilities	309,776	-	309,776	-
Deposits	64,598	-	64,598	-
Unearned revenue	5,834,597	1	5,834,598	433,973
Accrued interest payable	3,350,059	195,937	3,545,996	-
Noncurrent liabilities:				
Due within one year:				
Accrued leave	2,228,108	126,060	2,354,168	4,929,840
Bonds and certificates of participation	17,645,000	465,000	18,110,000	-
Loans payable	13,538	127,305	140,843	-
Insurance claims incurred but not reported	1,594,038	-	1,594,038	1,006,292
Due in more than one year:				
Bonds and certificates of participation, net of premium and deferred loss	264,705,170	6,500,958	271,206,128	-
Loans payable	334,239	4,434,462	4,768,701	-
Lease credits payable	-	1,338,089	1,338,089	-
Landfill closure costs payable	-	3,522,995	3,522,995	-
<b>Total liabilities</b>	<b>310,394,391</b>	<b>17,237,127</b>	<b>327,631,518</b>	<b>12,737,185</b>
<u>Net Assets</u>				
Invested in capital assets, net of related debt	457,114,641	42,661,168	499,775,809	5,707,926
Restricted:				
Debt service	1,085,976	-	1,085,976	-
Other	-	-	-	5,764
Unrestricted (deficit)	154,048,260	(9,410,516)	144,637,744	9,628,437
<b>Total net assets</b>	<b>612,248,877</b>	<b>33,250,652</b>	<b>645,499,529</b>	<b>15,342,127</b>
<b>Total liabilities and net assets</b>	<b>\$ 922,643,268</b>	<b>50,487,779</b>	<b>973,131,047</b>	<b>28,079,312</b>

See accompanying notes to basic financial statements.

**MATANUSKA-SUSITNA BOROUGH**  
Statement of Activities  
Year Ended June 30, 2012

Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit
		Fees, Fines, & Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Primary Government Business- Type Activities	Total	
Primary government:								
Governmental activities:								
General government \$	19,309,310	424,821	1,003,120	-	(17,881,369)	-	(17,881,369)	
Public works	4,115,712	60,634	226,506	7,584,076	3,755,504	-	3,755,504	
Emergency services	19,608,706	3,642,523	395,084	1,321,980	(14,249,119)	-	(14,249,119)	
Public services	24,115,247	1,499,207	367,690	19,305,301	(2,943,049)	-	(2,943,049)	
Education	58,291,435	-	14,105,641	3,116,445	(41,069,349)	-	(41,069,349)	
Interest	9,199,614	-	-	-	(9,199,614)	-	(9,199,614)	
Total governmental activities	<u>134,640,024</u>	<u>5,627,185</u>	<u>16,098,041</u>	<u>31,327,802</u>	<u>(81,586,996)</u>	<u>-</u>	<u>(81,586,996)</u>	
Business-type activities:								
Solid waste	4,826,419	4,268,602	-	173,426	-	(384,391)	(384,391)	
Port	<u>1,833,823</u>	<u>24,505</u>	<u>754,613</u>	<u>1,071,820</u>	<u>-</u>	<u>17,115</u>	<u>17,115</u>	
Total business type activities	<u>6,660,242</u>	<u>4,293,107</u>	<u>754,613</u>	<u>1,245,246</u>	<u>-</u>	<u>(367,276)</u>	<u>(367,276)</u>	
Total primary government	\$ <u>141,300,266</u>	<u>9,920,292</u>	<u>16,852,654</u>	<u>32,573,048</u>	<u>(81,586,996)</u>	<u>(367,276)</u>	<u>(81,954,272)</u>	
Component unit - School district	\$ <u>250,992,358</u>	<u>1,251,850</u>	<u>59,152,213</u>	<u>-</u>				<u>(190,588,295)</u>
General revenues:								
Taxes:								
Property taxes				\$ 104,693,752	-	104,693,752	-	
Excise taxes				4,871,649	-	4,871,649	-	
Transient accommodation taxes				1,084,282	-	1,084,282	-	
Contributions from primary government				-	-	-	-	48,048,419
Grants and entitlements not restricted to a specific purpose				9,413,627	111,833	9,525,460	147,179,247	
Investment income				443,957	3,576	447,533	-	
Other				292,565	4,015	296,580	1,660,696	
Transfers				(100,000)	100,000	-	-	
Total general revenues and transfers				<u>120,699,832</u>	<u>219,424</u>	<u>120,919,256</u>	<u>196,888,362</u>	
Change in net assets				39,112,836	(147,852)	38,964,984	6,300,067	
Net assets at beginning of year				<u>573,136,041</u>	<u>33,398,504</u>	<u>606,534,545</u>	<u>9,042,060</u>	
Net assets at end of year				\$ <u>612,248,877</u>	<u>33,250,652</u>	<u>645,499,529</u>	<u>15,342,127</u>	

See accompanying notes to basic financial statements.

## MATANUSKA-SUSITNA BOROUGH

Governmental Funds  
Balance Sheet  
June 30, 2012

Assets	Major Funds					Total Governmental Funds
	General	School Buildings Debt Service	School Projects Capital Project	Infrastructure Capital Project	Nonmajor Funds	
Cash and investments	\$ 42,870,172	1,004,897	15,163,273	-	70,492,140	129,530,482
Prepaid items	606,182	-	-	-	246,425	852,607
Receivables:						
Intergovernmental	690,082	-	1,011,219	5,469,351	9,427,855	16,598,507
Property taxes, net of allowance	9,065,694	-	-	-	2,771,235	11,836,929
Excise taxes	727,924	-	-	-	-	727,924
Ambulance, net of allowance	1,271,860	-	-	-	-	1,271,860
Land sales contracts, net of allowance	-	-	-	-	17,414	17,414
Accrued interest	236,108	-	280,164	-	-	516,272
Other	449,541	-	-	-	201,237	650,778
Due from other funds	13,557,776	-	-	-	-	13,557,776
Interfund note receivable	-	-	-	-	236,079	236,079
Deposits	632	-	-	-	-	632
Inventory	148,251	-	-	-	-	148,251
Restricted cash	-	-	130,837,373	-	1,085,976	131,923,349
Land sales contracts receivable, long term	-	-	-	-	315,800	315,800
<b>Total assets</b>	<b>\$ 69,624,222</b>	<b>1,004,897</b>	<b>147,292,029</b>	<b>5,469,351</b>	<b>84,794,161</b>	<b>308,184,660</b>
<b>Liabilities and Fund Balances</b>						
Liabilities:						
Accounts, contracts and retentions payable	857,182	-	4,050,557	2,141,827	5,586,056	12,635,622
Accrued payroll and related liabilities	1,650,727	-	-	-	-	1,650,727
Other liabilities	309,776	-	-	-	-	309,776
Due to General Fund	-	-	-	2,520,453	4,298,941	6,819,394
Deposits	-	-	-	-	64,598	64,598
Deferred revenue	12,774,094	-	16,197	-	4,782,840	17,573,131
Loans payable to other funds	-	-	-	-	547,277	547,277
<b>Total liabilities</b>	<b>15,591,779</b>	<b>-</b>	<b>4,066,754</b>	<b>4,662,280</b>	<b>15,279,712</b>	<b>39,600,525</b>
Fund balances:						
Nonspendable:						
Interfund note receivable	-	-	-	-	70,179	70,179
Prepaid items	606,182	-	-	-	246,425	852,607
Inventory	148,251	-	-	-	-	148,251
Restricted:						
Debt service	-	-	-	-	1,085,976	1,085,976
School construction	-	-	130,837,373	-	-	130,837,373
Committed:						
Land management	-	-	-	-	5,649,183	5,649,183
Self-insurance	150,000	-	-	-	10,000	160,000
Compensated absences	250,000	-	-	-	30,000	280,000
Equipment	-	-	-	-	1,000,000	1,000,000
Assembly projects	57,217	-	-	-	-	57,217
Major repairs and renovations	879,248	-	-	-	-	879,248
Capital	500,000	-	-	-	-	500,000
Emergency response	500,000	-	-	-	-	500,000
School site acquisition	3,171,478	-	-	-	-	3,171,478
Fund balance stabilization	25,047,100	-	-	-	-	25,047,100
Assigned:						
Subsequent year expenditures	10,445,811	-	-	-	3,885,141	14,330,952
Subsequent year appropriations	-	-	-	-	6,337,840	6,337,840
Land management	-	-	-	-	542,835	542,835
Service areas	-	-	-	-	13,379,123	13,379,123
Debt service	-	1,004,897	-	-	509,030	1,513,927
Interfund note receivable, net of current portion	-	-	-	-	165,900	165,900
Capital projects	-	-	12,387,902	807,071	36,830,407	50,025,380
Unassigned (deficit)	12,277,156	-	-	-	(227,590)	12,049,566
<b>Total fund balances</b>	<b>54,032,443</b>	<b>1,004,897</b>	<b>143,225,275</b>	<b>807,071</b>	<b>69,514,449</b>	<b>268,584,135</b>
<b>Total liabilities and fund balances</b>	<b>\$ 69,624,222</b>	<b>1,004,897</b>	<b>147,292,029</b>	<b>5,469,351</b>	<b>84,794,161</b>	<b>308,184,660</b>

See accompanying notes to basic financial statements.

**MATANUSKA-SUSITNA BOROUGH**  
 Reconciliation of Governmental Funds Balance Sheet  
 to Statement of Net Assets  
 June 30, 2012

Total fund balances for governmental funds	\$	268,584,135
Total net assets reported for governmental activities in the Statement of Net Assets is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets, net of accumulated depreciation consist of:		
Land and land improvements	\$ 14,175,499	
Construction in progress	159,112,090	
Buildings	443,395,897	
Improvements other than buildings	23,150,741	
Equipment	35,870,590	
Infrastructure	210,591,767	
Accumulated depreciation	<u>(279,880,123)</u>	
Total capital assets		606,416,461
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds. These assets consist of:		
Property taxes receivable	10,409,065	
Special assessments receivable	5,724	
Ambulance receivable	950,629	
Land sale contracts receivable	<u>373,116</u>	
Total long-term assets		11,738,534
Governmental funds report the effect of bond issuance costs, premiums and deferred losses when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Net Assets.		
		2,558,754
Internal service funds are used by the Borough to charge the cost of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Assets.		
		10,879,330
Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and therefore are not reported as fund liabilities. These liabilities consist of:		
Bonds and certificates of participation	(269,235,000)	
Unamortized bond premium	(15,848,933)	
Deferred loss on bonds	2,733,763	
Accrued interest payable	(3,350,059)	
Compensated absences	<u>(2,228,108)</u>	
Total long term liabilities		<u>(287,928,337)</u>
Total net assets of governmental activities	\$	<u>612,248,877</u>

See accompanying notes to basic financial statements.

**MATANUSKA-SUSITNA BOROUGH**  
 Governmental Funds  
 Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Year Ended June 30, 2012

	Major Funds					Total Governmental Funds
	General	School Buildings Debt Service	School Projects Capital Project	Infrastructure Capital Project	Nonmajor Funds	
<b>Revenues:</b>						
Taxes	\$ 80,576,248	-	-	-	29,296,093	109,872,341
Intergovernmental	24,456,612	-	3,109,452	15,981,650	13,035,442	56,583,156
Charges for services	3,417,061	-	-	-	1,994,447	5,411,508
Investment income	236,838	-	91,928	-	61,197	389,963
Interest on land sales	-	-	-	-	42,442	42,442
Other	-	-	-	-	548,879	548,879
Total revenues	<u>108,686,759</u>	<u>-</u>	<u>3,201,380</u>	<u>15,981,650</u>	<u>44,978,500</u>	<u>172,848,289</u>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	16,998,027	-	-	-	2,855,397	19,853,424
Public works	4,177,386	-	-	-	-	4,177,386
Emergency services	7,235,558	-	-	-	10,912,278	18,147,836
Public services	3,545,054	-	-	16,338	18,194,071	21,755,463
Education	48,048,419	-	3,129,302	-	-	51,177,721
Debt service	-	21,087,628	787,052	-	1,428,147	23,302,827
Capital outlay	-	-	10,421,741	16,182,040	14,114,721	40,718,502
Total expenditures	<u>80,004,444</u>	<u>21,087,628</u>	<u>14,338,095</u>	<u>16,198,378</u>	<u>47,504,614</u>	<u>179,133,159</u>
Excess (deficiency) of revenues over expenditures	28,682,315	(21,087,628)	(11,136,715)	(216,728)	(2,526,114)	(6,284,870)
<b>Other financing sources (uses):</b>						
Transfers in	192,548	21,024,787	1,572,965	750,000	28,296,842	51,837,142
Transfers out	(39,817,618)	-	(25,315)	-	(12,093,649)	(51,936,582)
Proceeds from disposal of capital assets	10,756	-	-	-	-	10,756
Bond issuance	-	8,710,000	91,770,000	-	-	100,480,000
Premium on bond issuance	-	1,277,345	9,414,383	-	-	10,691,728
Payment to refunded bond escrow agent	-	(9,906,439)	-	-	-	(9,906,439)
Net other financing sources (uses)	<u>(39,614,314)</u>	<u>21,105,693</u>	<u>102,732,033</u>	<u>750,000</u>	<u>16,203,193</u>	<u>101,176,605</u>
Net change in fund balances	(10,931,999)	18,065	91,595,318	533,272	13,677,079	94,891,735
Fund balances at beginning of year	<u>64,964,442</u>	<u>986,832</u>	<u>51,629,957</u>	<u>273,799</u>	<u>55,837,370</u>	<u>173,692,400</u>
Fund balances at end of year	<u>\$ 54,032,443</u>	<u>1,004,897</u>	<u>143,225,275</u>	<u>807,071</u>	<u>69,514,449</u>	<u>268,584,135</u>

See accompanying notes to basic financial statements.

**MATANUSKA-SUSITNA BOROUGH**  
 Reconciliation of Change in Fund Balances of Governmental Funds  
 to Statement of Activities  
 Year Ended June 30, 2012

Net change in fund balances - total governmental funds	\$	94,891,735
The change in net assets reported for governmental activities in the Statement of Activities is different because:		
Governmental funds report capital outlays as expenditures. However on the Statement of Activities, depreciation expense is recognized to allocate the cost of these items over their estimated useful lives. This is the amount by which capital outlays (\$40,918,130) exceeded depreciation (\$12,086,675).		
		28,831,455
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Increase in deferred property taxes	\$ 981,336	
Decrease in deferred excise taxes	(203,995)	
Increase in deferred ambulance revenue	418,681	
Decrease in deferred land sales revenue	<u>(213,759)</u>	
		982,263
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect 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. This amount is the net effect of these differences in the treatment of long-term debt and related items:		
Decrease in deferred loss on bonds	448,010	
Net increase in unamortized bond premium	(10,036,061)	
Net increase in bond issuance costs	682,018	
Issuance of long-term debt	(91,455,000)	
Payments on debt principal	<u>13,560,000</u>	
		(86,801,033)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Increase in accrued leave	(134,709)	
Increase in accrued interest payable	<u>(566,852)</u>	
		(701,561)
Internal service funds are used by management to charge the costs of health insurance to individual funds. Net income of these activities is reported with governmental activities.		
		<u>1,909,977</u>
Change in net assets of governmental activities	\$	<u><u>39,112,836</u></u>

See accompanying notes to basic financial statements.

**MATANUSKA-SUSITNA BOROUGH**

## General Fund

Statement of Revenues, Expenditures, and Changes in  
Fund Balance - Budget and Actual  
Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 77,082,162	77,082,162	80,576,248	3,494,086
Intergovernmental	22,492,842	22,492,842	24,456,612	1,963,770
Charges for services	3,540,550	3,540,550	3,417,061	(123,489)
Investment income	300,000	300,000	236,838	(63,162)
Total revenues	<u>103,415,554</u>	<u>103,415,554</u>	<u>108,686,759</u>	<u>5,271,205</u>
<b>Expenditures:</b>				
General government	21,882,212	21,848,160	16,998,027	4,850,133
Public works	4,517,455	4,517,465	4,177,386	340,079
Emergency services	8,334,318	8,328,044	7,235,558	1,092,486
Public services	3,685,662	3,735,353	3,545,054	190,299
Education	48,347,365	48,347,365	48,048,419	298,946
Total expenditures	<u>86,767,012</u>	<u>86,776,387</u>	<u>80,004,444</u>	<u>6,771,943</u>
Excess of revenues over expenditures	16,648,542	16,639,167	28,682,315	12,043,148
<b>Other financing sources (uses):</b>				
Proceeds from disposal of capital assets	5,000	5,000	10,756	5,756
Transfers in	2,000	2,000	192,548	190,548
Transfers out	<u>(29,706,518)</u>	<u>(37,063,627)</u>	<u>(39,817,618)</u>	<u>(2,753,991)</u>
Net other financing sources (uses)	<u>(29,699,518)</u>	<u>(37,056,627)</u>	<u>(39,614,314)</u>	<u>(2,557,687)</u>
Net change in fund balance	\$ <u>(13,050,976)</u>	<u>(20,417,460)</u>	(10,931,999)	<u>9,485,461</u>
Fund balance at beginning of year			<u>64,964,442</u>	
Fund balance at end of year		\$	<u>54,032,443</u>	

See accompanying notes to basic financial statements.

## MATANUSKA-SUSITNA BOROUGH

## Proprietary Funds

## Statement of Net Assets

June 30, 2012

<u>Assets</u>	<u>Major Enterprise Funds</u>		<u>Total Enterprise Funds</u>	<u>Internal Service Funds</u>
	<u>Solid Waste</u>	<u>Port</u>		
Current assets:				
Cash and investments	\$ -	-	-	12,250,542
Prepaid items	-	21,100	21,100	-
Receivables:				
Accounts	245,078	-	245,078	-
Interfund loans	-	-	-	40,121
Intergovernmental	154,086	613,723	767,809	-
Deposits with others	-	-	-	52,245
Inventory	-	765	765	-
Total current assets	<u>399,164</u>	<u>635,588</u>	<u>1,034,752</u>	<u>12,342,908</u>
Noncurrent assets:				
Restricted cash - landfill closure	<u>2,238,595</u>	<u>-</u>	<u>2,238,595</u>	<u>-</u>
Interfund loans receivable - long-term	<u>-</u>	<u>-</u>	<u>-</u>	<u>507,156</u>
Property, plant and equipment:				
Buildings	2,319,227	7,969	2,327,196	-
Improvements other than buildings	1,734,469	-	1,734,469	-
Equipment	1,788,301	41,322	1,829,623	-
Landfill cells	4,519,944	-	4,519,944	-
Infrastructure	-	26,414,621	26,414,621	-
Construction in progress	<u>8,273,766</u>	<u>17,450,288</u>	<u>25,724,054</u>	<u>-</u>
Total property, plant and equipment	18,635,707	43,914,200	62,549,907	-
Accumulated depreciation and amortization	<u>(3,191,843)</u>	<u>(5,169,171)</u>	<u>(8,361,014)</u>	<u>-</u>
Net property, plant and equipment	<u>15,443,864</u>	<u>38,745,029</u>	<u>54,188,893</u>	<u>-</u>
Total noncurrent assets	<u>17,682,459</u>	<u>38,745,029</u>	<u>56,427,488</u>	<u>507,156</u>
Total assets	\$ <u>18,081,623</u>	<u>39,380,617</u>	<u>57,462,240</u>	<u>12,850,064</u>

See accompanying notes to basic financial statements.



## MATANUSKA-SUSITNA BOROUGH

## Proprietary Funds

## Statement of Net Assets, continued

<u>Liabilities and Net Assets</u>	<u>Major Enterprise Funds</u>		<u>Total Enterprise Funds</u>	<u>Internal Service Funds</u>
	<u>Solid Waste</u>	<u>Port</u>		
Liabilities:				
Current liabilities:				
Accounts payable	\$ 455,694	70,626	526,320	28,919
Accrued leave	69,869	56,191	126,060	-
Unearned revenue	-	1	1	-
Due to General Fund	1,848,946	4,889,436	6,738,382	-
Accrued interest payable	139,728	56,209	195,937	-
Current portion:				
General obligation bonds	-	465,000	465,000	-
Interfund note payable	-	165,900	165,900	13,538
Loans payable	127,305	-	127,305	-
Insurance claims incurred but not reported	-	-	-	1,594,038
Total current liabilities	<u>2,641,542</u>	<u>5,703,363</u>	<u>8,344,905</u>	<u>1,636,495</u>
Noncurrent liabilities:				
General obligation bonds payable, including unamortized premium of \$684,094 and deferred loss of \$383,136	-	6,500,958	6,500,958	-
Loans payable	4,434,462	-	4,434,462	334,239
Interfund note payable	-	70,179	70,179	-
Lease credits payable	-	1,338,089	1,338,089	-
Landfill closure costs payable	3,522,995	-	3,522,995	-
Total noncurrent liabilities	<u>7,957,457</u>	<u>7,909,226</u>	<u>15,866,683</u>	<u>334,239</u>
Total liabilities	<u>10,598,999</u>	<u>13,612,589</u>	<u>24,211,588</u>	<u>1,970,734</u>
Net assets:				
Invested in capital assets, net of related debt	10,882,097	31,779,071	42,661,168	-
Unrestricted (deficit)	<u>(3,399,473)</u>	<u>(6,011,043)</u>	<u>(9,410,516)</u>	<u>10,879,330</u>
Total net assets	<u>7,482,624</u>	<u>25,768,028</u>	<u>33,250,652</u>	<u>10,879,330</u>
Total liabilities and net assets	\$ <u>18,081,623</u>	<u>39,380,617</u>	<u>57,462,240</u>	<u>12,850,064</u>

See accompanying notes to basic financial statements.

## MATANUSKA-SUSITNA BOROUGH

## Proprietary Funds

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

Year Ended June 30, 2012

	Major Enterprise Funds		Total Enterprise Funds	Internal Service Funds
	Solid Waste	Port		
Operating revenues:				
Intragovernmental	\$ -	-	-	7,024,142
Charges for services	4,268,602	24,505	4,293,107	-
Interest on loans	-	-	-	560
Employee contributions	-	-	-	696,108
Other	-	-	-	72,691
Total operating revenues	<u>4,268,602</u>	<u>24,505</u>	<u>4,293,107</u>	<u>7,793,501</u>
Operating expenses:				
Landfill operations	2,717,962	-	2,717,962	-
Transfer sites	1,666,683	-	1,666,683	-
Ferry expenses	-	217,210	217,210	-
Dock operations	-	573,109	573,109	-
Claims	-	-	-	4,551,710
Depreciation and amortization	336,418	663,833	1,000,251	-
Administrative fees	50,717	21,600	72,317	1,179,103
Premium	-	-	-	163,143
Total operating expenses	<u>4,771,780</u>	<u>1,475,752</u>	<u>6,247,532</u>	<u>5,893,956</u>
Operating income (loss)	(503,178)	(1,451,247)	(1,954,425)	1,899,545
Nonoperating revenues (expenses):				
Investment income	3,576	-	3,576	10,992
Intergovernmental - State sources:				
PERS relief	83,454	28,379	111,833	-
Debt service reimbursement	-	754,613	754,613	-
Miscellaneous income	4,015	-	4,015	-
Bond issuance costs	-	(49,700)	(49,700)	-
Interest expense	(54,639)	(308,371)	(363,010)	-
Net nonoperating revenues (expenses)	<u>36,406</u>	<u>424,921</u>	<u>461,327</u>	<u>10,992</u>
Income (loss) before capital contributions and transfers	(466,772)	(1,026,326)	(1,493,098)	1,910,537
Capital contributions	173,426	1,071,820	1,245,246	-
Transfers in	-	100,000	100,000	-
Transfers out	-	-	-	(560)
Change in net assets	(293,346)	145,494	(147,852)	1,909,977
Net assets at beginning of year	<u>7,775,970</u>	<u>25,622,534</u>	<u>33,398,504</u>	<u>8,969,353</u>
Net assets at end of year	\$ <u>7,482,624</u>	<u>25,768,028</u>	<u>33,250,652</u>	<u>10,879,330</u>

See accompanying notes to basic financial statements.

## MATANUSKA-SUSITNA BOROUGH

## Proprietary Funds

## Statement of Cash Flows

Year Ended June 30, 2012

	Major Enterprise Funds		Total Enterprise Funds	Internal Service Funds
	Solid Waste	Port		
Cash flows from operating activities:				
Receipts from customers	\$ 4,240,616	24,651	4,265,267	-
Receipts from employees and other	-	-	-	1,570,129
Payments to suppliers	(2,281,662)	(675,243)	(2,956,905)	-
Payments to employees	(1,496,042)	(301,205)	(1,797,247)	-
Proceeds from loans	-	-	-	2,052
Loans made to other funds	-	-	-	(25,000)
Payments for interfund services (used) provided	(50,717)	(21,600)	(72,317)	7,024,142
Principal payments received on loans	-	-	-	44,244
Interest payments received on loans	-	-	-	560
Principal payments on loan payable	-	-	-	(13,337)
Payments for claims and services	-	-	-	(5,839,626)
Net cash flows from operating activities	<u>412,195</u>	<u>(973,397)</u>	<u>(561,202)</u>	<u>2,763,164</u>
Cash flows from noncapital financing activities - transfers out	-	-	-	(560)
Cash flows from capital and related financing activities:				
Purchases of property, plant and equipment	(576,277)	(1,118,637)	(1,694,914)	-
Capital contributions received	1,897,454	737,483	2,634,937	-
Transfers in	-	100,000	100,000	-
Principal and interest paid on interfund note	-	(178,964)	(178,964)	-
Principal and interest paid on bonds and loans	(57,964)	(748,858)	(806,822)	-
Debt service reimbursement	-	754,613	754,613	-
Increase (decrease) in due to General Fund	(1,675,408)	1,427,760	(247,648)	-
Net cash flows from capital and related financing activities	<u>(412,195)</u>	<u>973,397</u>	<u>561,202</u>	<u>-</u>
Cash flows from investing activities - investment income received	<u>3,576</u>	<u>-</u>	<u>3,576</u>	<u>10,992</u>
Net increase in cash and investments	3,576	-	3,576	2,773,596
Cash and investments at beginning of year	<u>2,235,019</u>	<u>-</u>	<u>2,235,019</u>	<u>9,476,946</u>
Cash and investments at end of year	\$ <u>2,238,595</u>	<u>-</u>	<u>2,238,595</u>	<u>12,250,542</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	(503,178)	(1,451,247)	(1,954,425)	1,899,545
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Miscellaneous nonoperating revenues	4,015	-	4,015	-
Depreciation and amortization	336,418	663,833	1,000,251	-
Lease credits exercised	-	(3,873)	(3,873)	-
Noncash expense - PERS relief	83,454	28,379	111,833	-
(Increase) decrease in assets:				
Accounts receivable	(23,120)	146	(22,974)	801,330
Loans receivable	-	-	-	19,244
Prepaid item	-	(20,014)	(20,014)	-
Increase (decrease) in liabilities:				
Accounts payable	197,527	(192,156)	5,371	(33,420)
Accrued leave	3,845	1,535	5,380	-
Landfill closure costs payable	322,115	-	322,115	-
Unearned revenue	(8,881)	-	(8,881)	-
Loans payable	-	-	-	(11,285)
Insurance claims incurred but not reported	-	-	-	87,750
Net cash flows from operating activities	\$ <u>412,195</u>	<u>(973,397)</u>	<u>(561,202)</u>	<u>2,763,164</u>

See accompanying notes to basic financial statements.

**MATANUSKA-SUSITNA BOROUGH**  
 Agency Funds  
 Statement of Fiduciary Assets and Liabilities  
 June 30, 2012

Assets

Cash and investments	\$ 1,870,632
Property taxes receivable:	
Real	126,224
Personal	10,964
Special assessments receivable	691,761
Interest receivable	16,548
Construction in progress	<u>241,252,288</u>
 Total assets	 \$ <u>243,968,417</u>

Liabilities

Accounts payable	216,548
Deposits	512,906
Taxes collected in advance	142,013
Intergovernmental	17,004
Notes payable - gas lines	308,600
Notes payable - road improvements	244,917
Due to State of Alaska	<u>242,526,429</u>
 Total liabilities	 \$ <u>243,968,417</u>

See accompanying notes to basic financial statements.

# MATANUSKA-SUSITNA BOROUGH

## Notes to Basic Financial Statements

June 30, 2012

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

The Matanuska-Susitna Borough (Borough) was incorporated January 1, 1964, under the provisions of Alaska Statutes, Title 29, as amended, as a second-class borough. The Borough operates under an assembly/manager form of government and provides the following services: general administrative, education, planning and zoning, animal care and regulation and, as approved by the citizens, road services, fire services, library, sanitary landfill and flood control.

The accounting policies of the Borough conform to accounting principles generally accepted in the United States of America. The following is a summary of the more significant policies.

**Reporting Entity**

The financial statements of the reporting entity include those of the Borough (primary government) and its discretely presented component unit, the Matanuska-Susitna Borough School District (School District). The School District is responsible for elementary and secondary education within the Borough. The members of the School Board are elected by the voters. The School District is required by Borough Code to submit an annual budget to the Matanuska-Susitna Borough Assembly (Assembly) for approval and is prohibited from incurring expenditures or obligations in excess of the maximum amount approved by the Assembly. The School District is fiscally dependent upon the Borough because the Assembly approves the total annual School District budget, levies the necessary taxes and approves the borrowing of money and the issuance of bonds. The financial data of the School District is included in the Borough's financial statements and is accounted for as a component unit.

In conformity with Governmental Accounting Standards Board Statement No. 14 (as amended by GASB Statement 39), the financial data of the component unit of the Borough is discretely presented in the component unit column in the basic financial statements. The School District is reported in a separate column to emphasize that it is legally separate from the Borough. Copies of the School District's component unit financial statements may be requested from the School District at 501 North Gulkana, Palmer, Alaska, 99645.

No other entities exist in which the Borough has accountability for fiscal matters, scope of public services or special financing relationships.

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information about the Borough and its component unit. These statements include the financial activities of the overall government, except for fiduciary activities. 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. *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.

## MATANUSKA-SUSITNA BOROUGH

### Notes to Basic Financial Statements, continued

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

##### **Government-Wide and Fund Financial Statements, continued**

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. Under accounting principles generally accepted in the United States of America, internal service funds are never considered major funds.

##### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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.

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 proprietary funds are charges to customers for sales and services and to other Borough departments for services provided. Operating expenses for the proprietary funds include the costs of service, administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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 Borough considers revenues to be available if they are collected within 60 days after year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to accrued leave are recorded only to the extent they have matured.

## MATANUSKA-SUSITNA BOROUGH

### Notes to Basic Financial Statements, continued

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

##### Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

Property 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.

The Fiduciary Fund Type is accounted for on a basis consistent with the fund's accounting measurement objective. Agency Fund assets and liabilities are accounted for on the accrual basis of accounting.

The Borough reports the following major funds:

##### 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 *School Buildings Debt Service Fund* accounts for bond redemption activities relating to bonded debt issued to finance the activities of construction, renovation, and repair of school facilities throughout the Borough.

The *School Projects Capital Project Fund* accounts for activities relating to the construction, renovation, and renewal of school facilities throughout the Borough.

The *Infrastructure Capital Project Fund* accounts for activities relating to the construction, renovation, and repair of large infrastructure projects.

##### Major Proprietary Funds

The *Port Enterprise Fund* accounts for activities relating to operations of the port.

The *Solid Waste Enterprise Fund* accounts for activities relating to operations of the Borough's sanitary landfill.

In addition, the Borough reports the following fund types:

##### Governmental Fund Types

**Special Revenue Fund** – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

**Debt Service Fund** – The Debt Service Funds are used to account for the accumulation of resources for and the payment of general long-term obligation principal, interest and related costs.

**Capital Project Funds** – Capital Project Funds are used to account for financing resources to be used for acquisition or construction of major capital facilities.

## MATANUSKA-SUSITNA BOROUGH

### Notes to Basic Financial Statements, continued

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

##### Proprietary Fund Type

Internal Service Funds – The Borough reports on seven Internal Service Funds. Three of the funds make low interest loans to other funds of the Borough and the other four account for self insurance activities involving health, unemployment, workers' compensation, and property and casualty insurance.

##### Fiduciary Fund Type

Agency Funds – The Borough reports on three Agency Funds. The Property Tax Agency Fund accounts for property taxes collected on behalf of other cities within the Borough. The Road and Gas Line Agency Fund accounts for monies collected from property owners by the Borough for construction of a natural gas pipeline distribution system and for the paving of roads. The Prison Agency Fund accounts for the construction of the Goose Creek Correctional Center located in the Matanuska-Susitna Borough. The facility is being leased to the State of Alaska pursuant to a triple net lease Purchase Agreement between the Borough and the State.

##### Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

##### Budgets and Budgetary Accounting

The Borough follows these procedures in establishing the budgetary data reflected in the basic financial statements:

- a. Prior to or on the third Tuesday of April, the Borough Manager submits to the Assembly a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to June 1, the budget is legally enacted through passage of an ordinance by the Borough Assembly.
- d. The Borough Manager is authorized to transfer budgeted amounts within a department within any fund; however, any revisions that alter the total budget of any department of any fund or the total expenditures of any fund must be approved by the Assembly. Expenditures may not legally exceed appropriations at the department level. Appropriations lapse at year-end for all funds except capital project funds.



## MATANUSKA-SUSITNA BOROUGH

### Notes to Basic Financial Statements, continued

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

##### Budgets and Budgetary Accounting, continued

- e. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. Formal budgetary integration is not employed for the Debt Service Funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions. The General Fund and Special Revenue Funds have legally adopted annual budgets.
- f. Budgets for the General Fund and Special Revenue Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Budgeted amounts are as originally adopted, or as amended, by the Assembly.

##### Statement of Cash Flows

For purposes of the statement of cash flows, the Borough has defined cash as demand deposits and all investments maintained in the cash management pool, regardless of maturity period, since various funds use the cash management pool essentially as a demand deposit account.

##### Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure are reported in the government-wide financial statements. Capital assets are defined by the Borough as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. 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. In the case of the initial capitalization of infrastructure assets, the Borough chose to include all such items, regardless of their acquisition date.

The costs 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. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the Borough are depreciated using the straight line method over the following estimated useful lives:

Buildings and improvements	30-40 years
Improvements other than buildings	15-40 years
Machinery and equipment	5 years
Infrastructure	20-30 years

##### Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

##### Inventories

Inventories consist mostly of fuel and medical supplies. Inventories are stated at cost (first-in, first-out) and recorded as expenditures or expenses when used (consumption method).

## MATANUSKA-SUSITNA BOROUGH

### Notes to Basic Financial Statements, continued

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

##### Accrued Leave

The liability reported for compensated absences reported in the government-wide and proprietary statements consists of unpaid, vested annual leave. A liability for compensated absences is reported in the governmental funds only if they have “matured” such as upon employee resignation or retirement.

##### Long-Term Debt

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method.

##### Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form—prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balances comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

*Restricted fund balance.* This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed fund balance.* These amounts can only be used for specific purposes pursuant to constraints imposed by official action, through resolution or ordinance, of the Borough’s Assembly. Those committed amounts cannot be used for any other purpose unless the Borough Assembly removes the constraint through a subsequent formal modification or rescinding action.

*Assigned fund balance.* This classification reflects the amounts constrained by the Borough’s “intent” to be used for specific purposes, but are neither restricted nor committed. The Borough Assembly and Manager have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

*Unassigned fund balance.* This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

## MATANUSKA-SUSITNA BOROUGH

### Notes to Basic Financial Statements, continued

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

##### Fund Balances, continued

When both restricted and unrestricted resources are available for use, it is the Borough's policy to use externally restricted resources first, then unrestricted resources—committed, assigned, and unassigned—in order as needed.

##### Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for expenditures are recorded in order to reserve that portion of the applicable appropriation. All appropriations lapse at year end, except those in capital project funds. Any encumbrances outstanding at year end in the capital project funds, are reported as appropriate constraints of fund balances if they meet the definitions and criteria as outlined above.

##### Risk Management

The Borough faces a considerable number of risks of loss, including (a) damage to and loss of property and contents, (b) employee torts, (c) professional liability, (d) environmental damage, (e) worker's compensation and (f) medical costs of employees. Commercial policies, transferring risk of loss, except for relatively small deductible amounts, are purchased for property, general liability, errors and omissions, worker's compensation (as required by statute), and professional liability.

Claims on insurance have not exceeded coverage in any of the last several years and there has been no significant reduction in insurance coverage from prior years.

##### Self-Insurance Coverage

The Borough and the School District jointly participate in self-insurance for unemployment claims and for property and casualty coverage. Unemployment insurance is paid on a reimbursement basis directly to the State of Alaska when individual claims are filed. Property and casualty claims within the retention are paid on a reimbursement basis. An estimate for claims incurred but not reported is accrued at year end. There is a \$250,000 self insured retention per occurrence for casualty claims. Commercial policies are purchased to cover claims exceeding these amounts.

The Borough (excluding the School District) provides health insurance on a self-insured basis up to \$100,000 each occurrence or \$1 million in aggregate for all medical claims during the year. Coverage in excess of these amounts is insured by a private carrier. The Borough contracts with a third party administrator for health claims servicing. The Borough charges each department and employee a premium based on the actual claims paid by the Borough. The Borough accrues a liability for claims incurred but not reported at year end.

