

Matanuska-Susitna Borough, Alaska

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2015

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Borough Manager

Prepared by the Finance Department

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Finance Director

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Comptroller

Matanuska-Susitna Borough, Alaska

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2015

Matanuska-Susitna Borough, Alaska

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January 29, 2016

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

Transmittal of the CAFR

In accordance with Section 29.35.1 20 of Alaska Statutes, the Comprehensive Annual Financial Report of the Matanuska-Susitna Borough for the fiscal year ended June 30, 2015, 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 BDO USA LLP, 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, 2015, 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

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, 2015, 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 98,063. 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.

Assembly members 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 February 15th. 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 31st. 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 70, 71, 72 and 73. For governmental funds, other than the General Fund, these comparisons start on page 75.

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 94%. Whereas, the population of the State only grew 22%. 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 major health facility was constructed during 2012. Southcentral Foundation constructed a new 84,000 square feet, \$40 million Native Primary Care Facility. When completed the number of permanent jobs increased from 35 to 200 employees including healthcare professionals. This facility has continued to expand in phases each year. This past year the Veteran's Administration added medical services. Furthermore, the Mat-Su College has 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 Physical Therapy Center and a Pediatric Center.

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 office buildings. 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. Fifty-three new commercial structures were completed this past year as well as seven hundred twenty 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 constructed 8.1 miles of rail embankment, purchased right-of-way for the remaining rail extension and engineered the route selected by the Environmental Impact Study. In July 2011, we received another \$30 million. These funds were 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 was issued in 2013. Those funds were utilized to construct 6.1 miles. Construction began in June 2013. For fiscal year 2014 the State granted \$25 million for the next phase of the project. And in fiscal year 2015 we

received an additional grant in the amount of \$13 million. 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, 2015 of the investments range from 2 days to twenty-eight months, with an average maturity of thirteen months. The average yield this fiscal year was .25%.

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 and a safety officer 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 Notes (10) and (11) 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 22.2 percent of all operating budgeted expenditures of the fiscal year 2015 budget excluding the budgeted operating expenditures of the school district or \$25,000,000, whichever is less. 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 can be utilized for tax rebates to taxpayers. Specifically for taxpayers who pay real and personal property taxes. Or the funds can be used for one-time expenditures.

Long-Term Financial Planning

The Borough received voter approval in October 2011 to issue \$214,495,000 in General Obligation Bonds. In March 2012 the Borough issued the 2012 Series A General Obligation School Bonds in the amount of \$91,770,000. When combined with the premium, total proceeds for projects was \$100,375,000. In March of 2013, an additional \$13,290,000 was issued. Again, when combined with the premium generated a total of \$15,280,000 available for projects. In March of 2014, the Borough issued \$29,400,000. Which, when combined with the premium provided \$32,720,000 in funds. In March 2015, we issued \$55,195,000 in General Obligation Bonds. When combined with the premium it generated a total of \$63,655,000 for projects. These funds have or will be utilized for the acquisition, design, construction, major renovation and renewal of school capital improvement projects. The remaining projects will be completed during fiscal years 2016 and 2017. The issuance in fiscal year 2015 is the final phase of the original authorization.

The Borough also received authorization from the voters in October 2011 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 were issued in fiscal year 2013. Combined with the premium generated by the issuance, it provided \$12,900,000 for Transportation System Projects. The remainder, \$19,265,000, was issued in January 2014. Design will occur over the winter and construction will begin summer of 2014 and 2015. They

are expected to be complete summer 2015. In total with the grant, \$64,330,000 was available for transportation projects. The projects will be complete in fiscal year 2016.

The Borough also received authorization from the voters in October 2013 to issue \$16,215,000 in General Obligation Transportation System Bonds to also finance the construction, additions, improvements, betterments, repair, reconstruction or acquisition of public roads and facilities. The issuance was also dependent on receipt of a matching grant from the State of Alaska. In fiscal year 2015 a grant was received for \$1,600,000. In March 2015, bonds were issued for \$1,600,000 providing \$3,200,000 for a project. That project was completed in fiscal year 2016.

In October 2013, Lease Certificates of Participation were issued to design and construct a new Public Safety Building. This \$8 million, 23,000 square foot facility was completed in fiscal year 2015. It is sited near Mat-Su Regional Medical Center.

Approved in the capital/grant budget was \$350,000 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 \$12 million 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. In addition, it will also be utilized to upgrade or replace certain equipment.

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, 2015. This was the thirtieth 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.

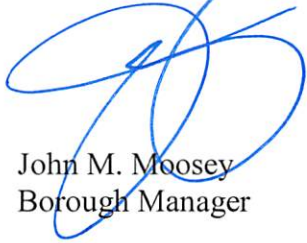
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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 Barbara Baumgartner, Tyrone Hodge, Michael Newman, Kathleen Thornlow, Cindy Loyer, Eileen Pickett, Jeff Krueger, Sara Clemons, Tonya Loyer, Kathleen Kelly, Cheyenne Heindel, Katie Robinson, and Layla Lesley. Each member of

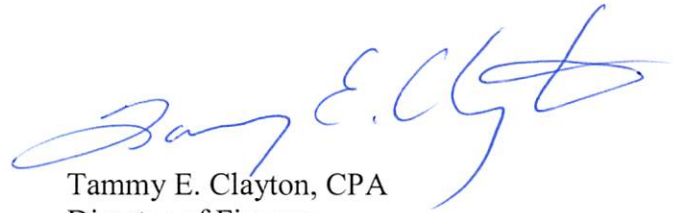
the department has our sincere appreciation for the contributions made in the preparation of this report.

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, Alaska

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

Jim Sykes
Matthew Beck
Steve Colligan

Dan Mayfield
Barbara Doty
Vern Halter



Borough Staff

John M. Moosey
Nicholas Spiropoulos
Lonnie McKechnie
George Hays
Tammy E. Clayton
Eileen Probasco
Terry Dolan
William Gamble
Vacant
Eric Phillips
Eric Wyatt
Brad Pickett
Barbara Baumgartner

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 Capital Projects
Director of Community Development
Chief Information Officer
Borough Assessor
Borough Comptroller



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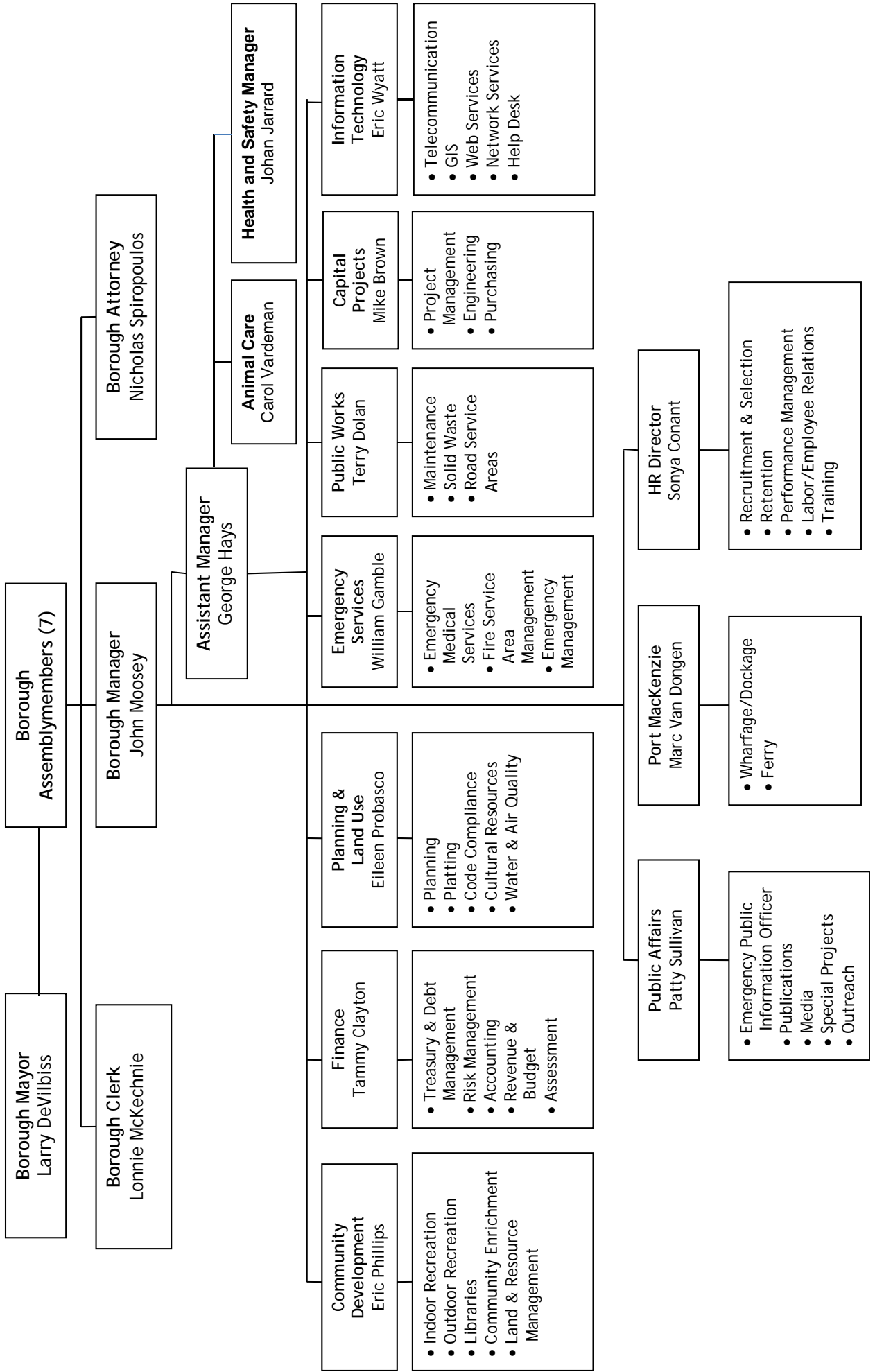
Matanuska-Susitna Borough
Alaska

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

Matanuska-Susitna Borough Organization Chart Fiscal Year 2015



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Independent Auditor's Report

Honorable Mayor and
Members of the Assembly
Matanuska-Susitna Borough

Report on the Financial Statements

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, 2015, and the related notes to the financial statements, which collectively comprise Matanuska-Susitna Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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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 as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 14 to the financial statements, in 2015 the Borough adopted the provisions of Governmental Accounting Standards Board Statement Number 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

Correction of an Error

Also discussed in Note 14 to the financial statements, in 2015 the Borough determined that it recorded incorrect amounts for amortization on the landfill cells. The Borough recorded a prior period adjustment to reflect the correction for this. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-16 and the Schedules of Net Pension Liability, and Pension Contributions on pages 64-65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit for the year ended June 30, 2015 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, the Schedule of State Financial Assistance, the combining and individual fund financial statements and schedules, and the component unit statements 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 and the Schedule of State Financial Assistance are required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, respectively.

The Schedule of Expenditures of Federal Awards, the Schedule of State Financial Assistance and the combining and individual fund financial statements and schedules listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying 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, 2015.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Matanuska-Susitna Borough as of and for the year ended June 30, 2014 (not presented herein), and have issued our report thereon dated January 30, 2015, which contained unmodified opinions on the respective 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 before it was restated for the item discussed in Note 14. The individual fund financial statements and schedules for the year ended June 30, 2014 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, 2014 financial statements. The information has been subjected to the auditing procedures applied in the audit of the June 30, 2014 basic 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, 2014.

The accompanying introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion on provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2016 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Matanuska-Susitna Borough's internal control over financial reporting and compliance.

BDO USA, LLP

Anchorage, Alaska
January 29, 2016

Matanuska-Susitna Borough

Management's Discussion and Analysis

June 30, 2015

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, 2015. 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 and deferred outflows of the Matanuska-Susitna Borough exceeded its liabilities and deferred inflows at the close of the most recent year by \$814,094,743. Of this amount, \$117,577,693 (unrestricted net position) 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 13-14.
- At the end of the current fiscal year, unrestricted fund balance for the General Fund was \$59,301,187. Of this amount, \$14,498,345 was unassigned and available for spending. The unassigned fund balance for the General Fund represented 10.16% of total General Fund expenditures and transfers.
- The Borough's total net position increased by a \$70,387,053, excluding the effects of GASB 68 adoption.
- As of the close of the current fiscal year, the Borough's governmental funds reported combined ending fund balances of \$255,116,219, a decrease of \$14,251,533 in comparison to the prior year.
- The Borough's total outstanding debt increased by \$43 million to a year-end balance of \$436,708,808. The primary reason was that new debt was issued in the amount of \$36.16 million for school construction projects, a Net Pension Liability was recorded in the amount of \$22.4 million. The Borough's long-term debt table can be found on pages 46-53 of the Notes to the Basic Financial Statements.
- 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 increased the total Borough net position by \$565,580.

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 18-20 of this report.

Matanuska-Susitna Borough

Management's Discussion and Analysis

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 Position presents information on all of the Borough's assets and deferred outflows less liabilities and deferred inflows, which results in net position. The statement is designed to display the financial position of the Borough. Over time, increases or decreases in net position 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 position 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 Capital Projects Fund, the Infrastructure Capital Project Fund, and the Roads and Bridges Capital Project 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

Matanuska-Susitna Borough

Management's Discussion and Analysis

for the 51 nonmajor funds is presented in the Combining Balance Sheet for Nonmajor Governmental Funds and the 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 18-30 of this report. Budgetary comparison statements for the General Fund with annual budgets are provided on pages 70-73 to demonstrate compliance with these budgets. The 35 special revenue funds with annual budgets are provided on pages 79-121.

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 135-140.

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 141-149.

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 26-29 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. This agency fund has been closed out as of June 30, 2015.

The basic fiduciary aggregated fund financial statements can be found on page 30 of this report and more detailed supplementary information is provided at pages 151-152.

Matanuska-Susitna Borough

Management's Discussion and Analysis

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 31-63 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information in the form of pension contribution disclosures and other supplementary information. The combining statements referred to earlier in connection with nonmajor governmental funds can be found on pages 67-68. Individual governmental funds can be found on pages 69-134 and proprietary funds can be found on pages 135-150 of this report.

Government-Wide Financial Analysis

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Borough, assets and deferred outflows exceeded liabilities and deferred inflows by \$814,094,743, at June 30, 2015 compared to \$766,755,237, at June 30, 2014, before restatement for change in accounting principle. By far, the largest portion of the Borough's net position (85%) 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 Position
June 30, 2015 and 2014
(in millions of dollars)

	Governmental Activities		Business-Type Activities		Total Activities	
	2015	2014	2015	2014 Restated	2015	2014 Restated
Assets and Deferred Outflows						
Current and other assets	\$ 315.5	\$ 342.8	\$ (2.5)	\$ (0.8)	\$ 313	\$ 342.0
Capital assets	924.9	798.8	43.3	41.5	968.2	840.3
Deferred outflows	5.4	1.9	.4	0.3	5.8	2.2
Total Assets and Deferred Outflows	\$ 1,245.8	\$ 1,143.5	\$ 41.2	\$ 41.0	\$ 1,287.0	\$ 1,184.5

Matanuska-Susitna Borough

Management's Discussion and Analysis

	Governmental Activities		Business-Type Activities		Total Activities	
	2015	2014	2015	2014 Restated	2015	2014 Restated
Liabilities and Deferred Inflows						
Long-term debt outstanding	\$ 398.7	\$ 352.4	\$ 15.6	\$ 16.4	\$ 414.3	\$ 368.8
Net Pension Liability	21.5	-	1	-	22.5	-
Other liabilities	32.0	44.2	1.1	0.8	33.1	45
Deferred inflows	3.0	3.9	.1	-	3.1	3.9
Total Liabilities and Deferred Inflows	\$ 455.2	\$ 400.5	\$ 17.8	\$ 17.2	\$ 473.0	\$ 417.7
Net Position						
Net investment in capital assets	\$ 656	\$ 586.8	\$ 33.6	\$ 31.1	\$ 689.6	\$ 617.9
Restricted	6.9	1.8	-	-	6.9	1.8
Unrestricted	127.8	154.2	(10.2)	(7.3)	117.6	146.9
Total Net Position	\$ 790.7	\$ 742.8	\$ 23.4	\$ 23.8	\$ 814.1	\$ 766.6

Changes in Net Position

During the current fiscal year, the Borough's total net position increased by \$70.4 million. This compares to an increase of \$72.2 million for the year ended June 30, 2014.

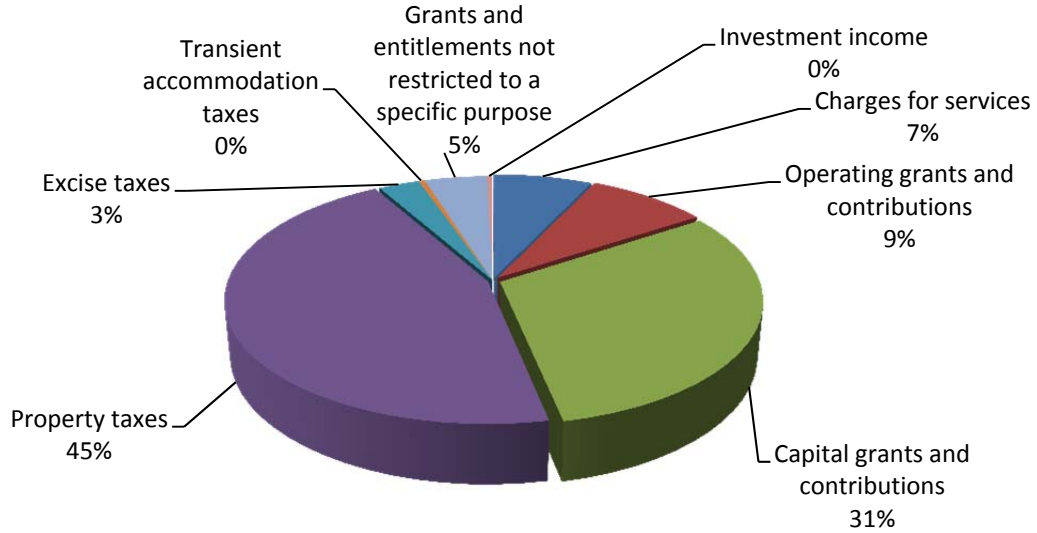
As noted, in 2015 the Borough adopted the provisions of the General Accounting Standards Board (GASB) Statement No. 68 *Accounting and Financial Reporting for Pensions*. This statement changes the reporting of the Borough's proportionate share of the Public Employees' Retirement System's (PERS) Defined Benefit Pension Plan net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. Implementation of GASB 68 required a restatement of the net position and the recording of a material net pension liability. The defined benefit pension plan is detailed in Note 10, pages 54 to 59, and the restatement of the opening net position is in Note 14, page 62.

Revenues increased overall by \$4.1 million with the majority of this resulting from an increase in capital grants and contributions revenues of \$4.6 million due largely to an increased amount of federal and state funding being provided for Borough capital projects. During fiscal year 2015, approximately 45% 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.