## MATANUSKA-SUSITNA BOROUGH

### Notes to Basic Financial Statements, continued

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

##### **Self-Insurance Coverage, continued**

A schedule of the changes in the claims liability for the years ended June 30, 2011 and June 30, 2012 follows:

	Unemploy- ment <u>Insurance</u>	Health Insurance	Property and Casualty <u>Insurance</u>	Worker's Comp <u>Insurance</u>	<u>Total</u>
Balance at June 30, 2010	\$ 53,299	991,792	653,506	479,846	2,178,443
Claims expense	303,779	5,650,251	458,776	197,067	6,609,873
Claims paid	<u>(294,739)</u>	<u>(5,384,477)</u>	<u>(887,282)</u>	<u>(653,191)</u>	<u>(7,219,689)</u>
Balance at June 30, 2011	62,339	1,257,566	225,000	23,722	1,568,627
Claims expense	116,271	3,865,744	-	569,695	4,551,710
Claims paid	<u>(149,691)</u>	<u>(3,816,746)</u>	<u>-</u>	<u>(530,943)</u>	<u>(4,497,380)</u>
Balance at June 30, 2012	\$ <u>28,919</u>	<u>1,306,564</u>	<u>225,000</u>	<u>62,474</u>	<u>1,622,957</u>

Management estimates that all of this liability is due within one year. The Unemployment Insurance liability is payable quarterly, upon receipt of billing from the State of Alaska. This liability, in the amount of \$28,919 is included in the financial statements as accounts payable. All other funds liabilities are reported on the balance sheet as insurance claims incurred but not reported. This liability, in the amount of \$1,594,038 is included with the governmental activities long-term debt.

#### **Deferred Compensation**

The Borough offers its employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. The plan, available to all permanent Borough employees, permits them to defer a portion of their current salary until future years. The Borough has determined that a fiduciary relationship does not exist between it and the IRC Section 457 deferred compensation plan and therefore the deferred compensation plan is not reported in the Borough's financial statements.

#### **Retirement Plan**

All full-time employees and certain permanent part-time employees of the Borough participate in the State of Alaska Public Employees' Retirement System (PERS).

#### (2) **Cash and Investments**

Except for certain restricted items, the Borough accounts for its cash and investments in a central treasury. The School District also participates in the central treasury for its operating cash and investments. Negative cash amounts have been reclassified to "due to other funds." Borough cash deposits are comprised of demand accounts, primarily checking, savings, and cash management accounts.

## MATANUSKA-SUSITNA BOROUGH

### Notes to Basic Financial Statements, continued

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

##### Investments

Investments are allowed as follows: Obligations of, or obligations guaranteed by the United States or any agency or instrumentality of the United States; Obligations of government-sponsored agencies, including mortgage securities; Repurchase agreements; Certificates of deposit and other deposits at banks and credit unions (subject to insurance and collateralization provisions); Money market mutual funds; Taxable general obligation bonds of municipalities, boroughs or states with ratings of AA or higher; the Alaska Municipal League Investment Pool (AMLIP); and various other instruments.

##### Reconciliation of Deposit and Investment Balances

The following is a reconciliation of the Borough's deposit and investment balances to the financial statements as of June 30, 2012.

	<u>Pooled Cash and Investments</u>	<u>Other</u>	<u>Totals</u>
Bank deposits	\$ (1,060,989)	1,473,866	(412,877)
Investments	<u>291,371,538</u>	<u>-</u>	<u>291,371,538</u>
	<u>\$ 290,310,549</u>	<u>1,473,866</u>	<u>291,784,415</u>

Reconciliation to the basic financial statements:

	<u>Borough Accounts</u>	<u>School Accounts</u>	<u>Totals</u>
Primary government cash and investments	\$ 141,781,024	-	141,781,024
Restricted cash	134,161,944	-	134,161,944
Agency funds	1,870,632	-	1,870,632
School District	<u>12,496,949</u>	<u>1,473,866</u>	<u>13,970,815</u>
	<u>\$ 290,310,549</u>	<u>1,473,866</u>	<u>291,784,415</u>

##### *Interest Rate Risk*

To limit exposure to declines in fair values of investments, Borough policy requires that investments be limited to "shorter-term" securities, money market mutual funds, or the AMLIP. Policy generally requires maturity dates of five years or less, although under certain conditions, the Borough may invest its securities with maturity dates exceeding five years.

## MATANUSKA-SUSITNA BOROUGH

### Notes to Basic Financial Statements, continued

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

#### **Reconciliation of Deposit and Investment Balances, continued**

#### *Interest Rate Risk, continued*

Investment maturities in general investments at June 30, 2012 are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>		
		<u>Less Than 1</u>	<u>1-5</u>	<u>More Than 5</u>
U.S. government agencies	\$ 172,299,518	95,639,141	76,660,376	-
Corporate fixed income	15,215,858	6,474,825	8,741,033	-
Repurchase agreement	19,696,931	19,696,931	-	-
Pooled investments (AMLIP)	<u>84,159,232</u>	<u>84,159,232</u>	<u>-</u>	<u>-</u>
Total investments	<u>\$ 291,371,538</u>	<u>205,970,129</u>	<u>85,401,409</u>	<u>-</u>

#### *Credit Risk*

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. All of the U.S. government agency investments are rated AAA by Standard and Poor's. To minimize credit risk, the Borough's investments are limited to those discussed above, under "Investments."

The Alaska Municipal League Investment Pool (AMLIP) is an external investment pool which is rated AAAM for credit risk purposes. Alaska Statute 37.23 establishes regulatory oversight of the Pool. The law sets forth numerous requirements regarding authorized investments and reporting. The share value of investments in the AMLIP is approximately equal to fair value.

#### *Custodial credit risk*

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. To limit its exposure to custodial credit risk, Borough policy requires that all deposits and investments be fully insured or collateralized.

## MATANUSKA-SUSITNA BOROUGH

### Notes to Basic Financial Statements, continued

(3) **Fund Balances**

The Borough applies the provisions of GASB Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

The Borough has established, through Code Ordinance, a minimum fund balance / stabilization policy. MSB 3.04.094(A), as amended, sets out a minimum fund balance in the amount of 25% of all annual budgeted operating expenditures of the Borough, exclusive of the School District. This minimum fund balance is established for the purpose of maintaining the Borough's credit worthiness, providing liquidity and protecting essential Borough programs and requirements during periods of economic downturn or catastrophic loss. The fund balance policy was originally established in 2003 and since that time, there have been no qualifying events for use of these funds. The ordinance was amended in 2011 to ensure compliance with the provisions for commitment under GASB statement 54.

(4) **Property Taxes**

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on July 1 unless deferred by Assembly action and are payable in two installments in August and February. The Borough bills and collects its own property taxes and also the property taxes for the cities of Palmer, Wasilla, and Houston. Collection of the taxes and remittance of them to the cities are accounted for in the Property Tax Agency Fund. Property tax revenues are recognized when they become susceptible to accrual; that is, when they become both measurable and available (collected within sixty days after year-end) to finance expenditures of the fiscal period.

(5) **Interfund Balances and Activities**

Balances due to/from other funds at June 30, 2012, consisted of the following:

Due to the General Fund from:

Port Enterprise Fund for advances for operating and capital costs	\$ 4,889,436
Solid Waste Enterprise Fund for advances for capital costs	1,848,946
Infrastructure Capital Projects Fund for advances for capital costs	2,520,453
Nonmajor governmental funds for advances for capital costs	<u>4,298,941</u>
Total due to General Fund	\$ <u>13,557,776</u>

In 2007, the Borough entered into a loan agreement with the Alaska Department of Environmental Conservation for the purpose of constructing a salted sand storage building. Ordinance 06-065 authorized the Borough to enter into the loan which will be paid back by various road service areas. For administrative purposes, the loan was recorded in its entirety in the Road Service Area Revolving Loan Fund with associated interfund loans receivable from the applicable Road Service Area Funds. Loan payments are due in twenty annual installments of \$13,338 to \$16,926, plus interest at 1.5% through August 8, 2027. Repayment terms to the Revolving Loan Fund will mirror those between ADEC and the Borough.

## MATANUSKA-SUSITNA BOROUGH

### Notes to Basic Financial Statements, continued

#### **Interfund Balances and Activities, continued**

Under a similar arrangement in 2010, the Borough entered into a loan agreement with the Alaska Department of Environmental Conservation for Talkeetna Community Water Upgrades. Ordinances 09-166 and 10-012 authorized the Borough to enter into the loan which will be paid back by the Talkeetna Water and Sewer Special Revenue Fund. For administrative purposes, the loan was recorded in its entirety in the Service Area Operating Revolving Loan Fund with the associated interfund loan receivable from Talkeetna Water and Sewer Special Revenue Fund. Terms of this loan with ADEC have yet to be established, pending completion of the project, which is estimated to be in 2013. Repayment terms to the Revolving Loan Fund will mirror those between ADEC and the Borough.

Amounts distributed at June 30, 2012 were as follows:

Road Service Area 9 – Midway Road	\$ 32,848
Road Service Area 14 – Fairview Road	19,301
Road Service Area 16 – South Colony	70,818
Road Service Area 19 – Lazy Mountain	389
Road Service Area 23 – North Colony	8,740
Road Service Area 25 – Bogard Road	65,647
Road Service Area 26 – Greater Butte Road	3,690
Road Service Area 28 – Gold Trail Road	39,573
Road Service Area 31 – Alpine Road	<u>1,771</u>
Total loans payable from Road Service Areas for ADEC Loan	\$ <u>242,777</u>
Loan payable from Talkeetna Water and Sewer for ADEC loan	\$ <u>105,000</u>

Other advances to/from other funds, representing long-term loans at June 30, 2012 with established payment terms, consisted of amounts payable to the Revolving Loan Internal Service Funds from the following special revenue funds:

Loans payable with established payment terms:

\$180,000 Service Area 131 – Circle View revolving loan, due in annual installments of \$6,000, plus interest approved by the Assembly through 2035	\$ 138,000
\$50,000 Service Area 36 – Talkeetna Water and Sewer revolving loan, due in annual installments of \$6,250, plus interest as approved by the Assembly, through 2014	12,500
\$30,000 Service Area 36 – Talkeetna Water and Sewer revolving loan, due in annual installments of \$6,000, plus interest as approved by the Assembly, through 2016	24,000



## MATANUSKA-SUSITNA BOROUGH

### Notes to Basic Financial Statements, continued

#### **Interfund Balances and Activities, continued**

\$25,000 Fire Service Area – Willow revolving loan, due in annual installments of \$8,333, plus interest as approved by the Assembly, through 2015	\$ <u>25,000</u>
Total loans payable to other funds with established payment terms	<u>199,500</u>
 Total loans payable to Revolving Loan Internal Service Funds	 \$ <u>547,277</u>

Additionally, the Port Enterprise Fund has an outstanding interfund note payable to the Land Management Fund. The outstanding balance of the note is \$236,079 at June 30, 2012. Of this amount, \$165,900 principal will be paid in 2013 with a final payment of \$70,179 due in 2014. The note bears interest at the prime rate.

Transfers to/from other funds for the year ended June 30, 2012 are detailed below. Transfers are generally authorized for 1) operating subsidy, 2) capital acquisitions and/or grant match, 3) debt service, or return of capital.

From General Fund to:	
School Buildings Debt Service Fund	\$ 21,000,000
School Projects Capital Project Fund	1,572,965
Nonmajor governmental funds	16,494,653
Infrastructure Capital Project Fund	<u>750,000</u>
Total transfers out of General Fund	<u>39,817,618</u>
 From School Projects Capital Project Fund to	
School Buildings Debt Service Fund	24,787
Nonmajor governmental funds	<u>528</u>
Total transfers out of School Projects Capital Project Fund	<u>25,315</u>
 From nonmajor governmental funds to:	
General Fund	191,988
Port Enterprise Fund	100,000
Other nonmajor governmental funds	<u>11,801,661</u>
Total transfers out of nonmajor governmental funds	<u>12,093,649</u>
 From nonmajor internal service funds to General Fund	 <u>560</u>
 Total transfers	 \$ <u>51,937,142</u>

## MATANUSKA-SUSITNA BOROUGH

### Notes to Basic Financial Statements, continued

(6) **Capital Assets**

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

	Balance July 1, <u>2011</u>	Additions and Reclass- ifications	Deletions and Reclass- ifications	Balance June 30, <u>2012</u>
<b><u>Governmental activities:</u></b>				
<i>Capital assets not being depreciated:</i>				
Land and land improvements	\$ 13,770,006	405,493	-	14,175,499
Construction in progress	<u>142,679,809</u>	<u>33,600,972</u>	<u>17,168,691</u>	<u>159,112,090</u>
Total assets not being depreciated	<u>156,449,815</u>	<u>34,006,465</u>	<u>17,168,691</u>	<u>173,287,589</u>
<i>Capital assets being depreciated:</i>				
Buildings	429,953,455	13,442,442	-	443,395,897
Improvements other than buildings	19,879,061	3,271,680	-	23,150,741
Equipment	32,265,380	3,676,429	71,219	35,870,590
Infrastructure	<u>206,901,962</u>	<u>3,689,805</u>	<u>-</u>	<u>210,591,767</u>
Total assets being depreciated	<u>688,999,858</u>	<u>24,080,356</u>	<u>71,219</u>	<u>713,008,995</u>
Less accumulated depreciation for:				
Buildings	127,832,199	7,398,295	-	135,230,494
Improvements other than buildings	6,089,613	556,666	-	6,646,279
Equipment	19,050,291	2,101,601	71,219	21,080,673
Infrastructure	<u>114,892,564</u>	<u>2,030,113</u>	<u>-</u>	<u>116,922,677</u>
Total accumulated depreciation	<u>267,864,667</u>	<u>12,086,675</u>	<u>71,219</u>	<u>279,880,123</u>
Total capital assets being depreciated, net	<u>421,135,191</u>	<u>11,993,681</u>	<u>-</u>	<u>433,128,872</u>
Governmental activity capital assets, net	\$ <u>577,585,006</u>	<u>46,000,146</u>	<u>17,168,691</u>	<u>606,416,461</u>
<b><u>Business-type activities:</u></b>				
<i>Capital assets not being depreciated:</i>				
Construction in progress	\$ <u>24,521,414</u>	<u>1,424,256</u>	<u>221,616</u>	<u>25,724,054</u>
<i>Capital assets being depreciated:</i>				
Buildings	2,327,196	-	-	2,327,196
Improvements other than buildings	1,512,853	221,616	-	1,734,469
Equipment	1,558,965	270,658	-	1,829,623
Landfill cells	4,519,944	-	-	4,519,944
Infrastructure	<u>26,414,621</u>	<u>-</u>	<u>-</u>	<u>26,414,621</u>
Total assets being depreciated	<u>36,333,579</u>	<u>492,274</u>	<u>-</u>	<u>36,825,853</u>

## MATANUSKA-SUSITNA BOROUGH

### Notes to Basic Financial Statements, continued

#### **Capital Assets, continued**

	Balance July 1, <u>2011</u>	Additions and Reclass- ifications	Deletions and Reclass- ifications	Balance June 30, <u>2012</u>
<b><u>Business-type activities, continued:</u></b>				
Less accumulated depreciation for:				
Buildings	\$ 389,750	77,620	-	467,370
Improvements other than buildings	638,412	47,666	-	686,078
Equipment	1,010,640	156,745	-	1,167,387
Landfill cells	842,066	57,855	-	899,921
Infrastructure	<u>4,479,895</u>	<u>660,363</u>	<u>-</u>	<u>5,140,258</u>
Total accumulated depreciation	<u>7,360,763</u>	<u>1,000,251</u>	<u>-</u>	<u>8,361,014</u>
 Total capital assets being depreciated, net	 <u>28,972,816</u>	 <u>(507,975)</u>	 <u>-</u>	 <u>28,464,839</u>
 Business-type activity capital assets, net	 <u>\$ 53,494,230</u>	 <u>916,281</u>	 <u>221,616</u>	 <u>54,188,893</u>

Depreciation expense was charged to the functions as follows:

#### **Governmental activities**

General government	\$ 407,907
Public works	120,485
Public service	2,721,561
Emergency services	1,928,817
Education	<u>6,907,905</u>
Total depreciation expense – governmental activities	<u>\$ 12,086,675</u>

#### **Business-type activities**

Solid waste	\$ 336,418
Port	<u>663,833</u>
Total depreciation expense – business-type activities	<u>\$ 1,000,251</u>

## MATANUSKA-SUSITNA BOROUGH

### Notes to Basic Financial Statements, continued

#### **Capital Assets, continued**

Capital projects authorized or in progress are as follows:

	<u>Project Authorization</u>	<u>Expended</u>	<u>Fund Balance Available</u>	<u>Required Future Financing</u>
School projects	\$ 596,160,505	457,145,209	143,225,275	-
Road service repair	107,881,094	88,784,962	10,756,862	-
Sewage facility	15,742,829	14,455,183	47,742	3,298,278
Fire protection	53,582,110	45,944,450	6,457,537	-
Sanitary landfills	24,946,862	18,510,680	1,347,812	-
Ambulance and emergency medical services	29,212,542	27,563,618	1,420,632	-
Roads and bridges	66,114,011	53,149,583	1,015,355	2,755,136
Borough facility	56,689,794	49,669,561	6,908,941	-
Cultural and recreational	13,569,570	11,759,777	1,818,837	-
Port	61,044,013	47,329,906	2,107,144	-
Major maintenance	1,149,094	1,111,716	3	-
Infrastructure	93,881,524	44,320,592	807,071	44,360,714
Miscellaneous	75,545,046	65,355,310	8,166,991	-
Pass-through grants	<u>10,736,520</u>	<u>9,119,545</u>	<u>237,507</u>	<u>-</u>
	<u>\$ 1,206,255,514</u>	<u>934,220,092</u>	<u>184,317,709</u>	<u>50,414,128</u>

(7) **Long-term Debt**

**Issuance of New Debt**

*ADEC Loans*

In 2008, the Borough entered into a loan agreement with the Alaska Department of Environmental Conservation under the Alaska Clean Water Fund Loan Program. The loan will be paid back over twenty years and bears interest at 1.5% with the interest accrual beginning one year following the date of the first draw. The loan is for a maximum of \$3,500,000 and is being used to pay for the landfill expansion project (specifically, Cell 3 construction). The Borough did not draw down funds during the current year. The total loan balance at June 30, 2012 was \$2,805,926. Repayment amortization is yet to be determined. This loan is recorded in the Solid Waste Enterprise Fund.

In 2010, the Borough entered into a new loan agreement with ADEC for Talkeetna Community Water Upgrades. Under similar terms as the loans noted above, the loan is for a maximum amount of \$105,000. The Borough drew down \$2,052 during the current year. The total loan balance at June 30, 2012 was \$105,000. The loan is recorded in the Service Area Operating Revolving Loan Internal Service Fund.

## MATANUSKA-SUSITNA BOROUGH

### Notes to Basic Financial Statements, continued

#### **Long-term Debt, continued**

##### **Issuance of New Debt, continued**

###### *General Obligation Bonds*

On October 4, 2011, the voters of the Borough approved a bond proposition authorizing the issuance of \$214,495,000 aggregate principal amount of general obligation bonds of the Borough for school construction projects. In April, 2012, the Borough issued \$91,770,000 of general obligation school bonds. After the issuance of the 2012 Series A School Bonds, \$122,725,000 principal amount of general obligation bonds will remain authorized and unissued.

###### *Advance Refunding*

In 2012, the Borough issued \$8,710,000 in 2012 Series B School and \$5,770,000 in 2012 Series C Port General Obligation Refunding Bonds with interest rates of 2.0% to 5.0% to advance refund General Obligation School Bonds of \$9,025,000 and General Obligation Port Bonds of \$5,905,000. The new bonds were issued at a premium of \$1,980,984 and after paying issuance and other costs of \$127,926, the net proceeds were \$16,333,058. The net proceeds from the issuance were deposited into an irrevocable trust with an escrow agent to provide debt service payments on the old bonds. The advance refunding met the requirements of an in-substance defeasance of portions of the old bonds and \$14,930,000 was removed from the Borough's government-wide financial statements. The remaining liability on the old bonds in the amount of \$6,570,000 will remain on the Borough's books until they are retired in 2014. At June 30, 2012, \$14,930,000 of the defeased bonds remain outstanding and payable to the escrow account paying agent. As a result of the advance refunding, the Borough recorded a deferred loss of \$2,985,601.

A summary of changes in long-term debt for the year ended June 30, 2012 follows:

<b><u>Governmental activities</u></b>	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2012</u>	<u>Due Within</u> <u>One Year</u>
School projects bonds	\$ 181,590,000	100,480,000	21,660,000	260,410,000	16,675,000
Park and recreation bonds	2,650,000	-	215,000	2,435,000	225,000
Certificates of participation	7,100,000	-	710,000	6,390,000	745,000
ADEC salted sand building loan	256,114	-	13,337	242,777	13,538
* ADEC Talkeetna community water upgrade loan	102,948	2,052	-	105,000	-
Accrued leave	2,093,399	2,384,718	2,250,009	2,228,108	2,228,108
Insurance claims incurred but not reported & claims payable	<u>1,506,288</u>	<u>4,435,438</u>	<u>4,347,688</u>	<u>1,594,038</u>	<u>1,594,038</u>
	<u>\$ 195,298,749</u>	<u>107,302,208</u>	<u>29,196,034</u>	<u>273,404,923</u>	<u>21,480,684</u>
Plus unamortized bond premium				15,848,933	
Less deferred loss on refunding				<u>(2,733,763)</u>	
				<u>\$ 286,520,093</u>	

## MATANUSKA-SUSITNA BOROUGH

### Notes to Basic Financial Statements, continued

#### Long-term Debt, continued

<u>Business-type activities</u>	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2012</u>	<u>Due Within One Year</u>
Port bonds	\$ 7,220,000	5,770,000	6,325,000	6,665,000	465,000
* ADEC solid waste loan – Cell 3 construction	2,805,926	-	-	2,805,926	-
ADEC solid waste loan – hazardous waste facility	864,100	-	45,002	819,098	45,677
ADEC solid waste loan – regional resource recovery and training facility	936,743	-	-	936,743	81,628
Lease credits payable	1,341,962	-	3,873	1,338,089	-
Landfill closure and post-closure monitoring costs	3,200,880	322,115	-	3,522,995	-
Accrued leave	<u>120,680</u>	<u>122,432</u>	<u>117,052</u>	<u>126,060</u>	<u>126,060</u>
	<u>\$ 16,490,291</u>	<u>6,214,547</u>	<u>6,490,927</u>	<u>16,213,911</u>	<u>583,618</u>
				684,094	
Plus unamortized bond premium				<u>(383,136)</u>	
Less deferred loss on refunding				<u>\$ 16,514,869</u>	

\*Not yet in repayment status.

Other long-term liabilities related to governmental activities such as accrued leave are generally liquidated by the General Fund.

Based on an analysis of the actual compensated absence expenditures/expense during the first quarter of the fiscal year 2012, the Borough is reporting the entire amount of the compensated absence liability as a current liability.

At June 30, 2012, long-term debt that is in repayment status is comprised of the following individual issues:

General obligation bonds:

School projects bonds:

\$91,770,000 2012 Series A School bonds, due in annual installments of \$3,165,000 to \$6,640,000, plus interest at 2.0% to 5.0% through March 2032 \$ 91,770,000

\$8,710,000 2012 Series B School refunding bonds, due in annual installments of \$380,000 to \$2,480,000, plus interest at 3.0% to 5.0% through March 1, 2024 8,710,000

\$33,785,000 2011 Series A School bonds, due in annual installments of \$1,260,000 to \$2,490,000, plus interest at 2.0% to 5.0% through April 1, 2031 32,630,000

## MATANUSKA-SUSITNA BOROUGH

### Notes to Basic Financial Statements, continued

#### **Long-term Debt, continued**

General obligation bonds, continued:

School projects bonds, continued:

\$19,030,000 2009 Series A School bonds, due in annual installments of \$660,000 to \$1,465,000, plus interest at 4.0% to 5.5% through April 1, 2030 \$ 17,780,000

\$33,505,000 2007 Series A School refunding bonds, due in annual installments of \$1,960,000 to \$5,360,000, starting 2016 plus interest at 4.0% to 5.00% through April 1, 2025 33,505,000

\$20,500,000 2006 Series A School bonds, due in annual installments of \$905,000 to \$1,575,000, plus interest at 4.0% to 4.75% through February 1, 2026 16,805,000

\$19,200,000 2006 Series B School bonds, due in annual installments of \$840,000 to \$1,480,000, plus interest at 4.0% to 4.75% through February 1, 2026 15,755,000

\$27,095,000 2005 Series A School bonds, due in annual installments of \$1,165,000 to \$1,255,000, plus interest at 3.75% to 4.0% through April 1, 2015 3,630,000

\$44,575,000 2004 Series D School refunding bonds, due in annual installments of \$845,000 to \$6,880,000, plus interest at 3.75% to 5.0% through April 1, 2020 31,915,000

\$15,895,000 2004 Series A School bonds, due in annual installments of \$720,000 to \$745,000, plus interest at 3.75% through April 1, 2014 1,465,000

\$6,305,000 2004 Series B School bonds, due in annual installments of \$285,000 to \$295,000, plus interest at 3.75% to 4.00% through April 1, 2014 580,000

\$36,745,000 1999 Series A School bonds, due in annual installments of \$2,855,000 to \$3,010,000, plus interest at 5.5% through March 1, 2014 5,865,000

Total school projects bonds 260,410,000

Park bonds:

\$2,210,000 2007 Series B Park bonds, due in annual installments of \$240,000 to \$325,000, starting 2014 plus interest at 4.0% to 5.25% through April 1, 2021 2,210,000

## MATANUSKA-SUSITNA BOROUGH

### Notes to Basic Financial Statements, continued

#### **Long-term Debt, continued**

General obligation bonds, continued:

Park bonds, continued:

\$4,400,000 2001 Series B Park bonds, due in final installment of \$225,000, plus interest at 4.8% on March 1, 2013	\$ <u>225,000</u>
Total park bonds	<u>2,435,000</u>

Port bonds:

\$9,810,000 2004 Series C Port bonds, due in annual installments of \$440,000 to \$455,000, plus interest at 3.75% to 4.0% through April 1, 2014	895,000
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\$5,770,000 2012 Series C Port refunding bonds, due in annual installments of \$10,000 to \$675,000, plus interest at 2.0% to 5.0% through March 1, 2024	<u>5,770,000</u>
Total port bonds	<u>6,665,000</u>

Total general obligation bonds \$ 269,510,000

Certificates of participation:

\$5,235,000 2000 Public Safety Building Lease Certificates of Participation, due in annual installments of \$415,000 to \$490,000, plus interest at 5.75% through March 1, 2016	\$ 1,810,000
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\$5,750,000 2008 Animal Control Building Certificates of Participation, due in annual installments of \$330,000 to \$535,000, plus interest at 4.0% to 5.75% through March 1, 2023	<u>4,580,000</u>
Total certificates of participation	\$ <u>6,390,000</u>

ADEC loans:

\$294,958 ADEC loan for Salted Sand Storage Building due in annual installments of \$13,538 to \$16,926, plus interest at 1.5% through August 8, 2027	\$ 242,777
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\$995,155 ADEC loan for Hazardous Materials Facility, due in annual installments of \$45,677 to \$57,107, plus interest at 1.5% through August 31, 2027	819,098
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\$936,743 ADEC loan for Regional Resource Recovery and Training Facility, due in annual installments of \$40,510 to \$53,755, plus interest at 1.5% through June 30, 2031	<u>936,743</u>
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Total ADEC loans \$ 1,998,618



## MATANUSKA-SUSITNA BOROUGH

### Notes to Basic Financial Statements, continued

#### **Long-term Debt, continued**

The annual requirements to amortize long-term debt outstanding at June 30, 2012, exclusive of the compensated absences, landfill closure and post closure monitoring costs, insurance claims incurred but not reported, and the ADEC loans that are not yet in repayment status are as follows:

Year Ended June 30	<u>Governmental Activities</u>				<u>Business-type Activities</u>			
	<u>General Obligation Bonds and Certificates of Participation</u>		<u>ADEC Loan</u>		<u>Port Bonds</u>		<u>ADEC Loans</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 17,645,000	11,675,185	13,538	3,642	465,000	242,350	127,305	18,291
2014	18,050,000	11,299,118	13,741	3,439	465,000	242,863	88,097	24,429
2015	17,445,000	10,503,031	13,948	3,232	485,000	224,463	89,418	23,107
2016	18,030,000	9,849,733	14,157	3,023	500,000	209,913	90,760	21,765
2017	18,285,000	9,066,485	14,369	2,811	520,000	189,913	92,121	20,404
2018-2022	76,190,000	33,629,092	75,144	10,756	2,910,000	642,250	481,751	80,876
2023-2027	59,850,000	18,256,969	80,953	4,947	1,320,000	99,750	518,982	43,644
2028-2032	<u>43,740,000</u>	<u>5,979,635</u>	<u>16,927</u>	<u>254</u>	<u>-</u>	<u>-</u>	<u>267,407</u>	<u>8,802</u>
	<u>\$ 269,235,000</u>	<u>110,259,248</u>	<u>242,777</u>	<u>32,104</u>	<u>6,665,000</u>	<u>1,851,502</u>	<u>1,755,841</u>	<u>241,318</u>

The following summarizes the amounts available for payment of general long-term debt at June 30, 2012:

	<u>Debt Service Funds</u>
School general obligation bonds	\$ 1,004,897
Parks and recreation bonds	35,651
Certificates of participation	<u>1,559,355</u>
	<u>\$ 2,599,903</u>

Any additional monies needed to service the school general obligation bonds or retire other governmental activity debt are provided by transfers to the Debt Service Funds from the General Fund.

There is no legal debt margin for municipalities in the State of Alaska. In 1983, the Borough Assembly adopted an ordinance limiting outstanding general obligation debt to 7% of the Borough's assessed value. At June 30, 2012, the Borough was in compliance.

# MATANUSKA-SUSITNA BOROUGH

## Notes to Basic Financial Statements, continued

### **Long-term Debt, continued**

#### **Landfill Closure and Post Closure Care Cost**

State and federal laws and regulations require the Borough to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date the landfill stops accepting waste, the Borough reports a portion of these closure and postclosure care costs as a long-term liability at June 30, 2012, based on landfill capacity used as of that date. The \$3,522,995 reported as landfill closure and postclosure care liability at June 30, 2012 represents the cumulative amount reported to date based on the use of 19.91% of the estimated capacity of the landfill. The Borough will recognize the remaining estimated cost of closure and postclosure care of \$14,173,192 as the remaining capacity is filled. The Borough expects to close the landfill in the year 2070. Actual costs may change due to inflation, deflation, changes in technology, or changes in laws and regulations.

As of June 30, 2012, the Borough is required to provide financial assurances for closure and postclosure care of the landfill in accordance with state and federal regulations. There are a number of allowable mechanisms available. The Borough has decided to use the "Local Government Test" financial assurance mechanism to be in compliance with the April 1997 regulations. Future inflation costs and additional costs that might arise from changes in closure and postclosure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future landfill users, taxpayers or both.

#### **Special Assessment Debt**

From time to time, the Borough will issue non-recourse special assessment bonds to finance road or gas line improvements in local improvement districts within the Borough. Repayment of the bonds is through special assessments levied against the property in the local improvement districts that benefit from the project. The bonds are special obligations of the local improvements districts and are payable solely from the assessments. As such, the Borough is not obligated in any manner for the special assessment debt and is acting solely as agent on behalf of the local improvement districts. The balance of special assessment bonds payable at June 30, 2012 follows:

Gas line bonds	\$ 308,600
Road improvement bonds	<u>244,917</u>
Total	<u>\$ 552,917</u>

## MATANUSKA-SUSITNA BOROUGH

### Notes to Basic Financial Statements, continued

#### **Long-term Debt, continued**

##### **Advance Refunding of Bonds**

In 2007, the Borough issued \$33,505,000 of general obligation refunding bonds for the purpose of refunding \$34,695,000 of outstanding general obligation school bonds. In 2007, the Borough also issued \$2,210,000 of general obligation refunding bonds for the purpose of refunding \$2,245,000 of outstanding park bonds. Proceeds from these refundings were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments. For financial reporting purposes, this debt has been considered defeased and therefore, removed as a liability. As of June 30, 2012, the amount of defeased debt outstanding associated with the refundings was \$35,695,000.

#### (8) **Defined Benefit Pension Plan**

The Borough participates in the Public Employees' Retirement System (PERS). PERS is a cost-sharing multiple employer plan which covers eligible State and local government employees, other than teachers. The Plan was established and is administered by the State of Alaska Department of Administration 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, the 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 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 footnotes.

## MATANUSKA-SUSITNA BOROUGH

### Notes to Basic Financial Statements, continued

#### **Defined Benefit Pension Plan, continued**

##### Funding Policy

Regular employees are required to contribute 6.75% of their annual covered salary (3.04% for pension and 3.71% for healthcare). Police and firefighters are required to contribute 7.5% of their annual covered salary (3.38% for pension and 4.12% 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 established and 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 Borough's contribution rates for June 30, 2012 were determined as part of the June 30, 2009 actuarial valuation and are as follows:

	Contractual <u>Rate</u>	ARM Board Adopted <u>Rate</u>	GASB 43* <u>Rate</u>
Pension	9.92%	15.10%	23.10%
Postemployment healthcare	<u>12.08%</u>	<u>18.39%</u>	<u>32.74%</u>
Total contribution rate	<u>22.00%</u>	<u>33.49%</u>	<u>55.84%</u>

\* This rate uses an 8.25% pension discount rate and a 7.43% healthcare discount rate and disregards all future Medicare Part D payments.

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

## MATANUSKA-SUSITNA BOROUGH

### Notes to Basic Financial Statements, continued

#### **Defined Benefit Pension Plan, continued**

##### **Funding Policy**

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Borough and the plan members at that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial values of assets.

Projected benefits for financial reporting purposes do not incorporate any potential effects of legal or contractual funding limitations.

##### **Annual Pension and Postemployment Healthcare Cost**

The Borough is required to contribute 22% of covered payroll, subject to a wage floor. In addition, the State of Alaska contributed approximately 11.49% of covered payroll to the Plan. In accordance with the provisions of GASB Statement Number 24, the Borough has recorded the State on-behalf payment in the amount of \$2,067,110 as revenue and expenditure/expense in these financial statements. However, because the Borough is not statutorily obligated for these payments, this amount is excluded from pension and OPEB cost as described here.

<u>Year Ended June 30</u>	<u>Annual Pension Cost</u>	<u>Annual OPEB Cost</u>	<u>Total Benefit Cost (TBC)</u>	<u>Borough Contributions</u>	<u>% of TBC Contributed</u>
2012	\$ 1,557,753	\$ 1,896,941	\$ 3,454,694	\$ 3,454,694	100%
2011	1,211,721	2,183,407	3,395,128	3,395,128	100%
2010	1,275,688	2,163,668	3,439,356	3,439,356	100%

(9) **Defined Contribution Pension Plan**

The State of Alaska Legislature approved Senate Bill 141 to create the Public Employees' Retirement System (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 8.0% of their annual covered salary, and the Borough is required to make the following contributions:

## MATANUSKA-SUSITNA BOROUGH

### Notes to Basic Financial Statements, continued

#### **Defined Contribution Pension Plan, continued**

	<u>Others</u> <u>Tier IV</u>	<u>Police/Fire</u> <u>Tier IV</u>
Individual account	5.00%	5.00%
Health reimbursement arrangement (HRA) *	3.00	3.00
Retiree medical plan	0.51	0.51
Occupational death and disability benefits	<u>0.11</u>	<u>0.97</u>
	<u>8.62 %</u>	<u>9.48%</u>

\*Health Reimbursement Arrangement – AS 39.30.370 requires that the employer contribute “an amount equal to three percent of the average 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.

Employees are immediately vested in their own contributions and vest 25% per year in employer contributions. The Borough and employee contributions to PERS including the HRA contribution for the year ended June 30, 2012 were \$393,822 and \$358,333, respectively.

(10) **Contingencies**

*Lease Credits Payable*

On May 16, 2007, a lawsuit was filed by NPI LLC, relating to two contracts at Port McKenzie. The case was aggressively defended with several motions for partial summary judgment being filed. In July 2010, the case was settled for \$1,100,000 payable in cash plus \$1,375,000 in future lease credits. In 2011, the balance of the cash payment was paid in full and the lease credits payable were recorded in the Port Enterprise Fund. The lease credits are valid for lease waivers, wharfage, and other services and will expire April 2031. At June 30, 2012 the balances of the lease credits was \$1,338,089 and is recorded as a long-term payable in the Port Enterprise Fund.

*M/V Susitna Ferry*

In September 2012 the Borough took title to the M/V Susitna, a 195 foot, ice-breaking passenger and vehicle Ferry that was funded over a period of several years in connection with the Port Mackenzie expansion project. This project included the construction of certain building and port infrastructure, rail line extension and connectivity, as well as the Ferry. The original plan anticipated Ferry service across Knik Arm, connecting the Mat-Su Borough to the Municipality of Anchorage. The Ferry, itself, was constructed by the Department of Defense and was paid for through Department of Defense and Federal Transit Authority Funding, along with some matching Borough funds. To date the Borough has been unsuccessful at securing a ferry landing site on the Anchorage side of Knik Arm. Without this critical element of the project, the Ferry cannot be operated for its intended purpose.

## MATANUSKA-SUSITNA BOROUGH

### Notes to Basic Financial Statements, continued

#### **Contingencies, continued**

##### *M/V Susitna Ferry, continued*

The vessel has an approximate construction cost of \$74 million and the current storage and maintenance cost are approximately \$80,000 per month. Given the ongoing cost, coupled with no landing site to put the Ferry into use, the Borough is investigating its options. If the Ferry is not placed in service for passenger traffic, is sold, or is otherwise disposed, the Borough could be required to pay back some portion or all of total project costs, particularly those costs funded by the Federal Transit administration, estimated at approximately \$6.3 million.

It is unclear at this time the final disposition or resolution of the Ferry. No liability, impairment, or other adjustments have been recorded in these financial statements. As of June 30, 2012, the Ferry, itself, has not been recorded as a capital contribution, pending receipt of title, subsequent to year end.

##### *Other*

The Borough and School District participate in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs have not yet been completed. Accordingly, compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time.

The Borough, in the normal course of its activities, is involved in various claims and pending litigation. In the opinion of management and legal counsel, the disposition of these matters is not expected to have a material adverse effect on the Borough's basic financial statements.

#### (11) **Subsequent Event**

On September 18, 2012, the Assembly adopted Ordinance 12-116 to authorize the issuance of Areawide General Obligation Bonds in an amount not to exceed \$14,150,000. The ballot proposition was approved by voters at the October 4, 2011 regular Borough election and the required matching grants were received from the State of Alaska. On November 28, 2012, the Borough issued 2012 Series D, Transportation Bonds in the amount of \$11,175,000. These bonds will finance construction, additions, improvements, betterments, repair, reconstruction, or acquisition of public roads and facilities related thereto in the Borough.

## MATANUSKA-SUSITNA BOROUGH

### Notes to Basic Financial Statements, continued

(12) **New Accounting Pronouncements**

The Governmental Accounting Standards Board has passed several new accounting standards with upcoming implementation dates as follows:

GASB 60 – *Service Concession Arrangements* – Effective for year end June 30, 2013 – This statement provides guidance on proper accounting for service concession arrangements, a type of public private partnership associated with the operation of a public facility.

GASB 61 – *The Financial Reporting Entity* – Effective for year end June 30, 2013 – This statement will require a review of all entities reported as component units.

GASB 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* – Effective for year end June 30, 2013 – This statement will result in a change to the government’s presentation of proprietary fund statements and government-wide statements from a traditional “Balance Sheet” format to a new “Statement of Net Position” format which will segregate deferred inflows and deferred outflows from assets and liabilities respectively.

GASB 65 – *Items Previously Reported as Assets and Liabilities* – Effective for year end June 30, 2014 – This statement is a companion to GASB Statement 63 and establishes accounts to be reclassified as deferred inflows and outflows. In addition, certain items previously reported as assets or liabilities will be moved to the income statement. For example, debt issuance costs will no longer be capitalized and amortized but will be expensed as incurred, and certain regulatory assets and liabilities will be reclassified to deferred inflows and outflows.

GASB 66 – *Technical Corrections – 2012* – Effective for year end June 30, 2014 – This statement contains certain technical corrections to prior GASB statements on the topics of Risk Financing, Operating Leases, Loan Purchases, and Servicing Fees.

GASB 68 – *Accounting and Financial Reporting for Pensions* – Effective for year end June 30, 2015 – This statement will require all governments that participate in defined benefit pension plans to report any “net pension liability” (as newly defined). An additional GASB statement provides guidance for the Plan reporting with a one year earlier implementation.



**NONMAJOR  
FUNDS**

## MATANUSKA-SUSITNA BOROUGH

Nonmajor Governmental Funds  
Combining Balance Sheet  
June 30, 2012

<u>Assets</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals</u>
Cash and investments	\$ 30,979,782	509,030	39,003,328	70,492,140
Prepaid items	246,425	-	-	246,425
Receivables:				
Intergovernmental	761,705	-	8,666,150	9,427,855
Property taxes	2,771,235	-	-	2,771,235
Land sales contracts, net	17,414	-	-	17,414
Other	161,087	-	40,150	201,237
Interfund note receivable	236,079	-	-	236,079
Restricted cash	-	1,085,976	-	1,085,976
Land sales contracts receivable, long term	315,800	-	-	315,800
	<u>35,489,527</u>	<u>1,595,006</u>	<u>47,709,628</u>	<u>84,794,161</u>
<b>Total assets</b>	<b>\$ 35,489,527</b>	<b>1,595,006</b>	<b>47,709,628</b>	<b>84,794,161</b>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts, contracts and retentions payable	861,786	-	4,724,270	5,586,056
Due to General Fund	64,128	-	4,234,813	4,298,941
Deposits	64,598	-	-	64,598
Deferred revenue	2,862,702	-	1,920,138	4,782,840
Loans payable to other funds	547,277	-	-	547,277
Total liabilities	<u>4,400,491</u>	<u>-</u>	<u>10,879,221</u>	<u>15,279,712</u>
Fund balances:				
Nonspendable:				
Interfund note receivable	70,179	-	-	70,179
Prepaid items	246,425	-	-	246,425
Restricted - debt service	-	1,085,976	-	1,085,976
Committed:				
Land management	5,649,183	-	-	5,649,183
Self insurance	10,000	-	-	10,000
Compensated absences	30,000	-	-	30,000
Equipment	1,000,000	-	-	1,000,000
Assigned:				
Subsequent year expenditures	3,885,141	-	-	3,885,141
Subsequent year appropriations	6,337,840	-	-	6,337,840
Land management	542,835	-	-	542,835
Service areas	13,379,123	-	-	13,379,123
Debt service	-	509,030	-	509,030
Capital projects	-	-	36,830,407	36,830,407
Interfund note receivable, net of current portion	165,900	-	-	165,900
Unassigned (deficits)	(227,590)	-	-	(227,590)
Total fund balances	<u>31,089,036</u>	<u>1,595,006</u>	<u>36,830,407</u>	<u>69,514,449</u>
	<u>35,489,527</u>	<u>1,595,006</u>	<u>47,709,628</u>	<u>84,794,161</u>
<b>Total liabilities and fund balances</b>	<b>\$ 35,489,527</b>	<b>1,595,006</b>	<b>47,709,628</b>	<b>84,794,161</b>

**MATANUSKA-SUSITNA BOROUGH**  
 Nonmajor Governmental Funds  
 Combining Statement of Revenues, Expenditures,  
 and Changes in Fund Balances  
 Year Ended June 30, 2012

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals</u>
Revenues:				
Property taxes	\$ 29,296,093	-	-	29,296,093
Intergovernmental	1,055,056	-	11,980,386	13,035,442
Charges for services	1,994,447	-	-	1,994,447
Investment income	61,145	52	-	61,197
Interest on land sales	42,442	-	-	42,442
Other	292,565	-	256,314	548,879
Total revenues	<u>32,741,748</u>	<u>52</u>	<u>12,236,700</u>	<u>44,978,500</u>
Expenditures:				
General government	511,059	-	2,344,338	2,855,397
Emergency services	8,718,887	-	2,193,391	10,912,278
Public services	10,005,186	-	8,188,885	18,194,071
Debt service	4,401	1,423,746	-	1,428,147
Capital outlay	-	-	14,114,721	14,114,721
Total expenditures	<u>19,239,533</u>	<u>1,423,746</u>	<u>26,841,335</u>	<u>47,504,614</u>
Excess (deficiency) of revenues over expenditures	13,502,215	(1,423,694)	(14,604,635)	(2,526,114)
Other financing sources (uses):				
Transfers in	139,055	1,860,000	26,297,787	28,296,842
Transfers out	<u>(11,734,175)</u>	<u>-</u>	<u>(359,474)</u>	<u>(12,093,649)</u>
Net other financing sources (uses)	<u>(11,595,120)</u>	<u>1,860,000</u>	<u>25,938,313</u>	<u>16,203,193</u>
Net change in fund balances	1,907,095	436,306	11,333,678	13,677,079
Fund balances at beginning of year	<u>29,181,941</u>	<u>1,158,700</u>	<u>25,496,729</u>	<u>55,837,370</u>
Fund balances at end of year	<u>\$ 31,089,036</u>	<u>1,595,006</u>	<u>36,830,407</u>	<u>69,514,449</u>

**GENERAL  
FUND**

**MATANUSKA-SUSITNA BOROUGH**  
 General Fund  
 Balance Sheet  
 June 30, 2012  
 (With Comparative Amounts for 2011)

<u>Assets</u>	<u>2012</u>	<u>2011</u>
Cash and investments	\$ 42,870,172	54,405,680
Prepaid items	606,182	469,263
Receivables:		
Intergovernmental	690,082	133,901
Delinquent property taxes, including foreclosure costs, penalties and interest net of allowance for doubtful accounts of \$145,789 (\$148,404 in 2011)	9,065,694	8,173,089
Ambulance, net of allowance for doubtful accounts of \$317,965 (\$190,332 in 2011)	1,271,860	761,328
Excise taxes	727,924	719,165
Accrued interest	236,108	361,387
Other	449,541	418,431
Due from other funds	13,557,776	14,565,892
Deposits	632	1,497
Inventory	<u>148,251</u>	<u>140,625</u>
Total assets	\$ <u>69,624,222</u>	<u>80,150,258</u>
<u>Liabilities and Fund Balance</u>		
Liabilities:		
Accounts payable	857,182	1,032,562
Accrued payroll and related liabilities	1,650,727	1,945,012
Other liabilities	309,776	175,036
Deferred revenue	<u>12,774,094</u>	<u>12,033,206</u>
Total liabilities	<u>15,591,779</u>	<u>15,185,816</u>
Fund balances:		
Nonspendable:		
Prepaid items	606,182	469,263
Inventory	148,251	140,625
Committed:		
Self insurance	150,000	300,000
Compensated absences	250,000	500,000
Assembly projects	57,217	57,217
Major repairs and renovations	879,248	2,068,000
Capital	500,000	750,000
Emergency response	500,000	750,000
Administration office space	-	5,697,945
School site acquisition	3,171,478	4,445,497
Fund balance stabilization	25,047,100	21,394,738
Assigned:		
Subsequent year expenditures	10,445,811	13,159,678
Subsequent year appropriations	-	95,574
Unassigned	<u>12,277,156</u>	<u>15,135,905</u>
Total fund balance	<u>54,032,443</u>	<u>64,964,442</u>
Total liabilities and fund balance	\$ <u>69,624,222</u>	<u>80,150,258</u>

**MATANUSKA-SUSITNA BOROUGH**  
 General Fund  
 Schedule of Revenues, Expenditures, and Changes in  
 Fund Balance - Budget and Actual  
 Year Ended June 30, 2012  
 (With Comparative Amounts for 2011)

	2012		Variance Positive (Negative)	2011
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Taxes:				
Current year property tax levy	\$ 67,666,502	70,461,678	2,795,176	75,095,861
Penalty and interest on taxes	900,000	986,079	86,079	1,384,712
Foreclosure costs	120,000	101,834	(18,166)	167,257
Recording and attorney fees	17,000	5,283	(11,717)	12,594
Vehicle taxes collected through State of Alaska	2,912,160	2,861,448	(50,712)	2,946,854
Excise taxes	4,558,500	5,075,644	517,144	4,723,063
Transient accommodations tax	908,000	1,084,282	176,282	957,362
Total taxes	<u>77,082,162</u>	<u>80,576,248</u>	<u>3,494,086</u>	<u>85,287,703</u>
Intergovernmental:				
State sources:				
Debt service reimbursement	14,105,642	14,105,641	(1)	12,280,710
Municipal assistance	5,300,000	5,372,533	72,533	3,888,243
PERS relief	-	1,671,951	1,671,951	1,107,988
In lieu of taxes	7,000	7,805	805	7,775
Other	200	110	(90)	1,069
Federal sources:				
In lieu of taxes	3,000,000	3,217,410	217,410	3,181,312
Other	80,000	81,162	1,162	2,146,473
Total intergovernmental	<u>22,492,842</u>	<u>24,456,612</u>	<u>1,963,770</u>	<u>22,613,570</u>
Charges for services:				
Ambulance	2,326,300	2,083,069	(243,231)	2,157,589
Engineering inspections	51,000	60,636	9,636	62,032
Computer access fees	100	25	(75)	100
Planning and zoning	88,100	104,760	16,660	123,063
Ice arena	370,000	380,224	10,224	393,759
Community pool fees	485,000	479,067	(5,933)	478,423
Business licenses	80,000	122,750	42,750	252,930
Other	140,050	186,530	46,480	213,418
Total charges for services	<u>3,540,550</u>	<u>3,417,061</u>	<u>(123,489)</u>	<u>3,681,314</u>

**MATANUSKA-SUSITNA BOROUGH**  
 General Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual, continued

	2012		Variance Positive (Negative)	2011
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues, continued:				
Investment income	\$ 300,000	236,838	(63,162)	446,760
Total revenues	<u>103,415,554</u>	<u>108,686,759</u>	<u>5,271,205</u>	<u>112,029,347</u>
Expenditures:				
General government:				
Mayor	91,658	70,828	20,830	74,468
Assembly	531,000	415,984	115,016	419,458
Clerk	506,010	473,141	32,869	416,380
Administration	1,573,961	1,300,245	273,716	1,295,788
Elections	382,734	316,678	66,056	394,003
Records management	373,160	344,472	28,688	293,547
Finance	901,739	687,179	214,560	778,628
Budgeting	1,423,290	1,343,814	79,476	1,307,763
Accounting	1,944,022	1,859,511	84,511	1,796,753
Law	1,208,219	1,024,155	184,064	1,025,245
Human resources	657,370	645,868	11,502	577,905
Common contractual	1,789,000	952,076	836,924	1,305,089
Purchasing	845,925	777,247	68,678	767,722
Code compliance	390,942	385,722	5,220	741,829
Transportation	-	-	-	287,959
Labor relations/ethics board/senior citizens' advisory board	5,586	35	5,551	308
Adj. and appeals/bid review board	24,200	1,331	22,869	4,416
Planning	2,067,337	1,963,768	103,569	1,414,551
Planning administration	601,932	536,613	65,319	302,940
Platting	621,448	612,355	9,093	820,751
Pass-through to cities	171,955	171,955	-	156,316
Assessments	2,677,429	2,535,808	141,621	2,401,411
Information technology	3,777,343	3,595,554	181,789	3,538,395
Total general government	<u>22,566,260</u>	<u>20,014,339</u>	<u>2,551,921</u>	<u>20,121,625</u>

**MATANUSKA-SUSITNA BOROUGH**  
 General Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual, continued

	2012		Variance Positive (Negative)	2011
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Expenditures, continued:				
General government, continued:				
Less recovery of expenditures from other funds	\$ (718,100)	(3,016,312)	2,298,212	(2,763,546)
Net general government	<u>21,848,160</u>	<u>16,998,027</u>	<u>4,850,133</u>	<u>17,358,079</u>
Public works:				
Public works administration	218,642	189,413	29,229	275,316
Maintenance	1,747,655	1,652,144	95,511	1,624,654
Project management and engineering	2,417,679	2,217,906	199,773	1,616,126
Permits and inspections	-	-	-	1,569
Public works operations	<u>133,489</u>	<u>117,923</u>	<u>15,566</u>	<u>108,698</u>
Total public works	<u>4,517,465</u>	<u>4,177,386</u>	<u>340,079</u>	<u>3,626,363</u>
Emergency services:				
Emergency medical services board	930	-	930	-
Local emergency planning board	5,530	38	5,492	950
Rescue units	686,830	496,564	190,266	424,453
Ambulance services	5,230,222	4,659,033	571,189	4,293,698
Emergency services building	156,855	76,808	80,047	84,857
Telecommunications network	1,106,181	877,138	229,043	824,737
Emergency services administration	<u>2,033,141</u>	<u>2,014,409</u>	<u>18,732</u>	<u>2,089,358</u>
Total emergency services	<u>9,219,689</u>	<u>8,123,990</u>	<u>1,095,699</u>	<u>7,718,053</u>
Less recovery of expenditures from other funds	<u>(891,645)</u>	<u>(888,432)</u>	<u>(3,213)</u>	<u>(825,201)</u>
Net emergency services	<u>8,328,044</u>	<u>7,235,558</u>	<u>1,092,486</u>	<u>6,892,852</u>
Public services:				
Community services	72,216	49,227	22,989	58,589
Cultural resources	270,139	261,573	8,566	238,451
Parks and recreation	557,970	518,707	39,263	469,785
Trails management	202,924	181,240	21,684	247,123
Ice arena	776,216	769,566	6,650	706,043
Outdoor ice rinks	1,562	823	739	2,107
Recreational services	<u>198,708</u>	<u>115,158</u>	<u>83,550</u>	<u>134,671</u>



**MATANUSKA-SUSITNA BOROUGH**  
 General Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual, continued

	2012		Variance Positive (Negative)	2011
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Expenditures, continued:				
Public services, continued:				
Community pools	\$ 1,505,385	1,402,493	102,892	1,350,518
Community development administration	365,764	282,851	82,913	283,397
Road service administration	1,541,229	1,541,229	-	1,384,077
Community enrichment	32,890	25,303	7,587	30,350
Recreation infrastructure maintenance	<u>95,281</u>	<u>63,870</u>	<u>31,411</u>	<u>45,284</u>
Total public services	5,620,284	5,212,040	408,244	4,950,395
Less recovery of expenditures from other funds	<u>(1,884,931)</u>	<u>(1,666,986)</u>	<u>(217,945)</u>	<u>(1,332,712)</u>
Net public services	<u>3,735,353</u>	<u>3,545,054</u>	<u>190,299</u>	<u>3,617,683</u>
Education - contributions to School District	<u>48,347,365</u>	<u>48,048,419</u>	<u>298,946</u>	<u>48,078,906</u>
Total expenditures	<u>86,776,387</u>	<u>80,004,444</u>	<u>6,771,943</u>	<u>79,573,883</u>
Excess of revenues over expenditures	16,639,167	28,682,315	12,043,148	32,455,464
Other financing sources (uses):				
Proceeds from disposal of capital assets	5,000	10,756	5,756	12,921
Transfers in	2,000	192,548	190,548	2,162,542
Transfers out	<u>(37,063,627)</u>	<u>(39,817,618)</u>	<u>(2,753,991)</u>	<u>(26,605,935)</u>
Net other financing sources (uses)	<u>(37,056,627)</u>	<u>(39,614,314)</u>	<u>(2,557,687)</u>	<u>(24,430,472)</u>
Net change in fund balance	\$ <u>(20,417,460)</u>	(10,931,999)	<u>9,485,461</u>	8,024,992
Fund balance at beginning of year		<u>64,964,442</u>		<u>56,939,450</u>
Fund balance at end of year		\$ <u><u>54,032,443</u></u>		<u><u>64,964,442</u></u>

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**SPECIAL  
REVENUE  
FUNDS**

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## MATANUSKA-SUSITNA BOROUGH

Special Revenue Funds  
Combining Balance Sheet  
June 30, 2012  
(With Comparative Totals for 2011)

<u>Assets</u>	Nonareawide Services and <u>Service Areas</u>	Land <u>Management</u>	<u>Totals</u>	
			<u>2012</u>	<u>2011</u>
Cash and investments	\$ 24,356,630	6,623,152	30,979,782	28,914,259
Prepaid items	246,425	-	246,425	181,787
Receivables:				
Intergovernmental	761,705	-	761,705	833,720
Property taxes	2,771,235	-	2,771,235	2,298,197
Land sales contracts, net	-	17,414	17,414	14,451
Other	161,087	-	161,087	184,940
Interfund note receivable	-	236,079	236,079	401,979
Land sales contracts receivable, long term	-	315,800	315,800	529,559
Total assets	\$ <u>28,297,082</u>	<u>7,192,445</u>	<u>35,489,527</u>	<u>33,358,892</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	810,262	51,524	861,786	949,982
Deposits	-	64,598	64,598	56,598
Deferred revenue	2,546,902	315,800	2,862,702	2,601,790
Loans payable to other funds	547,277	-	547,277	566,521
Other liabilities	-	-	-	2,060
Due to General Fund	64,128	-	64,128	-
Total liabilities	<u>3,968,569</u>	<u>431,922</u>	<u>4,400,491</u>	<u>4,176,951</u>
Fund balances:				
Nonspendable:				
Interfund note receivable	-	70,179	70,179	236,079
Prepaid items	246,425	-	246,425	181,787
Committed:				
Land management	-	5,649,183	5,649,183	5,341,400
Self insurance	10,000	-	10,000	10,000
Compensated absences	20,000	10,000	30,000	30,000
Equipment	1,000,000	-	1,000,000	1,500,000
Assigned:				
Subsequent year expenditures	3,562,715	322,426	3,885,141	1,588,935
Subsequent year appropriations	6,337,840	-	6,337,840	507,500
Land management	-	542,835	542,835	1,306,255
Service areas	13,379,123	-	13,379,123	18,662,230
Interfund note receivable, current portion	-	165,900	165,900	-
Unassigned (deficits)	<u>(227,590)</u>	<u>-</u>	<u>(227,590)</u>	<u>(182,245)</u>
Total fund balances	<u>24,328,513</u>	<u>6,760,523</u>	<u>31,089,036</u>	<u>29,181,941</u>
Total liabilities and fund balances	\$ <u>28,297,082</u>	<u>7,192,445</u>	<u>35,489,527</u>	<u>33,358,892</u>

**MATANUSKA-SUSITNA BOROUGH**  
Special Revenue Funds  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Year Ended June 30, 2012  
(With Comparative Totals for 2011)

	Nonareawide Services and <u>Service Areas</u>	Land Management	<u>Totals</u>	
			<u>2012</u>	<u>2011</u>
<b>Revenues:</b>				
Property taxes	\$ 29,296,093	-	29,296,093	28,008,986
Intergovernmental	1,030,290	24,766	1,055,056	968,921
Charges for services	1,366,667	627,780	1,994,447	2,217,605
Investment income	37,499	23,646	61,145	91,569
Interest on land sales	-	42,442	42,442	59,575
Other	290,376	2,189	292,565	443,703
<b>Total revenues</b>	<u>32,020,925</u>	<u>720,823</u>	<u>32,741,748</u>	<u>31,790,359</u>
<b>Expenditures:</b>				
General government	511,059	-	511,059	515,377
Emergency services	8,718,887	-	8,718,887	8,519,588
Public services	9,489,029	516,157	10,005,186	9,592,447
Debt service	4,401	-	4,401	4,802
<b>Total expenditures</b>	<u>18,723,376</u>	<u>516,157</u>	<u>19,239,533</u>	<u>18,632,214</u>
<b>Excess of revenues     over expenditures</b>	13,297,549	204,666	13,502,215	13,158,145
<b>Other financing sources (uses):</b>				
Transfers in	138,528	527	139,055	524,871
Transfers out	<u>(11,375,710)</u>	<u>(358,465)</u>	<u>(11,734,175)</u>	<u>(10,102,927)</u>
<b>Net other financing sources (uses)</b>	<u>(11,237,182)</u>	<u>(357,938)</u>	<u>(11,595,120)</u>	<u>(9,578,056)</u>
<b>Net change in fund balances</b>	2,060,367	(153,272)	1,907,095	3,580,089
Fund balances at beginning of year	<u>22,268,146</u>	<u>6,913,795</u>	<u>29,181,941</u>	<u>25,601,852</u>
Fund balances at end of year	\$ <u>24,328,513</u>	<u>6,760,523</u>	<u>31,089,036</u>	<u>29,181,941</u>

**MATANUSKA-SUSITNA BOROUGH**  
 Nonareawide Services and Service Areas Special Revenue Funds  
 Combining Balance Sheet  
 June 30, 2012

	Non-areawide Services	Service Area 7 Talkeetna Flood Control	Service Area 36 Talkeetna Water and Sewer	Freedom Hills Sub-division	Garden Terrace Estates	Circle View/Stampede Estates	Enhanced 911 Service	Chase Trail	Service Area 69 MacKenzie	Grid Roller Maintenance	Roads Outside Service Areas	Combined		Totals
												Fire Service Areas	Road Service Areas	
Cash and investments	\$ -	41,203	-	33,640	188,331	44,097	1,926,023	5,309	348,657	37,517	325	11,693,865	10,037,663	24,356,630
Prepaid items	88,637	-	4,155	-	-	-	125,741	-	-	-	-	27,892	-	246,425
Receivables:														
Intergovernmental	739,228	-	-	-	-	-	-	-	-	-	-	22,477	-	761,705
Property taxes	294,023	247	-	-	2,649	-	-	10	-	-	-	1,006,406	1,467,900	2,771,235
Other	610	-	40,525	-	-	4,393	115,559	-	-	-	-	-	-	161,087
<b>Total assets</b>	<b>\$ 1,122,498</b>	<b>41,450</b>	<b>44,680</b>	<b>33,640</b>	<b>190,980</b>	<b>48,490</b>	<b>2,167,323</b>	<b>5,319</b>	<b>348,657</b>	<b>37,517</b>	<b>325</b>	<b>12,750,640</b>	<b>11,505,563</b>	<b>28,297,082</b>
<b>Liabilities and Fund Balances</b>														
<b>Liabilities:</b>														
Accounts payable	111,738	-	23,394	-	27,529	-	20,880	-	-	-	-	173,530	453,191	810,262
Due to General Fund	56,141	-	7,987	-	-	-	-	-	-	-	-	-	-	64,128
Deferred revenue	270,559	210	-	-	1,147	5,724	-	10	-	-	-	920,304	1,348,948	2,546,902
Loans payable to other funds	-	-	141,500	-	-	138,000	-	-	-	-	-	25,000	242,777	547,277
<b>Total liabilities</b>	<b>438,438</b>	<b>210</b>	<b>172,881</b>	<b>-</b>	<b>28,676</b>	<b>143,724</b>	<b>20,880</b>	<b>10</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,118,834</b>	<b>2,044,916</b>	<b>3,968,569</b>
<b>Fund balances:</b>														
Nonspendable - prepaid items	88,637	-	4,155	-	-	-	125,741	-	-	-	-	27,892	-	246,425
Committed:														
Self-insurance	10,000	-	-	-	-	-	-	-	-	-	-	-	-	10,000
Compensated absences	20,000	-	-	-	-	-	-	-	-	-	-	-	-	20,000
Equipment	-	-	-	-	-	-	1,000,000	-	-	-	-	-	-	1,000,000
Assigned:														
Subsequent year expenditures	368,827	6,368	-	9,960	47,630	-	487,963	2,005	5,173	3,450	231	2,440,003	191,105	3,562,715
Subsequent year appropriations	-	-	-	-	-	-	-	-	-	-	-	77,840	6,260,000	6,337,840
Service areas	196,596	34,872	-	23,680	114,674	-	532,739	3,304	343,484	34,067	94	9,086,071	3,009,542	13,379,123
Unassigned (deficits)	-	-	(132,356)	-	-	(95,234)	-	-	-	-	-	-	-	(227,590)
<b>Total fund balances (deficits)</b>	<b>684,060</b>	<b>41,240</b>	<b>(128,201)</b>	<b>33,640</b>	<b>162,304</b>	<b>(95,234)</b>	<b>2,146,443</b>	<b>5,309</b>	<b>348,657</b>	<b>37,517</b>	<b>325</b>	<b>11,631,806</b>	<b>9,460,647</b>	<b>24,328,513</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,122,498</b>	<b>41,450</b>	<b>44,680</b>	<b>33,640</b>	<b>190,980</b>	<b>48,490</b>	<b>2,167,323</b>	<b>5,319</b>	<b>348,657</b>	<b>37,517</b>	<b>325</b>	<b>12,750,640</b>	<b>11,505,563</b>	<b>28,297,082</b>

**MATANUSKA-SUSITNA BOROUGH**

Nonareawide Services and Service Areas Special Revenue Funds  
 Combining Statement of Revenues, Expenditures,  
 and Changes in Fund Balances (Deficits)  
 Year Ended June 20, 2012

	Non-areawide Services	Service Area 7 Talkeetna Flood Control	Service Area 36 Talkeetna Water and Sewer	Freedom Hills Sub-division	Garden Terrace Estates	Circle View/Stampede Estates	Enhanced 911 Service	Chase Trail	Service Area 69 Point MacKenzie	Grid Roller Maintenance	Roads Outside Service Areas	Combined		Totals
												Fire Service Areas	Road Service Areas	
Revenues:														
Property taxes	\$ 2,899,683	15,372	-	-	80,224	16,324	-	151	59,975	-	-	11,912,186	14,312,178	29,296,093
Intergovernmental	899,017	-	2,716	-	-	-	16,772	-	-	-	-	1,030,290	-	1,030,290
Charges for services	265,900	-	203,160	-	-	198	897,409	-	-	-	-	-	-	1,366,667
Investment income	25	54	2	54	261	63	2,996	22	517	63	2	17,972	15,468	37,499
Other	92,344	-	-	-	-	-	-	-	-	-	-	198,032	-	290,376
Total revenues	4,156,969	15,426	205,878	54	80,485	16,585	917,177	173	60,492	63	2	12,239,975	14,327,646	32,020,925
Expenditures:														
General government	511,059	-	-	-	-	-	-	-	-	-	-	-	-	511,059
Emergency services	1,839,737	-	-	-	-	-	699,816	-	-	-	-	6,179,334	-	8,718,887
Public services	1,243,847	551	264,104	-	56,504	2,500	-	179	10,105	2,566	1,408	7,907,265	-	9,489,029
Debt service	-	-	149	-	-	389	-	-	-	-	-	-	3,841	4,401
Total expenditures	3,594,643	551	264,253	-	56,504	2,889	699,816	179	10,105	2,566	1,408	6,179,356	7,911,106	18,723,376
Excess (deficiency) of revenues over expenditures	562,326	14,875	(58,375)	54	23,981	13,696	217,361	(6)	50,387	(2,503)	(1,406)	6,060,619	6,416,540	13,297,549
Other financing sources (uses):														
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	(714,000)	-	(2,052)	-	-	-	-	(16,400)	-	-	-	(5,264,258)	24,671	138,528
Net other financing sources (uses)	(714,000)	-	(2,052)	-	-	-	-	(16,400)	-	-	-	(5,150,401)	(5,354,329)	(11,237,182)
Net change in fund balances	(151,674)	14,875	(60,427)	54	23,981	13,696	217,361	(16,406)	50,387	(2,503)	(1,406)	910,218	1,062,211	2,060,367
Fund balances (deficits) at beginning of year	835,734	26,365	(67,774)	33,586	138,323	(108,930)	1,929,082	21,715	298,270	40,020	1,731	10,721,588	8,398,436	22,268,146
Fund balances (deficits) at end of year	\$ 684,060	41,240	(128,201)	33,640	162,304	(95,234)	2,146,443	5,309	348,657	37,517	325	11,631,806	9,460,647	24,328,513



**MATANUSKA-SUSITNA BOROUGH**  
 Nonareawide Services Special Revenue Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual  
 Year Ended June 30, 2012  
 (With Comparative Amounts for 2011)

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Revenues:				
Property taxes	\$ 2,903,040	2,899,683	(3,357)	2,697,745
Intergovernmental:				
State PERS relief	-	127,289	127,289	89,107
Electric and telephone cooperative shared revenue	760,000	739,228	(20,772)	741,508
Library grants	32,000	32,500	500	32,102
Total intergovernmental	792,000	899,017	107,017	862,717
Charges for services:				
Animal care fees	190,900	243,364	52,464	233,423
User fees	25,700	22,536	(3,164)	25,662
Total charges for services	216,600	265,900	49,300	259,085
Investment income	660	25	(635)	598
Other	84,338	92,344	8,006	238,767
Total revenues	3,996,638	4,156,969	160,331	4,058,912
Expenditures:				
General government:				
Administration	86,000	85,000	1,000	88,600
Information technology	225,822	219,692	6,130	188,468
Economic development	254,668	205,552	49,116	237,629
Animal care board	4,550	815	3,735	680
Common contractual	3,000	-	3,000	-
Total general government	574,040	511,059	62,981	515,377
Emergency services - animal care	1,861,779	1,839,737	22,042	1,679,638
Public services:				
Vehicle removal	41,889	27,390	14,499	33,553
Libraries	1,236,461	1,216,457	20,004	1,174,460
Total public services	1,278,350	1,243,847	34,503	1,208,013
Total expenditures	3,714,169	3,594,643	119,526	3,403,028
Excess of revenues over expenditures	282,469	562,326	279,857	655,884
Other financing sources (uses):				
Transfers in	-	-	-	46,834
Transfers out	(714,000)	(714,000)	-	(833,090)
Net other financing sources (uses)	(714,000)	(714,000)	-	(786,256)
Net change in fund balance	\$ (431,531)	(151,674)	279,857	(130,372)
Fund balance at beginning of year		835,734		966,106
Fund balance at end of year		\$ 684,060		835,734

**MATANUSKA-SUSITNA BOROUGH**  
 Service Area 7 - Talkeetna Flood Control Special Revenue Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual  
 Year Ended June 30, 2012  
 (With Comparative Amounts for 2011)

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Revenues:				
Property taxes	\$ 14,670	15,372	702	14,879
Investment income	80	54	(26)	104
Total revenues	14,750	15,426	676	14,983
Expenditures - public services	15,280	551	14,729	8,958
Excess (deficiency) of revenues over expenditures	(530)	14,875	15,405	6,025
Other financing uses - transfers out	-	-	-	(30,000)
Net change in fund balance	\$ (530)	14,875	15,405	(23,975)
Fund balance at beginning of year		26,365		50,340
Fund balance at end of year		\$ 41,240		26,365

**MATANUSKA-SUSITNA BOROUGH**  
 Service Area 36 - Talkeetna Water and Sewer Special Revenue Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance (Deficit) - Budget and Actual  
 Year Ended June 30, 2012  
 (With Comparative Amounts for 2011)

	2012		Variance Positive (Negative)	2011
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Charges for services - water and sewer	\$ 306,500	203,160	(103,340)	198,984
Investment income	100	2	(98)	92
Intergovernmental - PERS relief	-	2,716	2,716	1,700
Total revenues	<u>306,600</u>	<u>205,878</u>	<u>(100,722)</u>	<u>200,776</u>
Expenditures:				
Public services	279,306	264,104	15,202	229,748
Debt service	600	149	451	136
Total expenditures	<u>279,906</u>	<u>264,253</u>	<u>15,653</u>	<u>229,884</u>
Excess (deficiency) of revenues over expenditures	26,694	(58,375)	(85,069)	(29,108)
Other financing uses - transfers out	<u>(2,052)</u>	<u>(2,052)</u>	-	<u>(89,211)</u>
Net change in fund balance	\$ <u>24,642</u>	(60,427)	<u>(85,069)</u>	(118,319)
Fund balance (deficit) at beginning of year		<u>(67,774)</u>		<u>50,545</u>
Fund balance (deficit) at end of year		\$ <u>(128,201)</u>		<u>(67,774)</u>

**MATANUSKA-SUSITNA BOROUGH**  
 Freedom Hills Subdivision Special Revenue Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual  
 Year Ended June 30, 2012  
 (With Comparative Amounts for 2011)

	2012		Variance	2011
	Budget	Actual	Positive (Negative)	Actual
Revenues - investment income	\$ 60	54	(6)	90
Expenditures - public services	10,000	-	10,000	-
Net change in fund balance	\$ <u>(9,940)</u>	54	<u>9,994</u>	90
Fund balance at beginning of year		33,586		33,496
Fund balance at end of year		\$ <u>33,640</u>		<u>33,586</u>

**MATANUSKA-SUSITNA BOROUGH**  
 Garden Terrace Estates Special Revenue Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual  
 Year Ended June 30, 2012  
 (With Comparative Amounts for 2011)

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Revenues:				
Property taxes	\$ 76,840	80,224	3,384	70,236
Intergovernmental - PERS relief	-	-	-	2
Investment income	200	261	61	339
Total revenues	77,040	80,485	3,445	70,577
Expenditures:				
Public services - water service	117,270	56,504	60,766	37,137
Debt service	-	-	-	30
Total expenditures	117,270	56,504	60,766	37,167
Net change in fund balance	\$ <u>(40,230)</u>	23,981	<u>64,211</u>	33,410
Fund balance at beginning of year		138,323		104,913
Fund balance at end of year		\$ 162,304		138,323

**MATANUSKA-SUSITNA BOROUGH**  
 Circle View/ Stampede Estates Special Revenue Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Deficit - Budget and Actual  
 Year Ended June 30, 2012  
 (With Comparative Amounts for 2011)

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Revenues:				
Property taxes	\$ 15,540	16,324	784	14,777
Charges for services - special assessments	-	198	198	1,217
Investment income	40	63	23	82
Total revenues	15,580	16,585	1,005	16,076
Expenditures:				
Public services	2,500	2,500	-	-
Debt service	800	389	411	540
Total expenditures	3,300	2,889	411	540
Net change in deficit	\$ <u>12,280</u>	13,696	<u>1,416</u>	15,536
Deficit at beginning of year		(108,930)		(124,466)
Deficit at end of year		\$ <u>(95,234)</u>		(108,930)