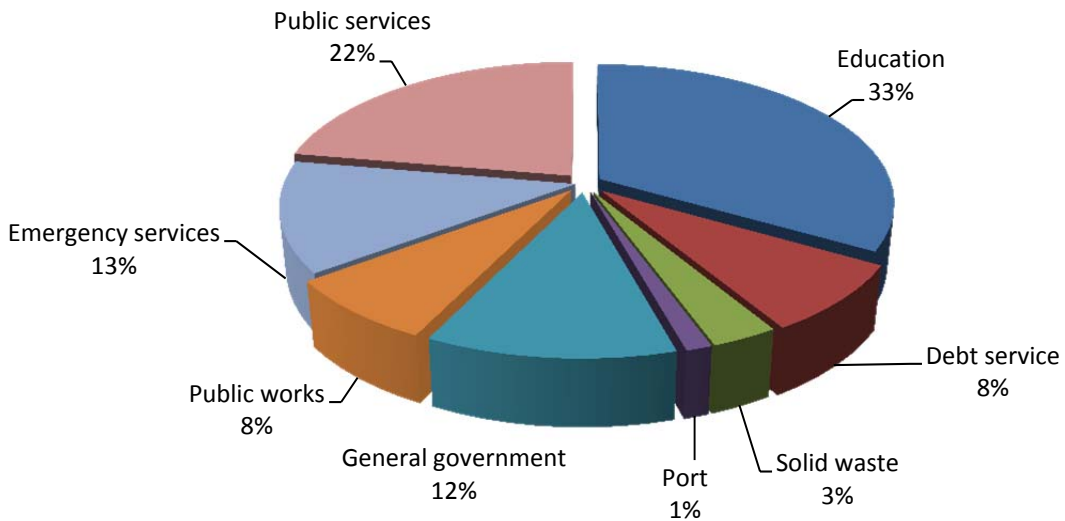
Expenses increased overall by \$17.5 million from the prior year. During fiscal year 2015, approximately 33% of the Borough's total expenses went toward education with the remainder primarily providing emergency services, public services, and general government services.

Matanuska-Susitna Borough
Management's Discussion and Analysis

Sources of Revenue for Fiscal Year 2015



Functional Expenses for Fiscal Year 2015



Matanuska-Susitna Borough
Management's Discussion and Analysis

Changes in Matanuska-Susitna Borough's Net Position
For Years Ended June 30, 2015 and 2014
(in millions of dollars)

	Governmental Activities		Business-Type Activities		Total Activities	
	2015	2014	2015	2014 Restated	2015	2014 Restated
Revenues						
Program revenues:						
Charges for services	\$ 10.6	\$ 17.5	\$ 6.9	\$ 5.6	\$ 17.5	\$ 23.1
Operating grants and contributions	21.6	22.3	.8	.7	22.4	23
Capital grants and contributions	77.4	74.5	2.7	1.0	80.1	75.5
General revenues:						
Property taxes	116.4	114.2	-	-	116.4	114.2
Transient accommodation taxes	1.1	1.1	-	-	1.1	1.1
Tobacco excise taxes	7.6	7.3	-	-	7.6	7.3
Other	13.3	10.2	.1	-	13.4	10.2
Total Revenues	\$ 248.0	\$ 247.1	\$ 10.5	\$ 7.3	\$ 258.5	\$ 254.4
Expenses						
General government	\$ 21.5	\$ 20.7	\$ -	\$ -	\$ 21.5	\$ 20.7
Public works	14.0	4.3	-	-	14.0	4.3
Emergency services	23.8	20.5	-	-	23.8	20.5
Public services	41.2	28.0	-	-	41.2	28.0
Education	61.6	73.5	-	-	61.6	73.5
Interest	14.8	12.4	-	-	14.8	12.4
Solid waste	-	-	5.9	5.7	5.9	5.7
Port	-	-	2.3	2.3	2.2	2.3
Total Expenses	176.9	159.4	8.2	8.0	185.1	167.4
Excess before transfers, special items, and extraordinary items						
	71.1	87.7	2.3	(0.7)	73.4	87.0
Extraordinary items	-	(12.3)	(3.0)	(2.5)	(3.0)	(14.8)
Transfers	(1.3)	-	1.3	-	-	-
Special items	-	-	-	-	-	-
Increase in Net Position	69.8	75.4	.6	(3.2)	70.4	72.2
Net Position, beginning, as restated	720.8	667.5	22.8	27.1	743.6	694.6
Net Position, ending	\$ 790.6	\$ 742.9	\$ 23.4	23.9	\$ 814.0	766.8

Matanuska-Susitna Borough

Management's Discussion and Analysis

Governmental activities

Revenues for the Borough's governmental activities increased by \$.9 million from the prior year while expenses for governmental activities increased by \$17.5 million. Key elements to the increase in revenues and increase in expenses include the following:

- Capital and operating grants and contributions revenues increased by a total of \$2.9 million due largely to an increased 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 works, public services, and emergency services increased by a total of \$14.3 million from the prior fiscal year.

Business-type activities

Revenues for the Borough's business-type activities increased by \$3.2 million from the prior year while expenses for business-type activities also increased by \$.1 million. The primary reason for the increase in revenues is that revenues from capital grants and contributions increased by \$1.7 million, and charges for services increased by \$1.3 million.

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 inflows, 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 \$255,116,219, a decrease of \$14,251,533 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 \$1,743,177 or is already in the form of inventory \$436,922.

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 \$2,159,286 are restricted due to lender imposed debt reserves for debt service and unused bond proceeds in the amounts of \$94,639,140 and \$13,334,376 are restricted for school construction projects and transportation system projects, respectively, as approved by the Borough voters.

A total of \$39,263,276 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. \$25,000,000 is shown as committed in accordance with the Borough's minimum fund balance/stabilization policy. The remaining \$14,263,276 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.

Matanuska-Susitna Borough

Management's Discussion and Analysis

Of the combined ending fund balance, \$82,686,481 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 \$14,297,090 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 \$59,301,187, nonspendable fund balance was \$1,358,788, committed fund balance was \$31,536,947, assigned fund balance was \$11,907,107, and unassigned fund balance was \$14,498,345. Total fund balance decreased by \$467,251 from the prior year. The key factors include:

- An increase of \$561,281 in non-spendable funds from the prior year.
- An increase of \$243,872 in funds committed from the prior year, of which the fund balance stabilization increased by \$56,547.
- A decrease of \$1,476,154 in funds assigned to subsequent year appropriations and subsequent year expenditures from the prior year.
- A decrease of \$203,750 in unassigned funds from the prior year.

The other major governmental funds in the current fiscal year were the School Capital Projects Funds, the Roads and Bridges Capital Project Funds, and the Infrastructure Capital Projects Fund.

At the end of the current fiscal year, ending total fund balance in the School Capital Projects Fund was \$105,863,178, with unused bond proceeds in the amount of \$94,639,140 being restricted for school construction projects as approved by the Borough voters. The remainder of fund balance is assigned for school building capital projects in the amount of \$10,860,720, and nonspendable for prepaid items in the amount of \$363,318. Total fund balance decreased by \$1,935,952 from the prior year. The key factor in the decrease in fund balance was that there was a great deal of capital outlay expenditures as the construction of several school buildings continues.

At the end of the current fiscal year, ending total fund balance in the Roads and Bridges Capital Project Fund was \$15,613,102, with unused bond proceeds of \$13,334,376 being restricted for transportation projects. Of the remaining fund balance, \$2,266,115 is assigned for capital projects, and \$12,611 is nonspendable for prepaid items. Total fund balance decreased by \$6,721,700 from the prior year. The key factor in the decrease in fund balance was the decrease in the bond proceeds from the prior year.

At the end of the current fiscal year, ending total fund balance in the Infrastructure Capital Projects Fund was \$333,280 with the entire fund balance being assigned for infrastructure capital projects. Total fund balance decreased by \$248,369 from the prior year. The key factor in the decrease in fund balance was a great deal of capital outlay expenditures for various projects.

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 positions of the solid waste and port enterprise funds were a deficit of (\$2,777,972) and a deficit of (\$7,399,860), respectively. The unrestricted net position of the internal service funds at the end of the year were \$18,403,941.

Matanuska-Susitna Borough

Management's Discussion and Analysis

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 position of the Solid Waste Enterprise Fund was \$4,459,042, with \$7,237,014 invested in capital assets, net of related debt, and an unrestricted net position deficit of (\$2,777,972). The total net position decreased by \$5,337,245 from the prior year.

At the end of the current fiscal year, the ending total net position of the Port Enterprise Fund was \$18,965,964, with \$26,365,824 invested in capital assets, net of related debt, and an unrestricted net position deficit of (\$7,399,860). The total net position decreased by (\$1,162,356) from the prior year.

General Fund Budgetary Highlights

At year end, there was a net decrease from the total original budget and the total final amended budget in the amount of \$345,930.

There was a total difference between the final amended budget and actual results in the amount of \$12,660,720. Key factors include:

- An increase of \$7,463,988 in PERS Relief from the State of Alaska from the budgeted amount.
- An increase of \$3,399,727 from Federal sources for payment in lieu of taxes from the budgeted amount.

Capital Assets and Debt Administration

Capital Assets

The Borough's investment in capital assets for its governmental and business-type activities as of June 30, 2015 amounts to \$968,212,764 (net of accumulated depreciation), which is an increase of \$121,816,726 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. Primary increases to construction in process were the new Knik Area Middle/High School and the addition to Mat-Su Career and Tech High School.
- Continuing construction of the Talkeetna Community Center and Library increasing the construction in progress for governmental activities.
- Continuation of the construction of the South Central Rail Corridor and the Bogard/Seldon Road Extensions increasing the construction in progress for governmental activities.
- Completion of the Alaska Middle College and Cottonwood Creek Site Circulation and Parking Safety Improvements decreasing the construction in progress for governmental activities and increasing buildings and improvements for governmental activities.
- Completion of improvements to the Point Mac Road and bridge replacements decreasing construction in progress for governmental activities and increasing infrastructure for governmental activities.

Matanuska-Susitna Borough

Management's Discussion and Analysis

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

	Governmental Activities		Business-Type Activities		Total Activities	
	2015	2014	2015	2014 Restated	2015	2014 Restated
Land and land improvements	\$ 19.5	\$ 19.2	\$ -	\$ -	\$ 19.5	\$ 19.2
Right of Way	76.1	70.0	-	-	76.1	70.0
Buildings	422.0	411.6	14.2	9.2	436.2	420.8
Improvements other than buildings	23.5	21.2	1.0	1.0	24.5	22.2
Equipment	17.3	16.0	1.2	.9	18.5	16.9
Infrastructure	45.6	36.5	22.3	22.9	67.9	59.4
Construction in progress	320.9	224.3	3.4	5.8	324.3	230.1
Landfill cells	-	-	1.2	1.7	1.2	1.7
Total Capital Assets	\$ 924.9	\$ 798.8	\$ 43.3	\$ 41.5	\$ 968.3	\$ 840.2

Additional information on the Borough's capital assets can be found in on pages 43-45 of this report.

Long-term Debt

At the end of the current fiscal year, the Borough had total debt outstanding of \$436,708,805. Of this amount, \$341,170,000 was bonded and backed by the full faith and credit of the Borough. The Certificates of Participation had an outstanding balance of \$12,195,000. The remaining debt consists of ADEC loans, landfill closure costs, accrued leave, insurance claims incurred but not reported, and the newly reported net pension liability.

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

	Governmental Activities		Business-Type Activities		Total Activities	
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$ 335.9	\$ 299.4	\$ 5.3	\$ 5.7	\$ 341.2	\$ 305.1
Certificates of participation	12.2	13.4	-	-	12.2	13.4
Other debt	72.1	39.5	11.2	10.7	83.3	50.2
Total Outstanding Debt	\$ 420.2	\$ 352.3	\$ 16.5	\$ 16.4	\$ 436.7	\$ 368.7

Additional information on the Borough's long-term debt can be found on pages 46-53 of this report.

Matanuska-Susitna Borough

Management's Discussion and Analysis

Economic Factors and the Next Year's Budget and Rates

In setting the budgets for fiscal year 2015, 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 2016. As a result, the fiscal year 2016 budget includes an increase of .322 mills in the General Fund tax rate from the current rate of 9.662 mills to an approved rate of 9.984 mills. The Nonareawide mill rate decreased by .003 mills in the fiscal year 2015 budget, going from the current rate of .520 mills to an approved rate of .517 mills.

Requests 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.

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Matanuska-Susitna Borough, Alaska

Statement of Net Position

	Primary Government			Component
	Governmental	Business-	Total	Unit
<i>June 30, 2015</i>	Activities	Type		School
		Activities		District
Assets and Deferred Outflows				
Assets				
Cash and investments	\$ 150,685,944	\$ -	\$ 150,685,944	\$ 30,637,684
Prepaid items	1,743,177	-	1,743,177	540,015
Receivables:				
Intergovernmental	19,695,171	1,452,345	21,147,516	3,954,511
Property and excise taxes, net of allowance	12,727,834	-	12,727,834	-
Accounts, net of allowance	-	625,396	625,396	-
Ambulance, net of allowance	3,000,719	-	3,000,719	-
Land sales contracts, net of allowance	4,318	-	4,318	-
Other	1,644,688	-	1,644,688	615,471
Accrued interest	321,362	-	321,362	-
Due from Borough	-	-	-	1,233,642
Deposits	52,720	-	52,720	-
Inventory	436,922	766	437,688	1,943,872
Restricted cash	116,689,273	2,243,072	118,932,345	-
Internal balances	8,295,760	(8,295,760)	-	-
Land sales contracts receivable - long term	249,351	-	249,351	-
Ferry vessel	-	1,500,000	1,500,000	-
Capital assets, not being depreciated	416,464,218	3,356,023	419,820,241	-
Capital assets, net of accumulated depreciation	508,398,303	39,994,220	548,392,523	7,873,567
Total Assets	1,240,409,760	40,876,062	1,281,285,822	46,798,762
Deferred Outflows				
Deferred loss on G.O. bonds	3,181,528	284,615	3,466,143	-
Pension related	2,253,477	101,371	2,354,848	7,761,148
Total Deferred Outflows	5,435,005	385,986	5,820,991	7,761,148
Total Assets and Deferred Outflows	\$ 1,245,844,765	\$ 41,262,048	\$ 1,287,106,813	\$ 54,559,910

Matanuska-Susitna Borough, Alaska

Statement of Net Position

	Primary Government			Component
	Governmental Activities	Business- Type Activities	Total	School District Unit
<i>June 30, 2015</i>				
Liabilities, Deferred Outflows and Net Position				
Accounts, contracts and retentions payable	\$ 21,274,628	\$ 894,079	\$ 22,168,707	\$ 4,762,832
Payable to component unit	1,233,642	-	1,233,642	-
Accrued payroll and related liabilities	1,774,908	-	1,774,908	5,644,419
Other liabilities	231,033	-	231,033	-
Deposits	77,678	-	77,678	-
Unearned revenue	1,663,276	250,181	1,913,457	1,106,297
Accrued interest payable	5,705,757	60,978	5,766,735	-
Noncurrent liabilities:				
Due within one year:				
Accrued leave	2,482,871	131,927	2,614,798	4,091,398
Bonds and certificates of participation	22,475,000	500,000	22,975,000	-
Loans payable	18,895	213,924	232,819	-
Insurance claims incurred but not reported	2,082,228	-	2,082,228	1,109,340
Due in more than one year:				
Bonds and certificates of participation, net of premium	359,051,389	5,258,184	364,309,573	-
Loans payable	273,826	4,059,912	4,333,738	-
FTA liability	12,319,299	-	12,319,299	-
Lease credits payable	-	1,326,470	1,326,470	-
Net pension liability	21,485,159	966,494	22,451,653	87,629,822
Landfill closure costs payable	-	4,063,230	4,063,230	-
Total Liabilities	452,149,589	17,725,379	469,874,968	104,344,108
Deferred Inflows				
Taxes collected in advance	543,171	-	543,171	-
Pension related	2,482,268	111,663	2,593,931	8,926,236
Total Deferred Inflows	3,025,439	111,663	3,137,102	8,926,236
Total Liabilities and Deferred Inflows	455,175,028	17,837,042	473,012,070	113,270,344
Net Position				
Net investment in capital assets	655,986,284	33,602,838	689,589,122	7,873,567
Restricted:				
Debt service	6,927,928	-	6,927,928	-
Other	-	-	-	909,690
Unrestricted (deficit)	127,755,525	(10,177,832)	117,577,693	(67,493,691)
Total Net Position	790,669,737	23,425,006	814,094,743	(58,710,434)
Total Liabilities, Deferred Inflows and Net Position	\$ 1,245,844,765	\$ 41,262,048	\$ 1,287,106,813	\$ 54,559,910

See accompanying notes to basic financial statements.

Matanuska-Susitna Borough, Alaska

Statement of Activities

Year Ended June 30, 2015	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit School District
		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	\$ 21,492,676	\$ 585,129	\$ 946,195	\$ -	\$ (19,961,352)	\$ -	\$ (19,961,352)	
Public works	13,967,990	186,843	39,687	31,709,381	17,967,921	-	17,967,921	
Emergency services	23,826,995	7,430,769	310,934	2,745,395	(13,339,897)	-	(13,339,897)	
Public services	41,185,883	2,390,785	294,091	39,340,659	839,652	-	839,652	
Education	61,590,136	-	20,053,341	3,637,519	(37,899,276)	-	(37,899,276)	
Interest	14,776,978	-	-	-	(14,776,978)	-	(14,776,978)	
Total governmental activities	176,840,658	10,593,526	21,644,248	77,432,954	(67,169,930)	-	(67,169,930)	
Business-type activities:								
Solid waste	5,969,325	6,746,489	49,589	545,968	-	1,372,721	1,372,721	
Port	2,256,226	102,134	724,251	2,159,552	-	729,711	729,711	
Total business-type activities	8,225,551	6,848,623	773,840	2,705,520	-	2,102,432	2,102,432	
Total Primary Government	\$ 185,066,209	\$ 17,442,149	\$ 22,418,088	\$ 80,138,474	(67,169,930)	2,102,432	(65,067,498)	
Component Unit								
School district	\$ 311,040,372	\$ 1,108,593	\$ 101,938,313	\$ -				\$ (207,993,466)
General Revenues								
Taxes:								
Property taxes					116,399,253	-	116,399,253	-
Excise taxes					7,548,977	-	7,548,977	-
Transient accommodation taxes					1,117,249	-	1,117,249	-
Contributions from primary government					-	-	-	51,291,720
Grants and entitlements not restricted to a specific purpose					11,532,940	-	11,532,940	163,247,754
Investment income					1,043,112	-	1,043,112	-
Other					704,245	108,775	813,020	2,100,482
Transfers					(1,354,373)	1,354,373	-	-
Total General Revenues and Transfers					136,991,403	1,463,148	138,454,551	216,639,956
Extraordinary item								
Asset write down					-	(3,000,000)	(3,000,000)	-
Change in Net Position					69,821,473	565,580	70,387,053	8,646,490
Net Position, beginning, as restated (Note 14)					720,848,264	22,859,426	743,707,690	(67,356,924)
Net Position, ending					\$ 790,669,737	\$ 23,425,006	\$ 814,094,743	\$ (58,710,434)

See accompanying notes to basic financial statements.