**MATANUSKA-SUSITNA BOROUGH**  
 Enhanced 911 Service Special Revenue Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual  
 Year Ended June 30, 2012  
 (With Comparative Amounts for 2011)

	2012		Variance	2011
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Intergovernmental - PERS relief	\$ -	16,772	16,772	11,557
Telephone surcharge	891,000	897,409	6,409	1,027,711
Investment income	3,350	2,996	(354)	4,989
Other income	-	-	-	1,182
Total revenues	894,350	917,177	22,827	1,045,439
Expenditures - emergency services	894,350	699,816	194,534	717,001
Excess of revenues over expenditures	-	217,361	217,361	328,438
Other financing sources (uses):				
Transfers in	-	-	-	62,613
Transfers out	-	-	-	(450,000)
Net other financing sources (uses)	-	-	-	(387,387)
Net change in fund balance	\$ -	217,361	217,361	(58,949)
Fund balance at beginning of year		1,929,082		1,988,031
Fund balance at end of year	\$	2,146,443		1,929,082

**MATANUSKA-SUSITNA BOROUGH**  
 Chase Trail Special Revenue Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual  
 Year Ended June 30, 2012  
 (With Comparative Amounts for 2011)

	2012		Variance	2011
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Property taxes	\$ 150	151	1	110
Investment income	40	22	(18)	60
Total revenues	190	173	(17)	170
Expenditures - public services	3,500	179	3,321	1,530
Excess (deficiency) of revenues over expenditures	(3,310)	(6)	3,304	(1,360)
Other financing uses - transfers out	(16,400)	(16,400)	-	-
Net change in fund balance	\$ <u>(19,710)</u>	(16,406)	<u>3,304</u>	(1,360)
Fund balance at beginning of year		21,715		23,075
Fund balance at end of year		\$ <u>5,309</u>		<u>21,715</u>



**MATANUSKA-SUSITNA BOROUGH**  
 Service Area 69 Point MacKenzie Special Revenue Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual  
 Year Ended June 30, 2012  
 (With Comparative Amounts for 2011)

	2012			2011 Actual
	Budget	Actual	Variance Positive (Negative)	
Revenues:				
Property taxes	\$ 57,800	59,975	2,175	56,495
Investment income	460	517	57	741
Total revenues	58,260	60,492	2,232	57,236
Expenditures - public services	83,153	10,105	73,048	8,869
Net change in fund balance	\$ <u>(24,893)</u>	50,387	<u>75,280</u>	48,367
Fund balance at beginning of year		298,270		249,903
Fund balance at end of year		\$ <u>348,657</u>		298,270

**MATANUSKA-SUSITNA BOROUGH**  
 Grid Roller Maintenance Special Revenue Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual  
 Year Ended June 30, 2012  
 (With Comparative Amounts for 2011)

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Revenues:				
Investment income	\$ 60	63	3	102
Other	10,000	-	(10,000)	10,402
Total revenues	10,060	63	(9,997)	10,504
 Expenditures - public services	 11,000	 2,566	 8,434	 6,202
 Net change in fund balance	 \$ (940)	 (2,503)	 (1,563)	 4,302
 Fund balance at beginning of year		 40,020		 35,718
 Fund balance at end of year		 \$ 37,517		 40,020

**MATANUSKA-SUSITNA BOROUGH**  
**Roads Outside Service Areas Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**Year Ended June 30, 2012**  
**(With Comparative Amounts for 2011)**

	2012			2011
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues - investment income	\$ -	2	2	7
Expenditures - public services - road service	1,500	1,408	92	1,500
Net change in fund balance	\$ <u>(1,500)</u>	(1,406)	<u>94</u>	(1,493)
Fund balance at beginning of year		1,731		3,224
Fund balance at end of year		\$ <u>325</u>		<u>1,731</u>

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**MATANUSKA-SUSITNA BOROUGH**  
 Fire Service Areas Special Revenue Funds  
 Combining Balance Sheet  
 June 30, 2012

	Service Area							Totals
	130 Wasilla- Lakes	2 Butte	4 Sutton	24 Talkeetna	136 West Lakes	35 Willow	135 Caswell	
<u>Assets</u>								
Cash and investments	\$ 5,725,252	654,430	266,637	236,955	1,247,986	446,798	212,343	11,693,865
Prepaid items	-	20,741	-	7,151	-	-	-	27,892
Receivables:								
Intergovernmental	13,811	-	-	-	8,666	-	-	22,477
Property taxes	508,434	75,399	22,393	15,143	145,220	23,087	41,390	1,006,406
Total assets	\$ 6,247,497	750,570	289,030	259,249	1,401,872	469,885	253,733	12,750,640
<u>Liabilities and Fund Balances</u>								
Liabilities:								
Accounts payable	140,210	5,219	829	1,498	18,442	2,023	147	173,530
Deferred revenue - property taxes	464,384	70,490	19,928	13,603	129,123	19,854	32,201	920,304
Loans payable to other funds	-	-	-	-	-	25,000	-	25,000
Total liabilities	604,594	75,709	20,757	15,101	147,565	46,877	32,348	1,118,834
Fund balances:								
Nonspendable - prepaid items	-	20,741	-	7,151	-	-	-	27,892
Assigned:								
Subsequent year expenditures	1,909,608	-	84,338	-	399,591	46,466	-	2,440,003
Subsequent year appropriations	-	-	-	-	-	-	-	77,840
Service areas	3,733,295	654,120	183,935	236,997	854,716	376,542	221,385	9,086,071
Total fund balances	5,642,903	674,861	268,273	244,148	1,254,307	423,008	221,385	11,631,806
Total liabilities and fund balances	\$ 6,247,497	750,570	289,030	259,249	1,401,872	469,885	253,733	12,750,640

**MATANUSKA-SUSITNA BOROUGH**  
 Fire Service Areas Special Revenue Funds  
 Combining Statement of Revenues, Expenditures,  
 and Changes in Fund Balances  
 Year Ended June 30, 2012

	Service Area								Totals	
	130 Wasilla- Lakes	2 Butte	Greater Palmer Consolidated	4 Sutton	24 Talkeetna	136 West Lakes	35 Willow	135 Caswell		
<b>Revenues:</b>										
Property taxes	\$ 7,504,418	712,510	966,979	181,978	270,749	1,709,026	325,092	241,434	11,912,186	
Intergovernmental - PERS relief	99,927	4,729	-	527	791	4,760	791	260	111,785	
Investment income	8,900	831	4,518	368	365	1,925	704	361	17,972	
Other	143,977	-	-	7,500	13,050	33,062	443	-	198,032	
<b>Total revenues</b>	<u>7,757,222</u>	<u>718,070</u>	<u>971,497</u>	<u>190,373</u>	<u>284,955</u>	<u>1,748,773</u>	<u>327,030</u>	<u>242,055</u>	<u>12,239,975</u>	
<b>Expenditures:</b>										
Emergency services:										
Administration	440,899	74,294	25,156	35,999	49,427	164,109	56,298	17,413	863,595	
Fire services	3,114,991	343,874	339,382	80,833	119,067	1,024,674	255,855	37,063	5,315,739	
Total emergency services	3,555,890	418,168	364,538	116,832	168,494	1,188,783	312,153	54,476	6,179,334	
Debt service	-	-	-	-	-	-	-	22	22	
<b>Total expenditures</b>	<u>3,555,890</u>	<u>418,168</u>	<u>364,538</u>	<u>116,832</u>	<u>168,494</u>	<u>1,188,783</u>	<u>312,153</u>	<u>54,498</u>	<u>6,179,356</u>	
Excess of revenues over expenditures	4,201,332	299,902	606,959	73,541	116,461	559,990	14,877	187,557	6,060,619	
<b>Other financing sources (uses):</b>										
Transfers in	9,024	19,211	-	7,050	-	78,572	-	-	113,857	
Transfers out	(3,897,842)	(43,711)	(457,250)	(6,411)	(99,209)	(532,850)	(26,492)	(200,493)	(5,264,258)	
Net other financing sources (uses)	<u>(3,888,818)</u>	<u>(24,500)</u>	<u>(457,250)</u>	<u>639</u>	<u>(99,209)</u>	<u>(454,278)</u>	<u>(26,492)</u>	<u>(200,493)</u>	<u>(5,150,401)</u>	
Net change in fund balances	312,514	275,402	149,709	74,180	17,252	105,712	(11,615)	(12,936)	910,218	
Fund balances at beginning of year	5,330,389	399,459	2,753,212	194,093	226,896	1,148,595	434,623	234,321	10,721,588	
Fund balances at end of year	<u>\$ 5,642,903</u>	<u>674,861</u>	<u>2,902,921</u>	<u>268,273</u>	<u>244,148</u>	<u>1,254,307</u>	<u>423,008</u>	<u>221,385</u>	<u>11,631,806</u>	

**MATANUSKA-SUSITNA BOROUGH**  
 Fire Service Area 130 - Wasilla-Lakes Special Revenue Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual  
 Year Ended June 30, 2012  
 (With Comparative Amounts for 2011)

	2012		Variance Positive (Negative)	2011
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Property taxes	\$ 7,351,670	7,504,418	152,748	7,043,257
Intergovernmental - PERS relief	-	99,927	99,927	62,161
Investment income	7,160	8,900	1,740	12,716
Other	<u>152,500</u>	<u>143,977</u>	<u>(8,523)</u>	<u>143,476</u>
Total revenues	<u>7,511,330</u>	<u>7,757,222</u>	<u>245,892</u>	<u>7,261,610</u>
Expenditures - emergency services:				
Administration	447,110	440,899	6,211	388,395
Fire services	<u>3,922,842</u>	<u>3,114,991</u>	<u>807,851</u>	<u>3,181,088</u>
Total expenditures	<u>4,369,952</u>	<u>3,555,890</u>	<u>814,062</u>	<u>3,569,483</u>
Excess of revenues over expenditures	3,141,378	4,201,332	1,059,954	3,692,127
Other financing sources (uses):				
Transfers in	-	9,024	9,024	91,409
Transfers out	<u>(3,897,842)</u>	<u>(3,897,842)</u>	<u>-</u>	<u>(2,457,000)</u>
Net other financing sources (uses)	<u>(3,897,842)</u>	<u>(3,888,818)</u>	<u>9,024</u>	<u>(2,365,591)</u>
Net change in fund balance	\$ <u>(756,464)</u>	312,514	<u>1,068,978</u>	1,326,536
Fund balance at beginning of year		<u>5,330,389</u>		<u>4,003,853</u>
Fund balance at end of year		\$ <u>5,642,903</u>		<u>5,330,389</u>

**MATANUSKA-SUSITNA BOROUGH**  
 Fire Service Area 2 - Butte Special Revenue Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual  
 Year Ended June 30, 2012  
 (With Comparative Amounts for 2011)

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Revenues:				
Property taxes	\$ 698,240	712,510	14,270	707,361
Intergovernmental - PERS relief	-	4,729	4,729	1,557
Investment income	1,190	831	(359)	1,556
Total revenues	699,430	718,070	18,640	710,474
Expenditures - emergency services:				
Administration	75,359	74,294	1,065	65,541
Fire services	422,771	343,874	78,897	313,059
Total expenditures	498,130	418,168	79,962	378,600
Excess of revenues over expenditures	201,300	299,902	98,602	331,874
Other financing sources (uses):				
Transfers in	-	19,211	19,211	23,915
Transfers out	(43,711)	(43,711)	-	(723,711)
Net other financing sources (uses)	(43,711)	(24,500)	19,211	(699,796)
Net change in fund balance	\$ 157,589	275,402	117,813	(367,922)
Fund balance at beginning of year		399,459		767,381
Fund balance at end of year		\$ 674,861		399,459



**MATANUSKA-SUSITNA BOROUGH**  
 Fire Service Area 132 - Greater Palmer Consolidated Special Revenue Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual  
 Year Ended June 30, 2012  
 (With Comparative Amounts for 2011)

	2012		Variance Positive (Negative)	2011
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Property taxes	\$ 957,810	966,979	9,169	911,070
Investment income	4,240	4,518	278	6,881
Other	-	-	-	2,410
Total revenues	<u>962,050</u>	<u>971,497</u>	<u>9,447</u>	<u>920,361</u>
Expenditures - emergency services:				
Administration	25,156	25,156	-	31,022
Fire services	<u>355,632</u>	<u>339,382</u>	<u>16,250</u>	<u>325,814</u>
Total expenditures	<u>380,788</u>	<u>364,538</u>	<u>16,250</u>	<u>356,836</u>
Excess of revenues over expenditures	581,262	606,959	25,697	563,525
Other financing sources (uses):				
Transfers in	-	-	-	181,130
Transfers out	<u>(457,250)</u>	<u>(457,250)</u>	<u>-</u>	<u>(349,407)</u>
Net other financing sources (uses)	<u>(457,250)</u>	<u>(457,250)</u>	<u>-</u>	<u>(168,277)</u>
Net change in fund balance	\$ <u>124,012</u>	149,709	<u>25,697</u>	395,248
Fund balance at beginning of year		<u>2,753,212</u>		<u>2,357,964</u>
Fund balance at end of year		\$ <u>2,902,921</u>		<u>2,753,212</u>

**MATANUSKA-SUSITNA BOROUGH**  
 Fire Service Area 4 - Sutton Special Revenue Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual  
 Year Ended June 30, 2012  
 (With Comparative Amounts for 2011)

	2012		Variance Positive (Negative)	2011
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Property taxes	\$ 182,190	181,978	(212)	169,520
Intergovernmental - PERS relief	-	527	527	310
Investment income	390	368	(22)	580
Other	<u>7,500</u>	<u>7,500</u>	-	<u>11,675</u>
Total revenues	<u>190,080</u>	<u>190,373</u>	<u>293</u>	<u>182,085</u>
Expenditures - emergency services:				
Administration	35,999	35,999	-	30,233
Fire services	<u>155,773</u>	<u>80,833</u>	<u>74,940</u>	<u>71,863</u>
Total expenditures	<u>191,772</u>	<u>116,832</u>	<u>74,940</u>	<u>102,096</u>
Excess (deficiency) of revenues over expenditures	(1,692)	73,541	75,233	79,989
Other financing sources (uses):				
Transfers in	-	7,050	7,050	8,045
Transfers out	<u>(6,411)</u>	<u>(6,411)</u>	-	<u>(126,480)</u>
Net other financing sources (uses)	<u>(6,411)</u>	<u>639</u>	<u>7,050</u>	<u>(118,435)</u>
Net change in fund balance	\$ <u>(8,103)</u>	74,180	<u>82,283</u>	(38,446)
Fund balance at beginning of year		<u>194,093</u>		<u>232,539</u>
Fund balance at end of year		\$ <u>268,273</u>		<u>194,093</u>

**MATANUSKA-SUSITNA BOROUGH**  
 Fire Service Area 24 - Talkeetna Special Revenue Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual  
 Year Ended June 30, 2012  
 (With Comparative Amounts for 2011)

	2012			2011
	Budget	Actual	Variance Positive (Negative)	
Revenues:				
Property taxes	\$ 272,890	270,749	(2,141)	269,642
Intergovernmental - PERS relief	-	791	791	621
Investment income	350	365	15	488
Other	13,000	13,050	50	12,151
Total revenues	286,240	284,955	(1,285)	282,902
Expenditures - emergency services:				
Administration	49,891	49,427	464	42,582
Fire services	220,250	119,067	101,183	112,594
Total expenditures	270,141	168,494	101,647	155,176
Excess of revenues over expenditures	16,099	116,461	100,362	127,726
Other financing sources (uses):				
Transfers in	-	-	-	6,611
Transfers out	(99,209)	(99,209)	-	(55,692)
Net other financing sources (uses)	(99,209)	(99,209)	-	(49,081)
Net change in fund balance	\$ (83,110)	17,252	100,362	78,645
Fund balance at beginning of year		226,896		148,251
Fund balance at end of year		\$ 244,148		226,896

**MATANUSKA-SUSITNA BOROUGH**  
 Fire Service Area 136 - West Lakes Special Revenue Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual  
 Year Ended June 30, 2012  
 (With Comparative Amounts for 2011)

	2012		Variance Positive (Negative)	2011
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Property taxes	\$ 1,697,040	1,709,026	11,986	1,691,501
Intergovernmental - PERS relief	-	4,760	4,760	3,267
Investment income	2,680	1,925	(755)	3,260
Other	23,000	33,062	10,062	18,015
Total revenues	<u>1,722,720</u>	<u>1,748,773</u>	<u>26,053</u>	<u>1,716,043</u>
Expenditures - emergency services:				
Administration	164,109	164,109	-	176,666
Fire services	1,190,243	1,024,674	165,569	1,011,770
Total expenditures	<u>1,354,352</u>	<u>1,188,783</u>	<u>165,569</u>	<u>1,188,436</u>
Excess of revenues over expenditures	368,368	559,990	191,622	527,607
Other financing sources (uses):				
Transfers in	-	78,572	78,572	45,118
Transfers out	(532,850)	(532,850)	-	(684,000)
Net other financing sources (uses)	<u>(532,850)</u>	<u>(454,278)</u>	<u>78,572</u>	<u>(638,882)</u>
Net change in fund balance	\$ <u>(164,482)</u>	105,712	<u>270,194</u>	(111,275)
Fund balance at beginning of year		<u>1,148,595</u>		<u>1,259,870</u>
Fund balance at end of year		\$ <u>1,254,307</u>		<u>1,148,595</u>

**MATANUSKA-SUSITNA BOROUGH**  
 Fire Service Area 35 - Willow Special Revenue Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual  
 Year Ended June 30, 2012  
 (With Comparative Amounts for 2011)

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Revenues:				
Property taxes	\$ 331,880	325,092	(6,788)	306,375
Intergovernmental - PERS relief	-	791	791	621
Investment income	770	704	(66)	1,125
Other	-	443	443	2,165
Total revenues	332,650	327,030	(5,620)	310,286
Expenditures - emergency services:				
Administration	56,299	56,298	1	56,284
Fire services	306,889	255,855	51,034	240,663
Total expenditures	363,188	312,153	51,035	296,947
Excess (deficiency) of revenues over expenditures	(30,538)	14,877	45,415	13,339
Other financing sources (uses):				
Transfers in	-	-	-	31,450
Transfers out	(26,492)	(26,492)	-	(1,088)
Net other financing sources (uses)	(26,492)	(26,492)	-	30,362
Net change in fund balance	\$ <u>(57,030)</u>	(11,615)	<u>45,415</u>	43,701
Fund balance at beginning of year		434,623		390,922
Fund balance at end of year	\$	423,008		434,623

**MATANUSKA-SUSITNA BOROUGH**  
 Fire Service Area 135 - Caswell Special Revenue Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual  
 Year Ended June 30, 2012  
 (With Comparative Amounts for 2011)

	2012		Variance	2011
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Property taxes	\$ 232,540	241,434	8,894	221,217
Intergovernmental - PERS relief	-	260	260	-
Investment income	170	361	191	528
Total revenues	232,710	242,055	9,345	221,745
Expenditures:				
Emergency services:				
Administration	18,913	17,413	1,500	11,248
Fire services	162,394	37,063	125,331	64,127
Total emergency services	181,307	54,476	126,831	75,375
Debt service	30	22	8	60
Total expenditures	181,337	54,498	126,839	75,435
Excess of revenues over expenditures	51,373	187,557	136,184	146,310
Other financing uses - transfer out	(200,493)	(200,493)	-	(47,694)
Net change in fund balance	\$ (149,120)	(12,936)	136,184	98,616
Fund balance at beginning of year		234,321		135,705
Fund balance at end of year		\$ 221,385		234,321

**MATANUSKA-SUSITNA BOROUGH**  
 Road Service Areas Special Revenue Funds  
 Combining Balance Sheet  
 June 30, 2012

	Service Area								
	9	14	15	16	17	19	20	21	23
<u>Assets</u>	Midway Road	Fairview Road	Caswell Lake	South Colony	Knik Road	Lazy Mountain	Greater Willow	Big Lake Road	North Colony
Cash and investments	\$ 1,331,390	402,516	111,300	1,408,085	686,778	376,971	319,949	691,297	138,081
Receivables - property taxes	<u>206,675</u>	<u>31,696</u>	<u>97,749</u>	<u>352,843</u>	<u>127,994</u>	<u>33,816</u>	<u>50,713</u>	<u>75,715</u>	<u>29,503</u>
Total assets	<u>\$ 1,538,065</u>	<u>434,212</u>	<u>209,049</u>	<u>1,760,928</u>	<u>814,772</u>	<u>410,787</u>	<u>370,662</u>	<u>767,012</u>	<u>167,584</u>
<u>Liabilities and Fund Balances</u>									
<u>Liabilities:</u>									
Accounts payable	18,541	7,779	23,367	49,836	74,608	6,658	30,233	27,171	5,960
Deferred revenue - property taxes	194,199	27,813	82,553	349,844	105,816	32,387	44,361	64,797	28,491
Loans payable to other funds	<u>32,848</u>	<u>19,301</u>	<u>-</u>	<u>70,818</u>	<u>-</u>	<u>389</u>	<u>-</u>	<u>-</u>	<u>8,740</u>
Total liabilities	<u>245,588</u>	<u>54,893</u>	<u>105,920</u>	<u>470,498</u>	<u>180,424</u>	<u>39,434</u>	<u>74,594</u>	<u>91,968</u>	<u>43,191</u>
<u>Fund balances - assigned:</u>									
Subsequent year expenditures	-	-	-	85,004	-	-	-	25,750	-
Subsequent year appropriations	1,100,000	150,000	-	1,000,000	300,000	-	175,000	475,000	60,000
Service areas	<u>192,477</u>	<u>229,319</u>	<u>103,129</u>	<u>205,426</u>	<u>334,348</u>	<u>371,353</u>	<u>121,068</u>	<u>174,294</u>	<u>64,393</u>
Total fund balances	<u>1,292,477</u>	<u>379,319</u>	<u>103,129</u>	<u>1,290,430</u>	<u>634,348</u>	<u>371,353</u>	<u>296,068</u>	<u>675,044</u>	<u>124,393</u>
Total liabilities and fund balances	<u>\$ 1,538,065</u>	<u>434,212</u>	<u>209,049</u>	<u>1,760,928</u>	<u>814,772</u>	<u>410,787</u>	<u>370,662</u>	<u>767,012</u>	<u>167,584</u>

**MATANUSKA-SUSITNA BOROUGH**  
Road Service Areas Special Revenue Funds  
Combining Balance Sheet, continued

	Service Area, continued						Totals
	25	26	27	28	29	30	
<u>Assets</u>	Bogard Road	Greater Butte Road	Meadow Lakes Road	Gold Trail Road	Greater Talkeetna Road	Trapper Creek Road	31 Alpine Road
Cash and investments	\$ 1,198,238	886,565	1,154,520	857,017	183,540	100,632	190,784
Receivables - property taxes	<u>75,963</u>	<u>80,377</u>	<u>112,213</u>	<u>107,245</u>	<u>32,693</u>	<u>24,400</u>	<u>28,305</u>
Total assets	<u>\$ 1,274,201</u>	<u>966,942</u>	<u>1,266,733</u>	<u>964,262</u>	<u>216,233</u>	<u>125,032</u>	<u>219,089</u>
<u>Liabilities and Fund Balances</u>							
Liabilities:							
Accounts payable	38,432	22,512	43,372	57,162	31,457	6,312	9,791
Deferred revenue - property taxes	71,583	74,828	95,770	98,696	29,996	23,045	24,769
Loans payable to other funds	65,647	3,690	-	39,573	-	-	1,771
Total liabilities	<u>175,662</u>	<u>101,030</u>	<u>139,142</u>	<u>195,431</u>	<u>61,453</u>	<u>29,357</u>	<u>36,331</u>
Fund balances - assigned:							
Subsequent year expenditures	-	-	-	72,259	4,816	-	3,276
Subsequent year appropriations	750,000	700,000	1,050,000	400,000	-	-	100,000
Service areas	348,539	165,912	77,591	296,572	149,964	95,675	79,482
Total fund balances	<u>1,098,539</u>	<u>865,912</u>	<u>1,127,591</u>	<u>768,831</u>	<u>154,780</u>	<u>95,675</u>	<u>182,758</u>
Total liabilities and fund balances	<u>\$ 1,274,201</u>	<u>966,942</u>	<u>1,266,733</u>	<u>964,262</u>	<u>216,233</u>	<u>125,032</u>	<u>219,089</u>
							<u>11,505,563</u>



**MATANUSKA-SUSITNA BOROUGH**  
 Road Service Areas Special Revenue Funds  
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Year Ended June 30, 2012

	Service Area									
	9	14	15	16	17	19	20	21	23	
	Midway Road	Fairview Road	Caswell Lake	South Colony	Knik Road	Lazy Mountain	Greater Willow	Big Lake Road	North Colony	
<b>Revenues:</b>										
Property taxes	\$ 1,392,022	731,505	512,124	1,258,824	2,093,445	230,475	774,606	1,112,427	140,346	
Investment income	1,990	623	326	2,130	1,266	565	511	1,157	203	
Total revenues	<u>1,394,012</u>	<u>732,128</u>	<u>512,450</u>	<u>1,260,954</u>	<u>2,094,711</u>	<u>231,040</u>	<u>775,117</u>	<u>1,113,584</u>	<u>140,549</u>	
<b>Expenditures:</b>										
<b>Public services:</b>										
Administration	144,969	76,890	85,391	135,076	266,785	23,155	88,376	142,686	17,170	
Road service	279,911	290,631	368,786	636,168	906,642	90,002	401,624	552,989	82,240	
Total public services	424,880	367,521	454,177	771,244	1,173,427	113,157	490,000	695,675	99,410	
Debt service	520	305	-	1,121	-	6	-	-	138	
Total expenditures	<u>425,400</u>	<u>367,826</u>	<u>454,177</u>	<u>772,365</u>	<u>1,173,427</u>	<u>113,163</u>	<u>490,000</u>	<u>695,675</u>	<u>99,548</u>	
Excess (deficiency) of revenues over expenditures	968,612	364,302	58,273	488,589	921,284	117,877	285,117	417,909	41,001	
<b>Other financing sources (uses):</b>										
Transfers in	-	12,087	108	-	8,408	-	836	-	-	
Transfers out	(800,000)	(330,000)	(220,000)	(340,000)	(810,000)	(70,000)	(295,000)	(476,000)	(18,000)	
Net other financing sources (uses)	<u>(800,000)</u>	<u>(317,913)</u>	<u>(219,892)</u>	<u>(340,000)</u>	<u>(801,592)</u>	<u>(70,000)</u>	<u>(294,164)</u>	<u>(476,000)</u>	<u>(18,000)</u>	
Net change in fund balances	168,612	46,389	(161,619)	148,589	119,692	47,877	(9,047)	(58,091)	23,001	
Fund balances at beginning of year	1,123,865	332,930	264,748	1,141,841	514,656	323,476	305,115	733,135	101,392	
Fund balances at end of year	<u>\$ 1,292,477</u>	<u>379,319</u>	<u>103,129</u>	<u>1,290,430</u>	<u>634,348</u>	<u>371,353</u>	<u>296,068</u>	<u>675,044</u>	<u>124,393</u>	

**MATANUSKA-SUSITNA BOROUGH**

Road Service Areas Special Revenue Funds

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

	Service Area, continued					
	26	27	28	29	30	
	Greater Butte Road	Meadow Lakes Road	Gold Trail Road	Greater Talkeetna Road	Trapper Creek Road	Alpine Road
	25 Bogard Road					Totals
Revenues:						
Property taxes	\$ 1,360,492	1,555,287	1,468,589	454,331	183,722	234,952
Investment income	1,678	1,694	1,223	324	172	289
Total revenues	<u>1,362,170</u>	<u>1,556,981</u>	<u>1,469,812</u>	<u>454,655</u>	<u>183,894</u>	<u>235,241</u>
Expenditures:						
Public services:						
Administration	142,078	173,708	161,656	70,955	20,571	27,238
Road service	486,038	572,217	704,590	390,796	110,066	130,452
Total public services	<u>628,116</u>	<u>745,925</u>	<u>866,246</u>	<u>461,751</u>	<u>130,637</u>	<u>157,690</u>
Debt service	1,039	-	626	-	-	28
Total expenditures	<u>629,155</u>	<u>745,925</u>	<u>866,872</u>	<u>461,751</u>	<u>130,637</u>	<u>157,718</u>
Excess (deficiency) of revenues over expenditures	733,015	811,056	602,940	(7,096)	53,257	77,523
Other financing sources (uses):						
Transfers in	-	207	599	2,305	-	121
Transfers out	<u>(440,000)</u>	<u>(630,000)</u>	<u>(430,000)</u>	<u>(35,000)</u>	<u>(65,000)</u>	<u>(60,000)</u>
Net other financing sources (uses)	<u>(440,000)</u>	<u>(629,793)</u>	<u>(429,401)</u>	<u>(32,695)</u>	<u>(65,000)</u>	<u>(59,879)</u>
Net change in fund balances	293,015	181,263	173,539	(39,791)	(11,743)	17,644
Fund balances at beginning of year	805,524	946,328	595,292	194,571	107,418	165,114
Fund balances at end of year	<u>\$ 1,098,539</u>	<u>1,127,591</u>	<u>768,831</u>	<u>154,780</u>	<u>95,675</u>	<u>182,758</u>
						<u>9,460,647</u>

**MATANUSKA-SUSITNA BOROUGH**  
 Road Service Area 9 - Midway Road Special Revenue Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual  
 Year Ended June 30, 2012  
 (With Comparative Amounts for 2011)

	2012		Variance Positive (Negative)	2011
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Property taxes	\$ 1,374,220	1,392,022	17,802	1,308,814
Intergovernmental	-	-	-	33
Investment income	<u>1,200</u>	<u>1,990</u>	<u>790</u>	<u>2,484</u>
Total revenues	<u>1,375,420</u>	<u>1,394,012</u>	<u>18,592</u>	<u>1,311,331</u>
Expenditures:				
Public services:				
Administration	163,923	144,969	18,954	95,682
Road service	<u>400,923</u>	<u>279,911</u>	<u>121,012</u>	<u>261,465</u>
Total public services	564,846	424,880	139,966	357,147
Debt service	<u>520</u>	<u>520</u>	-	<u>546</u>
Total expenditures	<u>565,366</u>	<u>425,400</u>	<u>139,966</u>	<u>357,693</u>
Excess of revenues over expenditures	810,054	968,612	158,558	953,638
Other financing uses - transfers out	<u>(800,000)</u>	<u>(800,000)</u>	-	<u>(478,000)</u>
Net change in fund balance	\$ <u>10,054</u>	168,612	<u>158,558</u>	475,638
Fund balance at beginning of year		<u>1,123,865</u>		<u>648,227</u>
Fund balance at end of year		\$ <u>1,292,477</u>		<u>1,123,865</u>

**MATANUSKA-SUSITNA BOROUGH**  
 Road Service Area 14 - Fairview Road Special Revenue Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual  
 Year Ended June 30, 2012  
 (With Comparative Amounts for 2011)

	2012		Variance Positive (Negative)	2011
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Property taxes	\$ 709,030	731,505	22,475	695,151
Investment income	460	623	163	860
Total revenues	<u>709,490</u>	<u>732,128</u>	<u>22,638</u>	<u>696,011</u>
Expenditures:				
Public services:				
Administration	86,943	76,890	10,053	63,604
Road service	434,634	290,631	144,003	353,466
Total public services	<u>521,577</u>	<u>367,521</u>	<u>154,056</u>	<u>417,070</u>
Debt service	310	305	5	321
Total expenditures	<u>521,887</u>	<u>367,826</u>	<u>154,061</u>	<u>417,391</u>
Excess of revenues over expenditures	187,603	364,302	176,699	278,620
Other financing sources (uses):				
Transfers in	-	12,087	12,087	-
Transfers out	<u>(330,000)</u>	<u>(330,000)</u>	<u>-</u>	<u>(160,000)</u>
Net other financing sources (uses)	<u>(330,000)</u>	<u>(317,913)</u>	<u>12,087</u>	<u>(160,000)</u>
Net change in fund balance	\$ <u>(142,397)</u>	46,389	<u>188,786</u>	<u>118,620</u>
Fund balance at beginning of year		<u>332,930</u>		<u>214,310</u>
Fund balance at end of year	\$	<u><u>379,319</u></u>		<u><u>332,930</u></u>

**MATANUSKA-SUSITNA BOROUGH**  
Road Service Area 15 - Caswell Lake Special Revenue Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
Year Ended June 30, 2012  
(With Comparative Amounts for 2011)

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Revenues:				
Property taxes	\$ 526,540	512,124	(14,416)	485,367
Investment income	<u>410</u>	<u>326</u>	<u>(84)</u>	<u>736</u>
Total revenues	<u>526,950</u>	<u>512,450</u>	<u>(14,500)</u>	<u>486,103</u>
Expenditures - public services:				
Administration	96,555	85,391	11,164	65,643
Road service	<u>374,506</u>	<u>368,786</u>	<u>5,720</u>	<u>347,649</u>
Total expenditures	<u>471,061</u>	<u>454,177</u>	<u>16,884</u>	<u>413,292</u>
Excess of revenues over expenditures	55,889	58,273	2,384	72,811
Other financing sources (uses):				
Transfers in	-	108	108	-
Transfers out	<u>(220,000)</u>	<u>(220,000)</u>	<u>-</u>	<u>(18,000)</u>
Net other financing sources (uses)	<u>(220,000)</u>	<u>(219,892)</u>	<u>108</u>	<u>(18,000)</u>
Net change in fund balance	\$ <u>(164,111)</u>	(161,619)	<u>2,492</u>	54,811
Fund balance at beginning of year		<u>264,748</u>		<u>209,937</u>
Fund balance at end of year		\$ <u>103,129</u>		<u>264,748</u>

**MATANUSKA-SUSITNA BOROUGH**  
 Road Service Area 16 - South Colony Special Revenue Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual  
 Year Ended June 30, 2012  
 (With Comparative Amounts for 2011)

	2012		Variance Positive (Negative)	2011
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Property taxes	\$ 1,251,600	1,258,824	7,224	1,251,959
Investment income	<u>2,060</u>	<u>2,130</u>	<u>70</u>	<u>3,294</u>
Total revenues	<u>1,253,660</u>	<u>1,260,954</u>	<u>7,294</u>	<u>1,255,253</u>
Expenditures:				
Public services:				
Administration	152,736	135,076	17,660	122,890
Road service	<u>755,193</u>	<u>636,168</u>	<u>119,025</u>	<u>661,649</u>
Total public services	907,929	771,244	136,685	784,539
Debt service	<u>1,121</u>	<u>1,121</u>	-	<u>1,178</u>
Total expenditures	<u>909,050</u>	<u>772,365</u>	<u>136,685</u>	<u>785,717</u>
Excess of revenues over expenditures	344,610	488,589	143,979	469,536
Other financing uses - transfers out	<u>(340,000)</u>	<u>(340,000)</u>	-	<u>(400,000)</u>
Net change in fund balance	\$ <u>4,610</u>	148,589	<u>143,979</u>	69,536
Fund balance at beginning of year		<u>1,141,841</u>		<u>1,072,305</u>
Fund balance at end of year		\$ <u>1,290,430</u>		<u>1,141,841</u>

**MATANUSKA-SUSITNA BOROUGH**  
 Road Service Area 17 - Knik Road Special Revenue Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual  
 Year Ended June 30, 2012  
 (With Comparative Amounts for 2011)

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Revenues:				
Property taxes	\$ 2,083,820	2,093,445	9,625	2,051,583
Investment income	810	1,266	456	1,454
Total revenues	2,084,630	2,094,711	10,081	2,053,037
Expenditures - public services:				
Administration	301,664	266,785	34,879	248,565
Road service	1,110,693	906,642	204,051	889,521
Total expenditures	1,412,357	1,173,427	238,930	1,138,086
Excess of revenues over expenditures	672,273	921,284	249,011	914,951
Other financing sources (uses):				
Transfers in	-	8,408	8,408	-
Transfers out	(810,000)	(810,000)	-	(855,194)
Net other financing sources (uses)	(810,000)	(801,592)	8,408	(855,194)
Net change in fund balance	\$ (137,727)	119,692	257,419	59,757
Fund balance at beginning of year		514,656		454,899
Fund balance at end of year		\$ 634,348		514,656

**MATANUSKA-SUSITNA BOROUGH**  
 Road Service Area 19 - Lazy Mountain Special Revenue Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual  
 Year Ended June 30, 2012  
 (With Comparative Amounts for 2011)

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Revenues:				
Property taxes	\$ 231,700	230,475	(1,225)	219,793
Investment income	340	565	225	733
Total revenues	232,040	231,040	(1,000)	220,526
Expenditures:				
Public services:				
Administration	26,182	23,155	3,027	12,501
Road service	135,755	90,002	45,753	84,261
Total public services	161,937	113,157	48,780	96,762
Debt service	7	6	1	6
Total expenditures	161,944	113,163	48,781	96,768
Excess of revenues over expenditures	70,096	117,877	47,781	123,758
Other financing uses - transfers out	(70,000)	(70,000)	-	(8,000)
Net change in fund balance	\$ 96	47,877	47,781	115,758
Fund balance at beginning of year		323,476		207,718
Fund balance at end of year		\$ 371,353		323,476



**MATANUSKA-SUSITNA BOROUGH**  
 Road Service Area 20 - Greater Willow Special Revenue Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual  
 Year Ended June 30, 2012  
 (With Comparative Amounts for 2011)

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Revenues:				
Property taxes	\$ 776,510	774,606	(1,904)	736,441
Investment income	370	511	141	660
Total revenues	<u>776,880</u>	<u>775,117</u>	<u>(1,763)</u>	<u>737,101</u>
Expenditures - public services:				
Administration	99,930	88,376	11,554	64,064
Road service	<u>495,781</u>	<u>401,624</u>	<u>94,157</u>	<u>436,957</u>
Total expenditures	<u>595,711</u>	<u>490,000</u>	<u>105,711</u>	<u>501,021</u>
Excess of revenues over expenditures	181,169	285,117	103,948	236,080
Other financing sources (uses):				
Transfers in	-	836	836	-
Transfers out	<u>(295,000)</u>	<u>(295,000)</u>	-	<u>(89,000)</u>
Net other financing sources (uses)	<u>(295,000)</u>	<u>(294,164)</u>	<u>836</u>	<u>(89,000)</u>
Net change in fund balance	\$ <u>(113,831)</u>	(9,047)	<u>104,784</u>	147,080
Fund balance at beginning of year		<u>305,115</u>		<u>158,035</u>
Fund balance at end of year		\$ <u><u>296,068</u></u>		<u><u>305,115</u></u>

**MATANUSKA-SUSITNA BOROUGH**  
Road Service Area 21 - Big Lake Road Special Revenue Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
Year Ended June 30, 2012  
(With Comparative Amounts for 2011)

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Revenues:				
Property taxes	\$ 1,108,730	1,112,427	3,697	1,112,474
Investment income	1,030	1,157	127	1,836
Total revenues	1,109,760	1,113,584	3,824	1,114,310
Expenditures - public services:				
Administration	161,341	142,686	18,655	90,098
Road service	647,439	552,989	94,450	573,833
Total expenditures	808,780	695,675	113,105	663,931
Excess of revenues over expenditures	300,980	417,909	116,929	450,379
Other financing sources (uses):				
Transfers in	-	-	-	4,746
Transfers out	(476,000)	(476,000)	-	(290,000)
Net other financing sources (uses)	(476,000)	(476,000)	-	(285,254)
Net change in fund balance	\$ (175,020)	(58,091)	116,929	165,125
Fund balance at beginning of year		733,135		568,010
Fund balance at end of year		\$ 675,044		733,135

**MATANUSKA-SUSITNA BOROUGH**  
 Road Service Area 23 - North Colony Special Revenue Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual  
 Year Ended June 30, 2012  
 (With Comparative Amounts for 2011)

	2012		Variance Positive (Negative)	2011
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Property taxes	\$ 149,270	140,346	(8,924)	138,088
Investment income	90	203	113	258
Total revenues	<u>149,360</u>	<u>140,549</u>	<u>(8,811)</u>	<u>138,346</u>
Expenditures:				
Public services:				
Administration	19,415	17,170	2,245	12,933
Road service	<u>110,554</u>	<u>82,240</u>	<u>28,314</u>	<u>79,523</u>
Total public services	129,969	99,410	30,559	92,456
Debt service	<u>140</u>	<u>138</u>	<u>2</u>	<u>145</u>
Total expenditures	<u>130,109</u>	<u>99,548</u>	<u>30,561</u>	<u>92,601</u>
Excess of revenues over expenditures	19,251	41,001	21,750	45,745
Other financing uses - transfers out	<u>(18,000)</u>	<u>(18,000)</u>	-	<u>(8,000)</u>
Net change in fund balance	\$ <u>1,251</u>	23,001	<u>21,750</u>	37,745
Fund balance at beginning of year		<u>101,392</u>		<u>63,647</u>
Fund balance at end of year		\$ <u>124,393</u>		<u>101,392</u>

**MATANUSKA-SUSITNA BOROUGH**  
 Road Service Area 25 - Bogard Road Special Revenue Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual  
 Year Ended June 30, 2012  
 (With Comparative Amounts for 2011)

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Revenues:				
Property taxes	\$ 1,330,490	1,360,492	30,002	1,257,370
Investment income	970	1,678	708	1,948
Total revenues	1,331,460	1,362,170	30,710	1,259,318
Expenditures:				
Public services:				
Administration	160,653	142,078	18,575	100,173
Road service	724,903	486,038	238,865	525,028
Total public services	885,556	628,116	257,440	625,201
Debt service	1,039	1,039	-	1,092
Total expenditures	886,595	629,155	257,440	626,293
Excess of revenues over expenditures	444,865	733,015	288,150	633,025
Other financing uses - transfers out	(440,000)	(440,000)	-	(250,000)
Net change in fund balance	\$ 4,865	293,015	288,150	383,025
Fund balance at beginning of year		805,524		422,499
Fund balance at end of year		\$ 1,098,539		805,524

**MATANUSKA-SUSITNA BOROUGH**  
 Road Service Area 26 - Greater Butte Road Special Revenue Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual  
 Year Ended June 30, 2012  
 (With Comparative Amounts for 2011)

	2012		Variance Positive (Negative)	2011
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Property taxes	\$ 800,170	809,031	8,861	755,264
Investment income	720	1,317	597	1,674
Total revenues	<u>800,890</u>	<u>810,348</u>	<u>9,458</u>	<u>756,938</u>
Expenditures:				
Public services:				
Administration	102,088	90,284	11,804	58,912
Road service	<u>334,773</u>	<u>237,125</u>	<u>97,648</u>	<u>237,835</u>
Total public services	436,861	327,409	109,452	296,747
Debt service	<u>59</u>	<u>58</u>	<u>1</u>	<u>61</u>
Total expenditures	<u>436,920</u>	<u>327,467</u>	<u>109,453</u>	<u>296,808</u>
Excess of revenues over expenditures	363,970	482,881	118,911	460,130
Other financing uses - transfers out	<u>(360,000)</u>	<u>(360,000)</u>	-	<u>(178,000)</u>
Net change in fund balance	\$ <u>3,970</u>	122,881	<u>118,911</u>	282,130
Fund balance at beginning of year		<u>743,031</u>		<u>460,901</u>
Fund balance at end of year		\$ <u><u>865,912</u></u>		<u><u>743,031</u></u>

**MATANUSKA-SUSITNA BOROUGH**  
 Road Service Area 27 - Meadow Lakes Road Special Revenue Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual  
 Year Ended June 30, 2012  
 (With Comparative Amounts for 2011)

	2012		Variance Positive (Negative)	2011
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Property taxes	\$ 1,561,910	1,555,287	(6,623)	1,558,323
Investment income	1,240	1,694	454	2,242
Total revenues	<u>1,563,150</u>	<u>1,556,981</u>	<u>(6,169)</u>	<u>1,560,565</u>
Expenditures - public services:				
Administration	196,419	173,708	22,711	153,835
Road service	<u>726,895</u>	<u>572,217</u>	<u>154,678</u>	<u>508,635</u>
Total expenditures	<u>923,314</u>	<u>745,925</u>	<u>177,389</u>	<u>662,470</u>
Excess of revenues over expenditures	639,836	811,056	171,220	898,095
Other financing sources (uses):				
Transfers in	-	207	207	-
Transfers out	<u>(630,000)</u>	<u>(630,000)</u>	<u>-</u>	<u>(624,000)</u>
Net other financing sources (uses)	<u>(630,000)</u>	<u>(629,793)</u>	<u>207</u>	<u>(624,000)</u>
Net change in fund balance	\$ <u>9,836</u>	181,263	<u>171,427</u>	274,095
Fund balance at beginning of year		<u>946,328</u>		<u>672,233</u>
Fund balance at end of year		\$ <u><u>1,127,591</u></u>		<u><u>946,328</u></u>

**MATANUSKA-SUSITNA BOROUGH**  
 Road Service Area 28 - Gold Trail Road Special Revenue Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual  
 Year Ended June 30, 2012  
 (With Comparative Amounts for 2011)

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Revenues:				
Property taxes	\$ 1,448,940	1,468,589	19,649	1,423,570
Intergovernmental	-	-	-	33
Investment income	750	1,223	473	1,582
Total revenues	1,449,690	1,469,812	20,122	1,425,185
Expenditures:				
Public services:				
Administration	182,791	161,656	21,135	152,862
Road service	930,215	704,590	225,625	622,175
Total public services	1,113,006	866,246	246,760	775,037
Debt service	627	626	1	658
Total expenditures	1,113,633	866,872	246,761	775,695
Excess of revenues over expenditures	336,057	602,940	266,883	649,490
Other financing sources (uses):				
Transfers in	-	599	599	-
Transfers out	(430,000)	(430,000)	-	(476,360)
Net other financing sources (uses)	(430,000)	(429,401)	599	(476,360)
Net change in fund balance	\$ (93,943)	173,539	267,482	173,130
Fund balance at beginning of year		595,292		422,162
Fund balance at end of year		\$ 768,831		595,292

**MATANUSKA-SUSITNA BOROUGH**  
 Road Service Area 29 - Greater Talkeetna Road Special Revenue Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual  
 Year Ended June 30, 2012  
 (With Comparative Amounts for 2011)

	2012		Variance Positive (Negative)	2011
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
<b>Revenues:</b>				
Property taxes	\$ 463,020	454,331	(8,689)	454,714
Investment income	360	324	(36)	581
Total revenues	<u>463,380</u>	<u>454,655</u>	<u>(8,725)</u>	<u>455,295</u>
<b>Expenditures - public services:</b>				
Administration	80,232	70,955	9,277	53,622
Road service	443,806	390,796	53,010	383,483
Total expenditures	<u>524,038</u>	<u>461,751</u>	<u>62,287</u>	<u>437,105</u>
Excess (deficiency) of revenues over expenditures	(60,658)	(7,096)	53,562	18,190
<b>Other financing sources (uses):</b>				
Transfers in	-	2,305	2,305	-
Transfers out	(35,000)	(35,000)	-	(5,000)
Net other financing sources (uses)	<u>(35,000)</u>	<u>(32,695)</u>	<u>2,305</u>	
Net change in fund balance	\$ <u>(95,658)</u>	(39,791)	<u>55,867</u>	13,190
Fund balance at beginning of year		<u>194,571</u>		<u>181,381</u>
Fund balance at end of year		\$ <u>154,780</u>		<u>194,571</u>



**MATANUSKA-SUSITNA BOROUGH**  
 Road Service Area 30 - Trapper Creek Road Special Revenue Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual  
 Year Ended June 30, 2012  
 (With Comparative Amounts for 2011)

	2012		Variance Positive (Negative)	2011
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Property taxes	\$ 194,690	183,722	(10,968)	171,199
Investment income	190	172	(18)	303
Total revenues	<u>194,880</u>	<u>183,894</u>	<u>(10,986)</u>	<u>171,502</u>
Expenditures - public services:				
Administration	23,260	20,571	2,689	17,798
Road service	<u>135,414</u>	<u>110,066</u>	<u>25,348</u>	<u>112,663</u>
Total expenditures	<u>158,674</u>	<u>130,637</u>	<u>28,037</u>	<u>130,461</u>
Excess of revenues over expenditures	36,206	53,257	17,051	41,041
Other financing uses - transfers out	<u>(65,000)</u>	<u>(65,000)</u>	-	<u>(39,000)</u>
Net change in fund balance	\$ <u>(28,794)</u>	(11,743)	<u>17,051</u>	2,041
Fund balance at beginning of year		<u>107,418</u>		<u>105,377</u>
Fund balance at end of year		\$ <u><u>95,675</u></u>		<u><u>107,418</u></u>

**MATANUSKA-SUSITNA BOROUGH**  
Road Service Area 31 - Alpine Road Special Revenue Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
Year Ended June 30, 2012  
(With Comparative Amounts for 2011)

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Revenues:				
Property taxes	\$ 236,660	234,952	(1,708)	214,691
Investment income	200	289	89	388
Total revenues	236,860	235,241	(1,619)	215,079
Expenditures:				
Public services:				
Administration	30,799	27,238	3,561	19,530
Road service	173,702	130,452	43,250	109,246
Total public services	204,501	157,690	46,811	128,776
Debt service	30	28	2	29
Total expenditures	204,531	157,718	46,813	128,805
Excess of revenues over expenditures	32,329	77,523	45,194	86,274
Other financing sources (uses):				
Transfers in	-	121	121	-
Transfers out	(60,000)	(60,000)	-	(29,000)
Net other financing sources (uses)	(60,000)	(59,879)	121	(29,000)
Net change in fund balance	\$ (27,671)	17,644	45,315	57,274
Fund balance at beginning of year		165,114		107,840
Fund balance at end of year		\$ 182,758		165,114

**MATANUSKA-SUSITNA BOROUGH**  
**Land Management Special Revenue Fund**  
**Balance Sheet**  
**June 30, 2012**  
(With Comparative Amounts for 2011)

<u>Assets</u>	<u>2012</u>	<u>2011</u>
Cash and investments	\$ 6,623,152	6,614,530
Prepaid items	-	1,500
Land sales contracts receivable:		
Current	17,414	14,451
Delinquent	233,313	217,354
Deferred	315,800	529,559
Total land sales contracts receivable	<u>566,527</u>	<u>761,364</u>
Less allowance for uncollectible contracts	<u>(233,313)</u>	<u>(217,354)</u>
Net land sales contracts receivable	<u>333,214</u>	<u>544,010</u>
Interfund note receivable from Port Enterprise Fund	<u>236,079</u>	<u>401,979</u>
Total assets	<u>\$ 7,192,445</u>	<u>7,562,019</u>
<u>Liabilities and Fund Balance</u>		
Liabilities:		
Accounts payable	51,524	62,067
Deposits	64,598	56,598
Deferred revenue	315,800	529,559
Total liabilities	<u>431,922</u>	<u>648,224</u>
Fund balance:		
Nonspendable:		
Interfund note receivable	70,179	236,079
Prepaid items	-	1,500
Committed:		
Land management	5,649,183	5,341,400
Compensated absences	10,000	10,000
Assigned:		
Subsequent year expenditures	322,426	18,561
Land management	542,835	1,306,255
Interfund note receivable, current portion	<u>165,900</u>	<u>-</u>
Total fund balance	<u>6,760,523</u>	<u>6,913,795</u>
Total liabilities and fund balance	<u>\$ 7,192,445</u>	<u>7,562,019</u>

**MATANUSKA-SUSITNA BOROUGH**  
Land Management Special Revenue Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
Year Ended June 30, 2012  
(With Comparative Amounts for 2011)

	2012		Variance Positive (Negative)	2011
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
<b>Revenues:</b>				
Intergovernmental - PERS relief	\$ -	24,766	24,766	24,342
Land sales and leases	766,200	619,470	(146,730)	716,807
Management fees	6,800	5,425	(1,375)	10,231
User fees	2,150	2,885	735	3,570
Investment income	30,230	23,646	(6,584)	36,198
Interest on land sales	52,000	42,442	(9,558)	59,575
Other	2,000	2,189	189	3,460
Total revenues	<u>859,380</u>	<u>720,823</u>	<u>(138,557)</u>	<u>854,183</u>
<b>Expenditures - public services:</b>				
Land management and development	574,914	377,266	197,648	502,731
Community development administration	197,452	147,480	49,972	81,650
Total expenditures	<u>772,366</u>	<u>524,746</u>	<u>247,620</u>	<u>584,381</u>
<b>Less recovery of expenditures</b>				
from other funds	-	(8,589)	8,589	(13,992)
Net expenditures	<u>772,366</u>	<u>516,157</u>	<u>256,209</u>	<u>570,389</u>
Excess of revenues over expenditures	87,014	204,666	117,652	283,794
<b>Other financing sources (uses):</b>				
Transfers in	35,000	527	(34,473)	23,000
Transfers out	(358,465)	(358,465)	-	(348,000)
Net other financing sources (uses)	<u>(323,465)</u>	<u>(357,938)</u>	<u>(34,473)</u>	<u>(325,000)</u>
Net change in fund balance	\$ <u>(236,451)</u>	(153,272)	<u>83,179</u>	(41,206)
Fund balance at beginning of year		<u>6,913,795</u>		<u>6,955,001</u>
Fund balance at end of year		\$ <u>6,760,523</u>		<u>6,913,795</u>

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**DEBT  
SERVICE  
FUNDS**

**MATANUSKA-SUSITNA BOROUGH**  
School Buildings Debt Service Fund  
Balance Sheet  
June 30, 2012  
(With Comparative Amounts for 2011)

	<u>Assets</u>	<u>2012</u>	<u>2011</u>
Cash and investments		\$ <u>1,004,897</u>	<u>986,832</u>
	<u>Fund Balance</u>		
Fund balance - assigned - debt service		\$ <u>1,004,897</u>	<u>986,832</u>

**MATANUSKA-SUSITNA BOROUGH**  
**School Buildings Debt Service Fund**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance**  
**Year Ended June 30, 2012**  
(With Comparative Amounts for 2011)

	<u>2012</u>	<u>2011</u>
Revenues:		
Investment income	\$ -	6
Other income	-	153
Total revenues	<u>-</u>	<u>159</u>
Expenditures:		
Redemption of principal	12,635,000	11,035,000
Interest	8,374,184	7,359,140
Bond issuance costs	78,444	-
Total expenditures	<u>21,087,628</u>	<u>18,394,140</u>
Deficiency of revenues over expenditures	(21,087,628)	(18,393,981)
Other financing sources (uses):		
Transfers in	21,024,787	19,113,514
Bond issuance	8,710,000	-
Premium on bond issuance	1,277,345	-
Payment to refunded bond escrow agent	(9,906,439)	-
Net other financing sources (uses)	<u>21,105,693</u>	<u>19,113,514</u>
Net change in fund balance	18,065	719,533
Fund balance at beginning of year	<u>986,832</u>	<u>267,299</u>
Fund balance at end of year	<u>\$ 1,004,897</u>	<u>986,832</u>



**MATANUSKA-SUSITNA BOROUGH**  
 Nonmajor Debt Service Funds  
 Combining Balance Sheet  
 June 30, 2012

<u>Assets</u>	Certi- cates of Partici- pation	Parks and <u>Recreation</u>	Animal <u>Control</u>	<u>Totals</u>
Cash and investments	\$ 453,572	35,651	19,807	509,030
Restricted cash - debt retirement	<u>520,213</u>	<u>-</u>	<u>565,763</u>	<u>1,085,976</u>
 Total assets	 \$ <u>973,785</u>	 <u>35,651</u>	 <u>585,570</u>	 <u>1,595,006</u>
 <u>Fund Balances</u>  				
Fund balances:				
Restricted - debt service	520,213	-	565,763	1,085,976
Assigned - debt service	<u>453,572</u>	<u>35,651</u>	<u>19,807</u>	<u>509,030</u>
 Total fund balances	 \$ <u>973,785</u>	 <u>35,651</u>	 <u>585,570</u>	 <u>1,595,006</u>

**MATANUSKA-SUSITNA BOROUGH**  
 Nonmajor Debt Service Funds  
 Combining Statement of Revenues, Expenditures, and  
 Changes in Fund Balances  
 Year Ended June 30, 2012

	Certifi- cates of Partici- pation	Parks and Recreation	Animal Control	Totals
Revenues - investment income	\$ <u>52</u>	<u>-</u>	<u>-</u>	<u>52</u>
Expenditures:				
Redemption of principal	395,000	215,000	315,000	925,000
Interest	<u>126,787</u>	<u>124,305</u>	<u>247,654</u>	<u>498,746</u>
Total expenditures	<u>521,787</u>	<u>339,305</u>	<u>562,654</u>	<u>1,423,746</u>
Deficiency of revenues over expenditures	(521,735)	(339,305)	(562,654)	(1,423,694)
Other financing sources - transfers in	<u>944,000</u>	<u>345,000</u>	<u>571,000</u>	<u>1,860,000</u>
Net change in fund balances	422,265	5,695	8,346	436,306
Fund balances at beginning of year	<u>551,520</u>	<u>29,956</u>	<u>577,224</u>	<u>1,158,700</u>
Fund balances at end of year	\$ <u><u>973,785</u></u>	<u><u>35,651</u></u>	<u><u>585,570</u></u>	<u><u>1,595,006</u></u>

**CAPITAL  
PROJECT  
FUNDS**

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**MATANUSKA-SUSITNA BOROUGH**  
 School Projects Capital Project Fund  
 Balance Sheet  
 June 30, 2012  
 (With Comparative Amounts for 2011)

<u>Assets</u>	<u>2012</u>	<u>2011</u>
Cash and investments	\$ <u>15,163,273</u>	<u>17,124,868</u>
Receivables:		
Intergovernmental	1,011,219	4,223,742
Accrued interest	<u>280,164</u>	<u>-</u>
Total receivables	<u>1,291,383</u>	<u>4,223,742</u>
Restricted cash	<u>130,837,373</u>	<u>30,485,448</u>
Total assets	\$ <u><u>147,292,029</u></u>	<u><u>51,834,058</u></u>
 <u>Liabilities and Fund Balance</u>  		
Liabilities:		
Accounts, contracts and retentions payable	4,050,557	204,101
Deferred revenue	<u>16,197</u>	<u>-</u>
Total liabilities	<u>4,066,754</u>	<u>204,101</u>
Fund balance:		
Restricted for school construction	130,837,373	30,485,448
Assigned for capital projects	<u>12,387,902</u>	<u>21,144,509</u>
Total fund balance	<u>143,225,275</u>	<u>51,629,957</u>
Total liabilities and fund balance	\$ <u><u>147,292,029</u></u>	<u><u>51,834,058</u></u>

**MATANUSKA-SUSITNA BOROUGH**  
**School Projects Capital Project Fund**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance**  
**Year Ended June 30, 2012**  
**(With Comparative Amounts for 2011)**

	<u>2012</u>	<u>2011</u>
Revenues:		
Intergovernmental	\$ 3,109,452	4,858,984
Investment income	91,928	4,407
Total revenues	<u>3,201,380</u>	<u>4,863,391</u>
Expenditures:		
Education	3,129,302	449,250
Debt service	787,052	356,113
Capital outlay	<u>10,421,741</u>	<u>12,484,909</u>
Total expenditures	<u>14,338,095</u>	<u>13,290,272</u>
Deficiency of revenues over expenditures	(11,136,715)	(8,426,881)
Other financing sources (uses):		
Transfers in	1,572,965	-
Transfers out	(25,315)	(713,514)
Bond issuance	91,770,000	33,785,000
Premium on bond issuance	<u>9,414,383</u>	<u>1,069,678</u>
Net other financing sources (uses)	<u>102,732,033</u>	<u>34,141,164</u>
Net change in fund balance	91,595,318	25,714,283
Fund balance at beginning of year	<u>51,629,957</u>	<u>25,915,674</u>
Fund balance at end of year	\$ <u><u>143,225,275</u></u>	<u><u>51,629,957</u></u>

**MATANUSKA-SUSITNA BOROUGH**  
**Infrastructure Capital Project Fund**  
**Balance Sheet**  
**June 30, 2012**  
 (With Comparative Amounts for 2011)

<u>Assets</u>	<u>2012</u>	<u>2011</u>
Receivables - intergovernmental	\$ <u>5,469,351</u>	<u>5,473,202</u>
<u>Liabilities and Fund Balance</u>		
Liabilities:		
Accounts, contracts and retentions payable	2,141,827	2,060,662
Due to General Fund	<u>2,520,453</u>	<u>3,138,741</u>
Total liabilities	<u>4,662,280</u>	<u>5,199,403</u>
Fund balance - assigned for capital projects	<u>807,071</u>	<u>273,799</u>
Total liabilities and fund balance	\$ <u>5,469,351</u>	<u>5,473,202</u>

**MATANUSKA-SUSITNA BOROUGH**  
**Infrastructure Capital Project Fund**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance**  
**Year Ended June 30, 2012**  
**(With Comparative Amounts for 2011)**

	<u>2012</u>	<u>2011</u>
Revenues - intergovernmental	\$ <u>15,981,650</u>	<u>14,345,328</u>
Expenditures:		
Public services	16,338	-
Capital outlay	<u>16,182,040</u>	<u>14,349,731</u>
Total expenditures	<u>16,198,378</u>	<u>14,349,731</u>
Deficiency of revenues over expenditures	(216,728)	(4,403)
Other financing sources - transfers in	<u>750,000</u>	<u>230,000</u>
Net change in fund balance	533,272	225,597
Fund balance at beginning of year	<u>273,799</u>	<u>48,202</u>
Fund balance at end of year	\$ <u><u>807,071</u></u>	<u><u>273,799</u></u>



**MATANUSKA-SUSITNA BOROUGH**

Nonmajor Capital Project Funds  
 Combining Balance Sheet  
 June 30, 2012

<u>Assets</u>	<u>Sewage Facility</u>	<u>Fire Protection</u>	<u>Road Service Area Repairs</u>	<u>Ambulance and Emergency Services</u>	<u>Roads and Bridges</u>	<u>Borough Facilities</u>	<u>Cultural and Recreational</u>	<u>Major Maintenance</u>	<u>Miscellaneous</u>	<u>Pass-through Grants</u>	<u>Totals</u>
Cash and investments	\$ -	7,124,995	11,359,928	1,628,850	-	7,201,615	1,875,879	3	8,511,219	1,300,839	39,003,328
Receivables:											
Intergovernmental	242,114	365,094	550,517	246,583	6,654,675	-	2,500	-	537,499	67,168	8,666,150
Other	-	-	-	4,454	-	35,696	-	-	-	-	40,150
Total assets	\$ 242,114	7,490,089	11,910,445	1,879,887	6,654,675	7,237,311	1,878,379	3	9,048,718	1,368,007	47,709,628

Liabilities and Fund Balances

Liabilities:

Accounts, contracts and retentions payable	27,034	983,687	930,019	459,255	1,571,845	328,370	59,542	-	364,518	-	4,724,270
Due to General Fund	167,338	-	-	-	4,067,475	-	-	-	-	-	4,234,813
Deferred revenue	-	48,865	223,564	-	-	-	-	-	517,209	1,130,500	1,920,138
Total liabilities	194,372	1,032,552	1,153,583	459,255	5,639,320	328,370	59,542	-	881,727	1,130,500	10,879,221

Fund balances - assigned for capital projects

	47,742	6,457,537	10,756,862	1,420,632	1,015,355	6,908,941	1,818,837	3	8,166,991	237,507	36,830,407
Total liabilities and fund balances	\$ 242,114	7,490,089	11,910,445	1,879,887	6,654,675	7,237,311	1,878,379	3	9,048,718	1,368,007	47,709,628

**MATANUSKA-SUSITNA BOROUGH**  
 Nonmajor Capital Project Funds  
 Combining Statement of Revenues, Expenditures, and  
 Changes in Fund Balances  
 Year Ended June 30, 2012

	Sewage Facility	Fire Protection	Road Service Area Repairs	Ambulance and Emergency Services	Roads and Bridges	Borough Facilities	Cultural and Recreational	Hatcher Pass	Major Maint- enance	Misc- ellane- ous	Pass- through Grants	Totals
<b>Revenues:</b>												
Intergovernmental	\$ 199,233	556,474	1,309,120	247,992	4,284,340	1,548,375	24,710	-	-	2,137,933	1,672,209	11,980,386
Other	-	-	22,312	-	-	220,696	13,306	-	-	-	-	256,314
Total revenues	<u>199,233</u>	<u>556,474</u>	<u>1,331,432</u>	<u>247,992</u>	<u>4,284,340</u>	<u>1,769,071</u>	<u>38,016</u>	<u>-</u>	<u>-</u>	<u>2,137,933</u>	<u>1,672,209</u>	<u>12,236,700</u>
<b>Expenditures:</b>												
General government	-	-	-	-	-	7,999	-	-	-	2,336,339	-	2,344,338
Emergency services	-	1,382,982	-	480,726	253,130	-	-	-	-	76,553	-	2,193,391
Public services	-	-	4,820,211	-	-	102,893	184,661	-	-	1,241,188	1,839,932	8,188,885
Capital outlay	201,285	2,583,945	1,553,547	1,102,434	4,149,861	3,744,150	444,717	5,174	-	329,608	-	14,114,721
Total expenditures	<u>201,285</u>	<u>3,966,927</u>	<u>6,373,758</u>	<u>1,583,160</u>	<u>4,402,991</u>	<u>3,855,042</u>	<u>629,378</u>	<u>5,174</u>	<u>-</u>	<u>3,983,688</u>	<u>1,839,932</u>	<u>26,841,335</u>
Excess (deficiency) of revenues over expenditures	(2,052)	(3,410,453)	(5,042,326)	(1,335,168)	(118,651)	(2,085,971)	(591,362)	(5,174)	-	(1,845,755)	(167,723)	(14,604,635)
<b>Other financing sources (uses):</b>												
Transfers in	2,052	4,737,379	7,296,834	929,241	263,824	6,048,605	940,500	-	-	5,736,310	343,042	26,297,787
Transfers out	-	(113,857)	(34,010)	(12,032)	(84,373)	(24,625)	-	(28,959)	-	(59,110)	(2,508)	(359,474)
Net other financing sources (uses)	<u>2,052</u>	<u>4,623,522</u>	<u>7,262,824</u>	<u>917,209</u>	<u>179,451</u>	<u>6,023,980</u>	<u>940,500</u>	<u>(28,959)</u>	<u>-</u>	<u>5,677,200</u>	<u>340,534</u>	<u>25,938,313</u>
Net change in fund balances	-	1,213,069	2,220,498	(417,959)	60,800	3,938,009	349,138	(34,133)	-	3,831,445	172,811	11,333,678
Fund balances at beginning of year	<u>47,742</u>	<u>5,244,468</u>	<u>8,536,364</u>	<u>1,838,591</u>	<u>954,555</u>	<u>2,970,932</u>	<u>1,469,699</u>	<u>34,133</u>	<u>3</u>	<u>4,335,546</u>	<u>64,696</u>	<u>25,496,729</u>
Fund balances at end of year	<u>\$ 47,742</u>	<u>6,457,537</u>	<u>10,756,862</u>	<u>1,420,632</u>	<u>1,015,355</u>	<u>6,908,941</u>	<u>1,818,837</u>	<u>-</u>	<u>3</u>	<u>8,166,991</u>	<u>237,507</u>	<u>36,830,407</u>

**MATANUSKA-SUSITNA BOROUGH**

Capital Projects

Project Length of Construction Projects  
Beginning of Projects to June 30, 2012

	School Projects	Fire Protection	Road Service Areas Repairs	Sewage Facility	Sanitary Landfills	Ambulance and Emergency Services	Roads and Bridges	Borough Facilities
Total project authorizations	\$ 596,160,505	53,582,110	107,881,094	15,742,829	24,946,862	29,212,542	66,114,011	56,689,794
Revenues and other financing sources:								
Intergovernmental	51,557,368	11,388,459	32,899,564	13,951,882	7,265,513	16,017,432	49,651,431	20,640,652
LID bonds	-	-	186,095	-	-	-	-	-
Other	521,333,630	5,145,459	969,715	100,000	-	822,361	31,904	8,356,222
Transfers from other funds	27,479,486	35,868,069	65,486,450	451,043	12,592,979	12,144,457	4,481,603	27,581,628
Total revenues and other financing sources	\$ 600,370,484	52,401,987	99,541,824	14,502,925	19,858,492	28,984,250	54,164,938	56,578,502
Expenditures and other financing uses:								
Capital projects	455,048,787	44,928,463	87,753,011	14,394,458	18,104,076	27,182,870	53,050,788	47,839,301
Transfers to other funds	2,096,422	1,015,987	1,031,951	60,725	406,604	380,748	98,795	1,830,260
Total expenditures and other financing uses	\$ 457,145,209	45,944,450	88,784,962	14,455,183	18,510,680	27,563,618	53,149,583	49,669,561

**MATANUSKA-SUSITNA BOROUGH**

Capital Projects

Project Length of Construction Projects, continued

	<u>Cultural and Recreational</u>	<u>Hatcher Pass and Port</u>	<u>Pass-Through Grants</u>	<u>Miscellaneous</u>	<u>Infra-structure</u>	<u>Maintenance</u>	<u>Totals</u>
Total project authorizations	\$ <u>13,569,570</u>	<u>61,044,013</u>	<u>10,736,520</u>	<u>75,545,046</u>	<u>93,881,524</u>	<u>1,149,094</u>	<u>1,206,255,514</u>
Revenues and other financing sources:							
Intergovernmental	2,719,948	29,234,344	7,875,499	27,679,079	43,802,663	-	314,683,834
LID bonds	-	-	-	-	-	-	186,095
Other	4,470,531	13,257,570	-	1,291,996	-	-	555,779,388
Transfers from other funds	<u>6,388,135</u>	<u>6,945,136</u>	<u>1,481,553</u>	<u>44,551,226</u>	<u>1,325,000</u>	<u>1,111,719</u>	<u>247,888,484</u>
Total revenues and other financing sources	<u>13,578,614</u>	<u>49,437,050</u>	<u>9,357,052</u>	<u>73,522,301</u>	<u>45,127,663</u>	<u>1,111,719</u>	<u>1,118,537,801</u>
Expenditures and other financing uses:							
Capital projects	11,522,573	46,077,963	9,083,823	62,661,191	44,320,592	1,070,827	923,038,723
Transfers to other funds	<u>237,204</u>	<u>1,251,943</u>	<u>35,722</u>	<u>2,694,119</u>	<u>-</u>	<u>40,889</u>	<u>11,181,369</u>
Total expenditures and other financing uses	\$ <u>11,759,777</u>	<u>47,329,906</u>	<u>9,119,545</u>	<u>65,355,310</u>	<u>44,320,592</u>	<u>1,111,716</u>	<u>934,220,092</u>

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**ENTERPRISE  
FUNDS**

**MATANUSKA-SUSITNA BOROUGH**  
Solid Waste Enterprise Fund  
Statement of Net Assets  
June 30, 2012  
(With Comparative Amounts for 2011)

<u>Assets</u>	<u>2012</u>	<u>2011</u>
Current assets:		
Receivables:		
Accounts	\$ 245,078	221,958
Intergovernmental	154,086	1,878,114
Total current assets	<u>399,164</u>	<u>2,100,072</u>
Noncurrent assets:		
Restricted cash - landfill closure	<u>2,238,595</u>	<u>2,235,019</u>
Property, plant and equipment:		
Buildings	2,319,227	2,319,227
Improvements other than buildings	1,734,469	1,512,853
Equipment	1,788,301	1,517,643
Landfill cells	4,519,944	4,519,944
Construction in progress	<u>8,273,766</u>	<u>8,189,763</u>
Total property, plant and equipment	18,635,707	18,059,430
Accumulated depreciation and amortization	<u>(3,191,843)</u>	<u>(2,855,425)</u>
Net property, plant and equipment	<u>15,443,864</u>	<u>15,204,005</u>
Total noncurrent assets	<u>17,682,459</u>	<u>17,439,024</u>
Total assets	<u>\$ 18,081,623</u>	<u>19,539,096</u>
<u>Liabilities and Net Assets</u>		
Liabilities:		
Current liabilities:		
Accounts payable	455,694	258,167
Accrued leave	69,869	66,024
Accrued interest payable	139,728	98,051
Unearned revenue	-	8,881
Due to General Fund	1,848,946	3,524,354
Current portion of loans payable	<u>127,305</u>	<u>45,002</u>
Total current liabilities	<u>2,641,542</u>	<u>4,000,479</u>
Noncurrent liabilities:		
Loans payable	4,434,462	4,561,767
Landfill closure costs payable	<u>3,522,995</u>	<u>3,200,880</u>
Total noncurrent liabilities	<u>7,957,457</u>	<u>7,762,647</u>
Total liabilities	<u>10,598,999</u>	<u>11,763,126</u>
Net assets:		
Invested in capital assets, net of related debt	10,882,097	10,597,236
Unrestricted (deficit)	<u>(3,399,473)</u>	<u>(2,821,266)</u>
Total net assets	<u>7,482,624</u>	<u>7,775,970</u>
Total liabilities and net assets	<u>\$ 18,081,623</u>	<u>19,539,096</u>

**MATANUSKA-SUSITNA BOROUGH**  
Solid Waste Enterprise Fund  
Statement of Revenues, Expenses, and  
Changes in Net Assets  
Year Ended June 30, 2012  
(With Comparative Amounts for 2011)

	<u>2012</u>	<u>2011</u>
Operating revenues - charges for services	\$ <u>4,268,602</u>	<u>3,510,305</u>
Operating expenses - public service:		
Landfill operations	2,717,962	2,594,882
Transfer sites	1,666,683	1,722,484
Depreciation and amortization	336,418	234,475
Allocated administrative and billing expenses	<u>50,717</u>	<u>66,419</u>
Total operating expenses	<u>4,771,780</u>	<u>4,618,260</u>
Operating loss	(503,178)	(1,107,955)
Nonoperating revenues (expenses):		
Investment income	3,576	6,018
Intergovernmental - PERS relief	83,454	67,162
Interest expense	(54,639)	(56,708)
Miscellaneous income	<u>4,015</u>	<u>202</u>
Net nonoperating revenues (expenses)	<u>36,406</u>	<u>16,674</u>
Loss before transfers and contributions	(466,772)	(1,091,281)
Transfers in	-	3,904
Transfers out	-	(34,185)
Capital contributions	<u>173,426</u>	<u>1,211,198</u>
Change in net assets	(293,346)	89,636
Net assets at beginning of year	<u>7,775,970</u>	<u>7,686,334</u>
Net assets at end of year	\$ <u><u>7,482,624</u></u>	<u><u>7,775,970</u></u>