Matanuska-Susitna Borough, Alaska

Governmental Funds
Balance Sheet

	Major Funds					Total Governmental Funds
	General	School Capital Project	Infrastructure Capital Project	Roads and Bridges Capital Project	Nonmajor Funds	
<i>June 30, 2015</i>						
Assets						
Cash and investments	\$ 39,792,495	\$ 21,693,745	\$ 172,631	\$ -	68,898,068	\$ 130,556,939
Prepaid items	921,866	363,318	-	12,611	445,382	1,743,177
Receivables:						
Intergovernmental	33,805	438,586	1,740,272	14,233,484	3,249,024	19,695,171
Property taxes, net of allowance	8,892,601	-	-	-	2,661,384	11,553,985
Excise taxes	1,173,849	-	-	-	-	1,173,849
Ambulance, net of allowance	3,000,719	-	-	-	-	3,000,719
Land sales contracts, net of allowance	-	-	-	-	4,318	4,318
Accrued interest	321,362	-	-	-	-	321,362
Other	1,152,225	-	77,500	-	414,963	1,644,688
Due from other funds	17,837,775	-	-	-	-	17,837,775
Deposits	475	-	-	-	-	475
Inventory	436,922	-	-	-	-	436,922
Land sales contracts receivable, long term	-	-	-	-	249,351	249,351
Restricted cash	-	94,639,140	-	13,334,376	8,715,757	116,689,273
Total Assets	\$ 73,564,094	\$ 117,134,789	\$ 1,990,403	\$ 27,580,471	84,638,247	\$ 304,908,004
Liabilities, Deferred Inflows and Fund Balances						
Liabilities						
Accounts, contracts and retentions payable	\$ 1,619,126	\$ 9,857,993	\$ 1,667,416	\$ 5,069,503	3,039,508	\$ 21,253,546
Payable to component unit	-	1,233,642	-	-	-	1,233,642
Accrued payroll and related liabilities	1,774,908	-	-	-	-	1,774,908
Other liabilities	217,283	-	-	-	13,750	231,033
Due to General Fund	-	-	-	6,897,866	2,644,149	9,542,015
Deposits	-	5,447	707	-	71,524	77,678
Unearned revenue	-	174,529	-	-	1,488,747	1,663,276
Loans payable to other funds	-	-	-	-	618,722	618,722
Total Liabilities	3,611,317	11,271,611	1,668,123	11,967,369	7,876,400	36,394,820
Deferred Inflows						
Taxes collected in advance	543,171	-	-	-	-	543,171
Delinquent property taxes	7,881,133	-	-	-	2,490,269	10,371,402
Delinquent ambulance receivables	2,169,970	-	-	-	-	2,169,970
Delinquent foreclosure property sales	57,316	-	-	-	-	57,316
Land sales receivables not yet due	-	-	-	-	249,351	249,351
Special assessments	-	-	-	-	5,755	5,755
Total Liabilities and Deferred Inflows	14,262,907	11,271,611	1,668,123	11,967,369	10,621,775	49,791,785
Fund Balances						
Nonspendable - prepaid items and inventory	1,358,788	363,318	-	12,611	445,382	2,180,099
Restricted:						
Debt service	-	-	-	-	2,159,286	2,159,286
Capital projects and school construction	-	94,639,140	-	13,334,376	6,556,471	114,529,987
Committed:						
Land management	-	-	-	-	6,636,329	6,636,329
Self-insurance	150,000	-	-	-	10,000	160,000
Accrued leave	250,000	-	-	-	30,000	280,000
Equipment	-	-	-	-	1,050,000	1,050,000
Assembly projects	57,217	-	-	-	-	57,217
Major repairs and renovations	879,248	-	-	-	-	879,248
Capital	500,000	-	-	-	-	500,000
Emergency response	1,200,000	-	-	-	-	1,200,000
Paving projects and calcium chloride	687,325	-	-	-	-	687,325
School site acquisition	2,813,157	-	-	-	-	2,813,157
Fund balance stabilization	25,000,000	-	-	-	-	25,000,000
Assigned:						
Subsequent year appropriations	-	-	-	-	491,000	491,000
Subsequent year expenditures	11,907,107	-	-	-	2,780,468	14,687,575
Land management	-	-	-	-	387,731	387,731
Service areas	-	-	-	-	19,595,831	19,595,831
Debt service	-	-	-	-	1,446,980	1,446,980
Capital projects	-	10,860,720	322,280	2,266,115	32,628,249	46,077,364
Unassigned (deficit)	14,498,345	-	-	-	(201,255)	14,297,090
Total Fund Balances	59,301,187	105,863,178	322,280	15,613,102	74,016,472	255,116,219
Total Liabilities, Deferred Inflows and Fund Balances	\$ 73,564,094	\$ 117,134,789	\$ 1,990,403	\$ 27,580,471	84,638,247	\$ 304,908,004

See accompanying notes to basic financial statements.

Matanuska-Susitna Borough, Alaska
Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Position
June 30, 2015

Total fund balances for governmental funds		\$ 255,116,219
Total net position reported for governmental activities in the Statement of Net Position 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	\$ 19,383,478	
Rights of Way	76,126,674	
Construction in progress	320,954,066	
Buildings	583,849,588	
Improvements other than buildings	32,166,720	
Equipment	46,379,207	
Infrastructure	168,850,204	
Accumulated depreciation	<u>(322,847,416)</u>	
Total capital assets		924,862,521
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	10,371,402	
Special assessments receivable	5,755	
Ambulance receivables	2,169,970	
Land sales contracts receivable	<u>306,667</u>	
Total long-term assets		12,853,794
Deferred outflows represent costs incurred at the fund level, but future costs in the Statement of Net Position		
Deferred charge on refunding	3,181,528	
Deferred pension costs	<u>2,253,477</u>	
Total deferred outflows		5,435,005
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 Position.		
		18,403,941
Certain deferred inflows represent resources or benefits received at the fund level but future resources in the Statement of Net Position. This is the amount of deferred inflows related to pensions.		
		(2,482,268)
Long-term liabilities, including bonds payable, accrued leave, and net pension liability 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	(348,115,000)	
Unamortized bond premium	(33,411,389)	
FTA liability	(12,319,299)	
Accrued interest payable	(5,705,757)	
Accrued leave	(2,482,871)	
Net pension liability	<u>(21,485,159)</u>	
Total long term liabilities		<u>(423,519,475)</u>
Total Net Position of Governmental Activities		\$ 790,669,737

See accompanying notes to basic financial statements.

Matanuska-Susitna Borough, Alaska
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2015	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	School Projects Capital Project	Infrastructure Capital Project	Roads and Bridges Capital Project		
Revenues						
Taxes	\$ 91,626,579	\$ -	\$ -	\$ -	\$ 34,037,219	\$ 125,663,798
Intergovernmental	38,391,827	3,637,519	35,241,857	24,452,540	15,960,762	117,684,505
Charges for services	5,193,734	-	86,099	-	3,776,082	9,055,915
Investment income	561,579	383,606	-	-	51,452	996,637
Interest on land sales	-	-	-	-	12,060	12,060
Other	-	-	-	1,511	1,414,130	1,415,641
Total Revenues	135,773,719	4,021,125	35,327,956	24,454,051	55,251,705	254,828,556
Expenditures						
Current:						
General government	24,256,603	-	-	-	2,082,947	26,339,550
Public works	7,024,663	-	-	-	-	7,024,663
Emergency services	9,382,221	-	-	-	13,159,894	22,542,115
Public services	5,217,079	-	-	10,283	22,992,803	28,220,165
Education	51,290,823	1,455,408	-	-	18,031	52,764,262
Debt service	-	582,818	-	-	34,270,490	34,853,308
Capital outlay	-	68,585,831	36,001,200	33,857,949	23,365,945	161,810,925
Total Expenditures	97,171,389	70,624,057	36,001,200	33,868,232	95,890,110	333,554,988
Excess (Deficiency) of Revenues						
Over Expenditures	38,602,330	(66,602,932)	(673,244)	(9,414,181)	(40,638,405)	(78,726,432)
Other Financing Sources (Uses)						
Transfers in	3,429,123	500,000	425,000	1,075,000	48,311,604	53,740,727
Transfers out	(42,522,031)	-	(125)	-	(12,572,591)	(55,094,747)
Proceeds from disposal of capital assets	23,327	-	-	-	3,100	26,427
Bond and refunding bond issuances	-	55,195,000	-	1,560,000	37,350,000	94,105,000
Premium on issuances	-	8,971,980	-	57,481	3,763,985	12,793,446
Payment to refunded bond escrow agent	-	-	-	-	(41,095,954)	(41,095,954)
Net Other Financing Sources (Uses)	(39,069,581)	64,666,980	424,875	2,692,481	35,760,144	64,474,899
Net Change in Fund Balances	(467,251)	(1,935,952)	(248,369)	(6,721,700)	(4,878,261)	(14,251,533)
Fund Balances, beginning	59,768,438	107,799,130	570,649	22,334,802	78,894,733	269,367,752
Fund Balances, ending	\$ 59,301,187	\$ 105,863,178	\$ 322,280	\$ 15,613,102	\$ 74,016,472	\$ 255,116,219

See accompanying notes to basic financial statements.

Matanuska-Susitna Borough, Alaska

Reconciliation of Change in Fund Balances of Governmental Funds
to Statement of Activities
Year Ended June 30, 2015

Net change in fund balances - total governmental funds		\$ (14,251,533)
<p>The change in net position reported for governmental activities in the Statement of Activities is different because:</p>		
<p>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 (\$142,558,148) exceeded depreciation (\$16,496,430) and loss on disposal (\$896).</p>		
		126,061,718
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Decrease in delinquent property taxes	\$ (598,319)	
Increase in delinquent ambulance revenue	1,453,938	
Decrease in special assessments	(40)	
Increase in deferred land sales receivable	71,653	
		927,232
<p>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 position. Also, governmental funds report the effect of 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:</p>		
Increase in deferred loss on bonds	1,325,226	
Net increase in unamortized bond premium	(10,559,949)	
Issuance of long-term debt	(94,105,000)	
Payments on debt principal	58,895,000	
		(44,444,723)
<p>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.</p>		
Increase in accrued leave	(344,039)	
Increase in accrued interest payable	(1,157,106)	
Net decrease in net pension liability and related deferred accounts	341,452	
		(1,159,693)
<p>Internal service funds are used by management to charge the costs of insurance to individual funds. Net income of these activities is reported with governmental activities.</p>		
		2,688,472
Change in Net Position of Governmental Activities		\$ 69,821,473

See accompanying notes to basic financial statements.

Matanuska-Susitna Borough, Alaska

General Fund

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

<i>Year Ended June 30, 2015</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 90,774,210	\$ 90,629,210	\$ 91,626,579	\$ 997,369
Intergovernmental	27,712,599	27,712,599	38,391,827	10,679,228
Charges for services	4,811,700	4,811,700	5,193,734	382,034
Investment income	225,000	225,000	561,579	336,579
Total Revenues	123,523,509	123,378,509	135,773,719	12,395,210
Expenditures				
General government	25,777,847	24,420,011	24,256,603	163,408
Public works	5,908,525	6,776,673	7,024,663	(247,990)
Emergency services	10,446,662	10,364,662	9,382,221	982,441
Public services	4,776,865	4,783,270	5,217,079	(433,809)
Education	51,291,720	51,291,720	51,290,823	897
Total Expenditures	98,201,619	97,636,336	97,171,389	464,947
Excess of Revenues Over Expenditures	25,321,890	25,742,173	38,602,330	12,860,157
Other Financing Sources (Uses)				
Proceeds from disposal of capital assets	20,000	20,000	23,327	3,327
Transfers in	125,250	125,250	3,429,123	3,303,873
Transfers out	(38,279,181)	(39,015,394)	(42,522,031)	(3,506,637)
Net Other Financing Sources (Uses)	(38,133,931)	(38,870,144)	(39,069,581)	(199,437)
Net Change in Fund Balance	\$ (12,812,041)	\$ (13,127,971)	(467,251)	\$ 12,660,720
Fund Balance, beginning			<u>59,768,438</u>	
Fund Balance, ending			<u>\$ 59,301,187</u>	

See accompanying notes to basic financial statements.

Matanuska-Susitna Borough, Alaska

Proprietary Funds
Statement of Net Position

	Major Enterprise Funds		Total Enterprise Funds	Internal Service Funds
	Solid Waste	Port		
<i>June 30, 2015</i>				
Assets and Deferred Outflows				
Current Assets				
Cash and investments	\$ -	\$ -	\$ -	\$ 20,129,005
Receivables:				
Accounts	625,396	-	625,396	-
Interfund loans	-	-	-	225,948
Intergovernmental	361,723	1,090,622	1,452,345	-
Deposits with others	-	-	-	52,245
Inventory	-	766	766	-
Total Current Assets	987,119	1,091,388	2,078,507	20,407,198
Noncurrent Assets				
Restricted cash - landfill closure	2,243,072	-	2,243,072	-
Interfund loans receivable - long-term	-	-	-	392,774
Ferry vessel	-	1,500,000	1,500,000	-
Property, plant and equipment:				
Buildings	7,999,619	7,948,617	15,948,236	-
Improvements other than buildings	1,847,855	-	1,847,855	-
Equipment	2,499,200	41,322	2,540,522	-
Landfill cells	8,818,800	-	8,818,800	-
Infrastructure	-	29,459,737	29,459,737	-
Construction in progress	935,441	2,420,582	3,356,023	-
Total property, plant and equipment	22,100,915	39,870,258	61,971,173	-
Accumulated depreciation and amortization	(10,590,065)	(8,030,865)	(18,620,930)	-
Net property, plant and equipment	11,510,850	31,839,393	43,350,243	-
Total Noncurrent Assets	13,753,922	33,339,393	47,093,315	392,774
Total Assets	14,741,041	34,430,781	49,171,822	20,799,972
Deferred Outflows				
Pension related	76,191	25,180	101,371	-
Deferred loss on bonds	-	284,615	284,615	-
Total Deferred Outflows	76,191	309,795	385,986	-
Total Assets and Deferred Outflows	\$ 14,817,232	\$ 34,740,576	\$ 49,557,808	\$ 20,799,972

See accompanying notes to basic financial statements.

Matanuska-Susitna Borough, Alaska

Proprietary Funds

Statement of Net Position, continued

<i>June 30, 2015</i>	Major Enterprise Funds		Total Enterprise Funds	Internal Service Funds
	Solid Waste	Port		
Liabilities, Deferred Inflows and Net Position				
Current Liabilities				
Accounts payable	\$ 463,785	\$ 430,294	\$ 894,079	\$ 21,082
Accrued leave	97,292	34,635	131,927	-
Unearned revenue	1	250,180	250,181	-
Due to General Fund	641,194	7,654,566	8,295,760	-
Accrued interest payable	8,500	52,478	60,978	-
Current portion:				
General obligation bonds	-	500,000	500,000	-
Loans payable	213,924	-	213,924	25,948
Insurance claims incurred but not reported	-	-	-	2,082,228
Total Current Liabilities	1,424,696	8,922,153	10,346,849	2,129,258
Noncurrent Liabilities				
General obligation bonds payable, including unamortized premium of \$508,184	-	5,258,184	5,258,184	-
Loans payable	4,059,912	-	4,059,912	266,773
Lease credits payable	-	1,326,470	1,326,470	-
Net pension liability	726,425	240,069	966,494	-
Landfill closure costs payable	4,063,230	-	4,063,230	-
Total Noncurrent Liabilities	8,849,567	6,824,723	15,674,290	266,773
Total Liabilities	10,274,263	15,746,876	26,021,139	2,396,031
Deferred Inflows - pension related	83,927	27,736	111,663	-
Net Position				
Net investment in capital assets	7,237,014	26,365,824	33,602,838	-
Unrestricted (deficit)	(2,777,972)	(7,399,860)	(10,177,832)	18,403,941
Total Net Position	4,459,042	18,965,964	23,425,006	18,403,941
Total Liabilities, Deferred Inflows and Net Position	\$ 14,817,232	\$ 34,740,576	\$ 49,557,808	\$ 20,799,972

See accompanying notes to basic financial statements.

Matanuska-Susitna Borough, Alaska

Proprietary Funds

Statement of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2015	Major Enterprise Funds		Total Enterprise Funds	Internal Service Funds
	Solid Waste	Port		
Operating Revenues				
Intragovernmental	\$ -	\$ -	\$ -	\$ 9,170,037
Charges for services	6,746,489	102,134	6,848,623	-
Interest on loans	-	-	-	353
Employee contributions	-	-	-	817,798
Total Operating Revenues	6,746,489	102,134	6,848,623	9,988,188
Operating Expenses				
Landfill operations	3,073,735	-	3,073,735	-
Transfer sites	1,957,290	-	1,957,290	-
Dock operations	-	589,402	589,402	-
Ferry expenses	-	485,851	485,851	-
Claims	-	-	-	5,938,892
Depreciation and amortization	864,704	1,004,650	1,869,354	-
Administrative fees	51,078	-	51,078	1,194,422
Premium	-	-	-	212,171
Total Operating Expenses	5,946,807	2,079,903	8,026,710	7,345,485
Operating Income (Loss)	799,682	(1,977,769)	(1,178,087)	2,642,703
Nonoperating Revenues (Expenses)				
Intergovernmental - State sources:				
PERS relief	49,589	16,388	65,977	-
Debt service reimbursement	-	707,863	707,863	-
Miscellaneous income	108,775	-	108,775	-
Investment income	-	-	-	46,122
Interest expense	(22,518)	(176,323)	(198,841)	-
Net Nonoperating Revenues	135,846	547,928	683,774	46,122
Income (Loss) Before Capital Contributions, Transfers and Extraordinary Item	935,528	(1,429,841)	(494,313)	2,688,825
Capital contributions	545,968	2,159,552	2,705,520	-
Transfers in	-	3,223,322	3,223,322	-
Transfers out	-	(1,868,949)	(1,868,949)	(353)
Extraordinary Item - Fair value adjustment - Ferry	-	(3,000,000)	(3,000,000)	-
Change in Net Position	1,481,496	(915,916)	565,580	2,688,472
Net Position, beginning, as restated (Note 14)	2,977,546	19,881,880	22,859,426	15,715,469
Net Position, ending	\$ 4,459,042	\$ 18,965,964	\$ 23,425,006	\$ 18,403,941

See accompanying notes to basic financial statements.

Matanuska-Susitna Borough, Alaska

Proprietary Funds
Statement of Cash Flows

Year Ended June 30, 2015	Major Enterprise Funds		Total Enterprise Funds	Internal Service Funds
	Solid Waste	Port		
Cash Flows from (for) Operating Activities				
Receipts from customers	\$ 6,568,804	\$ 98,261	\$ 6,667,065	\$ -
Receipts from employees and other	-	-	-	817,798
Payments to suppliers	(3,189,082)	(664,510)	(3,853,592)	-
Payments to employees	(1,950,515)	(331,418)	(2,281,933)	-
Payments for interfund services (used) provided	(51,078)	-	(51,078)	9,170,037
Issuance of new loans	-	-	-	(161,666)
Principal payments received on loans	-	-	-	30,626
Interest payments received on loans	-	-	-	353
Principal payments on loan payable	-	-	-	(18,626)
Payments for claims and services	-	-	-	(7,173,013)
Net cash flows from (for) operating activities	1,378,129	(897,667)	480,462	2,665,509
Cash Flows from (for) Noncapital Financing Activities				
Transfers in	-	3,223,322	3,223,322	-
Transfers out	-	(1,868,949)	(1,868,949)	(353)
Net cash flows from (for) noncapital financing activities	-	1,354,373	1,354,373	(353)
Cash Flows from Investing Activities - investment income	-	-	-	46,122
Cash Flows from (for) Capital and Related Financing Activities				
Purchases of property, plant and equipment	(1,537,845)	(1,834,358)	(3,372,203)	-
Proceeds from issuance of loan	138,233	-	138,233	-
Capital contributions received	827,375	1,272,704	2,100,079	-
Principal and interest paid on interfund note	-	-	-	-
Principal and interest paid on bonds and loans	(457,624)	(709,463)	(1,167,087)	-
Debt service reimbursement	-	707,863	707,863	-
Increase (decrease) in due to General Fund	(348,268)	106,548	(241,720)	-
Net cash flows for capital and related financing activities	(1,378,129)	(456,706)	(1,834,835)	-
Net Increase in Cash and Investments	-	-	-	2,711,278
Cash and Investments, beginning of year	2,243,072	-	2,243,072	17,417,727
Cash and Investments, end of year	\$ 2,243,072	\$ -	\$ 2,243,072	\$ 20,129,005
Reconciliation of Operating Income (Loss) to Net Cash Flows from (for) Operating Activities				
Operating income (loss)	\$ 799,682	\$ (1,977,769)	\$ (1,178,087)	\$ 2,642,703
Adjustments to reconcile operating income (loss) to net cash flows from (for) operating activities:				
Miscellaneous nonoperating revenue	108,775	-	108,775	-
Depreciation and amortization	864,704	1,004,650	1,869,354	-
Lease credits exercised	-	(3,873)	(3,873)	-
Noncash expense - PERS relief	49,589	16,388	65,977	-
(Increase) decrease in assets and deferred outflows:				
Accounts receivable	(286,460)	-	(286,460)	-
Inventory	-	-	-	-
Loans receivable	-	-	-	(131,040)
Deferred outflows - pension related	(16,454)	(5,438)	(21,892)	-
Increase (decrease) in liabilities and deferred inflows:				
Accounts payable	49,418	63,028	112,446	5,585
Accrued leave	3,225	3,725	6,950	-
Landfill closure costs payable	(143,069)	-	(143,069)	-
Loans payable	-	-	-	(18,626)
Insurance claims incurred but not reported	-	-	-	166,887
Net pension liability	(79,017)	(26,114)	(105,131)	-
Deferred inflows - pension related	27,736	27,736	55,472	-
Net Cash Flows from (for) Operating Activities	\$ 1,378,129	\$ (897,667)	\$ 480,462	\$ 2,665,509
Supplemental disclosure of non-cash capital and related financing activities				
Receipt of donated capital asset	\$ 19,707	\$ -	\$ 19,707	\$ -
Accounts payable for capital outlays	\$ -	\$ 325,195	\$ 325,195	\$ -
Capital contributions	\$ 223,490	\$ 1,090,622	\$ 1,314,112	\$ -

See accompanying notes to basic financial statements.

Matanuska-Susitna Borough, Alaska
Agency Funds
Statement of Fiduciary Assets and Liabilities

June 30, 2015

Assets

Cash and investments	\$ 7,907
Property taxes receivable:	
Real	116,542
Personal	10,407
Special assessments receivable	2,121,773
Total Assets	\$ 2,256,629

Liabilities

Accounts payable	\$ 24,219
Payable to Mat-Su Borough	453,419
Deposits	575,096
Taxes collected in advance	126,985
Intergovernmental	4,008
Notes payable - gas lines	942,133
Notes payable - road improvements	130,769
Total Liabilities	\$ 2,256,629

See accompanying notes to basic financial statements.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements June 30, 2015

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; however, the Borough is financially accountable for the School District. 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 to pay the required local contribution, and approves the issuance of any bonded debt, and is ultimately responsible for payment of such bonded debt. The financial data of the School District is included in the Borough's financial statements and is accounted for as a discretely presented component unit.

The School District is reported in a separate column of the government-wide financial statements to emphasize that it is legally separate from the Borough. Copies of the School District's independent 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 position 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, Alaska

Notes to the Financial Statements June 30, 2015

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments 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.

Property and other 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.

Matanuska-Susitna Borough, Alaska

Notes to the Financial Statements June 30, 2015

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 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.

The *Roads and Bridges Capital Project Fund* accounts for activities relating to the construction, renovation and repair of roads and bridges.

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

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.

Matanuska-Susitna Borough, Alaska

Notes to the Financial Statements June 30, 2015

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. This fund is closed as of June 30, 2015.

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.
- 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.

Matanuska-Susitna Borough, Alaska

Notes to the Financial Statements June 30, 2015

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure, are reported in the government-wide and enterprise fund 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:

	Years
Buildings and improvements	30-40
Improvements other than buildings	30-40
Equipment	5
Landfill Cells	10
Infrastructure	20-30

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. These items are expensed during the period benefitted by the prepayment (consumption method).

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).

Deferred Outflows of Resources

Deferred outflows consist of deferred charges (deferred losses) on debt refundings and pension related items. These items are amortized resulting in additional expense in future periods.

Unearned Revenue

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

Accrued Leave

The liability reported for accrued leave time reported in the government-wide and proprietary statements consists of unpaid, vested annual leave. A liability for accrued leave is reported in the governmental funds only if it has "matured" such as upon employee resignation or retirement.

Matanuska-Susitna Borough, Alaska

Notes to the Financial Statements June 30, 2015

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 position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

Deferred Inflows of Resources

Deferred inflows, in the government-wide financial statements, are comprised of revenues received in advance of the year in which they were budgeted and pension related items. Specifically, this includes taxes received in advance of the levy. Pension items are amortized resulting in reduction of expense at a later date. In the governmental fund financial statements, deferred inflows also include those items that are measurable, but not yet available for revenue recognition under the modified accrual basis of accounting rules.

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 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 has delegated authority to the Manager 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.

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.

Matanuska-Susitna Borough, Alaska

Notes to the Financial Statements June 30, 2015

Encumbrances

The Borough practices 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.

A schedule of the changes in the claims liability for the years ended June 30, 2014 and June 30, 2015 follows:

	Unemployment Insurance	Health Insurance	Property and and Casualty Insurance	Workers' Comp Insurance	Total
Balance at June 30, 2013	\$ 36,771	\$ 1,239,489	\$ 225,000	\$ 602,475	\$ 2,103,735
Claims expense	94,645	4,626,788	372,000	150,301	5,243,734
Claims paid	(115,919)	(4,625,061)	(72,000)	(603,651)	(5,416,631)
Balance at June 30, 2014	15,497	1,241,216	525,000	149,125	1,930,838
Claims expense	105,083	5,357,983	-	475,826	5,938,892
Claims paid	(99,498)	(5,375,172)	-	(291,750)	(5,766,420)
Balance at June 30, 2015	\$ 21,082	\$ 1,224,027	\$ 525,000	\$ 333,201	\$ 2,103,310

Matanuska-Susitna Borough, Alaska

Notes to the Financial Statements June 30, 2015

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 \$21,082, is included in the financial statements as accounts payable. All other funds' liabilities are reported on the statement of net position as insurance claims incurred but not reported. This liability, in the amount of \$2,082,228 is included with the governmental activities noncurrent liabilities.

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). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS) and additions to/from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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.

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.

Matanuska-Susitna Borough, Alaska

Notes to the Financial Statements June 30, 2015

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, 2015.

	Pooled Cash And Investments	Other	Totals
Bank deposits	\$ 12,957,516	\$ 2,064,596	\$ 15,022,112
Investments	285,241,768	-	285,241,768
Total Cash and Investments	\$ 298,199,284	\$ 2,064,596	\$ 300,263,880

Reconciliation to the basic financial statements:

	Borough Accounts	School Accounts	Totals
Primary government cash and investments	\$ 150,685,944	\$ -	\$ 150,685,944
Restricted cash	118,932,345	-	118,932,345
Agency funds	7,907	-	7,907
School District	28,573,088	2,064,596	30,637,684
Total Cash and Investments	\$ 298,199,284	\$ 2,064,596	\$ 300,263,880

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.

Investment maturities in general investments at June 30, 2015 are as follows:

	Fair Value	Investment Maturity (in years)		
		Less than 1	1-5	More than 5
Investment Type				
U.S. government agencies	\$ 63,585,819	\$ 31,897,015	\$ 31,688,804	\$ -
Money market funds	6,690,232	6,690,232	-	-
Pooled investments (AMLIP)	214,965,717	214,965,717	-	-
Total Investments	\$ 285,241,768	\$ 253,552,964	\$ 31,688,804	\$ -

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. In addition, all of the Money market funds are rated AAAm by Standard and Poor's. To minimize credit risk, the Borough's investments are limited to those discussed above, under "Investments."

Matanuska-Susitna Borough, Alaska

Notes to the Financial Statements June 30, 2015

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.

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 3.04.095(A), as amended, sets out a minimum fund balance in the amount of 22.2% of all annual budgeted operating expenditures of the Borough, exclusive of the School District, or \$25 million, whichever is less. 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.

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, 2015, consisted of the following:

Due to the General Fund from:

Port Enterprise Fund for advances for operating and capital costs	\$ 7,654,566
Solid Waste Enterprise Fund for advances for capital costs	641,194
Roads and Bridges Capital Project Fund for capital advance	6,897,866
Nonmajor governmental funds for advances for operating and capital costs	2,644,149

Total Due To General Fund **\$ 17,837,775**

Matanuska-Susitna Borough, Alaska

Notes to the Financial Statements June 30, 2015

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.

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. Loan payments are due in twenty annual installments of \$4,541 to \$6,025, plus interest at 1.5% through March 1, 2032. Repayment terms to the Revolving Loan Fund will mirror those between ADEC and the Borough.

Amounts distributed at June 30, 2015 were as follows:

Road Service Area 9 - Midway Road	\$	27,270
Road Service Area 14 - Fairview Road		16,023
Road Service Area 16 - South Colony		58,792
Road Service Area 19 - Lazy Mountain		323
Road Service Area 23 - North Colony		7,256
Road Service Area 25 - Bogard Road		54,499
Road Service Area 26 - Greater Butte Road		3,063
Road Service Area 28 - Gold Trail Road		32,853
Road Service Area 31 - Alpine Road		1,470

Total loans payable from Road Service Areas for ADEC Loan		201,549
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Loan payable from Talkeetna Water and Sewer for ADEC loan	\$	91,172
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Matanuska-Susitna Borough, Alaska

Notes to the Financial Statements June 30, 2015

Other advances to/from other funds, representing long-term loans at June 30, 2015 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	\$ 120,000
\$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	6,000
\$200,000 Willow Fire Service Area 35 - Capital equipment revolving loan, due in annual installments of \$40,000, plus interest as approved by Assembly, through 2021	200,000
Total loans payable to other funds with established payment terms	326,000
Total Loans Payable To Revolving Loan Internal Service Funds	\$ 618,722

Transfers to/from other funds for the year ended June 30, 2015 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 the General Fund to:

School Buildings Debt Service Fund	\$ 29,800,000
Roads and Bridges Capital Project Fund	1,075,000
School Projects Capital Project Fund	500,000
Infrastructure Capital Project Fund	425,000
Port Enterprise Fund	3,223,322
Nonmajor governmental funds	7,498,709

Total transfers out of General Fund **42,522,031**

From Infrastructure Capital Project Fund to General Fund **125**

From nonmajor governmental funds to:

General Fund	1,559,696
Other nonmajor governmental funds	11,012,895

Total transfers out of nonmajor governmental funds **12,572,591**

From Port Enterprise Fund to General Fund **1,868,949**

From internal service funds to General Fund **353**

Total Transfers **\$ 56,964,049**

Matanuska-Susitna Borough, Alaska

Notes to the Financial Statements June 30, 2015

6. Capital Assets

Capital asset activity for the year ended June 30, 2015 follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Governmental Activities				
<i>Capital assets not being depreciated:</i>				
Land and land improvements	\$ 19,188,095	\$ 195,383	-	\$ 19,383,478
Rights of way	70,016,949	6,109,725	-	76,126,674
Construction in progress	224,273,730	129,609,468	32,929,132	320,954,066
Total assets not being depreciated	313,478,774	135,914,576	32,929,132	416,464,218
<i>Capital assets being depreciated:</i>				
Buildings	563,554,342	20,295,246	-	583,849,588
Improvements other than buildings	29,120,794	3,045,926	-	32,166,720
Equipment	42,339,302	4,501,971	462,066	46,379,207
Infrastructure	157,120,643	11,729,561	-	168,850,204
Total assets being depreciated	792,135,081	39,572,704	462,066	831,245,719
Less accumulated depreciation for:				
Buildings	151,923,155	9,879,242	-	161,802,397
Improvements other than buildings	7,959,288	743,572	-	8,702,860
Equipment	26,253,743	3,333,490	462,066	29,125,167
Infrastructure	120,676,866	2,540,126	-	123,216,992
Total accumulated depreciation	306,813,052	16,496,430	462,066	322,847,416
Total capital assets being depreciated, net	485,322,029	23,076,274	-	508,398,303
Governmental Activity Capital Assets, net \$ 798,800,803 \$ 158,990,850 \$ 32,929,132 \$ 924,862,521				

	Balance July 1, 2014, As restated	Additions	Deletions	Balance June 30, 2015
Business-type Activities				
<i>Capital assets not being depreciated:</i>				
Construction in progress	\$ 5,814,445	\$ 3,226,237	\$ 5,684,659	\$ 3,356,023
<i>Capital assets being depreciated:</i>				
Buildings	10,368,975	5,579,261	-	15,948,236
Improvements other than buildings	1,790,143	57,712	-	1,847,855
Equipment	2,198,330	448,554	106,362	2,540,522
Landfill cells	8,728,800	90,000	-	8,818,800
Infrastructure	29,459,737	-	-	29,459,737
Total assets being depreciated	52,545,985	6,175,527	106,362	58,615,150

Matanuska-Susitna Borough, Alaska

Notes to the Financial Statements June 30, 2015

	Balance July 1, 2014, As restated	Additions	Deletions	Balance June 30, 2015
Less accumulated depreciation for:				
Buildings	\$ 1,158,172	\$ 531,656	-	\$ 1,689,828
Improvements other than buildings	782,893	51,432	-	834,325
Equipment	1,336,917	139,594	106,362	1,370,149
Landfill cells	7,099,260	429,886	-	7,529,146
Infrastructure	6,460,989	736,493	-	7,197,482
Total accumulated depreciation	16,838,231	1,889,061	106,362	18,620,930
Total capital assets being depreciated, net	35,707,754	4,286,466	-	39,994,220
Business-Type Activity Capital Assets, net	\$ 41,522,199	\$ 7,512,703	\$ 5,684,659	\$ 43,350,243

Depreciation expense was charged to the functions as follows for the year ended June 30, 2015:

	Depreciation
Governmental Activities	
General government	\$ 1,292,273
Public works	457,840
Public service	3,373,433
Emergency services	2,547,010
Education	8,825,874
Total Governmental Activities	\$ 16,496,430
Business-type Activities	
Solid waste	\$ 864,704
Port	1,004,650
Total Business-Type Activities	\$ 1,869,354

Included in equipment assets and depreciation additions above, is \$19,707 in transfers of capital assets and related depreciation.

Matanuska-Susitna Borough, Alaska

Notes to the Financial Statements June 30, 2015

Capital projects authorized or in progress are as follows:

	Project Authorization	Expended	Fund Balance Available
School projects	\$ 727,116,572	\$ 623,704,562	\$ 105,863,178
Road service repair	151,902,550	123,620,207	19,350,269
Sewage facility	15,895,671	14,948,152	101,011
Fire protection	84,591,051	69,620,180	8,777,662
Sanitary landfills	31,936,543	22,010,081	613,303
Ambulance and emergency medical services	32,572,779	31,766,685	319,117
Roads and bridges	176,583,599	115,470,500	15,613,102
Borough facilities	66,078,541	62,769,959	1,330,764
Cultural and recreational	14,778,361	13,741,375	1,096,581
Port	54,591,735	52,732,814	323,944
Major maintenance	1,149,094	1,111,719	-
Infrastructure	188,988,794	166,646,594	322,280
Miscellaneous	85,977,323	77,481,736	8,296,730
Pass-through grants	13,787,870	12,313,570	161,629
	\$ 1,645,950,483	\$ 1,387,938,134	\$ 162,169,570

7. Other Asset - Ferry Vessel

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, itself. The original plan anticipated Ferry service across Knik Arm, connecting the Borough to the Municipality of Anchorage. The Ferry was constructed by the Department of Defense and was paid for through Department of Defense and Federal Transit Administration funding, along with some matching Borough funds. The Borough was 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 under its intended purpose.

The vessel had an approximate construction cost of \$74 million according to Department of Defense, with storage and maintenance cost currently at approximately \$25,000 per month. Given the ongoing storage and maintenance cost, coupled with no landing site to put the Ferry into use, the Borough began trying to sell the Vessel.

In December 2014, the Borough entered into a tentative sales agreement with a purchase price of \$4.5 million. As a result of that agreement, the carrying value of the vessel was written down from the Borough's cost of \$7.098 million to the tentative sale price. However, that sale did not go through resulting in the Borough seeking another buyer. In September 2015, the Borough entered into a sales agreement with the Philippines Red Cross. This sale, conditioned on the Borough completing various repairs to the vessel, as well as final regulatory approval, is for a purchase price of \$1.75 million. In December 2015, the Borough received a down payment in the amount of \$250,000 from the Philippines Red Cross. These funds will be used to help pay for the required

Matanuska-Susitna Borough, Alaska

Notes to the Financial Statements June 30, 2015

repairs. The sale is expected to be finalized some time during calendar year 2016. At June 30, 2015, because the agreed-upon sales price is lower than the recorded value, the Borough has recognized an additional loss of \$2.75 million on the asset carrying value (a market value adjustment). Repairs have been estimated at approximately \$1.1 million; however it is believed the majority of these costs will be covered by insurance, except for the \$250,000 deductible. The borough has also recognized an additional impairment loss for the \$250,000 deductible, bringing the total FY15 write down to \$3 million.