## MATANUSKA-SUSITNA BOROUGH

## Solid Waste Enterprise Fund

## Statement of Cash Flows

Year Ended June 30, 2012

(With Comparative Amounts for 2011)

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Receipts from customers	\$ 4,240,616	3,508,133
Payments to suppliers	(2,281,662)	(2,845,693)
Payments to employees	(1,496,042)	(1,605,204)
Payments for interfund services used	<u>(50,717)</u>	<u>(66,419)</u>
Net cash flows from operating activities	<u>412,195</u>	<u>(1,009,183)</u>
Cash flows from noncapital financing activities - transfers out	<u>-</u>	<u>(34,185)</u>
Cash flows from capital and related financing activities:		
Purchases of property, plant and equipment	(576,277)	(2,337,288)
Principal and interest paid on loans	(57,964)	(57,964)
Proceeds from issuance of long term debt	-	699,956
Capital contributions received	1,897,454	614,552
Transfers in	-	3,904
Increase (decrease) in due to General Fund	<u>(1,675,408)</u>	<u>2,120,208</u>
Net cash flows from capital and related financing activities	<u>(412,195)</u>	<u>1,043,368</u>
Cash flows from investing activities - investment income received	<u>3,576</u>	<u>6,018</u>
Net increase in cash and investments	3,576	6,018
Cash and investments at beginning of year	<u>2,235,019</u>	<u>2,229,001</u>
Cash and investments at end of year	\$ <u><u>2,238,595</u></u>	<u><u>2,235,019</u></u>
Reconciliation of operating loss to net cash provided (used) by operating activities:		
Operating loss	(503,178)	(1,107,955)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Miscellaneous nonoperating revenue	4,015	202
Depreciation and amortization	336,418	234,475
Noncash expense - PERS relief	83,454	67,162
(Increase) decrease in assets - accounts receivable	(23,120)	719
Increase (decrease) in liabilities:		
Accounts payable	197,527	(489,476)
Accrued leave	3,845	(7,319)
Unearned revenue	(8,881)	(3,093)
Landfill closure costs payable	<u>322,115</u>	<u>296,102</u>
Net cash flows from operating activities	\$ <u><u>412,195</u></u>	<u><u>(1,009,183)</u></u>

## MATANUSKA-SUSITNA BOROUGH

Port Enterprise Fund

Statement of Net Assets

June 30, 2012

(With Comparative Amounts for 2011)

<u>Assets</u>	<u>2012</u>	<u>2011</u>
Current assets:		
Receivables:		
Accounts	\$ -	146
Intergovernmental	613,723	279,386
Prepaid items	21,100	1,086
Inventory	765	765
Total current assets	<u>635,588</u>	<u>281,383</u>
Property, plant and equipment:		
Buildings	7,969	7,969
Equipment	41,322	41,322
Infrastructure	26,414,621	26,414,621
Construction in progress	<u>17,450,288</u>	<u>16,331,651</u>
Total property, plant and equipment	43,914,200	42,795,563
Accumulated depreciation	<u>(5,169,171)</u>	<u>(4,505,338)</u>
Net property, plant and equipment	<u>38,745,029</u>	<u>38,290,225</u>
Total assets	<u>\$ 39,380,617</u>	<u>38,571,608</u>
<u>Liabilities and Net Assets</u>		
Liabilities:		
Current liabilities:		
Accounts payable	70,626	262,782
Accrued leave	56,191	54,656
Unearned revenue	1	1
Due to General Fund	4,889,436	3,461,676
Accrued interest payable	56,209	82,566
Current portion of general obligation bonds	465,000	420,000
Current portion of interfund note payable	<u>165,900</u>	<u>165,900</u>
Total current liabilities	<u>5,703,363</u>	<u>4,447,581</u>
Noncurrent liabilities:		
Lease credits payable	1,338,089	1,341,962
General obligation bonds, including unamortized premium of \$684,094 (\$123,452 in 2011) and deferred loss of \$383,136	6,500,958	6,923,452
Interfund note payable	<u>70,179</u>	<u>236,079</u>
Total noncurrent liabilities	<u>7,909,226</u>	<u>8,501,493</u>
Total liabilities	<u>13,612,589</u>	<u>12,949,074</u>
Net assets:		
Invested in capital assets, net of related debt	31,779,071	30,946,773
Unrestricted (deficit)	<u>(6,011,043)</u>	<u>(5,324,239)</u>
Total net assets	<u>25,768,028</u>	<u>25,622,534</u>
Total liabilities and net assets	<u>\$ 39,380,617</u>	<u>38,571,608</u>

**MATANUSKA-SUSITNA BOROUGH**  
 Port Enterprise Fund  
 Statement of Revenues, Expenses, and  
 Changes in Net Assets  
 Year Ended June 30, 2012  
 (With Comparative Amounts for 2011)

	<u>2012</u>	<u>2011</u>
Operating revenues - charges for services	\$ <u>24,505</u>	<u>51,333</u>
Operating expenses:		
Dock operations	573,109	660,085
Depreciation	663,833	666,883
Ferry expenses	217,210	-
Allocated administrative and billing expenses	<u>21,600</u>	<u>21,200</u>
Total operating expenses	<u>1,475,752</u>	<u>1,348,168</u>
Operating loss	(1,451,247)	(1,296,835)
Nonoperating revenues (expenses):		
Intergovernmental - State sources:		
PERS relief	28,379	17,747
Debt service reimbursement	754,613	752,450
Miscellaneous income	-	470
Bond issuance costs	(49,700)	-
Interest expense	<u>(308,371)</u>	<u>(349,986)</u>
Net nonoperating revenues (expenses)	<u>424,921</u>	<u>420,681</u>
Loss before transfers, contributions, and extraordinary item	(1,026,326)	(876,154)
Capital contributions	1,071,820	3,586,055
Extraordinary item - legal settlement	-	(1,375,000)
Transfers in	100,000	-
Transfers out	<u>-</u>	<u>(33,438)</u>
Change in net assets	145,494	1,301,463
Net assets at beginning of year	<u>25,622,534</u>	<u>24,321,071</u>
Net assets at end of year	\$ <u><u>25,768,028</u></u>	<u><u>25,622,534</u></u>

**MATANUSKA-SUSITNA BOROUGH**  
Port Enterprise Fund  
Statement of Cash Flows  
Year Ended June 30, 2012  
(With Comparative Amounts for 2011)

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Receipts from customers	\$ 24,651	22,735
Payments to suppliers	(675,243)	(601,744)
Payments to employees	(301,205)	(293,289)
Payments for interfund services used	(21,600)	(21,200)
Net cash flows from operating activities	<u>(973,397)</u>	<u>(893,498)</u>
Cash flows from noncapital financing activities - transfers out	<u>-</u>	<u>(33,438)</u>
Cash flows from capital and related financing activities:		
Purchases of property, plant and equipment	(1,118,637)	(4,383,302)
Capital contributions received	737,483	4,154,477
Transfers in	100,000	-
Principal and interest paid on interfund note	(178,964)	(184,356)
Principal and interest paid on bonds	(748,858)	(754,613)
Debt service reimbursement	754,613	752,450
Increase in due to General Fund	1,427,760	1,342,280
Net cash flows from capital and related financing activities	<u>973,397</u>	<u>926,936</u>
Net increase in cash and investments	-	-
Cash and investments at beginning of year	<u>-</u>	<u>-</u>
Cash and investments at end of year	\$ <u>-</u>	<u>-</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:		
Operating loss	(1,451,247)	(1,296,835)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Miscellaneous nonoperating revenue	-	470
Depreciation	663,833	666,883
Lease credits exercised	(3,873)	(33,038)
Noncash expense - PERS relief	28,379	17,747
(Increase) decrease in assets:		
Accounts receivable	146	3,970
Prepaid items	(20,014)	(1,086)
Increase (decrease) in liabilities:		
Accounts payable	(192,156)	(249,937)
Accrued leave	1,535	8,328
Deposit refunds	-	(10,000)
Net cash flows from operating activities	\$ <u>(973,397)</u>	<u>(893,498)</u>

Noncash capital and related financing activities - the City issued \$5,770,000 in refunding bonds at a premium of \$703,639 to advance refund \$5,485,000 of previously issued outstanding bonds.

**INTERNAL  
SERVICE  
FUNDS**

**MATANUSKA-SUSITNA BOROUGH**  
Internal Service Funds  
Combining Statement of Net Assets  
June 30, 2012

<u>Assets</u>	<u>Revolving Loan</u>	<u>Self- Insurance</u>	<u>Totals</u>
Current assets:			
Cash and investments	\$ 1,052,500	11,198,042	12,250,542
Interfund loans receivable	40,121	-	40,121
Deposits with others	-	52,245	52,245
Total current assets	<u>1,092,621</u>	<u>11,250,287</u>	<u>12,342,908</u>
 Interfund loans receivable, long-term	 <u>507,156</u>	 <u>-</u>	 <u>507,156</u>
 Total assets	 \$ <u><u>1,599,777</u></u>	 <u><u>11,250,287</u></u>	 <u><u>12,850,064</u></u>
 <u>Liabilities and Net Assets</u>			
Liabilities:			
Current liabilities:			
Accounts payable	-	28,919	28,919
Insurance claims incurred but not reported	-	1,594,038	1,594,038
Current portion of loans payable	<u>13,538</u>	<u>-</u>	<u>13,538</u>
Total current liabilities	13,538	1,622,957	1,636,495
 Noncurrent liabilities - loans payable	 <u>334,239</u>	 <u>-</u>	 <u>334,239</u>
Total liabilities	<u>347,777</u>	<u>1,622,957</u>	<u>1,970,734</u>
 Net assets - unrestricted	 <u>1,252,000</u>	 <u>9,627,330</u>	 <u>10,879,330</u>
 Total liabilities and net assets	 \$ <u><u>1,599,777</u></u>	 <u><u>11,250,287</u></u>	 <u><u>12,850,064</u></u>

**MATANUSKA-SUSITNA BOROUGH**  
Internal Service Funds  
Combining Statement of Revenues, Expenses, and  
Changes in Net Assets  
Year Ended June 30, 2012

	Revolving <u>Loan</u>	Self- <u>Insurance</u>	<u>Totals</u>
Operating revenues:			
Intragovernmental	\$ -	7,024,142	7,024,142
Interest on loans	560	-	560
Employee contributions	-	696,108	696,108
Other	-	72,691	72,691
Total operating revenues	<u>560</u>	<u>7,792,941</u>	<u>7,793,501</u>
Operating expenses:			
Claims	-	4,551,710	4,551,710
Administrative fees	-	1,179,103	1,179,103
Premium	-	163,143	163,143
Total operating expenses	<u>-</u>	<u>5,893,956</u>	<u>5,893,956</u>
Operating income	560	1,898,985	1,899,545
Nonoperating revenues - investment income	<u>-</u>	<u>10,992</u>	<u>10,992</u>
Income before transfers	560	1,909,977	1,910,537
Transfers out	<u>(560)</u>	<u>-</u>	<u>(560)</u>
Change in net assets	-	1,909,977	1,909,977
Net assets at beginning of year	<u>1,252,000</u>	<u>7,717,353</u>	<u>8,969,353</u>
Net assets at end of year	\$ <u><u>1,252,000</u></u>	<u><u>9,627,330</u></u>	<u><u>10,879,330</u></u>

**MATANUSKA-SUSITNA BOROUGH**  
Internal Service Funds  
Combining Statement of Cash Flows  
Year Ended June 30, 2012

	Revolving <u>Loan</u>	Self- <u>Insurance</u>	<u>Totals</u>
Cash flows from operating activities:			
Proceeds from loan	\$ 2,052	-	2,052
Loans made to other funds	(25,000)	-	(25,000)
Principal payments received on loans	44,244	-	44,244
Interest payments received on loans	560	-	560
Principal payments on loans payable	(13,337)	-	(13,337)
Internal activity - payments from other funds	-	7,024,142	7,024,142
Receipts from employees and other	-	1,570,129	1,570,129
Payments for claims and services	-	(5,839,626)	(5,839,626)
Net cash flows from operating activities	<u>8,519</u>	<u>2,754,645</u>	<u>2,763,164</u>
Cash flows from noncapital financing activities - transfers out	<u>(560)</u>	<u>-</u>	<u>(560)</u>
Cash flows from investing activities - investment income received	<u>-</u>	<u>10,992</u>	<u>10,992</u>
Net increase in cash and investments	7,959	2,765,637	2,773,596
Cash and investments at beginning of year	<u>1,044,541</u>	<u>8,432,405</u>	<u>9,476,946</u>
Cash and investments at end of year	\$ <u><u>1,052,500</u></u>	<u><u>11,198,042</u></u>	<u><u>12,250,542</u></u>
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income	560	1,898,985	1,899,545
Adjustments to reconcile operating income to net cash flows from operating activities:			
Decrease in assets:			
Accounts receivable	-	801,330	801,330
Loans receivable	19,244	-	19,244
Increase (decrease) in liabilities:			
Accounts payable	-	(33,420)	(33,420)
Loans payable	(11,285)	-	(11,285)
Insurance claims incurred but not reported	-	87,750	87,750
Net cash flows from operating activities	\$ <u><u>8,519</u></u>	<u><u>2,754,645</u></u>	<u><u>2,763,164</u></u>



**MATANUSKA-SUSITNA BOROUGH**  
 Revolving Loan Internal Service Funds  
 Combining Statement of Net Assets  
 June 30, 2012

<u>Assets</u>	<u>Service Area Operating</u>	<u>Fire Capital Equipment</u>	<u>Road Service Areas</u>	<u>Totals</u>
Current assets:				
Cash and investments	\$ 154,050	375,000	523,450	1,052,500
Interfund loans receivable	<u>18,250</u>	<u>8,333</u>	<u>13,538</u>	<u>40,121</u>
Total current assets	172,300	383,333	536,988	1,092,621
Interfund loans receivable, long-term	<u>261,250</u>	<u>16,667</u>	<u>229,239</u>	<u>507,156</u>
Total assets	\$ <u><u>433,550</u></u>	<u><u>400,000</u></u>	<u><u>766,227</u></u>	<u><u>1,599,777</u></u>
<u>Liabilities and Net Assets</u>				
Liabilities:				
Current liabilities - current portion of loans payable	-	-	13,538	13,538
Noncurrent liability - loans payable	<u>105,000</u>	<u>-</u>	<u>229,239</u>	<u>334,239</u>
Total liabilities	<u>105,000</u>	<u>-</u>	<u>242,777</u>	<u>347,777</u>
Net assets - unrestricted	<u>328,550</u>	<u>400,000</u>	<u>523,450</u>	<u>1,252,000</u>
Total liabilities and net assets	\$ <u><u>433,550</u></u>	<u><u>400,000</u></u>	<u><u>766,227</u></u>	<u><u>1,599,777</u></u>

**MATANUSKA-SUSITNA BOROUGH**  
 Revolving Loan Internal Service Funds  
 Combining Statement of Revenues, Expenses, and  
 Changes in Net Assets  
 Year Ended June 30, 2012

	<u>Service Area Operating</u>	<u>Fire Capital Equipment</u>	<u>Road Service Areas</u>	<u>Totals</u>
Operating revenues - interest on loans	\$ 538	22	-	560
Transfers out	<u>(538)</u>	<u>(22)</u>	<u>-</u>	<u>(560)</u>
Change in net assets	-	-	-	-
Net assets at beginning of year	<u>328,550</u>	<u>400,000</u>	<u>523,450</u>	<u>1,252,000</u>
Net assets at end of year	\$ <u><u>328,550</u></u>	<u><u>400,000</u></u>	<u><u>523,450</u></u>	<u><u>1,252,000</u></u>

**MATANUSKA-SUSITNA BOROUGH**  
 Revolving Loan Internal Service Funds  
 Combining Statement of Cash Flows  
 Year Ended June 30, 2012

	Service Area <u>Operating</u>	Fire Capital <u>Equipment</u>	Road Service <u>Areas</u>	<u>Totals</u>
Cash flows from operating activities:				
Proceeds from loan	\$ 2,052	-	-	2,052
Loans made to other funds	-	(25,000)	-	(25,000)
Principal payments received on loans	22,574	8,333	13,337	44,244
Interest payments received on loans	538	22	-	560
Principal payments on loans payable	-	-	(13,337)	(13,337)
Net cash flows from operating activities	<u>25,164</u>	<u>(16,645)</u>	<u>-</u>	<u>8,519</u>
Cash flows from noncapital financing activities - transfers out	<u>(538)</u>	<u>(22)</u>	<u>-</u>	<u>(560)</u>
Net increase (decrease) in cash and investments	24,626	(16,667)	-	7,959
Cash and investments at beginning of year	<u>129,424</u>	<u>391,667</u>	<u>523,450</u>	<u>1,044,541</u>
Cash and investments at end of year	\$ <u><u>154,050</u></u>	<u><u>375,000</u></u>	<u><u>523,450</u></u>	<u><u>1,052,500</u></u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income	538	22	-	560
Adjustments to reconcile operating income to net cash flows from operating activities:				
(Increase) decrease in loans receivable	22,574	(16,667)	13,337	19,244
Increase (decrease) in loans payable	2,052	-	(13,337)	(11,285)
Net cash flows from operating activities	\$ <u><u>25,164</u></u>	<u><u>(16,645)</u></u>	<u><u>-</u></u>	<u><u>8,519</u></u>

**MATANUSKA-SUSITNA BOROUGH**  
 Self Insurance Internal Service Funds  
 Combining Statement of Net Assets  
 June 30, 2012

<u>Assets</u>	<u>Unemploy- ment Insurance</u>	<u>Health Insurance</u>	<u>Property and Casualty Insurance</u>	<u>Workers' Comp Insurance</u>	<u>Totals</u>
Current assets:					
Cash and investments	\$ 163,355	7,610,932	1,684,637	1,739,118	11,198,042
Deposits with others	<u>-</u>	<u>3,340</u>	<u>-</u>	<u>48,905</u>	<u>52,245</u>
Total current assets	\$ <u>163,355</u>	<u>7,614,272</u>	<u>1,684,637</u>	<u>1,788,023</u>	<u>11,250,287</u>
<u>Liabilities and Net Assets</u>					
Current liabilities:					
Accounts payable	28,919	-	-	-	28,919
Insurance claims incurred but not reported	<u>-</u>	<u>1,306,564</u>	<u>225,000</u>	<u>62,474</u>	<u>1,594,038</u>
Total current liabilities	<u>28,919</u>	<u>1,306,564</u>	<u>225,000</u>	<u>62,474</u>	<u>1,622,957</u>
Net assets - unrestricted	<u>134,436</u>	<u>6,307,708</u>	<u>1,459,637</u>	<u>1,725,549</u>	<u>9,627,330</u>
Total liabilities and net assets	\$ <u>163,355</u>	<u>7,614,272</u>	<u>1,684,637</u>	<u>1,788,023</u>	<u>11,250,287</u>

**MATANUSKA-SUSITNA BOROUGH**  
 Self Insurance Internal Service Funds  
 Combining Statement of Revenues, Expenses, and  
 Changes in Net Assets  
 Year Ended June 30, 2012

	Unemploy- ment <u>Insurance</u>	Health <u>Insurance</u>	Property and Casualty <u>Insurance</u>	Workers' Comp <u>Insurance</u>	<u>Totals</u>
Operating revenues:					
Intragovernmental	\$ 121,274	5,681,306	30,223	1,191,339	7,024,142
Employee contributions	-	696,108	-	-	696,108
Other	-	-	68,000	4,691	72,691
Total operating revenues	<u>121,274</u>	<u>6,377,414</u>	<u>98,223</u>	<u>1,196,030</u>	<u>7,792,941</u>
Operating expenses:					
Claims	116,271	3,865,744	-	569,695	4,551,710
Administrative fees	-	1,100,268	-	78,835	1,179,103
Premium	-	-	-	163,143	163,143
Total operating expenses	<u>116,271</u>	<u>4,966,012</u>	<u>-</u>	<u>811,673</u>	<u>5,893,956</u>
Operating income	5,003	1,411,402	98,223	384,357	1,898,985
Nonoperating revenues - investment income	<u>-</u>	<u>10,992</u>	<u>-</u>	<u>-</u>	<u>10,992</u>
Change in net assets	5,003	1,422,394	98,223	384,357	1,909,977
Net assets at beginning of year	<u>129,433</u>	<u>4,885,314</u>	<u>1,361,414</u>	<u>1,341,192</u>	<u>7,717,353</u>
Net assets at end of year	\$ <u><u>134,436</u></u>	<u><u>6,307,708</u></u>	<u><u>1,459,637</u></u>	<u><u>1,725,549</u></u>	<u><u>9,627,330</u></u>

**MATANUSKA-SUSITNA BOROUGH**  
 Self Insurance Internal Service Funds  
 Combining Statement of Cash Flows  
 Year Ended June 30, 2012

	<u>Unemploy- ment Insurance</u>	<u>Health Insurance</u>	<u>Property and Casualty Insurance</u>	<u>Workers' Comp Insurance</u>	<u>Totals</u>
Cash flows from operating activities:					
Internal activity - payments from other funds	\$ 121,274	5,681,306	30,223	1,191,339	7,024,142
Receipts from employees and other	-	696,108	869,330	4,691	1,570,129
Payments for claims and services	<u>(149,691)</u>	<u>(4,917,014)</u>	<u>-</u>	<u>(772,921)</u>	<u>(5,839,626)</u>
Net cash flows from operating activities	<u>(28,417)</u>	<u>1,460,400</u>	<u>899,553</u>	<u>423,109</u>	<u>2,754,645</u>
Cash flows from investing activities -					
investment income received	<u>-</u>	<u>10,992</u>	<u>-</u>	<u>-</u>	<u>10,992</u>
Net increase (decrease) in cash					
and investments	(28,417)	1,471,392	899,553	423,109	2,765,637
Cash and investments at beginning of year	<u>191,772</u>	<u>6,139,540</u>	<u>785,084</u>	<u>1,316,009</u>	<u>8,432,405</u>
Cash and investments at end of year	\$ <u>163,355</u>	<u>7,610,932</u>	<u>1,684,637</u>	<u>1,739,118</u>	<u>11,198,042</u>
Reconciliation of operating income to net cash					
provided (used) by operating activities:					
Operating income	5,003	1,411,402	98,223	384,357	1,898,985
Adjustments to reconcile operating income					
to net cash flows from operating activities:					
(Increase) decrease in assets -					
accounts receivable	-	-	801,330	-	801,330
Increase (decrease) in liabilities:					
Accounts payable	(33,420)	-	-	-	(33,420)
Insurance claims incurred but not reported	<u>-</u>	<u>48,998</u>	<u>-</u>	<u>38,752</u>	<u>87,750</u>
Net cash flows from operating activities	\$ <u>(28,417)</u>	<u>1,460,400</u>	<u>899,553</u>	<u>423,109</u>	<u>2,754,645</u>

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# **AGENCY FUNDS**



**MATANUSKA-SUSITNA BOROUGH**  
 Agency Funds  
 Combining Statement of Changes in Assets and Liabilities  
 Year Ended June 30, 2012

<u>Assets</u>	<u>Property Tax Agency</u>			Balance at June 30, 2012
	Balance at July 1, 2011	Additions	Deletions	
Cash and investments	\$ 22,241	3,417,463	3,415,598	24,106
Property taxes receivable:				
Real	129,388	63,779	66,943	126,224
Personal	12,089	1,650	2,775	10,964
<b>Total assets</b>	<b>\$ 163,718</b>	<b>3,482,892</b>	<b>3,485,316</b>	<b>161,294</b>
<u>Liabilities</u>				
Accounts payable	1,585	3,844	3,152	2,277
Taxes collected in advance	156,711	4,230,733	4,245,431	142,013
Intergovernmental	5,422	1,623,728	1,612,146	17,004
<b>Total liabilities</b>	<b>\$ 163,718</b>	<b>5,858,305</b>	<b>5,860,729</b>	<b>161,294</b>
<u>Road and Gas Line Agency</u>				
<u>Assets</u>	Balance at July 1, 2011	Additions	Deletions	Balance at June 30, 2012
Cash and investments	\$ 24,113	1,166,172	815,623	374,662
Special assessments receivable	475,309	601,766	385,314	691,761
<b>Total assets</b>	<b>\$ 499,422</b>	<b>1,767,938</b>	<b>1,200,937</b>	<b>1,066,423</b>
<u>Liabilities</u>				
Accounts payable	(2,333)	978,293	975,960	-
Deposits	254,364	258,542	-	512,906
Notes payable - gas lines	37,024	374,000	102,424	308,600
Notes payable - road improvements	210,367	166,000	131,450	244,917
<b>Total liabilities</b>	<b>\$ 499,422</b>	<b>1,776,835</b>	<b>1,209,834</b>	<b>1,066,423</b>

## MATANUSKA-SUSITNA BOROUGH

## Agency Funds

## Combining Statement of Changes in Assets and Liabilities, continued

<u>Assets</u>	Prison Agency			Balance at June 30, 2012
	Balance at July 1, 2011	Additions	Deletions	
Cash and investments	\$ 24,665,448	23,809,016	47,002,600	1,471,864
Interest receivable	16,548	-	-	16,548
Construction in progress	<u>224,434,844</u>	<u>20,037,108</u>	<u>3,219,664</u>	<u>241,252,288</u>
Total assets	\$ <u>249,116,840</u>	<u>43,846,124</u>	<u>50,222,264</u>	<u>242,740,700</u>
<u>Liabilities</u>				
Accounts payable	6,590,411	16,933,340	23,309,480	214,271
Due to State of Alaska	<u>242,526,429</u>	<u>-</u>	<u>-</u>	<u>242,526,429</u>
Total liabilities	\$ <u>249,116,840</u>	<u>16,933,340</u>	<u>23,309,480</u>	<u>242,740,700</u>
<u>Totals</u>				
<u>Assets</u>	Balance at July 1, 2011	Additions	Deletions	Balance at June 30, 2012
Cash and investments	\$ 24,711,802	28,392,651	51,233,821	1,870,632
Property taxes receivable:				
Real	129,388	63,779	66,943	126,224
Personal	12,089	1,650	2,775	10,964
Special assessments receivable	475,309	601,766	385,314	691,761
Interest receivable	16,548	-	-	16,548
Construction in progress	<u>224,434,844</u>	<u>20,037,108</u>	<u>3,219,664</u>	<u>241,252,288</u>
Total assets	\$ <u>249,779,980</u>	<u>49,096,954</u>	<u>54,908,517</u>	<u>243,968,417</u>
<u>Liabilities</u>				
Accounts payable	6,589,663	17,915,477	24,288,592	216,548
Deposits	254,364	258,542	-	512,906
Taxes collected in advance	156,711	4,230,733	4,245,431	142,013
Intergovernmental	5,422	1,623,728	1,612,146	17,004
Notes payable - gas lines	37,024	374,000	102,424	308,600
Notes payable - road improvements	210,367	166,000	131,450	244,917
Due to State of Alaska	<u>242,526,429</u>	<u>-</u>	<u>-</u>	<u>242,526,429</u>
Total liabilities	\$ <u>249,779,980</u>	<u>24,568,480</u>	<u>30,380,043</u>	<u>243,968,417</u>

**FEDERAL  
AND STATE  
EXPENDITURES**

**MATANUSKA-SUSITNA BOROUGH**  
 Schedule of Expenditures of Federal Awards  
 Year Ended June 30, 2012

<u>Federal grantor/pass-through grantor program title</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Grant Number</u>	<u>Award Amount</u>	<u>Federal Expend- itures</u>
<b>Department of Agriculture</b>				
Passed through State of Alaska Department of Revenue - National Forest Receipts	10.665	N/A	\$ 29,841	<u>29,841</u>
Sullivan Road Forest Health Protection	10.680	09DG11100100202	42,698	<u>13,033</u>
Talkeetna Water & Sewer Utility Improvements	10.760	N/A	47,700	<u>(219)</u>
ARRA - Talkeetna Water & Sewer Utility Improvements	10.781	N/A	714,500	<u>173,178</u>
FY06 Spruce Bark Beetle	10.664	N/A	1,578,000	152,417
FY07 Spruce Bark Beetle	10.664	N/A	1,084,000	(14,497)
FY08 Spruce Bark Beetle	10.664	N/A	492,000	(28,064)
Passed through State of Alaska, Department of Natural Resources:				
FY11 Talkeetna Volunteer Fire Assistance	10.664	N/A	6,224	1,324
FY12 Butte Volunteer Fire Assistance	10.664	N/A	10,000	10,000
FY12 Sutton Volunteer Fire Assistance	10.664	N/A	10,000	10,000
FY12 Talkeetna Volunteer Fire Assistance	10.664	N/A	2,777	2,777
FY12 Willow Volunteer Fire Assistance	10.664	N/A	7,575	1,139
Total CFDA 10.664				<u>135,096</u>
ARRA - Hazardous Fuels Mitigation	10.688	09DG11100489-011	1,436,000	<u>394,626</u>
Total Department of Agriculture				<u>745,555</u>
<b>Department of Commerce</b>				
Solid Waste Recycling & Training Park	11.300	07-01-06318	3,000,000	<u>296</u>
ARRA - Port MacKenzie Barge Dock Expansion	11.307	07-79-73011	3,000,000	<u>409,649</u>
Passed through the Nature Conservancy:				
Fish passage on Little Su-Edgerton & Sunrise	11.463	AKFO-010109-CS	350,000	17,452
LIDAR and Aerial Imagery	11.463	NA07NMF4630136	44,444	<u>44,444</u>
Total Department of Commerce				<u>471,841</u>
<b>Department of Homeland Security</b>				
Passed through State of Alaska, Department of Military and Veterans Affairs:				
Mat Su Valley Flooding-August 2006-FEMA (75% Federal)	97.036	N/A	1,093,035	<u>11,775</u>
FY11 Emergency Management Performance Grant	97.042	35584	54,909	<u>51,175</u>
FY09 Caswell Lakes FSA Assistance to Firefighters	97.044	EMW-2009-FO-06635	40,630	3,711
FY10 Central Mat-Su Assistance to Firefighters	97.044	EMW-2010-FO-05104	36,000	36,000
Fire Service Area Communications Equipment	97.044	EMW-2011-FR-00545	392,600	<u>354,121</u>
Total CFDA 97.044				<u>393,832</u>

**MATANUSKA-SUSITNA BOROUGH**  
Schedule of Expenditures of Federal Awards, continued

<u>Federal grantor/pass-through grantor program title</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Grant Number</u>	<u>Award Amount</u>	<u>Federal Expend- itures</u>
<b>Department of Homeland Security, continued</b>				
Passed through State of Alaska, Department of Military and Veterans Affairs:				
FY10 Citizen Corp Grant Program	97.067	2010-SS-T0-0023	\$ 27,188	5,558
FY11 Citizen Corp Grant Program	97.067	EMW-2011-SS-00053	22,243	9,113
2009 State Homeland Security Program (SHSP)	97.067	2009-SS-T9-0007	367	367
2010 State Homeland Security Program (SHSP)	97.067	2010-SS-T0-0023	174,440	36,758
2011 State Homeland Security Program (SHSP)	97.067	EMW-2011-SS-00053	238,150	188,670
Total CFDA 97.067				<u>240,466</u>
Total Department of Homeland Security				<u>697,248</u>
<b>Department of the Interior</b>				
Payment in Lieu of Taxes	15.226	N/A	3,217,410	<u>3,217,410</u>
Bryant Rd at Anna Lake Fish Passage Improvements	15.631	701819J006	208,500	25,554
Horseshoe Lake Culverts Replacement in RSA 21	15.631	70181AJ014	70,000	33,758
Culvert Replacement Meadow Lakes Area and Settler's Bay Road	15.631	70181BJ016	180,000	81,271
Total CFDA 15.631				<u>140,583</u>
Culvert Replacement Little Su/Big Lk & Hydroseeding	15.608	70181BJ007	235,000	206,962
Caswell Lakes Culvert Replacement for Fish Passage	15.608	70181AJ016	75,000	33,211
Total CFDA 15.608				<u>240,173</u>
Ortho-rectified imagery & LIDAR - MSB's Coastal Mngmt Zone	15.668	M11AF00045	976,176	<u>543,818</u>
High Accuracy LIDAR Evaluation Data	15.808	G10AC00376	345,000	<u>256,927</u>
Passed through State of Alaska, Department of Natural Resources:				
Middle Susitna River Valley: Archaeological Survey and Inventory	15.904	12561	20,000	2,557
Interpretive Signs - Historic Preservation Fund	15.904	11555	20,000	3,720
Natl Register Study: Palmer AG Research St Housing	15.904	10538	9,127	5,201
Knik Museum Pool Hall - Historic Preservation	15.904	10542	25,000	18,597
Total CFDA 15.904				<u>30,075</u>
Total Department of the Interior				<u>4,428,986</u>

**MATANUSKA-SUSITNA BOROUGH**  
Schedule of Expenditures of Federal Awards, continued

<u>Federal grantor/pass-through grantor program title</u>	<u>Catalog of Federal Assistance Number</u>	<u>Grant Number</u>	<u>Award Amount</u>	<u>Federal Expenditures</u>
<b>Department of Transportation</b>				
Port MacKenzie Intermodal Env't./PE	20.500	AK-03-0037	17,723,231	65,193
FY05/06 Ferry Construction	20.500	AK-04-0007	1,717,249	39,623
FY07/08 Ferry Construction	20.500	AK-55-0002	1,845,734	438,540
Hatcher Pass Environmental & PE	20.500	AK-55-0006	4,275,579	903,556
MASCOT - Purchase of Busses	20.500	AK-04-0014	498,850	103,954
Total CFDA 20.500				1,550,866
Passed through State of Alaska Department of Transportation and Public Facilities:				
ARRA - Park & Ride, Bus Stops/Shelters, and Share-A-Ride Vans	20.509	AK-86-X001-00	1,831,000	870,771
Non-urbanized Public Transit - Vans Purchase	20.509	5311-10-452	74,276	74,276
Total CFDA 20.509				945,047
Knik Arm Crossing Project	20.200	N/A	310,910	127,769
Consolidated Permitting Process	20.205	N/A	270,000	90,369
Total Department of Transportation				2,714,051
<b>Environmental Protection Agency</b>				
Water Quality Protection in the Matanuska-Susitna Borough	66.119	WC-00J04901-0	564,041	235,241
Passed through State of Alaska, Department of Environmental Conservation:				
Talkeetna Wastewater Phase II	66.202	XP-96005501-0	475,000	3,900
Talkeetna Wastewater Improvements (75% Federal)	66.202	56105	1,409,700	2,925
Total CFDA 66.202				6,825
Matsu-Borough Wetlands Program	66.461	CD-00J00301-0	117,788	6,663
Talkeetna Sewer and Water AK Clean Water Fund - DEC Loan - (83% Federal)	66.468	561211	87,150	1,704
ARRA - Talkeetna Public Water Systems Improvements- AK Drinking Water Fund - DEC Loan (90% forgiven)	66.468	561211	945,000	18,474
Total CFDA 66.468				20,178
Total Environmental Protection Agency				268,907
Total Federal Expenditures			\$	9,326,588

**Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Matanuska-Susitna Borough and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

## MATANUSKA-SUSITNA BOROUGH, ALASKA

## Schedule of State Financial Assistance

Year Ended June 30, 2012

<u>State grantor/ pass-through grantor program title</u>	<u>Grant Number</u>	<u>Award Amount</u>	<u>State Share of Expenditures</u>
<b>Department of Commerce, Community and Economic Development</b>			
Major Programs:			
Alaska DCCED-Revenue Sharing	N/A	\$ 5,372,533	5,372,533
Bridge Repair / Replacement	09-DC-490	3,700,000	836,572
Port MacKenzie Rail Extension	09-DC-499	17,500,000	2,780,108
Palmer High School Field Turf Project	09-DC-257	500,000	475,000
Rail Ext to Port MacKenzie from the AK RR Main Line	11-DC-291	35,000,000	10,691,152
Sutton Community Library & Resource Center	11-DC-628	1,700,000	1,548,374
School District Network Wiring and Infrastructure Improvement	12-DC-626	6,000,000	1,314,207
School District Wireless Access	12-DC-402	500,000	418,668
Substandard Roads and Bridges Replacement and Repair	12-DC-403	3,000,000	496,034
Port MacKenzie Rail Extension	12-DC-398	30,000,000	2,154,208
Total Major Programs			<u>26,086,856</u>
Nonmajor Programs:			
Southcentral Rail Est-Port MacKenzie to Mainline	08DC-410	10,000,000	299,660
Big Lake Community Council	N/A	20,200	20,200
Fishhook Community Council	N/A	20,200	20,200
Glacier View Community Council	N/A	60,600	60,600
North Lakes Community Council	N/A	40,400	40,400
Talkeetna Community Council	N/A	20,200	20,200
Trapper Creek Community Council	N/A	20,200	20,200
Sutton Community Council	N/A	20,200	20,200
Butte Community Council	N/A	20,200	20,200
Knik- Fairview Community Council	N/A	20,200	20,200
Lake Louise Non-Profit Corporation	N/A	20,200	20,200
Willow Area Community Organization	N/A	20,200	20,200
Meadow Lakes Community Council	N/A	26,900	26,900
Borough Wide Roads Upgrades	07-DC-512	4,000,000	300,178
Trunk Road Ext/Design/RoW Acquisiton	07-DC-371	750,000	60,610
Trapper Creek Elementary Roof Repairs	07-DC-369	40,000	1,700
Chickaloon Community Hall (MEAP)	N/A	20,000	89
Horseshoe Lake Roads Upgrade	11-DC-274	700,000	158,283
Port MacKenzie Expansion	11-DC-290	750,000	15,393
Culvert Replacement	09-DC-231	500,000	67,420
Lazy Mtn RSA 19 Upgrade Roads	09-DC-236	30,000	3,568
Rescue Equipment	09-DC-240	100,000	6,497
Sutton Volunteer Fire	09-DC-242	225,000	13,784
Talkeetna FSA 24 New Equipment & Building Maintenance	09-DC-244	30,000	732
Trapper Creek RSA 30 Upgrade Roads	09-DC-247	30,000	28
Vocational Training Program Supplies	09-DC-248	28,000	1,580
Point MacKenzie Road Upgrade	09-DC-361	15,350,800	5,748
Fairview RSA 14 Roads Upgrade	09-DC-492	30,000	15,057
Parks Highway Connectors	09-DC-498	6,000,000	64,125
Big Lake Elem PTA Playground Equipment	11-DC-262	10,000	7,747
Big Lake Elem Library/Tech Upgrades	11-DC-263	7,500	6,805
Butte Elem Library/Technology Upgrade	11-DC-266	7,500	28
Butte Volunteer Fire Dept Equipment	11-DC-267	30,000	10,887
Caswell Lakes Service Area Roads Upgrade	11-DC-269	50,000	19,255
Fairview Service Area Roads Upgrade	11-DC-271	30,000	1,500
Goose Bay Elem Library/Technology Upgrade	11-DC-272	7,500	48