Because the Ferry was paid in part by federal funds, if it is not placed in service for passenger traffic, is sold, or is otherwise disposed, the Borough may be required to pay back some portion or all of those costs funded by the Federal Transit Administration (FTA). As noted above, the Borough took title to the Ferry during the fiscal year 2013. At that time, it was recorded at the Borough's share of the historical cost of \$7,098,884, which includes Federal Transit Administration Funding, along with matching Borough funds.

In August of 2014, the Borough received notice that the FTA wants the Borough to repay \$12,319,299 in connection with both the Ferry itself, as well as the Passenger Terminal Building. The Borough received a temporary postponement of the billing in order to negotiate the amount owed and repayment terms. As of June 30, 2014, the Borough recorded \$12,319,299 million liability as a governmental long-term debt. During 2015, there has been no change in status with respect to the FTA. The Borough continues to carry the liability on the books at \$12.3 million, pending finalization of the Vessel sale, as well as settlement of final payment terms and amount due to the FTA.

8. Long-term Debt

Issuance of New Debt

General Obligation School Bonds

In March, 2015 the Borough issued \$55,195,000 of general obligation school bonds. The 2015 bonds were issued with a premium of \$8,971,980.

General Obligation Transportation System Bonds

In March, 2015 the Borough issued \$1,560,000 of general obligation transportation system bonds. The bonds were issued at a premium of \$57,481.

Refunding Bonds

In February 2015, the Borough issued \$37,350,000 in general obligation school refunding bonds to advance refund \$38,730,000 of outstanding bonds from three separate issues. The new bonds were issued with a premium of \$3,763,985. The proceeds of the new bonds were placed in an irrevocable trust for the purpose of generating resources sufficient to cover all future debt service payments of the refunded debt. As a result, the refunded bonds are considered defeased and the liability has been removed from the Borough's financial statements. This advance refunding was undertaken to reduce total debt service over the life of the debt by \$1,399,615 resulting in an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$1,281,297. For accounting purposes, the transaction resulted in a deferred loss of \$2,111,820. This amount will be amortized as additional interest expense over a ten-year period.

Matanuska-Susitna Borough, Alaska

Notes to the Financial Statements June 30, 2015

Other Debt Information

ADEC Loan

In 2014, 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 \$3,060,343 and is being used to pay for the Central Landfill Cell 2 Closure. The Borough reported \$138,233 in drawdowns in the current year. Repayment terms will be established upon completion of the project and drawdown of the loan. This loan is recorded in the Solid Waste Enterprise Fund.

FTA Ferry and Terminal Liability

As noted earlier, in 2014 the Borough received notice and demand for repayment of grant funds associated with the M/V Susitna Passenger Ferry and related Terminal Building in the amount of \$12,319,299. Payment terms have not yet been established.

A summary of changes in long-term debt for the year ended June 30, 2015 follows:

	Balance at July 1, 2014	Additions	Retirements	Balance at June 30, 2015	Due Within One Year
Governmental Activities					
School projects bonds	\$ 268,910,000	\$ 92,545,000	\$ 56,385,000	\$ 305,070,000	\$ 19,785,000
Park and recreation bonds	1,970,000	-	245,000	1,725,000	260,000
Transportation bonds	28,575,000	1,560,000	1,010,000	29,125,000	1,120,000
Certificates of participation	13,450,000	-	1,255,000	12,195,000	1,310,000
ADEC salted sand building loan	215,497	-	13,948	201,549	14,147
ADEC Talkeetna community water upgrade loan	95,850	-	4,678	91,172	4,748
FTA liability	12,319,299	-	-	12,319,299	-
Accrued leave **	2,138,832	2,741,847	2,397,808	2,482,871	2,482,871
Insurance claims incurred but not reported & claims payable	1,915,341	5,833,810	5,666,923	2,082,228	2,082,228
Net pension liability	23,822,218	-	2,337,059	21,485,159	-
	<u>353,412,037</u>	<u>\$ 102,680,657</u>	<u>\$ 69,315,416</u>	<u>386,777,278</u>	<u>\$ 27,058,994</u>
Plus unamortized bond premium	<u>22,851,440</u>			<u>33,411,389</u>	
	<u>\$ 376,263,477</u>			<u>\$ 420,188,667</u>	

Matanuska-Susitna Borough, Alaska

Notes to the Financial Statements June 30, 2015

	Balance at July 1, 2014	Additions	Retirements	Balance at June 30, 2015	Due Within One Year
Business-type Activities					
Port bonds	\$ 5,735,000	\$ -	\$ 485,000	\$ 5,250,000	\$ 500,000
ADEC solid waste loan - Cell 3 construction *	2,805,926	-	121,344	2,684,582	123,165
ADEC solid waste loan - hazardous waste facility	727,059	-	47,058	680,001	47,763
ADEC solid waste loan - regional resource recovery and training facility	813,381	-	42,361	771,020	42,996
ADEC solid waste loan - Cell 2 closure	-	138,233	-	138,233	-
Lease credits payable	1,330,343	-	3,873	1,326,470	-
Landfill closure and post-closure monitoring costs	4,262,490	-	199,260	4,063,230	-
Accrued leave **	124,977	128,366	121,416	131,927	131,927
Net pension liability	1,071,625	-	105,131	966,494	-
	<u>\$ 16,870,801</u>	<u>\$ 266,599</u>	<u>\$ 1,125,443</u>	<u>16,011,957</u>	<u>\$ 845,851</u>
Plus unamortized bond premium	<u>566,821</u>			<u>508,184</u>	
	<u>\$ 17,437,622</u>			<u>\$ 16,520,141</u>	

*Not yet in repayment status.

** Based on an analysis of the actual compensated absence expenditures/expense during the first quarter of the fiscal year 2016, management estimates all accrued leave will be used in FY16.

Therefore the entire balance of accrued leave is reported as due within one year. Other long-term liabilities related to governmental activities such as accrued leave are generally liquidated by the General Fund.

At June 30, 2015, long-term debt in repayment status is comprised of the following individual issues:

General Obligation Bonds

School projects bonds:

\$55,195,000 2015 Series B School bonds, due in annual installments of \$1,495,000 to \$4,225,000, plus interest at 1.5% to 5.0% through November 1, 2034	\$ 55,195,000
\$37,350,000 2015 Series A School refunding bonds, due in annual installments of \$2,435,000 to \$5,915,000, plus interest at 2.0% to 5.0% through February 1, 2026	37,350,000
\$29,400,000 2014 Series A School bonds, due in annual installments of \$940,000 to \$2,190,000, plus interest at 2.0% to 5.0% through November 1, 2034	28,580,000

Matanuska-Susitna Borough, Alaska

Notes to the Financial Statements June 30, 2015

General Obligation Bonds, continued

Park bonds

\$13,290,000 2013 Series A School bonds, due in annual installments of \$470,000 to \$995,000, plus interest at 3.0% to 5.0% through March 1, 2033	12,350,000
\$91,770,000 2012 Series A School bonds, due in annual installments of \$3,425,000 to \$6,640,000, plus interest at 3.0% to 5.0% through March 2032	81,925,000
\$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	7,665,000
\$33,785,000 2011 Series A School bonds, due in annual installments of \$1,335,000 to \$2,489,000, plus interest at 2.0% to 5.0% through April 1, 2031	28,775,000
\$19,030,000 2009 Series A School bonds, due in annual installments of \$740,000 to \$1,465,000, plus interest at 4.0% to 5.5% through April 1, 2030	15,720,000
\$33,505,000 2007 Series A School refunding bonds, due in annual installments of \$3,635,000 to \$3,820,000, plus interest at 4.0% to 5.00% through April 1, 2025	33,505,000
\$20,500,000 2006 Series A School bonds, partially refunded in 2015, due in annual installments of \$1,015,000 to \$1,055,000, plus interest at 4.0% through February 1, 2017	2,070,000
\$19,200,000 2006 Series B School bonds, partially refunded in 2015, due in annual installments of \$945,000 to \$990,000, plus interest at 4.0% through February 1, 2017	1,935,000
Total school projects bonds	305,070,000
\$2,210,000 2007 Series B Park bonds, due in annual installments of \$260,000 to \$325,000, plus interest at 4.0% to 5.25% through April 1, 2021	\$ 1,725,000

Transportation bonds:

\$1,560,000 2015 Series C Transportation bonds, due in annual installments of \$50,000 to \$105,000, plus interest at 2.0% to 3.5% through November 1 2034	1,560,000
\$17,840,000 2014 Series A Transportation bonds, due in annual installments of \$610,000 to \$1,350,000, plus interest at 2.0% to 5.0% through August 1, 2033	17,280,000
\$11,175,000 2012 Series D Transportation bonds, due in annual installments of \$460,000 to \$845,000, plus interest at 1.25% to 5.0% through April 1, 2032	10,285,000
Total transportation bonds	29,125,000

Matanuska-Susitna Borough, Alaska

Notes to the Financial Statements June 30, 2015

Port bonds

\$5,770,000 2012 Series C Port refunding bonds, due in annual installments of \$500,000 to \$675,000, plus interest at 3.0% to 5.0% through March 1, 2024	5,250,000
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Total General Obligation Bonds	\$ 341,170,000
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Certificates of Participation

\$8,585,000 2013 Public Safety Building Lease Certificates of Participation, due in annual installments of \$450,000 to \$745,000, plus interest at 2.5% to 5.0% through October 1, 2024	\$ 8,150,000
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\$5,235,000 2000 Public Safety Building Lease Certificates of Participation, final payment of \$490,000, plus interest at 5.75% due March 1, 2016	490,000
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\$5,750,000 2008 Animal Control Building Certificates of Participation, due in annual installments of \$370,000 to \$535,000, plus interest at 4.2% to 5.75% through March 1, 2023	3,555,000
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Total Certificates Of Participation	\$ 12,195,000
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ADEC loans

\$2,805,926 ADEC loan for Landfill Cell 3 construction due in annual installments of \$123,165 to \$161,018 plus interest at 1.5% through July 1, 2034	\$ 2,684,582
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\$105,000 ADEC loan for Talkeetna Community Water Upgrade due in annual installments of \$4,748 to \$6,025 plus interest at 1.5% through March 1, 2032	91,172
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\$294,958 ADEC loan for Salted Sand Storage Building due in annual installments of \$14,147 to \$16,926, plus interest at 1.5% through August 8, 2027	201,549
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\$995,155 ADEC loan for Hazardous Materials Facility, due in annual installments of \$47,763 to \$57,107, plus interest at 1.5% through August 31, 2027	680,001
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\$936,743 ADEC loan for Regional Resource Recovery and Training Facility, due in annual installments of \$42,996 to \$53,755, plus interest at 1.5% through June 30, 2031	771,020
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\$3,060,343 (maximum) loan for Central Landfill Cell 2A Closure, loan terms not yet established	138,233
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Total ADEC Loans	\$ 4,566,557
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Matanuska-Susitna Borough, Alaska

Notes to the Financial Statements June 30, 2015

The annual requirements to amortize long-term debt outstanding at June 30, 2015, exclusive of the accrued leave, landfill closure and post closure monitoring costs, insurance claims incurred but not reported, FTA liability and the ADEC loans that are not yet in repayment status are as follows:

Governmental Activities

<i>Year Ending June 30:</i>	General Obligation Bonds and Certificates of Participation		ADEC Loans	
	Principal	Interest	Principal	Interest
2016	\$ 22,475,000	\$ 16,747,364	\$ 18,895	\$ 4,390
2017	22,935,000	15,789,985	19,188	4,107
2018	23,855,000	13,769,059	19,476	3,820
2019	20,775,000	12,684,169	19,768	3,528
2020	19,310,000	11,794,744	20,066	3,230
2021-2025	97,995,000	46,119,355	104,933	11,547
2026-2030	86,210,000	25,298,964	78,424	3,696
2031-2035	54,560,000	5,775,394	11,971	269
	\$ 348,115,000	\$ 147,979,034	\$ 292,721	\$ 34,587

Business-type Activities

<i>Year Ending June 30:</i>	Port Bonds		ADEC Loans	
	Principal	Interest	Principal	Interest
2016	\$ 500,000	\$ 209,913	\$ 213,924	\$ 62,034
2017	520,000	189,913	217,133	58,825
2018	540,000	169,913	220,390	55,569
2019	565,000	147,513	223,696	52,263
2020	580,000	130,563	227,051	48,907
2021-2025	2,545,000	294,813	1,187,375	192,417
2026-2030	-	-	1,162,345	101,520
2031-2035	-	-	683,689	24,604
Loans not yet in repayment	-	-	138,233	-
	\$ 5,250,000	\$ 1,142,628	\$ 4,273,836	\$ 596,139

The following summarizes the amounts available for payment of general long-term debt at June 30, 2015:

	Debt Service Funds
School general obligation bonds	\$ 310,890
Transportation bonds	757,764
Parks and recreation bonds	32,251
Certificates of participation	2,505,361
	\$ 3,606,266

Matanuska-Susitna Borough, Alaska

Notes to the Financial Statements June 30, 2015

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.

The following bond authorizations remain open and unissued:

	Authorized Unissued
October 2008, Transportation Bonds	\$ 15,000,000
October 2011, School Bonds	2,465,000
October 2013, Transportation Bonds	14,615,000
	<hr/>
	\$ 32,080,000

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, 2015, the Borough was in compliance.

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, 2015, based on landfill capacity used as of that date. In 2015 the Borough conducted a landfill closure review process which resulted in certain changes to the closure cost estimate. The \$4,063,230 reported as landfill closure and postclosure care liability at June 30, 2015 represents the cumulative amount reported to date based on the use of 23.17% of the estimated capacity of the landfill. The Borough will recognize the remaining estimated cost of closure and postclosure care of \$13,474,894 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, 2015, 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 improvement 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, 2015 follows:

Matanuska-Susitna Borough, Alaska

Notes to the Financial Statements June 30, 2015

Gas line bonds	\$ 942,133
Road improvement bonds	130,769
Total	\$ 1,072,902

Advance Refunding of Bonds

Historically, the Borough has issued refunding debt when financially advantageous. The purpose of the refundings is to obtain more favorable interest rates, thereby reducing the overall cost of borrowing. At the time of the transactions, the proceeds from the issuance of the new refunding debt has been placed into an irrevocable trust with an escrow paying agent to provide the future debt service payments on the old debt, until the debt is paid in full, generally at a specified call date. For financial accounting purposes, the refunded debt is considered defeased and therefore, removed from the Borough's financial statements. At June 30 2015, defeased debt outstanding and under payment by the escrow agent is as follows. Both issues bear call dates of February 2017:

<i>Date of Refunding</i>	<i>Issue Refunded</i>	<i>Amount Refunded</i>	<i>Amount Outstanding</i>
2015	2006 A School Bonds	\$ 11,915,000	\$ 11,915,000
2015	2006 B School Bonds	11,195,000	11,195,000
Total Defeased Debt Outstanding			\$ 23,110,000

9. Goose Creek Correctional Facility - Conduit Debt and Lease Agreement

In 2008, the Borough entered into a lease agreement with the State of Alaska relating to the construction of a correctional facility to be located on Borough property. Connected with the lease agreement, the Borough issued Lease Revenue Bonds in the amount of \$244 million to finance construction of the facility. The lease agreement is considered a "triple net zero" lease, in which lease payment terms mirror the debt payment terms. The lease payments are paid by the State of Alaska directly to the bond trustee for the purpose of making the debt payments. No benefit or cost inures to the Borough. When the debt is paid in full, title to the facility will pass to the State of Alaska. Concurrent with the issuance of the debt, an insurance policy was purchased guaranteeing payment of the bonds in the unlikely event of default by the State. From 2008 through 2014, the Borough recorded the construction related activities in an Agency fund as it has been acting in an agency capacity during the construction phase. In 2013, construction was completed and the State took occupancy of the facility, to include all maintenance and operations. At June 30, 2015, the original activity has been fully settled and the Agency Fund has been closed. As the Borough has no future rights or obligations in connection with the facility or the debt repayment, no capital asset and no long-term debt have been recorded in these financial statements.

During 2015, the Borough issued \$105,720,000 in State of Alaska Lease Revenue Refunding Bonds (Series 2015) to advance refund \$101,850,000 of the 2008 outstanding Lease Revenue Bonds. In addition, in April 2015, the Borough and the State of Alaska entered into a Second Amendment to the Lease Agreement which requires the State to make the debt payments in accordance with the 2015 bond payment schedule. The Borough considers this debt to be "conduit debt" for accounting and disclosure purposes. Total debt service outstanding and payable by the State of Alaska at June 30, 2015, including both principal and interest, was as follows:

Matanuska-Susitna Borough, Alaska

Notes to the Financial Statements June 30, 2015

2008 lease revenue bonds (unrefunded portion)	\$ 128,738,213
2015 lease revenue bonds	181,190,482
Total	\$ 309,928,695

10. Defined Benefit Pension Plan

General Information About the Plan

The Borough participates in the Alaska 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. 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. That report is available via the internet at <http://doa.alaska.gov/dr/pers>. Actuarial valuation reports, audited financial statements, and other detailed plan information are also available on this website.

The Plan provides for retirement, death and disability, and post-employment health care benefits. There are three tiers of employees, based on entry date. For all tiers within the Defined Benefit (DB) plan, full retirement benefits are generally calculated using a formula comprised of a multiplier times the average monthly salary (AMS) times the number of years of service. The multiplier is increased at longevity milestone markers for most employees. Police/Fire employees accrue benefits at an accelerated rate. The tiers within the Plan establish differing criteria regarding normal retirement age, early retirement age, and the criteria for calculation of AMS, COLA adjustments, and other OPEB benefits. A complete benefit comparison chart is available at the website noted above.

The PERS DB Plan was closed to new entrants effective June 30, 2006. New employees hired after that date participate the PERS Defined Contribution (DC) Plan described later in these notes.

Historical Context and Special Funding Situation

In April 2008, the Alaska Legislature passed legislation converting the previously existing PERS plan from an agent-multiple employer plan to a cost-sharing plan with an effective date of July 1, 2008. In connection with this conversion, the State of Alaska passed additional legislation which statutorily capped the employer contribution rate, established a state funded "on-behalf" contribution (subject to funding availability), and required that employer contributions be calculated against *all* PERS eligible wages, including wages paid to participants of the PERS Tier IV defined contribution plan described later in these notes.

Alaska Statute 39.35.255 requires the State of Alaska to contribute to the Plan an amount such that, when combined with the employer contribution, is sufficient to pay the Plan's past service liability contribution rate as adopted by the Alaska Management Retirement Board.

Although current statutes call for the State of Alaska to contribute to the Plan, the Alaska Department of Law has determined that the statute does not create a legal obligation to assume the liabilities of the Plan; rather it establishes a contribution mechanism to provide employer relief against the rising contribution rates. This relief payment is subject to funding availability,

Matanuska-Susitna Borough, Alaska

Notes to the Financial Statements June 30, 2015

and therefore not legally mandated. As a result, the State has determined that the Plan is *not* in a special funding situation.

Management of the Borough disagrees with the State's position and believes that AS 39.35.255 constitutes a special funding situation under GASB 68 rules and has recorded all pension related liabilities, deferred inflows/outflows, and disclosures on this basis. The Borough will continue to dispute this issue pending a final legal determination, as may be required to settle the matter.

The Borough records the on-behalf contributions as revenue and expense/expenditures in the fund financial statements. However, the expenditures are adjusted to deferred outflows in the enterprise funds and government-wide financial statements.

Employee Contribution Rates

Regular employees are required to contribute 6.75% of their annual covered salary (Police and firefighters are required to contribute 7.5% of their annual covered salary. Non-Teacher School District employees are required to contribute 9.6% of their annual covered salary.

Employer and Other Contribution Rates

There are several contribution rates associated with the pension and healthcare contributions and related liabilities. These amounts are calculated on an annual basis.

Employer Effective Rate: This is the contractual employer pay-in rate. Under current legislation, this rate is statutorily capped at 22% of eligible wages, subject to a wage floor, and other termination events. This 22% rate is calculated on *all* PERS participating wages, including those wages attributable to employees in the defined contribution plan. Contributions derived from the defined contribution employees are referred to as the Defined Benefit Unfunded Liability or DBUL contribution.

ARM Board Adopted Rate: This is the rate formally adopted by the Alaska Retirement Management Board. This rate is actuarially determined and used to calculate annual Plan funding requirements, without regard to the statutory rate cap or the GASB accounting rate. Prior to July 1, 2015, there were no constraints or restrictions on the actuarial cost method or other assumptions used in the ARM Board valuation. Effective July 1, 2015, the Legislature requires the ARM Board to adopt employer contribution rates for past service liabilities using a level percent of pay method over a closed 25 year term which ends in 2039. This will result in lower ARM Board Rates in future years.

On-behalf Contribution Rate: This is the rate paid in by the State as an on-behalf payment under the current statute. The statute requires the State to contribute, based on funding availability, an on-behalf amount equal to the difference between the ARM Board Rate and the Employer Effective Rate. However, in 2015, the State Legislature appropriated a one-time contribution to the Plan in the amount of \$1 billion. As a result, the On-behalf Contribution Rate for 2015 significantly exceeds the statutory amount. In the governmental fund financial statements, on-behalf contribution amounts have been recognized as additional revenue and expenditure. On the enterprise fund and government-wide financial statements, the on-behalf amounts are included in revenue, but are recorded as deferred outflows, rather than pension expense.

GASB Rate: This is the rate used to determine the long-term pension and healthcare liability for plan accounting purposes in accordance with generally accepted accounting principles as established by GASB. Certain actuarial methods and assumptions for this rate calculation are mandated by GASB. Additionally, the GASB Rate disregards all future Medicare Part D payments.

Matanuska-Susitna Borough, Alaska

Notes to the Financial Statements June 30, 2015

The GASB Rate and the ARM Board Adopted Rate differ significantly as a direct result of variances in the actuarial methods and assumptions used. For FY15, the rate uses an 8.00% pension discount rate and a 4.90% healthcare discount rate.

Contribution rates for the year ended June 30, 2015 were determined in the June 30, 2012 actuarial valuation.

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate	GASB Rate
Pension	12.54%	25.09%	42.41%	33.05%
Postemployment healthcare (see Note 12)	9.46%	18.94%	- %	55.07%
Total Contribution Rates	22.00%	44.03%	42.41%	88.12%

In 2015, the Borough was credited with the following contributions into the pension plan.

	Measurement Period Borough FY14	Borough FY15
Employer contributions (including DBUL)	\$ 1,846,295	\$ 2,137,416
Nonemployer contributions (on-behalf)	1,532,632	9,668,628
Total Contributions	\$ 3,378,927	\$ 11,806,044

In addition, employee contributions to the Plan totaled \$818,295 during the Borough fiscal year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the Borough reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the Borough. The amount recognized by the Borough for its proportional share, the related State Proportion, and the total were as follows:

	2015
Borough proportionate share of NPL	\$ 22,451,653
State's proportionate share of the NPL associated with the Borough	18,637,380
Total Net Pension Liability	\$ 41,089,033

Matanuska-Susitna Borough, Alaska

Notes to the Financial Statements June 30, 2015

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of June 30, 2013, rolled forward to June 30, 2014 to calculate the net pension liability as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, including the State, actuarially determined. At June 30, 2014, the Borough's proportion was 0.481367640 percent, which was an increase of 0.007325440 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the Borough recognized pension expense of \$3,310,570 and revenue of \$1,532,632 in on-behalf contributions paid by the State. At June 30, 2015, the Borough reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	2,593,931
Changes in proportion and differences between Borough contributions and proportionate share of contributions	217,432	-
Borough contributions subsequent to the measurement date	2,137,416	-
Total Deferred Outflows and Inflows Related to Pensions	\$ 2,354,848	\$ 2,593,931

\$2,137,416 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended June 30,

2016	\$	(481,228)
2017		(598,306)
2018		(648,483)
2019		(648,482)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2013, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2014. The actuarial valuation for the year ended June 30, 2014 (latest available) was prepared by Buck Consultants. The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2005 to June 30, 2009, resulting in changes in actuarial assumptions adopted by the Alaska Retirement Management Board to better reflect expected future experience.

Matanuska-Susitna Borough, Alaska

Notes to the Financial Statements June 30, 2015

Inflation	3.12%
Salary increases	Graded by service, from 6.36% to 4.12% for Peace Officers/Firefighters Graded by age and service, from 9.6% to 3.62% for all others
Investment Return / Discount Rate	8.00% net of pension plan investment expenses. This is based on an average inflation rate of 3.12% and real rate of return over 4.88%.
Mortality	Rates based on the 1994 Group Annuity Mortality Table, sex distinct, 1994 Base year without margin projected to 2013 using Projection Scale AA, 80% of the male table and 60% of the female table for pre-termination mortality for Peace officers/fire fighters. 75% for male and 55% for female for pre-termination for all others; and 100% for males and 1-year set forward for females for post-termination.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of arithmetic real rates of return for each major asset class are summarized in the following table (note that the rates shown below exclude the inflation component):

<i>Asset Class</i>	<i>Long-Term Expected Real Rate of Return</i>
Domestic equity	6.77%
International equity	7.50%
Private equity	10.86%
Fixed income	2.05%
Real estate	3.63%
Absolute return	4.80%

Discount rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that Employer and State contributions will continue to follow the current funding policy which meets State statutes. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Matanuska-Susitna Borough, Alaska

Notes to the Financial Statements June 30, 2015

Discount Rate Sensitivity

The following presents the Retirement System's net pension liability and the Borough's proportionate share of the net pension liability calculated using the discount rate of 8.00 percent, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00 percent) or 1-percentage-point higher (9.00 percent) than the current rate:

	Proportional Share	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Borough's proportionate share of the net pension liability	0.4813676400%	\$ 29,438,433	\$ 22,451,653	\$ 16,568,137

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

11. Defined Contribution Pension Plan

Employees hired after July 1, 2006 participate in PERS Tier IV, a defined contribution (DC) plan. This Plan is administered by the State of Alaska, Department of Administration in conjunction with the defined benefit plan noted above. 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. This Plan is included in the comprehensive annual financial report for PERS, and at the following website, as noted above. <http://doa.alaska.gov/drb/pers>.

Contributions to the DC plan consist solely of employer and employee contributions with no special funding or other nonemployer contributions. In addition, actual remittances to the PERS system require that the Borough contribute at 22%. After deducting the DC plan contributions (and related OPEB contributions), the remaining remittance (the DBUL) is deposited into the DB plan as noted earlier.

Benefit Terms

Employees are immediately vested in their own contributions and vest 25% with two years of service, plus an additional 25% per year thereafter for full vesting at five years of service.

Employee Contribution Rates

Employees are required to contribute 8.0% of their annual covered salary. This amount goes directly to the individual's account.

Employer Contribution Rates

For the year ended June 30, 2015, the Borough was required to contribute 5% of covered salary into the plan.

Matanuska-Susitna Borough, Alaska

Notes to the Financial Statements June 30, 2015

The Borough and employee contributions to PERS for pensions for the year ended June 30, 2015 were \$447,164 and \$715,459, respectively. The Borough contribution amount was recognized as pension expense.

12. Other Post-Employment Benefit (OPEB) Plans

Defined Benefit OPEB

As part of its participation in the PERS DB Plan (Tiers I, II, III), the Borough participates in the Alaska Retiree Healthcare Trust. The ARHCT is self-funded and provides major medical coverage to retirees of the System. Benefits vary by Tier Level. The Plan is administered by the State of Alaska, Department of Administration. Employer contribution rates are established in concert with the Defined Benefit Pension Plan described earlier in these notes.

Employer Contribution Rate

The Borough is required to contribute 9.46% of covered payroll into the OPEB plan. Employees do not contribute.

Annual Postemployment Healthcare Cost

Actual contributions into the Plan for the last three years were as follows. The amounts reported here include only the employer required contributions and do not include any amounts attributed to the on-behalf contributions by the State. In 2015, there were no on-behalf contributions into the OPEB Plan; however, there were on-behalf contributions to the OPEB Plan in 2014 and 2013 were \$1,176,185 and \$1,264,220, respectively.

<i>Year Ended June 30,</i>	Annual OPEB Costs	Borough Contributions	% of Costs Contributed
2015	\$1,612,476	\$1,612,476	100 %
2014	\$1,889,943	\$1,889,943	100 %
2013	\$2,084,267	\$2,084,267	100 %

Defined Contribution OPEB

Defined Contribution Pension Plan Participants (PERS Tier IV) participate in the Occupational Death and Disability Plan (ODD), and the Retiree Medical Plan. Information on these plans is included in the comprehensive annual financial report for the PERS plan noted above. These plans provide for death, disability, and post-employment health care benefits.

Employer Contribution Rates

Employees do not contribute to the DC OPEB plans. Employer contribution rates for the year end June 30, 2015 were as follows:

	Other Tier IV	Police/Fire Tier IV
Retiree medical plan	1.66%	1.66%
Occupational death and disability benefits	0.22%	1.06%
Total Contribution Rates	1.88%	2.72%

Matanuska-Susitna Borough, Alaska

Notes to the Financial Statements June 30, 2015

In addition, PERS defined contribution members also participate in the Health Reimbursement Arrangement. AS 39.30.370 establishes this contribution amount as “three percent of the average annual employee compensation of *all employees of all employers* in the plan”. As of July 1, 2014, for actual remittance, this amount is calculated as a flat rate for each full time or part-time employee per pay period and approximates \$1,961 per year for each full-time employee, and \$1.26 per hour for part-time employees.

Annual Postemployment Healthcare Cost

In 2015, the Borough contributed \$204,443 in DC OPEB costs. These amounts have been recognized as expense/expenditures.

13. 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 awarded to the contractor. 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, 2015, the balance of the lease credits payable was \$1,326,470 and is recorded as a long-term payable in the Port Enterprise Fund.

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.

14. Prior Period Adjustment and Change in Accounting Principle

In 2015, the Borough determined that one of its landfill cells had been placed in service in a prior year but was incorrectly not being amortized and another landfill cell was being amortized at the incorrect rate. Management has reported a prior period adjustment in the Solid Waste Enterprise Fund, the Proprietary Funds, and the Business-type activities section of the Statement of Net Position.

In addition, as discussed in Note 10 to the financial statements, the Borough participates in the Alaska Public Employees Retirement System (PERS) plan. In 2015 the Borough adopted the provisions of GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*, which, among other accounting and reporting criteria, requires the Borough to recognize its proportional share of the Net Pension Liability (and related deferred inflow/outflow accounts), as of the

Matanuska-Susitna Borough, Alaska

Notes to the Financial Statements June 30, 2015

beginning of the Borough's fiscal year. As a result of the implementation of this statement, the Borough has recorded an opening balance adjustment to reflect opening balance pension liabilities and related accounts and to decrease opening net position as follows:

	Opening Net Position, as Originally Presented	Prior Period Adjustment	Change in Accounting Principle Adjustment	Opening Net Position, as Restated
Governmental Activities	\$ 742,903,666	\$ -	\$ (22,055,402)	\$ 720,848,264
Business-type Activities	29,924,607	(6,073,036)	(992,145)	22,859,426
School District Component Unit	23,119,358	-	(90,476,282)	(67,356,924)
Port Enterprise Fund	20,128,320	-	(246,440)	19,881,880
Solid Waste Enterprise Fund	9,796,287	(6,073,036)	(745,705)	2,977,546

15. New Accounting Pronouncements

The Governmental Accounting Standards Board has passed several new accounting standards with upcoming implementation dates. Management has not fully evaluated the potential effects of these statements, but believes that GASB Statement 75 will result in the biggest reporting change. However, actual impacts have not yet been determined:

GASB 72 - Fair Value Measurement and Application - Effective for year-end June 30, 2016 - This statement defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements. This statement is expected to primarily affect investment disclosures.

GASB 73 - Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68 - This statement contains certain clarifications and amendments to GASB 67 and 68 as well as establishing requirements for both defined benefit and defined contribution pensions not within the scope of GASB 68. Effective for fiscal year end June 30, 2016—except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for year ending June 30, 2017.

GASB 74 - Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans - Effective for year-end June 30, 2017, with earlier application encouraged - This statement contains reporting financial reporting guidelines for Postemployment Benefit Plans. This is the Plan side requirements applicable to OPEB benefits and generally brings the OPEB reporting rules into alignment with the new GASB 67 Pension rules.

Matanuska-Susitna Borough, Alaska

Notes to the Financial Statements June 30, 2015

GASB 75 - Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions - Effective for year-end June 30, 2018, with earlier application encouraged - This statement contains accounting and financial reporting guidelines for OPEB related activities at the participating employer level and generally brings the OPEB reporting rules into alignment with the new GASB 68 Pension rules.

GASB 76 - The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments - Effective for year-end June 30, 2016, with earlier application encouraged - This statement clarifies the hierarchy of generally accepted accounting principles to be used in the preparation of state and local government financial statements. This statement supersedes the previous hierarchy established in GASB 55.

GASB 77 - Tax Abatement Disclosures - Effective for year-end June 30, 2017, with earlier application encouraged - This statement requires local governments to provide financial disclosures relating to tax abatements affecting the government. This includes information about abatement agreements entered into directly by the government, including conditions and criteria under which taxes can be abated, the type and dollar amount of the tax. In addition, the statement requires disclosure of tax abatements issued by other governments that affect the local government's revenue recognition and reporting.

Matanuska-Susitna Borough, Alaska
Public Employees Retirement System
Schedule of the Borough's Information on the Net Pension Liability
June 30, 2015

	2015
Borough's proportion of the net pension liability	0.48136764%
Borough's proportionate share of the net pension liability	\$ 22,451,653
State of Alaska proportionate share of the net pension liability	\$ 18,637,380
Total net pension liability	\$ 41,089,033
 Borough's covered-employee payroll	\$ 19,339,708
 Borough's proportionate share of the net pension liability as a percentage of covered-employee payroll	116%
 Plan fiduciary net position as a percentage of the total pension liability	62.37%

See accompanying notes to Required Supplementary Information.

Matanuska-Susitna Borough, Alaska
Public Employees Retirement System
Schedule of Borough Contributions
Year Ended June 30, 2015

	2015
Contractually required contribution	\$ 2,137,416
Contributions in relation to the contractually required contribution	2,137,416
	-
Contribution deficiency (excess)	\$ -
 Borough's covered-employee payroll	 \$ 21,010,044
 Contributions as a percentage of covered-employee payroll	 10.173%

See accompanying notes to Required Supplementary Information.

Matanuska-Susitna Borough, Alaska

Notes to Required Supplementary Information June 30, 2015

1. Public Employees Retirement System - Schedule of Borough's Information on the Net Pension Liability

This table is presented based on the Plan measurement date. For June 30, 2015, the Plan measurement date is June 30, 2014.

There were no changes in benefit terms from the prior measurement period.

There were no changes in assumptions from the prior measurement period.

2. Public Employees Retirement System - Schedule of Borough Contributions

This table is based on the Boroughs contributions during fiscal year 2015. These contributions are reported as a deferred outflow on the June 30, 2015 basic financial statements.

Both pension tables are intended to present 10 years of information. Additional year's information will be added to the schedules as it becomes available.