## MATANUSKA-SUSITNA BOROUGH, ALASKA

## Schedule of State Financial Assistance, continued

<u>State grantor/ pass-through grantor program title</u>	<u>Grant Number</u>	<u>Award Amount</u>	<u>State Share of Expenditures</u>
<b>Department of Commerce, Community and Economic Development, continued</b>			
Nonmajor Programs, continued:			
Greater Butte Service Area Roads Upgrade	11-DC-273	\$ 30,000	278
Houston High School Football Field Lights	11-DC-275	100,000	21,458
Houston High Library/Technology Upgrade	11-DC-276	7,500	477
Houston Middle School Library / Technology Upgrades	11-DC-277	7,500	2
Knik Elem Gymnasium Curtain	11-DC-278	17,500	16,625
Knik River Road Milepost 0 to 11.2 Reconstruction	11-DC-280	2,100,000	94,945
Knik Road Service Area Upgrade	11-DC-281	50,000	43,918
Lazy Mountain Service Area Roads Upgrade	11-DC-282	30,000	10,830
Meadow Lks Elem Lib/Tech Upgrds	11-DC-283	7,500	816
Meadow Lakes Service Area Roads Upgrade	11-DC-284	50,000	29,225
Mid-Valley High School Library/Technology Upgrade	11-DC-285	7,500	7,125
North Nancy Lake Peninsula Road Rehabilitation	11-DC-288	850,000	84,275
Parks Highway Connectors	11-DC-289	2,000,000	107
Road Service Area 31 Maintenance & Upgrades	11-DC-292	100,000	44,100
School District Library / Technology Upgrades	11-DC-293	110,000	4,487
School District Road Grader	11-DC-294	290,000	275,500
Snowshoe Elem Library / Technology Upgrade	11-DC-295	7,500	349
Su Valley School Library / Technology Upgrades	11-DC-296	7,500	7,078
Talkeetna Service Area Roads Upgrades	11-DC-298	50,000	9,000
Trapper Creek Elem Library / Technology Upgrade	11-DC-299	7,500	1,000
Trapper Creek Elementary Roof Replacement	11-DC-300	100,000	13,411
Trapper Creek Service Area Roads Upgrade	11-DC-301	50,000	29,700
Wasilla-Iditarod Elem Playground & Equipment	11-DC-302	30,000	23,288
Willow Elem Library / Technology Upgrades	11-DC-305	7,500	6,269
Willow Service Area Roads Upgrade	11-DC-307	50,000	47,450
Big Lake Service Area Roads Upgrade	12-DM-112	30,000	1,500
Birchtree Elementary School Library	12-DM-113	30,000	13,802
Butte Volunteer Fire Department Equipment	12-DM-114	50,000	50,000
Caswell Lakes Fire Service Area Equipment	12-DM-115	20,000	1,000
Caswell Lakes Service Area Roads Upgrade	12-DM-116	30,000	1,500
Fairview Service Area Roads Upgrade	12-DM-117	30,000	30,000
Greater Butte Service Area Roads Upgrade	12-DM-118	30,000	1,500
Knik Service Roads Upgrade	12-DM-119	30,000	6,652
Lazy Mountain Service Area Roads Upgrade	12-DM-120	30,000	25,721
Lions Court - Big Lake RSA	12-DM-121	26,250	1,313
Meadow Lakes Service Area Roads Upgrade	12-DM-122	30,000	1,500
Talkeetna Fire Service Area Equipment	12-DM-123	20,000	1,000
Talkeetna Service Area Roads Upgrade	12-DM-124	30,000	1,500
Trapper Creek Service Area Roads Upgrade	12-DM-125	30,000	1,500
Wasilla Firefighting Equipment	12-DM-126	20,000	20,000
West Lakes Firefighting Equipment	12-DM-127	20,000	20,000
Willow Fire Service Area Equipment	12-DM-128	20,000	20,000
Academy Charter School Classroom Expansion	12-DC-392	1,500,000	201,909
Big Lake Community Impact Assessment	12-DC-393	250,000	12,789
Bodenburg Creek Bridge Replacements and Repairs	12-DC-394	1,000,000	50,000
Palmer High School Artificial Turf	12-DC-396	800,000	169,444
Point MacKenzie Shoal Study Cost Share	12-DC-397	500,000	25,000
School District Library & Technology Upgrade	12-DC-399	120,000	90,273
School District Storage Building	12-DC-400	75,000	3,750
School District Technology Upgrade	12-DC-401	100,000	26,605



## MATANUSKA-SUSITNA BOROUGH, ALASKA

## Schedule of State Financial Assistance, continued

<u>State grantor/ pass-through grantor program title</u>	<u>Grant Number</u>	<u>Award Amount</u>	<u>State Share of Expend- itures</u>
<b>Department of Commerce, Community and Economic Development, continued</b>			
Willow Road Service Area Upgrade	12-DC-404	\$ 220,000	15,090
Parks Hwy Frontage Rd & Intersection Impr Trunk Road	12-RR-015	2,000,000	100,000
Port MacKenzie Port Dev and Assoc Rail Line Improvement	12-RR-012	1,568,478	78,423
Construction of Hatcher Pass Ski Area	12-RR-013	56,523	<u>56,523</u>
Total Nonmajor Programs			<u>3,170,429</u>
Total Department of Commerce, Community and Economic Development			<u>29,257,285</u>
<b>Department of Education and Early Development</b>			
Major Program-			
FY12 Debt Retirement Program	N/A	14,105,641	<u>14,105,641</u>
Nonmajor Programs:			
Continuing Education FY12	N/A	8,000	6,993
Big Lake Library	N/A	6,500	6,500
Sutton Library	N/A	6,500	6,500
Talkeetna Library	N/A	6,500	6,500
Trapper Creek Library	N/A	6,500	6,500
Willow Library	N/A	6,500	6,500
Total Nonmajor Programs			<u>39,493</u>
Total Department of Education and Early Development			<u>14,145,134</u>
<b>Department of Environmental Conservation</b>			
Nonmajor Programs:			
Talkeetna Wastewater Improvements (25% State)	56105	469,900	975
Central Landfill Expansion, Phase IIIB	56107	1,103,500	<u>173,130</u>
Total Department of Environmental Conservation			<u>174,105</u>
<b>Department of Health and Social Services</b>			
Major Program - Human Services Community Matching Grant FY12	605-12-013	313,509	<u>313,509</u>
<b>Department of Natural Resources</b>			
Nonmajor Program- MSB Snowmobile Trail Marking	10791061	6,275	<u>3,225</u>
<b>Department of Revenue</b>			
Major Program - FY12 Electric & Telephone Shared Revenue	N/A	739,228	<u>739,228</u>
Nonmajor Program - FY12 Fisheries Bus Share Tax	N/A	110	<u>110</u>
Total Department of Revenue			<u>739,338</u>
<b>Department of Military and Veterans Affairs</b>			
Nonmajor Programs:			
FY12 Local Emergency Planning Committee	12LEPC-AR35602	18,440	18,440
Mat Su Valley Flooding - August 2006 - FEMA (25%)	N/A	400,632	<u>3,925</u>
Total Department of Military and Veterans Affairs			<u>22,365</u>

MATANUSKA-SUSITNA BOROUGH, ALASKA

Schedule of State Financial Assistance, continued

<u>State grantor/ pass-through grantor program title</u>	<u>Grant Number</u>	<u>Award Amount</u>	<u>State Share of Expenditures</u>
<b>Department of Transportation and Public Facilities</b>			
Major Programs:			
FY06 Hiway Projects(DOT)Bogard Road Ext	AKSAS59213	\$ 12,950,000	1,550,066
2004 Series C Port Bond	N/A	2,259,579	<u>754,613</u>
Total Department of Transportation and Public Facilities			<u>2,304,679</u>
<b>Department of Administration</b>			
Major Program - PERS Relief	N/A	2,067,110	<u>2,067,110</u>
<b>Department of Fish and Game:</b>			
Nonmajor Program - Hidden Hills Fish Passage Project	COOP-12-053	119,100	<u>119,100</u>
Total State Expenditures		\$	<u>49,145,850</u>

Basis of Presentation

The accompanying schedule of state financial assistance includes the state grant activity of Matanuska-Susitna Borough and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*.

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**STATISTICAL  
SECTION**

**MATANUSKA-SUSITNA BOROUGH**  
**Statistical Section Contents**

	<u>Schedule(s)</u>	<u>Page(s)</u>
<b><u>Financial Trends</u></b>		
These schedules contain trend information to help the reader understand how the Borough's financial performance and well-being have changed over time.	1-5	156-161
<b><u>Revenue Capacity</u></b>		
These schedules contain information to help the reader assess the factors affecting the Borough's ability to generate it's property taxes.	6-9	162-166
<b><u>Debt Capacity</u></b>		
These schedules present information to help the reader assess the affordability of the Borough's current levels of outstanding debt and the Borough's ability to issue additional debt in the future.	10-13	167-170
<b><u>Demographic and Economic Information</u></b>		
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Borough's financial activities take place and to help make comparison over time and with other governments.	14-15	171-172
<b><u>Operating Information</u></b>		
These schedules contain information about the Borough's operations and resources to help the reader understand how the Borough's financial information related to the services the Borough provides and the activities it performs.	16-18	173-175

**MATANUSKA-SUSITNA BOROUGH**  
**Net Assets by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	2003	2004	2005	2006	2007	2008	2009	2010	2011*	2012*
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	\$ 293,916,744	\$ 299,157,171	\$ 236,091,095	\$ 262,550,711	\$ 269,318,342	\$ 294,404,626	\$ 358,980,408	\$ 389,804,017	\$ 382,358,825	\$ 457,114,641
Restricted	39,791,341	28,975,508	81,078,578	65,852,589	80,870,750	75,227,801	74,897,428	76,147,545	1,087,682	1,085,976
Unrestricted (deficit)	23,151,054	30,946,988	29,474,971	34,446,371	44,144,618	55,324,817	51,392,992	55,367,352	189,689,534	154,048,260
<b>Total governmental activities net assets</b>	<b>\$ 356,859,139</b>	<b>\$ 359,079,667</b>	<b>\$ 346,644,644</b>	<b>\$ 362,849,671</b>	<b>\$ 394,333,710</b>	<b>\$ 424,957,244</b>	<b>\$ 485,270,828</b>	<b>\$ 521,318,914</b>	<b>\$ 573,136,041</b>	<b>\$ 612,248,877</b>
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ 22,834,410	\$ 27,898,987	\$ 32,107,110	\$ 32,968,152	\$ 32,734,626	\$ 36,507,656	\$ 41,544,009	\$ 42,661,168
Restricted	-	-	(437,504)	(609,608)	(2,560,708)	(2,790,599)	(2,043,598)	(4,500,251)	(8,145,505)	(9,410,516)
Unrestricted (deficit)	-	-	-	-	-	-	-	-	-	-
<b>Total business-type activities net assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 22,396,906</b>	<b>\$ 27,289,379</b>	<b>\$ 29,546,402</b>	<b>\$ 30,177,553</b>	<b>\$ 30,691,028</b>	<b>\$ 32,007,405</b>	<b>\$ 33,398,504</b>	<b>\$ 33,250,652</b>
<b>Primary government</b>										
Invested in capital assets, net of related debt	\$ 293,916,744	\$ 299,157,171	\$ 258,925,505	\$ 290,449,698	\$ 301,425,452	\$ 327,372,778	\$ 391,715,034	\$ 426,311,673	\$ 423,902,834	\$ 499,775,809
Restricted	39,791,341	28,975,508	81,078,578	65,852,589	80,870,750	75,227,801	74,897,428	76,147,545	1,087,682	1,085,976
Unrestricted (deficit)	23,151,054	30,946,988	29,037,467	33,836,763	41,583,910	52,534,218	49,349,394	50,867,101	181,544,029	144,637,744
<b>Total primary government net assets</b>	<b>\$ 356,859,139</b>	<b>\$ 359,079,667</b>	<b>\$ 369,041,550</b>	<b>\$ 390,139,050</b>	<b>\$ 423,880,112</b>	<b>\$ 455,134,797</b>	<b>\$ 515,961,856</b>	<b>\$ 553,326,319</b>	<b>\$ 606,534,545</b>	<b>\$ 645,499,529</b>

Notes: The Matanuska-Susitna Borough began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003. Also, the enterprise funds were not established until fiscal year 2005, therefore, separate data for business-type activities is unavailable for the preceding fiscal years. \*Prior year amounts have not been restated for the implementation of Statement 54.

**MATANUSKA-SUSITNA BOROUGH**  
**Changes in Net Assets**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Expenses</b>										
Governmental activities:										
General government	\$ 9,261,513	10,819,497	11,779,762	13,389,722	15,504,663	17,783,066	18,417,947	21,609,559	18,348,693	19,309,310
Public works	1,778,545	2,009,327	2,316,391	2,760,432	2,917,021	3,250,207	3,971,267	3,888,031	3,600,452	4,115,712
Emergency services	6,683,734	8,695,441	11,262,226	13,113,451	14,834,393	16,595,807	15,760,106	17,038,974	18,214,176	19,608,706
Public services	19,922,995	19,702,728	16,312,233	16,955,767	18,553,900	23,159,984	22,448,088	21,204,922	21,086,908	24,115,247
Education	37,621,944	37,717,398	40,098,352	43,807,106	48,947,042	47,407,612	50,384,218	50,612,473	55,239,633	58,291,435
Interest	5,833,400	5,777,494	6,014,417	7,468,444	7,240,535	7,991,327	7,868,206	8,223,394	8,464,045	9,199,614
Total governmental activities expenses	81,102,131	84,721,885	87,783,381	97,494,922	107,997,554	116,188,003	118,849,832	122,577,353	124,953,907	134,640,024
Business-type activities:										
Solid waste	-	-	2,730,217	3,032,263	3,587,683	4,041,099	4,514,113	4,879,075	4,674,968	4,826,419
Port	-	-	1,553,345	1,887,155	1,822,002	1,619,559	1,605,330	1,854,603	1,698,154	1,833,823
Total business-type activities expenses	-	-	4,283,562	4,919,418	5,409,685	5,660,658	6,119,443	6,733,678	6,373,122	6,660,242
Total primary government expenses	\$ 81,102,131	84,721,885	92,066,943	102,414,340	113,407,239	121,848,661	124,969,275	129,311,031	131,327,029	141,300,266
<b>Program Revenues (see Schedule 3)</b>										
Governmental activities:										
Fees, fines, and charges for services:										
General government	\$ 457,373	525,185	764,841	1,052,274	987,210	412,218	640,864	384,406	602,252	424,821
Public works	113,226	109,908	159,313	164,023	130,466	337,856	111,002	69,291	62,032	60,634
Emergency services	1,915,689	2,227,098	2,475,061	2,921,942	3,228,619	2,768,108	3,525,227	3,383,052	3,688,584	3,642,523
Education	5,989,989	5,660,104	3,047,460	2,323,962	1,841,137	2,393,456	2,324,651	1,233,744	1,822,252	1,499,207
Interest	-	-	-	-	25,412	-	-	-	-	-
Operating grants and contributions	496,138	246,631	33,696	148,260	31,685	31,750	32,139	32,044	12,312,812	16,098,041
Capital grants and other contributions	6,282,741	8,169,306	4,347,926	5,186,795	12,980,511	18,175,331	30,456,461	17,717,288	32,873,329	31,327,802
Total governmental activities program revenues	15,255,156	16,938,232	10,828,297	11,797,256	19,225,040	24,118,719	37,090,344	22,819,825	51,361,261	53,053,028
Business-type activities:										
Fees, fines, and charges for services:										
Solid waste	-	-	3,078,940	3,422,346	3,456,467	3,595,172	3,319,903	3,398,656	3,510,305	4,268,602
Port	-	-	106,439	157,141	1,205	51,151	640,144	52,368	51,333	24,505
Operating grants and contributions	-	-	-	754,203	753,788	751,588	754,870	755,120	752,450	754,613
Capital grants and other contributions	-	-	3,319,456	5,114,836	4,129,148	574,338	979,938	2,910,702	4,797,253	1,245,246
Total business-type activities program revenues	-	-	6,504,835	9,448,526	8,340,608	4,972,249	5,694,855	7,116,846	9,111,341	6,292,966
Total primary government program revenues	\$ 15,255,156	16,938,232	17,333,132	21,245,782	27,565,648	29,090,968	42,785,199	29,936,671	60,472,602	59,345,994
<b>Net (Expenses)/Revenue</b>										
Governmental activities	\$ (65,846,975)	(67,783,653)	(76,955,084)	(85,697,666)	(88,772,514)	(92,069,284)	(81,759,488)	(99,757,528)	(73,592,646)	(81,586,996)
Business-type activities	-	-	2,221,273	4,529,108	2,930,923	(688,409)	(424,588)	383,168	2,738,219	(367,276)
Total primary government net expense	\$ (65,846,975)	(67,783,653)	(74,733,811)	(81,168,558)	(85,841,591)	(92,757,693)	(82,184,076)	(99,374,360)	(70,854,427)	(81,954,272)

MATANUSKA-SUSITNA BOROUGH  
Changes in Net Assets  
Last Ten Fiscal Years  
(accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 52,528,048	55,642,843	66,546,736	78,672,925	86,298,274	92,538,831	100,265,473	104,151,614	107,145,689	104,693,752
Excise taxes	-	-	-	4,527,071	4,845,770	4,528,494	4,688,563	4,901,735	4,927,058	4,871,649
Transient accommodation taxes	684,615	767,579	829,545	915,457	994,443	1,038,308	1,037,673	1,285,834	957,362	1,084,282
Grants and entitlements not restricted to a specific purpose	10,433,815	10,018,848	10,532,145	12,129,576	18,165,087	18,018,590	20,979,431	19,974,453	11,269,679	9,413,627
Investment income	2,032,284	937,431	2,636,700	5,465,983	8,812,643	7,323,727	3,269,398	877,430	619,682	443,957
Other	133,400	1,119,452	90,478	425,478	277,602	419,868	509,602	504,237	426,584	292,565
Extraordinary items	-	-	-	-	-	-	10,000,000	4,979,518	-	-
Transfers	-	-	(136,203)	(233,797)	259,878	(1,175,000)	(659,930)	(869,207)	63,719	(100,000)
Special items	-	-	-	-	-	-	1,982,862	-	-	-
Total governmental activities	65,812,162	68,486,153	80,499,401	101,902,693	119,653,697	122,692,818	142,073,072	135,805,614	125,409,773	120,699,832
Business-type activities:										
Grants and entitlements not restricted to a specific purpose										
Investment income	-	-	84,403	27,350	36,715	54,532	124,116	56,006	84,909	111,833
Other	-	-	2,655	102,218	126,891	90,018	37,555	7,996	6,018	3,576
Extraordinary items	-	-	-	-	219	10	-	-	672	4,015
Transfers	-	-	136,203	233,797	(259,878)	1,175,000	659,930	869,207	(63,719)	100,000
Special items	-	-	-	-	-	-	116,462	-	-	-
Total business-type activities	-	-	223,261	363,365	(96,053)	1,319,560	938,063	933,209	(1,347,120)	219,424
Total primary government	\$ 65,812,162	68,486,153	80,722,662	102,266,058	119,557,644	124,012,378	143,011,135	136,738,823	124,062,653	120,919,256
<b>Change in Net Assets</b>										
Governmental activities	\$ (34,813)	702,500	3,544,317	16,205,027	30,881,183	30,623,534	60,313,584	36,048,086	51,817,127	39,112,836
Business-type activities	-	-	2,444,534	4,892,473	2,834,870	631,151	513,475	1,316,377	1,391,099	(147,852)
Total primary government	\$ (34,813)	702,500	5,988,851	21,097,500	33,716,053	31,254,685	60,827,059	37,364,463	53,208,226	38,964,984

Notes: The Matanuska-Susitna Borough began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003. Also, the enterprise funds were not established until fiscal year 2005, therefore, separate data for business-type activities is unavailable for the preceding fiscal years.



**MATANUSKA-SUSITNA BOROUGH**  
**Program Revenues by Function/Program**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Function/Program</b>										
<b>Governmental activities:</b>										
General government	\$ 467,981	567,703	790,160	1,169,534	2,043,471	793,235	1,795,781	459,992	989,981	1,427,941
Public works	113,226	109,908	159,313	164,023	261,264	671,629	1,597,735	1,207,832	1,672,553	7,871,216
Emergency services	2,181,457	3,730,798	3,828,311	3,936,565	6,590,556	7,701,696	5,279,540	4,984,630	6,367,187	5,359,587
Public services	12,474,823	12,527,930	6,043,568	4,858,220	7,420,764	12,268,078	27,833,504	15,758,097	25,187,846	21,172,198
Education	17,669	1,893	6,945	1,668,914	2,883,573	2,684,081	583,784	409,274	17,143,694	17,222,086
Interest	-	-	-	-	25,412	-	-	-	-	-
Subtotal governmental activities	15,255,156	16,938,232	10,828,297	11,797,256	19,225,040	24,118,719	37,090,344	22,819,825	51,361,261	53,053,028
<b>Business-type activities:</b>										
Solid waste	-	-	3,236,939	3,553,257	4,225,749	3,602,790	3,319,903	4,925,464	4,721,503	4,442,028
Port	-	-	3,267,896	5,895,269	4,114,859	1,369,459	2,374,952	2,191,382	4,389,838	1,850,938
Subtotal business-type activities	-	-	6,504,835	9,448,526	8,340,608	4,972,249	5,694,855	7,116,846	9,111,341	6,292,966
Total primary government	\$ 15,255,156	16,938,232	17,333,132	21,245,782	27,565,648	29,090,968	42,785,199	29,936,671	60,472,602	59,345,994

**Notes:** The Matanuska-Susitna Borough began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003. Also, the enterprise funds were not established until fiscal year 2005, therefore, separate data for business-type activities is unavailable for the preceding fiscal years.

MATANUSKA-SUSITNA BOROUGH  
Fund Balances, Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011*	2012*
General Fund										
Reserved	\$ 84,323	\$ 92,455	\$ 179,377	\$ 235,766	\$ 162,825	\$ 214,933	\$ 334,433	\$ 370,359		
Unreserved	19,527,521	16,064,478	15,904,590	21,748,415	33,471,213	40,458,320	50,404,066	56,569,091		
Nonspendable									\$ 609,888	\$ 754,433
Restricted										
Committed									35,963,397	30,555,043
Assigned									13,255,252	10,445,811
Unassigned									15,135,905	12,277,156
Total general fund	\$ 19,611,844	\$ 16,156,933	\$ 16,083,967	\$ 21,984,181	\$ 33,634,038	\$ 40,673,253	\$ 50,738,499	\$ 56,939,450	\$ 64,964,442	\$ 54,032,443
All Other Governmental Funds										
Reserved	\$ 12,419,634	\$ 18,588,254	\$ 19,726,398	\$ 32,488,785	\$ 24,623,604	\$ 41,031,714	\$ 22,074,484	\$ 15,664,470		
Unreserved, reported in:										
Special revenue funds	9,460,302	9,580,678	9,435,015	10,978,373	12,138,347	12,339,189	16,283,563	19,986,155		
Debt service funds	2,246,343	1,976,576	426,127	290,710	322,351	373,413	881,904	340,155		
Capital projects funds	19,655,582	42,239,722	54,882,917	26,546,047	44,522,895	24,141,484	38,267,452	40,156,765		
Nonspendable									\$ 417,866	\$ 316,604
Restricted									1,087,550	131,923,349
Committed									6,881,400	6,689,183
Assigned									100,523,387	75,850,146
Unassigned (deficit)									(182,245)	(227,590)
Total all other governmental funds	\$ 43,781,861	\$ 72,385,230	\$ 84,470,457	\$ 70,303,915	\$ 81,607,197	\$ 77,885,800	\$ 77,507,403	\$ 76,147,545	\$ 108,727,958	\$ 214,551,692

Note: \*Prior year amounts have not been restated for the implementation of Statement 54.

**MATANUSKA-SUSITNA BOROUGH**  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues</b>										
Taxes										
Property	\$ 51,997,129	56,129,509	66,197,370	79,534,151	83,932,620	91,308,732	99,905,339	105,234,713	107,616,264	103,712,415
Transient accommodations	684,615	767,579	829,545	915,457	994,443	1,038,308	1,037,673	1,285,834	957,362	1,084,282
Excise				4,527,071	4,845,770	4,528,494	4,688,563	4,901,735	4,723,063	5,075,644
Intergovernmental	17,212,694	18,434,785	14,890,894	17,464,631	31,062,486	34,195,182	50,554,373	37,670,530	56,442,470	56,583,156
Charges for services	5,810,563	8,592,013	6,386,902	6,614,210	6,367,223	5,926,147	6,270,066	5,660,812	5,898,919	5,411,508
Investment income	1,776,393	746,593	2,420,819	5,174,554	8,429,002	6,953,114	3,086,763	773,087	542,742	389,963
Interest on land sales	190,329	148,139	142,753	132,349	117,029	96,192	81,397	79,502	59,575	42,442
Other revenues	2,661,110	1,189,809	365,075	425,478	421,751	2,458,760	1,660,498	562,521	457,206	548,879
Total revenues	80,332,833	86,008,427	91,233,358	114,787,901	136,170,324	146,504,929	167,284,672	156,168,734	176,697,601	172,848,289
<b>Expenses</b>										
General government										
Public works*	8,732,610	10,926,703	11,666,781	12,930,989	15,268,807	17,496,266	18,885,357	21,300,784	19,646,372	19,853,424
Emergency services	1,916,150	2,018,205	2,245,812	2,567,832	2,799,373	3,193,543	3,856,964	3,891,504	3,626,363	4,177,386
Public services	5,563,132	7,862,746	10,323,145	11,912,887	13,535,264	15,164,406	14,223,772	15,474,541	16,533,229	18,147,836
Education	9,640,320	15,530,080	12,857,123	13,307,713	15,390,465	20,360,389	19,914,633	18,332,933	18,551,909	21,755,463
Debt service	30,412,815	33,036,064	34,754,381	38,366,900	40,580,815	42,150,523	44,918,971	44,451,135	48,601,849	51,177,721
Interest	6,068,058	6,071,791	7,159,662	7,117,600	7,253,073	8,733,002	8,283,862	8,043,372	8,261,914	9,742,827
Principal	5,075,113	5,205,000	6,390,000	7,500,000	7,890,000	9,015,000	10,325,000	10,800,000	11,915,000	13,560,000
Capital outlay	36,078,395	12,438,341	11,844,890	29,132,405	52,160,157	31,737,382	66,452,509	33,947,380	43,987,644	40,718,502
Total expenditures	103,486,593	93,088,930	97,241,794	122,836,326	154,877,954	147,850,511	186,861,068	156,241,649	171,124,280	179,133,159
Excess of revenues over (under) expenditures	(23,153,760)	(7,080,503)	(6,008,436)	(8,048,425)	(18,707,630)	(1,345,582)	(19,576,396)	(72,915)	5,573,321	(6,284,870)
<b>Other Financing Sources (Uses)</b>										
Proceeds from disposal of capital assets	9,086	-	10,039	5,374	5,558	6,061	13,944	-	12,921	10,756
Transfers in	18,822,550	19,602,662	22,651,335	28,955,746	34,766,734	35,915,180	34,455,025	35,943,357	40,209,920	51,837,142
Transfers out	(18,800,415)	(19,590,842)	(22,776,949)	(29,179,023)	(34,475,707)	(37,058,626)	(35,095,150)	(36,008,867)	(40,045,435)	(51,936,582)
Bond issuance	-	32,010,000	71,670,000	-	75,415,000	5,750,000	19,030,000	-	33,785,000	100,480,000
Premium on bond issuance	-	710,274	4,248,846	-	3,893,629	50,785	859,426	-	1,069,678	10,691,728
Payment to refunded debt escrow agent	-	-	(47,185,353)	-	(38,547,301)	-	-	-	-	(9,906,439)
Total other financing sources (uses)	31,221	32,732,094	28,617,918	(217,903)	41,057,913	4,663,400	19,263,245	(65,510)	35,032,084	101,176,605
Extraordinary items	-	-	-	-	-	-	10,000,000	4,979,518	-	-
Net change in fund balances	\$ (23,122,539)	25,651,591	22,609,482	(8,266,328)	22,350,283	3,317,818	9,686,849	4,841,093	40,605,405	94,891,735
Debt service as a percentage of noncapital expenditures	16.5%	14.0%	15.9%	15.6%	14.7%	15.3%	15.5%	15.4%	15.9%	16.8%

Note: \*Prior to the implementation of GASB Statement 34 in fiscal year 2003, public works expenditures were combined with public services expenditures for reporting purposes.

**MATANUSKA-SUSITNA BOROUGH**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

Fiscal Year	(1)		(1)		(1)		(1)		(2)		Total Taxable Assessed Value as a Percentage of Total Estimated Actual Value
	Real Property	Personal Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Direct Tax Rate	Total Tax	Estimated Actual Value	Total Taxable Assessed Value	Estimated Actual Value	Actual Value	
2003	\$ 3,874,888,900	\$ 33,573,764	\$ 325,814,900	\$ 3,582,647,764	11.702	\$ 3,722,613,180					96.24
2004	4,251,962,200	35,217,516	336,780,900	3,950,398,816	11.483	4,115,271,770					95.99
2005	4,868,060,700	36,492,524	345,987,800	4,558,565,424	11.80	4,842,404,800					94.14
2006	6,736,865,300	53,688,025	1,115,573,100	5,674,980,225	10.88	6,049,408,756					93.81
2007	8,046,203,700	59,026,332	1,176,565,700	6,928,664,332	9.644	7,507,998,500					92.28
2008	8,827,752,800	61,494,174	1,231,388,492	7,657,858,482	9.644	8,580,916,190					89.24
2009	9,160,682,041	66,413,079	1,269,573,453	7,957,521,667	10.326	8,697,868,950					91.49
2010	9,289,426,297	70,605,851	1,288,187,547	8,071,844,601	9.980	8,929,096,710					90.40
2011	9,538,236,712	70,594,984	1,399,139,093	8,209,692,603	9.956	9,103,817,690					90.18
2012	9,844,733,062	71,482,452	1,532,187,448	8,384,028,066	10.051	9,063,680,270					92.50

**Sources:**

- (1) Matanuska-Susitna Borough Finance Department, Division of Assessments.
- (2) Applicable year's "Alaska Taxable, Municipal Taxation - Rates and Policies, Full Value Determination, Population and G.O. Bonded Debt" provided annually by the State of Alaska, Department of Commerce, Community, and Economic Development, Office of the State Assessor.

**Note:** Property in the Matanuska-Susitna Borough is reassessed annually at the property's true and full value as of January 1 of the tax year per MSB Code 3.15.060 (A). Tax rates are per \$1,000 of assessed value.

**MATANUSKA-SUSITNA BOROUGH**  
**Direct and Overlapping Property Tax Rates,**  
**Last Ten Fiscal Years**  
*(mill levy rate per \$1,000 of assessed value)*

Fiscal Year	Borough Direct Rate Areawide Borough	Overlapping Rates							
		Non- areawide Borough	City of Palmer	City of Wasilla	City of Houston	2	4	7	8
2003	11.702	0.443	3.00	0.50	3.00	2.40	3.00	1.00	6.60
2004	11.483	0.428	3.00	0.50	3.00	2.40	3.00	1.00	7.80
2005	11.800	0.380	3.00	0.40	3.00	2.40	3.00	1.00	8.50
2006	10.880	0.380	3.00	0.30	3.00	2.40	3.00	1.00	8.50
2007	9.644	0.351	3.00	-	3.00	2.18	2.98	0.96	8.34
2008	9.644	0.370	3.00	-	3.00	2.35	3.05	1.02	8.48
2009	10.326	0.383	3.00	-	3.00	2.51	3.18	1.08	8.51
2010	9.980	0.429	3.00	-	3.00	2.77	3.55	1.21	8.51
2011	9.956	0.394	3.00	-	3.00	2.94	3.71	1.32	8.51
2012	10.051	0.425	3.00	-	3.00	2.94	3.96	1.32	8.22

Fiscal Year	Overlapping Rates								
	9	14	15	16	17	19	20	21	23
2003	1.75	1.50	3.74	2.00	2.00	1.53	2.72	2.65	5.19
2004	1.75	1.50	3.80	1.50	2.00	1.53	2.72	2.65	3.50
2005	1.75	1.50	3.80	1.50	2.75	2.00	2.72	2.65	3.50
2006	1.75	1.50	3.80	1.50	2.75	2.00	2.72	2.65	3.50
2007	1.76	1.39	3.49	1.40	2.48	1.89	2.53	2.32	3.18
2008	1.82	1.44	3.83	1.47	2.54	2.08	2.66	2.41	3.36
2009	1.97	1.51	4.13	1.60	2.75	2.23	2.83	2.57	3.48
2010	2.18	1.51	4.11	1.78	2.75	2.46	3.17	2.57	3.82
2011	2.41	1.66	4.11	1.50	2.75	2.62	3.39	2.57	4.01
2012	2.58	1.66	4.11	1.50	2.75	2.51	3.62	2.57	4.29

**Source:** Matanuska-Susitna Borough Finance Department, Division of Assessments.

**Notes:** The Borough Direct Rate represents a single component which is the Areawide Mill Levy Rate. Also, Fire Service Areas (FSA), Road Service Areas (RSA), and Service Areas (SA) are identified by service area numbers.

\*In Fiscal Year 2010, FSA #33 and FSA #34 were combined to create FSA # 136.

**MATANUSKA-SUSITNA BOROUGH**  
**Direct and Overlapping Property Tax Rates,**  
**Last Ten Fiscal Years**  
*(mill levy rate per \$1,000 of assessed value)*

Fiscal Year	Overlapping Rates							
	24	25	26	27	28	29	30	31
2003	1.70	1.50	1.75	3.00	2.00	2.67	3.40	2.25
2004	1.70	1.25	1.75	3.00	2.00	2.67	3.40	2.25
2005	1.70	1.25	2.25	3.00	2.00	2.67	3.40	2.75
2006	1.70	1.25	2.50	3.00	2.00	2.67	3.40	2.75
2007	1.41	1.20	2.27	2.70	1.85	2.22	3.17	2.74
2008	1.51	1.25	2.43	2.76	1.89	2.38	3.28	2.86
2009	1.60	1.33	2.59	2.93	2.01	2.53	3.53	3.12
2010	1.73	1.46	2.86	3.24	2.25	2.73	3.74	3.35
2011	1.84	1.53	3.04	3.24	2.00	2.73	3.74	3.35
2012	1.84	1.61	3.23	3.24	2.00	2.73	3.97	3.68

Fiscal Year	Overlapping Rates								
	33*	34*	35	69	130	131	132	135	136*
2003	1.50	1.50	0.84	5.00	1.00	-	0.70	-	3.00
2004	1.50	1.50	1.00	5.00	1.00	-	0.70	-	3.00
2005	2.00	1.50	1.00	5.00	1.50	-	0.70	-	3.50
2006	2.00	1.50	1.00	5.00	1.50	3.00	0.70	-	3.50
2007	1.76	1.37	0.93	4.57	1.42	2.89	0.65	-	3.13
2008	1.82	1.40	0.96	5.26	1.46	3.06	0.68	-	3.22
2009	1.94	1.49	1.02	5.79	1.56	3.07	0.73	-	3.43
2010	-	-	1.14	6.61	1.72	3.51	0.80	3.00	1.49
2011	-	-	1.21	7.33	1.83	3.47	0.84	3.00	1.56
2012	-	-	1.29	8.21	1.92	3.68	0.88	3.00	1.56

**MATANUSKA-SUSITNA BOROUGH**  
**Principal Property Tax Payers,**  
**Current Year and Nine Years Ago**

Taxpayer	2012			2003		
	Taxable Assessed Valuation	Rank	Percentage of Borough's Taxable Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Borough's Taxable Assessed Valuation
Mat-Su Valley Medical Center	\$ 101,270,500	1	1.19 %	\$ -		0.00 %
Enstar Natural Gas	42,266,800	2	0.50	33,946,900	1	0.86
Alaska Hotel Properties, Inc.	40,972,100	3	0.48	17,046,500	4	0.43
Fred Meyer Stores, Inc.	39,725,355	4	0.47	22,088,372	3	0.56
Cook Inlet Region, Inc./CIRI Land Development Co.	34,793,894	5	0.41	8,682,800	8	0.22
Wal-Mart Stores, Inc.	28,967,327	6	0.34	15,422,372	5	0.39
Global Finance & Investments S.A./Gary Lundgren	25,792,600	7	0.30			0.00
DBC, LLC/Target	22,553,922	8	0.26			0.00
GCI/GCI Cable/Alaska Digital	20,469,700	9	0.24	-		0.00
Alaska Pipeline Co.	20,164,300	10	0.24	30,279,800	2	0.77
Wasilla LLC	-		-	13,851,500	6	0.35
Alaska Fiber Star LLC	-		-	7,141,800	9	0.18
Cottonwood Creek Mall LLC	-		-	11,560,700	7	0.29
Bolshio Misha, Inc.	-		-	6,219,800	10	0.16
<b>Total</b>	<b>\$ 376,976,498</b>		<b>4.42 %</b>	<b>\$ 166,240,544</b>		<b>4.21 %</b>

Source: Matanuska-Susitna Borough Finance Department, Division of Assessments

Note: Includes real and personal property.