Matanuska-Susitna Borough, Alaska

Nonmajor Governmental Funds
Combining Balance Sheet

<i>June 30, 2015</i>	Special Revenue	Debt Service	Capital Projects	Totals
Assets				
Cash and investments	\$ 34,304,428	\$ 1,446,980	\$ 33,146,660	\$ 68,898,068
Prepaid items	196,339	-	249,043	445,382
Receivables:				
Intergovernmental	163,288	-	3,085,736	3,249,024
Property taxes	2,661,384	-	-	2,661,384
Land sales contracts, net	4,318	-	-	4,318
Other	279,963	-	135,000	414,963
Land sales contracts receivable, long term	249,351	-	-	249,351
Restricted cash	-	2,159,286	6,556,471	8,715,757
Total Assets	\$ 37,859,071	\$ 3,606,266	\$ 43,172,910	\$ 84,638,247
Liabilities, Deferred Inflows and Fund Balances				
Liabilities				
Accounts, contracts and retentions payable	\$ 899,340	\$ -	\$ 2,140,168	\$ 3,039,508
Due to General Fund	2,533,917	-	110,232	2,644,149
Deposits	71,524	-	-	71,524
Unearned revenue	-	-	1,488,747	1,488,747
Loans payable to other funds	618,722	-	-	618,722
Other	13,750	-	-	13,750
Total Liabilities	4,137,253	-	3,739,147	7,876,400
Deferred Inflows				
Delinquent property taxes	2,490,269	-	-	2,490,269
Special assessments	5,755	-	-	5,755
Land sales receivables not yet due	249,351	-	-	249,351
Total Liabilities and Deferred Inflows	6,882,628	-	3,739,147	10,621,775
Fund Balances				
Nonspendable - prepaid items	196,339	-	249,043	445,382
Restricted:				
Debt service	-	2,159,286	-	2,159,286
Capital projects	-	-	6,556,471	6,556,471
Committed:				
Land management	6,636,329	-	-	6,636,329
Self insurance	10,000	-	-	10,000
Accrued leave	30,000	-	-	30,000
Equipment	1,050,000	-	-	1,050,000
Assigned:				
Subsequent year expenditures	2,780,468	-	-	2,780,468
Subsequent year appropriations	491,000	-	-	491,000
Land management	387,731	-	-	387,731
Service areas	19,595,831	-	-	19,595,831
Debt service	-	1,446,980	-	1,446,980
Capital projects	-	-	32,628,249	32,628,249
Unassigned (deficits)	(201,255)	-	-	(201,255)
Total Fund Balances	30,976,443	3,606,266	39,433,763	74,016,472
Total Liabilities, Deferred Inflows and Fund Balances	\$ 37,859,071	\$ 3,606,266	\$ 43,172,910	\$ 84,638,247

Matanuska-Susitna Borough, Alaska
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances

<i>Year Ended June 30, 2015</i>	Special Revenue	Debt Service	Capital Projects	Totals
Revenues				
Property taxes	\$ 34,037,219	\$ -	\$ -	\$ 34,037,219
Intergovernmental	2,571,120	-	13,389,642	15,960,762
Charges for services	3,776,076	6	-	3,776,082
Investment income	43,044	8,408	-	51,452
Interest on land sales	12,060	-	-	12,060
Other	702,734	-	711,396	1,414,130
Total Revenues	41,142,253	8,414	14,101,038	55,251,705
Expenditures				
General government	617,940	-	1,465,007	2,082,947
Emergency services	12,049,438	-	1,110,456	13,159,894
Public services	13,207,995	-	9,784,808	22,992,803
Education	-	18,031	-	18,031
Debt service	5,023	34,265,467	-	34,270,490
Capital outlay	195,383	-	23,170,562	23,365,945
Total Expenditures	26,075,779	34,283,498	35,530,833	95,890,110
Excess (Deficiency) of Revenues Over Expenditures	15,066,474	(34,275,084)	(21,429,795)	(40,638,405)
Other Financing Sources (Uses)				
Transfers in	24,749	34,116,000	14,170,855	48,311,604
Transfers out	(10,988,147)	-	(1,584,444)	(12,572,591)
Bond issuance	-	37,350,000	-	37,350,000
Bond premium	-	3,763,985	-	3,763,985
Payment to refunded bond escrow agent	-	(41,095,954)	-	(41,095,954)
Proceeds from disposal of capital assets	3,100	-	-	3,100
Net Other Financing Sources (Uses)	(10,960,298)	34,134,031	12,586,411	35,760,144
Net Change in Fund Balances	4,106,176	(141,053)	(8,843,384)	(4,878,261)
Fund Balances, beginning	26,870,267	3,747,319	48,277,147	78,894,733
Fund Balances, ending	\$ 30,976,443	\$ 3,606,266	\$ 39,433,763	\$ 74,016,472

Matanuska-Susitna Borough, Alaska

General Fund
Balance Sheet

<i>June 30,</i>	2015	2014
Assets		
Cash and investments	\$ 39,792,495	\$ 45,369,437
Prepaid items	921,866	638,888
Receivables:		
Intergovernmental	33,805	5,359
Delinquent property taxes, including foreclosure costs, penalties and interest net of allowance for doubtful accounts of \$159,595 (\$163,963 in 2014)	8,892,601	9,273,347
Ambulance, net of allowance for doubtful accounts of \$752,280 (\$335,232 in 2014)	3,000,719	1,316,527
Excise taxes	1,173,849	1,300,212
Accrued interest	321,362	279,851
Other	1,152,225	940,130
Due from other funds	17,837,775	15,782,600
Deposits	475	475
Inventory	436,922	158,619
Total Assets	\$ 73,564,094	\$ 75,065,445
Liabilities, Deferred Inflows and Fund Balance		
Liabilities		
Accounts payable	\$ 1,619,126	\$ 1,018,925
Accrued payroll and related liabilities	1,774,908	1,154,343
Other liabilities	217,283	95,453
Total Liabilities	3,611,317	2,268,721
Deferred Inflows		
Taxes collected in advance	543,171	468,890
Payment in lieu of taxes received in advance	-	3,450,715
Delinquent property taxes	7,881,133	8,335,333
Delinquent ambulance receivables	2,169,970	716,032
Delinquent foreclosure property sales	57,316	57,316
Total Liabilities and Deferred Inflows	14,262,907	15,297,007
Fund Balance		
Nonspendable:		
Prepaid items	921,866	638,888
Inventory	436,922	158,619
Committed:		
Self insurance	150,000	150,000
Accrued leave	250,000	250,000
Assembly projects	57,217	57,217
Major repairs and renovations	879,248	879,248
Capital	500,000	500,000
Emergency response	1,200,000	1,200,000
Paving projects and calcium chloride	687,325	-
School site acquisition	2,813,157	3,313,157
Fund balance stabilization	25,000,000	24,943,453
Assigned:		
Subsequent year appropriations	-	262,500
Subsequent year expenditures	11,907,107	13,120,761
Unassigned	14,498,345	14,294,595
Total Fund Balance	59,301,187	59,768,438
Total Liabilities, Deferred Inflows and Fund Balance	\$ 73,564,094	\$ 75,065,445

Matanuska-Susitna Borough, Alaska

General Fund

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

Years ended June 30,	2015			2014
	Budget	Actual	Variance	Actual
Revenues				
Taxes:				
Current year property tax levy	\$ 78,832,100	\$ 79,248,119	\$ 416,019	\$ 77,785,235
Penalty and interest on taxes	900,000	1,045,823	145,823	1,072,172
Foreclosure costs	125,000	142,540	17,540	157,361
Recording and attorney fees	7,000	4,883	(2,117)	4,267
Vehicle taxes collected through State of Alaska	2,151,110	2,518,988	367,878	2,786,211
Excise taxes	7,509,000	7,548,977	39,977	7,326,269
Transient accommodations tax	1,105,000	1,117,249	12,249	1,113,368
Total taxes	90,629,210	91,626,579	997,369	90,244,883
Intergovernmental:				
State sources:				
Debt service reimbursement	20,319,499	20,053,341	(266,158)	19,679,679
Revenue sharing	4,125,000	4,172,026	47,026	3,620,793
PERS relief	-	7,463,988	7,463,988	2,154,400
In lieu of taxes	8,000	11,744	3,744	8,268
Other	100	112	12	126
Federal sources:				
In lieu of taxes	3,200,000	6,599,727	3,399,727	3,216,649
Other	60,000	90,889	30,889	90,285
Total intergovernmental	27,712,599	38,391,827	10,679,228	28,770,200
Charges for services:				
Ambulance	3,361,000	3,358,627	(2,373)	3,148,721
Engineering inspections	64,650	100,744	36,094	58,610
Planning and zoning	87,000	113,297	26,297	79,636
Ice arena	400,000	444,801	44,801	417,058
Community pool fees	510,000	603,202	93,202	621,936
Business licenses	250,000	239,350	(10,650)	136,150
Other	139,050	333,713	194,663	278,423
Total charges for services	4,811,700	5,193,734	382,034	4,740,534
Investment income	225,000	561,579	336,579	736,869
Total Revenues	123,378,509	135,773,719	12,395,210	124,492,486

Matanuska-Susitna Borough, Alaska
General Fund
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual, continued

<i>Years Ended June 30,</i>	2015			2014
	Budget	Actual	Variance	Actual
Expenditures				
General government:				
Mayor	\$ 72,313	\$ 73,606	\$ (1,293)	\$ 71,734
Assembly	491,940	397,964	93,976	407,127
Clerk	567,916	675,256	(107,340)	512,111
Administration	1,816,117	1,596,169	219,948	1,470,470
Elections	405,155	455,329	(50,174)	391,840
Records management	484,606	555,558	(70,952)	445,416
Finance	847,459	758,283	89,176	646,305
Budgeting	1,932,989	1,897,312	35,677	1,535,574
Accounting	2,290,923	2,179,630	111,293	2,066,791
Law	1,818,740	1,575,024	243,716	1,127,062
Human resources	744,778	535,960	208,818	622,725
Common contractual	1,282,550	1,117,931	164,619	1,032,512
Purchasing	-	-	-	835,018
Adj. and appeals/bid review board	44,550	2,543	42,007	11,481
Planning	2,624,842	3,074,564	(449,722)	2,634,271
Planning administration	417,067	450,552	(33,485)	343,975
Economic development	805,664	955,327	(149,663)	754,744
Pass-through to cities	339,000	258,500	80,500	525,565
Assessments	3,235,309	3,150,353	84,956	2,559,030
Information technology	5,186,389	5,219,639	(33,250)	4,171,506
Total general government	25,408,307	24,929,500	478,807	22,165,257
Less recovery of expenditures from other funds	(988,296)	(672,897)	(315,399)	(3,342,180)
Net general government	24,420,011	24,256,603	163,408	18,823,077
Public works:				
Public works administration	164,193	106,131	58,062	171,719
Maintenance	2,393,694	2,194,391	199,303	2,114,144
Project management and engineering	4,055,725	4,571,012	(515,287)	2,378,901
Public works operations	163,061	153,129	9,932	115,222
Total public works	6,776,673	7,024,663	(247,990)	4,779,986

Matanuska-Susitna Borough, Alaska

General Fund

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

<i>Years Ended June 30,</i>	2015			2014
	Budget	Actual	Variance	Actual
Expenditures, continued				
Emergency services:				
Local emergency planning board	\$ 15,245	\$ 7,211	\$ 8,034	\$ 4,621
Rescue units	810,289	740,730	69,559	593,631
Rural ambulance	1,876,474	1,512,044	364,430	1,470,254
Ambulance services	5,422,894	4,894,207	528,687	3,983,820
Emergency services building	181,634	89,384	92,250	68,173
Telecommunications network	709,761	698,086	11,675	1,033,705
Emergency services administration	2,425,641	2,501,247	(75,606)	1,881,878
Total emergency services	11,441,938	10,442,909	999,029	9,036,082
Less recovery of expenditures from other funds	(1,077,276)	(1,060,688)	(16,588)	(1,026,768)
Net emergency services	10,364,662	9,382,221	982,441	8,009,314
Public services:				
Vehicle removal	26,160	21,310	4,850	23,426
Community services	75,153	60,415	14,738	45,717
Cultural resources	263,543	265,759	(2,216)	241,448
Parks and recreation	464,470	500,969	(36,499)	320,401
Trails management	174,791	184,572	(9,781)	148,448
Ice arena	869,165	971,812	(102,647)	825,009
Outdoor ice rinks	1,600	-	1,600	645
Recreational services	279,966	296,631	(16,665)	252,397
Community pools	1,559,683	1,500,688	58,995	1,396,809
Community development administration	841,154	879,338	(38,184)	704,874
Road service administration	2,151,360	2,337,569	(186,209)	1,666,064
Recreation infrastructure maintenance	302,585	211,324	91,261	183,212
Total public services	7,009,630	7,230,387	(220,757)	5,808,450
Less recovery of expenditures from other funds	(2,226,360)	(2,013,308)	(213,052)	(1,876,157)
Net public services	4,783,270	5,217,079	(433,809)	3,932,293

Matanuska-Susitna Borough, Alaska
General Fund
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual, continued

<i>Years Ended June 30,</i>	2015			2014
	Budget	Actual	Variance	Actual
Expenditures, continued				
Education - contributions to School District	\$ 51,291,720	\$ 51,290,823	\$ 897	\$ 51,291,720
Total Expenditures	97,636,336	97,171,389	464,947	86,836,390
Excess of Revenues Over Expenditures	25,742,173	38,602,330	12,860,157	37,656,096
Other Financing Sources (Uses)				
Proceeds from disposal of capital assets	20,000	23,327	3,327	34,370
Transfers in	125,250	3,429,123	3,303,873	1,158,636
Transfers out	(39,015,394)	(42,522,031)	(3,506,637)	(37,659,659)
Net Other Financing Sources (Uses)	(38,870,144)	(39,069,581)	(199,437)	(36,466,653)
Net Change in Fund Balance	\$ (13,127,971)	(467,251)	\$ 12,660,720	1,189,443
Fund Balance, beginning		<u>59,768,438</u>		<u>58,578,995</u>
Fund Balance, ending		<u>\$ 59,301,187</u>		<u>\$ 59,768,438</u>

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Matanuska-Susitna Borough, Alaska

Special Revenue Funds
Combining Balance Sheet

June 30,	Nonareawide Services and Service Areas	Land Management	Totals	
			2015	2014
Assets				
Cash and investments	\$ 25,944,484	\$ 8,359,944	\$ 34,304,428	\$ 27,270,309
Prepaid items	196,339	-	196,339	180,277
Receivables:				
Intergovernmental	163,288	-	163,288	761,876
Property taxes	2,661,384	-	2,661,384	2,776,449
Land sales contracts, net	-	4,318	4,318	5,687
Other	279,963	-	279,963	182,105
Land sales contracts receivable, long term	-	249,351	249,351	177,698
Total Assets	\$ 29,245,458	\$ 8,613,613	\$ 37,859,071	\$ 31,354,401
Liabilities, Deferred Inflows and Fund Balances				
Liabilities				
Accounts payable	\$ 835,940	\$ 63,400	\$ 899,340	\$ 1,105,782
Deposits	-	71,524	71,524	58,024
Loans payable to other funds	618,722	-	618,722	487,682
Other	13,750	-	13,750	-
Due to General Fund	2,533,917	-	2,533,917	14,765
Total Liabilities	4,002,329	134,924	4,137,253	1,666,253
Deferred Inflows				
Special assessments	5,755	-	5,755	5,795
Delinquent property taxes	2,490,269	-	2,490,269	2,634,388
Land sales receivables not yet due	-	249,351	249,351	177,698
Total Liabilities and Deferred Inflows	6,498,353	384,275	6,882,628	4,484,134
Fund Balances				
Nonspendable:				
Prepaid items	196,339	-	196,339	180,277
Committed:				
Land management	-	6,636,329	6,636,329	5,984,812
Self insurance	10,000	-	10,000	10,000
Accrued leave	20,000	10,000	30,000	30,000
Equipment	1,050,000	-	1,050,000	1,000,000
Assigned:				
Subsequent year expenditures	1,585,190	1,195,278	2,780,468	2,645,307
Subsequent year appropriations	491,000	-	491,000	1,336,700
Land management	-	387,731	387,731	1,734,422
Service areas	19,595,831	-	19,595,831	14,128,857
Unassigned (deficits)	(201,255)	-	(201,255)	(180,108)
Total Fund Balances	22,747,105	8,229,338	30,976,443	26,870,267
Total Liabilities, Deferred Inflows and Fund Balances	\$ 29,245,458	\$ 8,613,613	\$ 37,859,071	\$ 31,354,401

Matanuska-Susitna Borough, Alaska
Special Revenue Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances

<i>Years Ended June 30,</i>	Nonareawide		Totals	
	Services and Service Areas	Land Management	2015	2014
Revenues				
Property taxes	\$ 34,037,219	\$ -	\$ 34,037,219	\$ 32,174,125
Intergovernmental	2,390,720	180,400	2,571,120	1,655,327
Charges for services	2,871,224	904,852	3,776,076	3,598,005
Investment income	33,310	9,734	43,044	47,480
Interest on land sales	-	12,060	12,060	16,009
Other	701,234	1,500	702,734	719,793
Total Revenues	40,033,707	1,108,546	41,142,253	38,210,739
Expenditures				
General government	617,940	-	617,940	644,610
Emergency services	12,049,438	-	12,049,438	9,861,455
Public services	12,225,186	982,809	13,207,995	12,699,768
Capital outlay	195,383	-	195,383	-
Debt service	5,023	-	5,023	5,411
Total Expenditures	25,092,970	982,809	26,075,779	23,211,244
Excess of Revenues Over Expenditures	14,940,737	125,737	15,066,474	14,999,495
Other Financing Sources (Uses)				
Transfers in	24,006	743	24,749	49,742
Transfers out	(10,863,147)	(125,000)	(10,988,147)	(15,352,380)
Proceeds from disposal of capital assets	3,100	-	3,100	-
Net Other Financing Sources (Uses)	(10,836,041)	(124,257)	(10,960,298)	(15,302,638)
Net Change in Fund Balances	4,104,696	1,480	4,106,176	(303,143)
Fund Balances, beginning	18,642,409	8,227,858	26,870,267	27,173,410
Fund Balances, ending	\$ 22,747,105	\$ 8,229,338	\$ 30,976,443	\$ 26,870,267

Matanuska-Susitna Borough, Alaska
Nonareawide Services and Service Areas Special Revenue Funds
Combining Balance Sheet

	Non-areawide Services	Service Area 7	Service Area 36	Freedom Hills	Garden Terrace	Circle View/Stampede Estates	Enhanced 911 Service	Chase Trail	Service Area 69 Point MacKenzie	Grid Roller Maintenance	Roads Outside Service Areas	Combined		Totals
		Talkeetna Flood Control	Talkeetna Water and Sewer	Sub-division	Estates	Estates	Service	Trail	Point MacKenzie	Maintenance	Service Areas	Fire Service Areas	Road Service Areas	
June 30, 2015														
Assets														
Cash and investments	\$ 1,338,277	\$ 70,733	\$ -	\$ 29,642	\$ 106,629	\$ 84,119	\$ 1,179,659	\$ 6,735	\$ 494,205	\$ 13,347	\$ 327	\$ 18,838,024	\$ 3,782,787	\$ 25,944,484
Prepaid items	61,246	-	470	-	-	-	134,623	-	-	-	-	-	-	196,339
Receivables:														
Intergovernmental	131	-	-	-	-	-	-	-	-	-	-	163,157	-	163,288
Property taxes	312,008	-	-	-	-	213	-	10	-	-	-	959,931	1,389,222	2,661,384
Other	-	-	30,120	-	-	1,495	240,203	-	-	-	-	8,145	-	279,963
Total Assets	\$ 1,711,662	\$ 70,733	\$ 30,590	\$ 29,642	\$ 106,629	\$ 85,827	\$ 1,554,485	\$ 6,745	\$ 494,205	\$ 13,347	\$ 327	\$ 19,969,257	\$ 5,172,009	\$ 29,245,458
Liabilities, Deferred Inflows and Fund Balances														
Liabilities														
Accounts payable	\$ 72,114	\$ -	\$ 42,297	\$ -	\$ -	\$ -	\$ 21,582	\$ -	\$ 248	\$ 1,605	\$ -	\$ 138,867	\$ 559,227	\$ 835,940
Due to General Fund	-	-	51,765	-	-	-	-	-	-	-	-	2,482,152	-	2,533,917
Loans payable to other funds	-	-	97,172	-	-	120,000	-	-	-	-	-	200,000	201,550	618,722
Other	(250)	-	-	-	-	-	-	-	-	-	-	-	14,000	13,750
Total Liabilities	71,864	-	191,234	-	-	120,000	21,582	-	248	1,605	-	2,821,019	774,777	4,002,329
Deferred Inflows														
Special assessments	-	-	-	-	-	5,755	-	-	-	-	-	-	-	5,755
Delinquent property taxes	303,473	-	-	-	-	213	-	10	-	-	-	837,617	1,348,956	2,490,269
Total Liabilities and Deferred Inflows	375,337	-	191,234	-	-	125,968	21,582	10	248	1,605	-	3,658,636	2,123,733	6,498,353
Fund Balances														
Nonspendable - prepaid items	61,246	-	470	-	-	-	134,623	-	-	-	-	#REF!	-	196,339
Committed:														
Self-insurance	10,000	-	-	-	-	-	-	-	-	-	-	-	-	10,000
Accrued leave	20,000	-	-	-	-	-	-	-	-	-	-	-	-	20,000
Equipment	50,000	-	-	-	-	-	1,000,000	-	-	-	-	-	-	1,050,000
Assigned:														
Subsequent year expenditures	308,293	4,581	-	9,975	-	-	139,355	1,260	16,024	10,980	94	1,047,448	47,180	1,585,190
Subsequent year appropriations	-	-	-	-	-	-	-	-	-	-	-	51,000	440,000	491,000
Service areas	886,786	66,152	-	19,667	106,629	-	258,925	5,475	477,933	762	233	15,212,173	2,561,096	19,595,831
Unassigned (deficits)	-	-	(161,114)	-	-	(40,141)	-	-	-	-	-	-	-	(201,255)
Total Fund Balances (Deficits)	1,336,325	70,733	(160,644)	29,642	106,629	(40,141)	1,532,903	6,735	493,957	11,742	327	16,310,621	3,048,276	22,747,105
Total Liabilities, Deferred Inflows and Fund Balances	\$ 1,711,662	\$ 70,733	\$ 30,590	\$ 29,642	\$ 106,629	\$ 85,827	\$ 1,554,485	\$ 6,745	\$ 494,205	\$ 13,347	\$ 327	\$ 19,969,257	\$ 5,172,009	\$ 29,245,458