**MATANUSKA-SUSITNA BOROUGH**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

Fiscal Year	Unfunded Senior Citizens and Disabled Veterans Levy			Collected within the Fiscal Year of the Levy			Total Collections to Date		
	Tax Levy	Net Levy	Percentage of Net Levy	Amount	Percentage of Net Levy	Collections in Subsequent Years	Amount	Percentage of Net Levy	
2003	\$ 52,305,229	\$ 48,371,735	95.30 %	\$ 46,097,985	95.30 %	2,189,680	\$ 48,287,665	99.83 %	
2004	56,488,089	52,073,179	98.60	51,345,575	98.60	698,144	52,043,719	99.94	
2005	67,902,130	62,817,152	96.10	60,369,329	96.10	2,321,254	62,690,583	99.80	
2006	79,509,819	74,154,906	96.35	71,450,048	96.35	2,488,201	73,938,249	99.71	
2007	87,063,129	81,798,328	94.93	77,652,943	94.93	3,621,843	81,274,786	99.36	
2008	97,208,979	91,367,040	95.91	87,627,539	95.91	3,072,948	90,700,487	99.27	
2009	107,223,469	100,433,204	95.90	96,318,045	95.90	3,102,072	99,420,117	98.99	
2010	108,123,032	100,736,350	96.40	97,109,667	96.40	2,114,545	99,224,212	98.50	
2011	110,203,515	102,459,539	96.58	98,954,998	96.58	1,059,243	100,014,241	97.61	
2012	114,442,314	106,116,574	96.01	101,881,857	96.01	-	101,881,857	96.01	

Sources: Matanuska-Susitna Borough Finance Department, Division of Assessments and Revenue and Budget Division.



MATANUSKA-SUSITNA BOROUGH  
 Ratios of Outstanding Debt by Type  
 Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-type Activities				Total Primary Government	Percentage of Personal Income*	Per Capita*
	General Obligation Bonds	Certificates of Participation	Notes Payable	Capital Leases	General Obligation Bonds	Notes Payable					
2003	\$ 107,805,000	\$ 4,735,000	\$ -	\$ -	\$ -	\$ -	\$ -	112,540,000	5.95 %	\$ 1,725	
2004	134,875,000	4,470,000	-	192,000	-	-	-	139,537,000	7.05	2,068	
2005	147,555,000	4,190,000	-	90,164	9,510,000	-	-	161,345,164	7.61	2,300	
2006	140,350,000	3,895,000	-	68,748	9,150,000	-	-	153,463,748	6.66	2,073	
2007	171,240,000	3,590,000	-	45,085	8,785,000	-	-	183,660,085	7.05	2,380	
2008	162,545,000	9,020,000	294,958	18,938	8,410,000	995,155	-	181,284,051	6.40	2,264	
2009	171,850,000	8,420,000	282,203	-	8,025,000	3,984,802	-	192,562,005	5.84	2,334	
2010	161,695,000	7,775,000	282,993	-	7,630,000	3,951,150	-	181,334,143	5.33	2,151	
2011	184,240,000	7,100,000	359,063	-	7,220,000	4,606,769	-	203,525,832	5.58	2,287	
2012	262,845,000	6,390,000	347,777	-	6,665,000	4,561,767	-	280,809,544	N/A	3,062	

N/A - Not available

Notes: Details regarding the Borough's outstanding debt can be found in the notes to the financial statements. \*See Schedule 14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year. Also, the enterprise funds were not established until fiscal year 2005, therefore, separate data for business-type activities is unavailable for preceding fiscal years.

**MATANUSKA-SUSITNA BOROUGH**  
**Ratios of Net General Bonded Debt Outstanding,**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Net General Bonded Debt Outstanding</u>			<u>Percentage of Total Taxable Assessed Value of Property*</u>	<u>Per Capita**</u>
	<u>General Obligation Bonds</u>	<u>Debt Service Monies Available</u>	<u>Total</u>		
2003	\$ 107,805,000	\$ 386,045	\$ 107,418,955	3.00 %	\$ 1,646
2004	134,875,000	211,359	134,663,641	3.41	1,996
2005	157,065,000	373,851	156,691,149	3.44	2,234
2006	149,500,000	244,398	149,255,602	2.63	2,016
2007	180,025,000	258,294	179,766,706	2.59	2,329
2008	170,955,000	291,064	170,663,936	2.23	2,131
2009	179,875,000	791,345	179,083,655	2.25	2,170
2010	169,325,000	291,195	169,033,805	2.09	2,005
2011	191,460,000	1,016,788	190,443,212	2.32	2,140
2012	269,510,000	1,038,091	268,471,909	3.20	2,928

**Notes:** Details regarding the Borough's outstanding debt can be found in the notes to the financial statements.

\*See Schedule 6 for property value data.

\*\*See Schedule 14 for personal income and population data.

**MATANUSKA-SUSITNA BOROUGH**  
**Direct and Overlapping Debt**  
**As of June 30, 2012**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable to the Governmental Unit</u>	<u>Share of Direct and Overlapping Debt</u>
Education Debt	\$ 260,410,000	100%	\$ 260,410,000
Certificates of Participations-Public Safety Building	1,810,000	100%	1,810,000
Certificates of Participations-Animal Care Facility	4,580,000	100%	4,580,000
Notes Payable-Ak Clean Water Fund Loans	347,777	100%	347,777
Parks and Recreation	<u>2,435,000</u>	100%	<u>2,435,000</u>
Total	<u>\$ 269,582,777</u>		<u>\$ 269,582,777</u>
Cities Within the Borough, (Palmer and Wasilla) General Obligation Bonds as of June 30, 2012			
Palmer Golf Course	\$ 430,000	100%	\$ 430,000
Palmer Ice Rink	1,070,000	100%	1,070,000
Wasilla Road Improvements	<u>2,510,000</u>	100%	<u>2,510,000</u>
Total	<u>\$ 4,010,000</u>		<u>\$ 4,010,000</u>
Net Direct and Overlapping Debt			<u>\$ 273,592,777</u>

**Note:** The laws of the State of Alaska do not establish a debt limit.

MATANUSKA-SUSITNA BOROUGH  
 Legal Debt Margin Information  
 Last Ten Fiscal Years

<b>Legal Debt Margin Calculation for Fiscal Year 2012</b>	
Total taxable assessed value	\$ 8,384,028,066
Debt Limit (7% of total taxable assessed value)	586,881,965
Total debt applicable to limit	<u>269,510,000</u>
Legal debt margin	<u>\$ 317,371,965</u>

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt Limit	\$ 250,785,343	\$ 276,527,917	\$ 319,099,580	\$ 397,248,616	\$ 485,006,503	\$ 536,050,094	\$ 557,026,517	\$ 565,029,122	\$ 574,678,482	\$ 586,881,965
Total debt applicable to limit	<u>107,805,000</u>	<u>134,875,000</u>	<u>157,065,000</u>	<u>149,500,000</u>	<u>180,025,000</u>	<u>170,955,000</u>	<u>179,875,000</u>	<u>169,325,000</u>	<u>191,460,000</u>	<u>269,510,000</u>
Legal debt margin	<u>\$ 142,980,343</u>	<u>\$ 141,652,917</u>	<u>\$ 162,034,580</u>	<u>\$ 247,748,616</u>	<u>\$ 304,981,503</u>	<u>\$ 365,095,094</u>	<u>\$ 377,151,517</u>	<u>\$ 395,704,122</u>	<u>\$ 383,218,482</u>	<u>\$ 317,371,965</u>
Total debt applicable to the limit as a percentage of debt limit	43%	49%	49%	38%	37%	32%	32%	30%	33%	46%

Notes: There is no legal debt margin for municipalities in the State of Alaska. In 1983, the Matanuska-Susitna Borough Assembly adopted an ordinance limiting outstanding general obligation debt to 7% of the borough's total taxable assessed value.

**MATANUSKA-SUSITNA BOROUGH  
Demographic and Economic Statistics  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>(1) Population</b>	<b>(2) Personal Income (thousands of dollars)</b>	<b>Per Capita Income</b>	<b>(3) School Enrollment</b>	<b>(4) Unemployment Rate</b>
2003	65,241	\$ 1,890,572	\$ 28,978	13,555	8.5 %
2004	67,473	1,979,698	29,341	14,315	7.8
2005	70,148	2,119,931	30,221	14,662	7.7
2006	74,041	2,304,566	31,126	15,440	7.5
2007	77,174	2,603,465	33,735	15,847	7.4
2008	80,088	2,834,775	35,396	16,115	7.4
2009	82,515	3,298,218	39,971	16,464	8.8
2010	84,314	3,403,299	40,365	16,653	9.6
2011	88,995	3,649,774	41,011	16,962	8.9
2012	91,697	N/A	N/A	17,338	8.6

N/A - Not available

**Sources:**

- (1) Alaska Department of Commerce, Community, and Economic Development
- (2) United States Department of Commerce, Bureau of Economic Analysis
- (3) Matanuska-Susitna Borough School District
- (4) Alaska Department of Labor, Research and Analysis Division

**MATANUSKA-SUSITNA BOROUGH**  
**Total Employment by Type of Employer**  
**Current Year and Nine Years Ago**

<u>Employer Type</u>	<u>2012</u>		<u>2003</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Trade, Transportation, and Utilities	4,417	1	3,355	1
Educational and Health Services	3,707	2	2,293	2
Local Government	3,045	3	2,223	3
Leisure and Hospitality	2,516	4	1,760	4
Construction	1,505	5	1,546	5
State Government	1,185	6	952	6
Professional and Business Services	1,159	7	836	7
Other Services	743	8	518	8
Financial Activities	738	9	494	10
Information	642	10	498	9
Federal Government	216	11	182	12
Manufacturing	209	12	221	11
Natural Resources and Mining	182	13	120	13
Unclassified Employers	38	14	5	14
<b>Total</b>	<b><u>20,302</u></b>		<b><u>15,003</u></b>	

**Source:** Alaska Department of Labor, Research and Analysis Division

**Note:** Beginning in 2012, according to the Alaska Department of Labor, their non-disclosure rules no longer allow them to provide employment information that relates to or identifies employers for the current or previous years. Therefore, we were are providing total employment by type of employer for the current year and nine years ago. Figures are based on an

**MATANUSKA-SUSITNA BOROUGH**  
**Full-time-Equivalent Borough Government Employees by Function/Program**  
**Last Ten Fiscal Years**

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General government	96.730	99.650	104.150	112.480	114.020	123.520	131.520	132.500	136.280	144.550
Public works	42.000	44.000	46.000	47.000	48.000	50.000	51.000	52.000	51.000	54.000
Emergency services	28.770	33.020	38.520	38.520	41.980	46.980	50.730	49.750	50.650	45.000
Public services	33.030	36.170	40.120	40.740	41.530	41.530	41.690	41.690	36.590	36.690
<b>Total</b>	<b>200.530</b>	<b>212.840</b>	<b>228.790</b>	<b>238.740</b>	<b>245.530</b>	<b>262.030</b>	<b>274.940</b>	<b>275.940</b>	<b>274.520</b>	<b>280.240</b>

**Source:** Matanuska-Susitna Borough Finance Department, Revenue and Budget Division.

**MATANUSKA-SUSITNA BOROUGH**  
**Operating Indicators by Function/Program**  
**Last Seven Fiscal Years**

<u>Function/Program</u>	<u>Fiscal Year</u>						
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>General government</b>							
<b>Planning</b>							
Comprehensive and special land use district plans in process	10	11	13	11	11	4	4
<b>Finance</b>							
Number of purchasing solicitations processed	172	203	166	170	150	158	202
Number of vendor/employee payments processed	24,220	24,903	28,580	26,057	26,493	27,387	27,665
Collections of delinquent land lease accounts (in dollars)	\$ 280,840	\$ 194,033	\$ 58,552	\$ 64,578	\$ 87,263	\$ 156,842	\$ 100,463
Real property assessments	69,732	72,841	73,947	74,588	74,990	75,321	75,540
Property sales analyzed for assessment purposes	2,883	2,409	2,762	2,911	2,453	1,503	1,560
<b>Code Compliance</b>							
Code violation complaints received	443	386	428	230	265	578	237
<b>Public works</b>							
<b>Road maintenance (monthly average)</b>							
Citizen requests for repairs requiring action	157	234	164	165	141	158	333
<b>Surveying and right-of-way</b>							
Platting actions	180	202	164	99	88	65	77
Utility permits issued	448	478	441	378	275	323	293
Driveway permits issued	396	450	538	371	291	483	553
Construction permits issued	36	29	46	24	33	23	12
Encroachment permits issued	12	9	15	32	36	11	3
<b>Solid waste disposal</b>							
Loads hauled from transfer sites to Central Landfill	1,744	1,563	1,501	1,368	1,490	1,415	1,349
Refuse collected through community clean-up efforts (in tons)	207	292	198	158	192	205	63
Abandoned vehicles removed	266	273	334	381	366	529	130
Hazardous waste processed (in pounds)	20,050	114,590	618,180	589,078	625,000	102,672	85,664
<b>Emergency services</b>							
Ambulance Runs	5,645	5,349	5,558	4,890	4,894	5,380	5,971
<b>Animal Shelter</b>							
Animals lodged at shelter	3,629	3,672	3,502	3,377	3,494	3,994	3,786
Animals adopted to new homes	1,054	1,029	1,273	1,405	1,534	1,645	1,457
Animals adopted by local rescue groups	374	301	231	134	216	402	455
Animals euthanized at shelter	1,408	1,519	1,336	1,123	832	1,000	675
<b>Public services</b>							
<b>Land and resource management (cumulative unless otherwise noted)</b>							
Trails dedicated (in miles)	2,018	2,061	2,092	2,092	2,098	2,140	2,141
Asset management plans completed for Borough owned land (in acres)	17,080	20,332	20,332	20,332	20,332	164,018	164,018
Land classifications (in acres)	188,990	190,230	190,691	190,691	208,465	352,165	361,320
Parcels sold (annually)	26	114	29	36	43	17	9
<b>Community enrichment and development</b>							
Community enrichment class varieties offered	93	83	47	68	69	79	52
Total contact hours with public	1,252	1,179	1,035	830	1,302	1,464	1,280
<b>Libraries</b>							
Participants in summer reading program	2,326	2,713	2,848	2,446	3,820	2,865	2,552
Participants in pre-school story time	2,230	1,857	3,345	2,672	3,382	3,683	3,511
Volunteer hours utilized	2,148	2,218	1,866	1,839	2,311	3,193	2,649
<b>Pools</b>							
Participants in swim lesson programs (quarterly average)	499	673	538	747	696	708	650

N/A - Not available

**Source:** Various Matanuska-Susitna Borough department's performance measures (some figures are estimates/averages derived from the available information).

**Notes:** There are no operating indicators available for fiscal years prior to 2006. Also, the above indicators should not be construed as the only functions/programs being provided by the Borough as it is only a listing of those functions/programs for which operating indicators have been established and are available for.



**MATANUSKA-SUSITNA BOROUGH**  
**Capital Asset Statistics by Function/Program**  
**Last Ten Fiscal Years**

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General government	3	3	3	3	3	3	3	3	3	3
Administration and related buildings										
Public works	5	5	5	6	6	6	6	6	6	11
Utility trailers	217	217	230	244	254	261	270	279	287	291
Paved roads (miles)	23	23	23	23	23	23	23	23	23	23
Bridges	-	-	-	-	-	1	1	1	1	1
Public works and related buildings										
Emergency services	19	22	23	23	22	22	27	28	27	30
Ambulances	41	41	43	43	47	54	57	57	61	64
Fire pumper/tankers	2	2	2	2	2	2	3	6	8	12
Tractors, forklifts, and related equipment	2	3	3	4	5	5	10	12	14	16
Utility/Rescue trailers	15	15	15	16	20	24	25	26	29	29
Rescue vehicles	46	52	58	59	59	61	64	74	75	80
Trucks and utility vehicles	-	-	-	-	1	1	1	2	2	2
Rescue boats	3	6	7	8	8	8	20	23	26	29
ATVs and snowmobiles	26	26	27	27	27	27	27	27	29	30
Public safety and related buildings										
Public services	2	3	3	3	9	17	17	17	17	20
Tractors, forklifts, and related equipment	2	3	4	4	5	5	5	5	5	5
Utility trailers	6	8	8	8	7	16	23	25	26	29
Trucks and utility vehicles	3	4	6	6	7	7	7	7	8	8
ATVs and snowmobiles	-	1	1	1	1	1	1	1	1	1
Riverboats	11	11	11	12	12	12	12	13	13	13
Community buildings (libraries, ice arenas, etc.)										
Education	46	46	47	47	47	47	47	48	51	52
Schools and related buildings										

**Source:** Matanuska-Susitna Borough capital asset records.

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**SINGLE AUDIT  
SECTION**

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

Honorable Mayor and  
Members of the Assembly  
Matanuska-Susitna Borough

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Matanuska-Susitna Borough as of and for the year ended June 30, 2012, which collectively comprise Matanuska-Susitna Borough's basic financial statements, and have issued our report thereon dated December 21, 2012. 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.

Internal Control Over Financial Reporting

Management of Matanuska-Susitna Borough is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Matanuska-Susitna Borough's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Matanuska-Susitna Borough's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Matanuska-Susitna Borough's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

Honorable Mayor and  
Members of the Assembly  
Matanuska-Susitna Borough

Compliance and Other Matters

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

This report is intended solely for the information and use of Matanuska-Susitna Borough's management, Honorable Mayor and Assembly, others within the entity, federal and state awarding agencies, and, if applicable, pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Mikunda, Cottrell & Co.*

Anchorage, Alaska  
December 21, 2012

Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

Honorable Mayor and  
Members of the Assembly  
Matanuska-Susitna Borough

Compliance

We have audited Matanuska-Susitna Borough's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Matanuska-Susitna Borough's major federal programs for the year ended June 30, 2012. Matanuska-Susitna Borough's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Matanuska-Susitna Borough's management. Our responsibility is to express an opinion on Matanuska-Susitna Borough's compliance, based on our audit.

Matanuska-Susitna Borough's basic financial statements include the operations of its component unit, Matanuska-Susitna Borough School District, which received \$18,654,858 in federal awards that are not included in the Schedule of Expenditures of Federal Awards for the year ended June 30, 2012. Our audit, described below, did not include the operations of Matanuska-Susitna Borough School District because it was subjected to a separate audit in accordance with OMB Circular A-133.

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

Honorable Mayor and  
Members of the Assembly  
Matanuska-Susitna Borough

In our opinion, Matanuska-Susitna Borough complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

### Internal Control Over Compliance

Management of Matanuska-Susitna Borough is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Matanuska-Susitna Borough's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Matanuska-Susitna Borough's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of Matanuska-Susitna Borough's management, Honorable Mayor and Assembly, others within the entity, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Mikunda, Cottrell & Co.*

Anchorage, Alaska  
December 21, 2012

Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*

Honorable Mayor and  
Members of the Assembly  
Matanuska-Susitna Borough

Compliance

We have audited the compliance of Matanuska-Susitna Borough with the types of compliance requirements described in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that could have a direct and material effect on each of its major state programs for the year ended June 30, 2012. Matanuska-Susitna Borough's major state programs are identified in the accompanying Schedule of State Financial Assistance. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major state programs is the responsibility of Matanuska-Susitna Borough's management. Our responsibility is to express an opinion on Matanuska-Susitna Borough's compliance based on our audit.

Matanuska-Susitna Borough's basic financial statements include the operations of its component unit, Matanuska-Susitna Borough School District, which received \$185,486,951 in State awards that are not included in the Schedule of State Financial Assistance for the year ended June 30, 2012. Our audit, described below, did not include the operations of Matanuska-Susitna Borough School District because it was subjected to a separate audit in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*.

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



Honorable Mayor and  
Members of the Assembly  
Matanuska-Susitna Borough

In our opinion, Matanuska-Susitna Borough complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2012.

#### Internal Control Over Compliance

Management of Matanuska-Susitna Borough is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to state programs. In planning and performing our audit, we considered Matanuska-Susitna Borough's internal control over compliance with the requirements that could have a direct and material effect on a major state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Matanuska-Susitna Borough's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of Matanuska-Susitna Borough's management, Honorable Mayor and Assembly, others within the entity, and the State of Alaska, and is not intended to be and should not be used by anyone other than these specified parties.

*Mikunda, Cottrell & Co.*

Anchorage, Alaska  
December 21, 2012

**MATANUSKA-SUSITNA BOROUGH**

Schedule of Findings and Questioned Costs

Year Ended June 30, 2012

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

**Financial Statements**

Type of auditor's report issued

Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes   X   no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes   X   none reported
- Noncompliance material to financial statements noted? \_\_\_\_\_ yes   X   no

**Federal Financial Assistance**

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ yes   X   no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes   X   none reported

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

Unqualified

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

\_\_\_\_\_ yes   X   no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.688	ARRA – Hazardous Fuels Mitigation
11.300	Solid Waste and Training Park
11.307	ARRA – Port MacKenzie Barge Dock Expansion
15.668	ORTHO Rectified Imagery & LIDAR
15.808	High Accuracy LIDAR
20.500	Ferry Construction
20.509	ARRA – Economic Stimulus Capital (Non-Urban Public Transit)
97.044	Assistance to Firefighters

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

  X   yes \_\_\_\_\_ no



**MATANUSKA-SUSITNA BOROUGH**

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2012

**Federal**

There were no prior year audit findings.

**State of Alaska**

There were no prior year audit findings.

**MATANUSKA-SUSITNA BOROUGH**

Corrective Action Plan

Year Ended June 30, 2012

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

# **COMPONENT UNIT**

**MATANUSKA-SUSITNA BOROUGH SCHOOL DISTRICT**

Statement of Net Assets

June 30, 2012

	<u>Governmental Activities</u>
<u>Assets</u>	
Cash and investments	\$ 14,269,761
Accounts receivable:	
Federal and state grants	5,125,344
Other	465,946
Inventory	1,085,797
Prepaid expenses	1,723,484
Capital equipment, net of accumulated depreciation	<u>5,707,926</u>
 Total assets	 \$ <u><u>28,378,258</u></u>
<u>Liabilities and Net Assets</u>	
Liabilities:	
Accounts payable	448,981
Accrued payroll and related liabilities	5,918,099
Due to Borough	298,946
Unearned revenue	433,973
Insurance claims incurred but not reported	1,006,292
Noncurrent liabilities - accrued leave - due within one year	<u>4,929,840</u>
Total liabilities	<u>13,036,131</u>
Net assets:	
Invested in capital assets	5,707,926
Restricted - endowment	5,764
Unrestricted	<u>9,628,437</u>
Total net assets	<u>15,342,127</u>
 Total liabilities and net assets	 \$ <u><u>28,378,258</u></u>

**MATANUSKA-SUSITNA BOROUGH SCHOOL DISTRICT**

Statement of Activities  
Year Ended June 30, 2012

		<u>Program Revenues</u>		Net (Expense) Revenue and Changes in <u>Net Assets</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contri- butions</u>	<u>Govern- mental Activities</u>
Governmental activities:				
Instruction	\$ 102,652,990	-	20,423,615	(82,229,375)
Special education instruction	34,635,679	-	6,775,336	(27,860,343)
Special education support services - students	13,424,756	-	2,912,059	(10,512,697)
Support services - students	9,134,244	-	1,273,844	(7,860,400)
Support services - instruction	11,608,145	-	5,534,330	(6,073,815)
School administration	8,644,008	-	1,596,811	(7,047,197)
School administration support services	8,690,991	-	-	(8,690,991)
District administration	2,183,125	-	718,713	(1,464,412)
District administration support services	11,124,510	-	747,900	(10,376,610)
Operations and maintenance of plant	24,642,884	-	351,830	(24,291,054)
Student activities	3,817,866	-	426,033	(3,391,833)
Student transportation	14,054,946	-	14,201,939	146,993
Community services	71,929	-	25,617	(46,312)
Food services	6,102,001	1,251,850	4,164,186	(685,965)
Construction and facilities acquisition	204,284	-	-	(204,284)
	\$ 250,992,358	1,251,850	59,152,213	(190,588,295)
General revenues:				
Borough contribution			\$ 48,048,419	
State grants and entitlements not restricted to a specific purpose			145,190,155	
E-rate			956,307	
Medicaid reimbursement			1,032,785	
Facility use			112,428	
Out of District reimbursement			1,277,377	
Other			270,891	
Total general revenues			196,888,362	
Change in net assets				6,300,067
Net assets, beginning of year				9,042,060
Net assets, end of year				\$ 15,342,127



**MATANUSKA-SUSITNA BOROUGH SCHOOL DISTRICT**

Governmental Funds

Balance Sheet

June 30, 2012

	Major Funds				Total Govern- mental Funds
	<u>General</u>	Title VI-B <u>IDEA</u>	Capital Improvement <u>Projects</u>	Nonmajor <u>Funds</u>	
<u>Assets</u>					
Cash and investments	\$ 3,273,143	-	8,000,740	1,632,816	12,906,699
Accounts receivable:					
Federal and state grants	-	1,336,856	-	3,788,488	5,125,344
Other	409,894	-	-	56,052	465,946
Inventory	403,597	-	-	540,361	943,958
Prepaid items	1,721,484	-	-	-	1,721,484
Due from other funds	<u>5,181,396</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,181,396</u>
 Total assets	\$ <u>10,989,514</u>	<u>1,336,856</u>	<u>8,000,740</u>	<u>6,017,717</u>	<u>26,344,827</u>
 <u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	447,502	-	-	1,479	448,981
Accrued payroll and related liabilities	5,918,099	-	-	-	5,918,099
Due to Borough	298,946	-	-	-	298,946
Deferred revenue	-	-	-	303,943	303,943
Due to other funds	<u>-</u>	<u>1,336,856</u>	<u>-</u>	<u>3,844,540</u>	<u>5,181,396</u>
Total liabilities	<u>6,664,547</u>	<u>1,336,856</u>	<u>-</u>	<u>4,149,962</u>	<u>12,151,365</u>
 Fund balances:					
Nonspendable	2,125,081	-	-	540,361	2,665,442
Restricted	-	-	-	5,764	5,764
Committed	500,000	-	8,000,740	-	8,500,740
Assigned	-	-	-	1,321,630	1,321,630
Unassigned	<u>1,699,886</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,699,886</u>
Total fund balances	<u>4,324,967</u>	<u>-</u>	<u>8,000,740</u>	<u>1,867,755</u>	<u>14,193,462</u>
 Total liabilities and fund balances	\$ <u>10,989,514</u>	<u>1,336,856</u>	<u>8,000,740</u>	<u>6,017,717</u>	<u>26,344,827</u>

**MATANUSKA-SUSITNA BOROUGH SCHOOL DISTRICT**

Reconciliation of Governmental Funds Balance Sheet  
to Statement of Net Assets  
June 30, 2012

Total governmental fund balances	\$	14,193,462
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets net of accumulated depreciation used in governmental activities are not financial resources and therefore are not reported in the funds		
Furnishings and equipment	\$	12,519,730
Accumulated depreciation		<u>(6,811,804)</u>
		5,707,926
Long-term liabilities are not due and payable in the current period and therefore are not reported as fund liabilities.		
This liability consists of accrued leave.		(4,929,840)
Amounts reported in the Internal Service Funds of the District are used to support ongoing educational costs of programs.		
Their activities are appropriately recorded with governmental activities in the statement of net assets		167,000
Amounts reported in the Enterprise Funds of the District are used to support ongoing educational costs of programs.		
Their activities are appropriately recorded with governmental activities in the statement of net assets		<u>203,579</u>
Net assets of governmental activities	\$	<u><u>15,342,127</u></u>

**MATANUSKA-SUSITNA BOROUGH SCHOOL DISTRICT**

Governmental Funds  
Statement of Revenues, Expenditures and Changes  
in Fund Balances  
Year Ended June 30, 2012

	Major Funds				
	<u>General</u>	<u>Title VI-B IDEA</u>	<u>Capital Improvement Projects</u>	<u>Nonmajor Funds</u>	<u>Total Govern- mental Funds</u>
Revenues:					
Local sources:					
Borough appropriation	\$ 48,048,419	-	-	-	48,048,419
Facility use	112,428	-	-	-	112,428
Other local reimbursement	1,277,377	-	-	-	1,277,377
Other	270,872	-	-	1,401,593	1,672,465
State of Alaska	170,693,022	-	-	14,793,929	185,486,951
Federal sources:					
E-rate	956,307	-	-	-	956,307
Medicaid reimbursement	1,032,785	-	-	-	1,032,785
Direct grants	-	-	-	1,271,425	1,271,425
Grants passed through the State of Alaska	-	4,412,346	-	13,017,250	17,429,596
Total revenues	<u>222,391,210</u>	<u>4,412,346</u>	<u>-</u>	<u>30,484,197</u>	<u>257,287,753</u>
Expenditures:					
Current:					
Instruction	98,321,540	-	-	5,177,751	103,499,291
Special education instruction	31,611,561	3,281,830	-	16,402	34,909,793
Special education support services - student	12,174,583	902,472	-	327,388	13,404,443
Support services - students	9,276,323	-	-	-	9,276,323
Support services - instruction	7,678,788	-	-	3,943,811	11,622,599
School administration	8,658,489	-	-	-	8,658,489
School administration support services	8,409,581	-	-	-	8,409,581
District administration	1,648,836	-	-	504,461	2,153,297
District administration support services	10,222,036	228,044	308,587	518,943	11,277,610
Operations and maintenance of plant	21,936,735	-	1,937,761	399,529	24,274,025
Student activities	3,817,013	-	-	-	3,817,013
Student transportation	-	-	-	14,037,739	14,037,739
Community services	46,312	-	-	25,617	71,929
Food services	4,249	-	-	5,919,695	5,923,944
Non-current -					
construction and facilities acquisition	-	-	3,217,541	-	3,217,541
Total expenditures	<u>213,806,046</u>	<u>4,412,346</u>	<u>5,463,889</u>	<u>30,871,336</u>	<u>254,553,617</u>
Excess of revenues over (under) expenditures	8,585,164	-	(5,463,889)	(387,139)	2,734,136
Other financing sources (uses):					
Transfers in	-	-	6,236,896	720,020	6,956,916
Transfers out	<u>(7,123,916)</u>	-	-	-	<u>(7,123,916)</u>
Net other financing sources (uses)	<u>(7,123,916)</u>	-	<u>6,236,896</u>	<u>720,020</u>	<u>(167,000)</u>
Net change in fund balances	1,461,248	-	773,007	332,881	2,567,136
Fund balances, beginning of year	<u>2,863,719</u>	-	<u>7,227,733</u>	<u>1,534,874</u>	<u>11,626,326</u>
Fund balances, end of year	\$ <u>4,324,967</u>	-	<u>8,000,740</u>	<u>1,867,755</u>	<u>14,193,462</u>

**MATANUSKA-SUSITNA BOROUGH SCHOOL DISTRICT**

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
Year Ended June 30, 2012

Net change in fund balances - total governmental funds \$ 2,567,136

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 as  
depreciation expense. This is the amount by which capital  
outlays exceeded depreciation and loss on disposal of assets:

Capital outlay	\$ 4,045,442	
Depreciation expense	<u>(701,808)</u>	
		3,343,634

Some expenses reported in the statement of activities such as  
compensated absences do not require the use of current  
financial resources and therefore are not reported as expenditures  
in governmental funds. This is the amount of change in annual leave. 222,297

Transfers reported in the Internal Service Fund of the District  
are used to support educational costs of that program.  
These activities are appropriately reported with the governmental  
activities in the government-wide statement of activities. 167,000

Change in net assets of governmental activities \$ 6,300,067

**MATANUSKA-SUSITNA BOROUGH SCHOOL DISTRICT**

Proprietary Funds  
Statement of Net Assets  
June 30, 2012

	<u>Governmental Activities</u>	
	<u>Nonmajor Enterprise Funds</u>	<u>Internal Service Fund</u>
<u>Assets</u>		
Cash and investments	\$ 189,770	1,173,292
Prepaid items	2,000	-
Inventory	<u>141,839</u>	<u>-</u>
 Total current assets	 \$ <u><u>333,609</u></u>	 <u><u>1,173,292</u></u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Deferred revenue	130,030	-
Insurance claims incurred but not reported	<u>-</u>	<u>1,006,292</u>
Total current liabilities	130,030	1,006,292
 Net assets - unrestricted	 <u>203,579</u>	 <u>167,000</u>
 Total liabilities and net assets	 \$ <u><u>333,609</u></u>	 <u><u>1,173,292</u></u>

**MATANUSKA-SUSITNA BOROUGH SCHOOL DISTRICT**

Proprietary Funds

Statement of Revenues, Expenses, and Changes in Net Assets

Year Ended June 30, 2012

	<u>Governmental Activities</u>	
	Nonmajor Enterprise <u>Funds</u>	Internal Service <u>Fund</u>
Operating revenues:		
Interfund charges	\$ -	1,389,770
Sales	<u>4,544</u>	<u>-</u>
Total operating revenues	<u>4,544</u>	<u>1,389,770</u>
 Operating expenses:		
Claims expense	-	916,631
Instruction	4,544	-
General and administrative	<u>-</u>	<u>473,267</u>
Total operating expenses	<u>4,544</u>	<u>1,389,898</u>
 Operating loss	-	(128)
 Nonoperating revenue - interest income	<u>-</u>	<u>128</u>
 Loss before transfers	-	-
 Transfers in	<u>-</u>	<u>167,000</u>
 Change in net assets	-	167,000
 Net assets, beginning of year	<u>203,579</u>	<u>-</u>
 Net assets, end of year	\$ <u><u>203,579</u></u>	<u><u>167,000</u></u>

**MATANUSKA-SUSITNA BOROUGH SCHOOL DISTRICT**

Proprietary Funds  
Statement of Cash Flows  
Year Ended June 30, 2012

	Governmental Activities	
	Nonmajor Enterprise Funds	Internal Service Fund
Cash flows from operating activities:		
Receipts from interfund charges	\$ -	1,389,770
Receipts from customers and users	17,140	-
Payments to suppliers	<u>(91,495)</u>	<u>(1,692,652)</u>
Net cash flows from operating activities	<u>(74,355)</u>	<u>(302,882)</u>
 Cash flows from noncapital financing activities - transfer in	 <u>-</u>	 <u>167,000</u>
 Cash flows from investing activities - interest received	 <u>-</u>	 <u>128</u>
 Net decrease in cash and cash equivalents	 (74,355)	 (135,754)
 Cash and cash equivalents, beginning of year	 <u>264,125</u>	 <u>1,309,046</u>
 Cash and cash equivalents, end of year	 \$ <u><u>189,770</u></u>	 <u><u>1,173,292</u></u>
 Reconciliation of change in net assets to cash flows from operating activities:		
Operating loss	<u>-</u>	<u>(128)</u>
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Increase in inventory	(87,351)	-
Increase in deferred revenue	12,996	-
Decrease in insurance claims incurred but not reported	<u>-</u>	<u>(302,754)</u>
Total adjustments	<u>(74,355)</u>	<u>(302,754)</u>
 Net cash flows from operating activities	 \$ <u><u>(74,355)</u></u>	 <u><u>(302,882)</u></u>

**MATANUSKA-SUSITNA BOROUGH SCHOOL DISTRICT**

Student Activities Agency Fund  
Statement of Fiduciary Net Assets  
June 30, 2012

Assets

Cash and investments \$ 1,643,614

Liabilities

Due to student activities and community schools \$ 1,643,614