Matanuska-Susitna Borough, Alaska
Nonareawide Services and Service Areas Special Revenue Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances (Deficits)

Year Ended June 30, 2015	Non-	Service	Service	Freedom	Garden	Circle	Enhanced		Service	Grid	Roads	Combined		Totals
	areawide	Area 7	Area 36	Hills	Terrace	View/ Stampede	911	Chase	Area 69	Roller	Outside	Fire	Road	
	Services	Talkeetna Flood Control	Talkeetna Water and Sewer	Sub- division	Estates	Estates	Service	Trail	Point MacKenzie	Maint- enance	Service Areas	Service Areas	Service Areas	
Revenues														
Property taxes	\$ 3,756,611	\$ 17,373	\$ -	\$ -	\$ 947	\$ 20,589	\$ -	\$ 470	\$ 63,407	\$ -	\$ -	\$ 13,365,199	\$ 16,812,623	\$ 34,037,219
Intergovernmental	1,584,686	-	12,719	-	-	-	99,451	-	-	-	-	693,864	-	2,390,720
Charges for services	254,064	-	222,418	-	57	-	2,386,540	-	-	-	-	8,145	-	2,871,224
Investment income	1,557	152	-	76	360	149	1,374	14	996	72	1	21,935	6,624	33,310
Other	145,688	-	-	-	-	-	-	-	-	-	-	555,546	-	701,234
Total Revenues	5,742,606	17,525	235,137	76	1,364	20,738	2,487,365	484	64,403	72	1	14,644,689	16,819,247	40,033,707
Expenditures														
General government	617,940	-	-	-	-	-	-	-	-	-	-	-	-	617,940
Emergency services	2,374,833	-	-	-	-	-	1,265,226	-	-	-	-	8,409,379	-	12,049,438
Public services	1,725,173	17,822	275,308	-	-	-	-	-	9,022	15,000	-	-	10,182,861	12,225,186
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	195,383	-	195,383
Debt service	-	-	1,462	-	-	252	-	-	-	-	-	77	3,232	5,023
Total Expenditures	4,717,946	17,822	276,770	-	-	252	1,265,226	-	9,022	15,000	-	8,604,839	10,186,093	25,092,970
Excess (Deficiency) of Revenues Over Expenditures	1,024,660	(297)	(41,633)	76	1,364	20,486	1,222,139	484	55,381	(14,928)	1	6,039,850	6,633,154	14,940,737
Other Financing Sources (Uses)														
Transfers in	1	-	-	-	189	-	-	-	-	-	-	23,816	-	24,006
Transfers out	(688,000)	-	-	-	-	-	(1,000,000)	-	-	-	-	(3,050,965)	(6,124,182)	(10,863,147)
Proceeds from disposal of capital assets	-	-	-	-	-	-	-	-	-	-	-	3,100	-	3,100
Net Other Financing Sources (Uses)	(687,999)	-	-	-	189	-	(1,000,000)	-	-	-	-	(3,024,049)	(6,124,182)	(10,836,041)
Net Change in Fund Balances	336,661	(297)	(41,633)	76	1,553	20,486	222,139	484	55,381	(14,928)	1	3,015,801	508,972	4,104,696
Fund Balances (Deficits), beginning	999,664	71,030	(119,011)	29,566	105,076	(60,627)	1,310,764	6,251	438,576	26,670	326	13,294,820	2,539,304	18,642,409
Fund Balances (Deficits), ending	\$ 1,336,325	\$ 70,733	\$ (160,644)	\$ 29,642	\$ 106,629	\$ (40,141)	\$ 1,532,903	\$ 6,735	\$ 493,957	\$ 11,742	\$ 327	\$ 16,310,621	\$ 3,048,276	\$ 22,747,105

Matanuska-Susitna Borough, Alaska
Nonareawide Services Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual

Years Ended June 30,	2015			2014
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 3,707,050	3,756,611	\$ 49,561	\$ 3,565,812
Intergovernmental:				
State PERS relief	-	801,993	801,993	209,198
Electric and telephone cooperative shared revenue	750,000	749,443	(557)	751,540
Library grants	35,000	33,250	(1,750)	33,000
State sources - revenue sharing	-	-	-	373,711
Total intergovernmental	785,000	1,584,686	799,686	1,367,449
Charges for services:				
Animal care fees	223,450	231,664	8,214	245,012
User fees	20,000	22,400	2,400	24,035
Total charges for services	243,450	254,064	10,614	269,047
Investment Income	50	1,557	1,507	-
Other	132,132	145,688	13,556	134,032
Total Revenues	4,867,682	5,742,606	874,924	5,336,340
Expenditures				
General government:				
Administration	86,500	86,500	-	85,000
Information technology	345,284	373,348	(28,064)	257,150
Economic development	386,074	157,984	228,090	302,026
Animal care board	4,550	108	4,442	434
Total general government	822,408	617,940	204,468	644,610
Emergency services - animal care	2,186,093	2,374,833	(188,740)	2,012,343
Public services:				
Vehicle removal	54,486	30,655	23,831	17,816
Libraries	1,596,104	1,694,518	(98,414)	1,402,067
Total public services	1,650,590	1,725,173	(74,583)	1,419,883
Total Expenditures	4,659,091	4,717,946	(58,855)	4,076,836
Excess of Revenues Over Expenditures	208,591	1,024,660	816,069	1,259,504
Other Financing Sources (Uses)				
Transfers in	-	1	1	-
Transfers out	(688,000)	(688,000)	-	(1,043,724)
Net Other Financing Sources (Uses)	(688,000)	(687,999)	1	(1,043,724)
Net Change in Fund Balance	\$ (479,409)	336,661	\$ 816,070	215,780
Fund Balance, beginning		999,664		783,884
Fund Balance, ending		<u>1,336,325</u>		<u>\$ 999,664</u>

Matanuska-Susitna Borough, Alaska

Service Area 7 - Talkeetna Flood Control Special Revenue Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual

<i>Years Ended June 30,</i>	2015			2014
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 16,210	\$ 17,373	\$ 1,163	\$ 16,199
Investment income	50	152	102	-
Total Revenues	16,260	17,525	1,265	16,199
Expenditures				
Public services	22,718	17,822	4,896	440
Net Change in Fund Balance	\$ (6,458)	(297)	\$ 6,161	15,759
Fund Balance, beginning		71,030		55,271
Fund Balance, ending		\$ 70,733		\$ 71,030

Matanuska-Susitna Borough, Alaska

Service Area 36 - Talkeetna Water and Sewer Special Revenue Fund
 Schedule of Revenues, Expenditures, and
 Changes in Deficit - Budget and Actual

<i>Years Ended June 30,</i>	2015			2014
	Budget	Actual	Variance	Actual
Revenues				
Charges for services - water and sewer	\$ 245,000	\$ 222,418	\$ (22,582)	\$ 222,544
Intergovernmental - PERS relief	-	12,719	12,719	3,779
Intergovernmental - state sources	-	-	-	75,000
Total Revenues	245,000	235,137	(9,863)	301,323
Expenditures				
Public services	330,135	275,308	54,827	234,088
Debt service	1,462	1,462	-	1,556
Total Expenditures	331,597	276,770	54,827	235,644
Net Change in Fund Deficit	<u>\$ (86,597)</u>	(41,633)	<u>\$ 44,964</u>	65,679
Fund Deficit, beginning		<u>(119,011)</u>		<u>(184,690)</u>
Fund Deficit, ending		<u>\$ (160,644)</u>		<u>\$ (119,011)</u>

Matanuska-Susitna Borough, Alaska
Freedom Hills Subdivision Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual

<i>Years Ended June 30,</i>	2015			2014
	Budget	Actual	Variance	Actual
Revenues				
Investment income	\$ 70	\$ 76	\$ 6	\$ -
Expenditures				
Public services	10,000	-	10,000	4,141
Net Change in Fund Balance	<u>\$ (9,930)</u>	76	<u>\$ 10,006</u>	(4,141)
Fund Balance, beginning		<u>29,566</u>		<u>33,707</u>
Fund Balance, ending		<u>\$ 29,642</u>		<u>\$ 29,566</u>

Matanuska-Susitna Borough, Alaska
Garden Terrace Estates Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual

<i>Years Ended June 30,</i>	2015			2014
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ -	\$ 947	\$ 947	\$ 34,698
Charges for services	-	57	57	-
Investment income	-	360	360	-
Total Revenues	-	1,364	1,364	34,698
Expenditures				
Public services - water service	-	-	-	125,380
Excess of Revenues Over (Under) Expenditures	-	1,364	1,364	(90,682)
Other Financing Sources				
Transfers in	-	189	189	-
Net Change in Fund Balance	<u>\$ -</u>	1,553	<u>\$ 1,553</u>	(90,682)
Fund Balance, beginning		<u>105,076</u>		<u>195,758</u>
Fund Balance, ending		<u>\$ 106,629</u>		<u>\$ 105,076</u>

Matanuska-Susitna Borough, Alaska

Circle View/ Stampede Estates Special Revenue Fund

Schedule of Revenues, Expenditures, and

Changes in Deficit - Budget and Actual

<i>Years Ended June 30,</i>	2015			2014
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 19,000	\$ 20,589	\$ 1,589	\$ 18,969
Investment income	75	149	74	-
Total Revenues	19,075	20,738	1,663	18,969
Expenditures				
Public services	5,950	-	5,950	25
Debt service	252	252	-	263
Total Expenditures	6,202	252	5,950	288
Net Change in Fund Deficit	<u>\$ 12,873</u>	20,486	<u>\$ 7,613</u>	18,681
Fund Deficit, beginning		<u>(60,627)</u>		<u>(79,308)</u>
Fund Deficit, ending		<u>\$ (40,141)</u>		<u>\$ (60,627)</u>

Matanuska-Susitna Borough, Alaska
Enhanced 911 Service Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual

<i>Years Ended June 30,</i>	2015			2014
	Budget	Actual	Variance	Actual
Revenues				
Intergovernmental - PERS relief	\$ -	\$ 99,451	\$ 99,451	\$ 25,599
Telephone surcharge	2,200,000	2,386,540	186,540	1,186,803
Investment income	2,500	1,374	(1,126)	1,990
Total Revenues	2,202,500	2,487,365	284,865	1,214,392
Expenditures				
Emergency services	1,549,781	1,265,226	284,555	756,271
Excess of Revenues Over Expenditures	652,719	1,222,139	569,420	458,121
Other Financing Uses				
Transfers out	(1,000,000)	(1,000,000)	-	(1,000,000)
Net Change in Fund Balance	\$ (347,281)	222,139	\$ 569,420	(541,879)
Fund Balance, beginning		1,310,764		1,852,643
Fund Balance, ending		\$ 1,532,903		\$ 1,310,764

Matanuska-Susitna Borough, Alaska

Chase Trail Special Revenue Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual

<i>Years Ended June 30,</i>	2015			2014
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 470	\$ 470	\$ -	\$ 471
Investment income	10	14	4	-
Total Revenues	480	484	4	471
Expenditures				
Public services	2,500	-	2,500	-
Net Change in Fund Balance	<u>\$ (2,020)</u>	484	<u>\$ 2,504</u>	471
Fund Balance, beginning		<u>6,251</u>		<u>5,780</u>
Fund Balance, ending		<u>\$ 6,735</u>		<u>\$ 6,251</u>

Matanuska-Susitna Borough, Alaska
Service Area 69 Point MacKenzie Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual

<i>Years Ended June 30,</i>	2015			2014
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 61,200	\$ 63,407	\$ 2,207	\$ 60,963
Investment income	700	996	296	-
Total Revenues	61,900	64,403	2,503	60,963
Expenditures				
Public services	73,775	9,022	64,753	13,514
Net Change in Fund Balance	<u>\$ (11,875)</u>	55,381	<u>\$ 67,256</u>	47,449
Fund Balance, beginning		<u>438,576</u>		<u>391,127</u>
Fund Balance, ending		<u>\$ 493,957</u>		<u>\$ 438,576</u>

Matanuska-Susitna Borough, Alaska
 Grid Roller Maintenance Special Revenue Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual

<i>Years Ended June 30,</i>	2015			2014
	Budget	Actual	Variance	Actual
Revenues				
Investment income	\$ 20	\$ 72	\$ 52	\$ -
Expenditures				
Public services	10,000	15,000	(5,000)	5,701
Net Change in Fund Balance	<u>\$ (9,980)</u>	(14,928)	<u>\$ (4,948)</u>	(5,701)
Fund Balance, beginning		<u>26,670</u>		<u>32,371</u>
Fund Balance, ending		<u>\$ 11,742</u>		<u>\$ 26,670</u>

Matanuska-Susitna Borough, Alaska
Roads Outside Service Areas Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual

<i>Years Ended June 30,</i>	2015			2014
	Budget	Actual	Variance	Actual
Revenues				
Investment income	\$ -	\$ 1	\$ 1	\$ -
Expenditures				
Public services - road service	232	-	232	-
Net Change in Fund Balance	<u>\$ (232)</u>	1	<u>\$ 233</u>	-
Fund Balance, beginning		<u>326</u>		<u>326</u>
Fund Balance, ending		<u>\$ 327</u>		<u>\$ 326</u>

Matanuska-Susitna Borough, Alaska
Fire Service Areas Special Revenue Funds
Combining Balance Sheet

	Service Area								Totals
	130 Wasilla- Lakes	2 Butte	132 Greater Palmer Consolidated	4 Sutton	24 Talkeetna	136 West Lakes	35 Willow	135 Caswell	
<i>June 30, 2015</i>									
Assets									
Cash and investments	\$ 10,960,162	\$ 872,633	\$ 3,523,714	\$ 241,871	\$ 565,852	\$ 1,790,717	\$ 427,163	\$ 455,912	\$ 18,838,024
Receivables:									
Intergovernmental	48,999	9,278	17,949	-	4,530	11,070	50,886	20,445	163,157
Property taxes	450,440	67,946	164,345	20,612	16,600	157,506	24,269	58,213	959,931
Other	-	-	-	-	-	8,145	-	-	8,145
Total Assets	\$ 11,459,601	\$ 949,857	\$ 3,706,008	\$ 262,483	\$ 586,982	\$ 1,967,438	\$ 502,318	\$ 534,570	\$ 19,969,257
Liabilities, Deferred Inflows and Fund Balances									
Liabilities									
Accounts payable	\$ 64,385	\$ 3,892	\$ 10,311	\$ 6,233	\$ 3,785	\$ 31,476	\$ 7,403	\$ 11,382	\$ 138,867
Loans payable to other funds	-	-	-	-	-	-	200,000	-	200,000
Due to other funds	2,482,152	-	-	-	-	-	-	-	2,482,152
Total Liabilities	2,546,537	3,892	10,311	6,233	3,785	31,476	207,403	11,382	2,821,019
Deferred Inflows									
Delinquent property taxes	387,045	57,137	156,666	17,997	14,114	132,315	19,025	53,318	837,617
Total Liabilities and Deferred Inflows	2,933,582	61,029	166,977	24,230	17,899	163,791	226,428	64,700	3,658,636
Fund Balances									
Assigned:									
Subsequent year expenditures	1,047,448	-	-	-	-	-	-	-	1,047,448
Subsequent year appropriations	-	-	-	-	40,000	-	11,000	-	51,000
Service areas	7,478,571	888,828	3,539,031	238,253	529,083	1,803,647	264,890	469,870	15,212,173
Total Fund Balances	8,526,019	888,828	3,539,031	238,253	569,083	1,803,647	275,890	469,870	16,310,621
Total Liabilities, Deferred Inflows and Fund Balances	\$ 11,459,601	\$ 949,857	\$ 3,706,008	\$ 262,483	\$ 586,982	\$ 1,967,438	\$ 502,318	\$ 534,570	\$ 19,969,257

Matanuska-Susitna Borough, Alaska
Fire Service Areas Special Revenue Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances

	Service Area								Totals
	130 Wasilla- Lakes	2 Butte	132 Greater Palmer Consolidated	4 Sutton	24 Talkeetna	136 West Lakes	35 Willow	135 Caswell	
<i>Year Ended June 30, 2015</i>									
Revenues									
Property taxes	\$ 8,188,482	\$ 806,631	\$ 1,050,116	\$ 227,499	\$ 320,820	\$ 2,083,530	\$ 405,898	\$ 282,223	\$ 13,365,199
Intergovernmental - PERS relief	606,067	9,461	-	2,060	4,729	2,979	34,587	33,981	693,864
Charges for services	-	-	-	-	-	8,145	-	-	8,145
Investment income	12,762	1,016	4,103	282	659	2,085	497	531	21,935
Other	398,622	9,278	17,950	5,000	17,530	35,805	50,916	20,445	555,546
Total Revenues	9,205,933	826,386	1,072,169	234,841	343,738	2,132,544	491,898	337,180	14,644,689
Expenditures									
Emergency services:									
Administration	584,836	84,258	39,977	24,229	53,360	172,254	55,473	25,212	1,039,599
Fire services	4,425,757	460,975	379,509	113,080	157,329	1,271,087	337,767	224,276	7,369,780
Total emergency services	5,010,593	545,233	419,486	137,309	210,689	1,443,341	393,240	249,488	8,409,379
Capital outlay	-	-	-	-	-	-	195,383	-	195,383
Debt service	-	-	-	-	-	-	17	60	77
Total Expenditures	5,010,593	545,233	419,486	137,309	210,689	1,443,341	588,640	249,548	8,604,839
Excess of Revenues Over (Under) Expenditures	4,195,340	281,153	652,683	97,532	133,049	689,203	(96,742)	87,632	6,039,850
Other Financing Sources (Uses)									
Transfers in	7,692	-	-	-	-	16,124	-	-	23,816
Transfers out	(2,513,343)	(126,111)	(150,000)	(1,111)	-	(200,000)	(30,200)	(30,200)	(3,050,965)
Proceeds from disposal of capital assets	-	-	-	-	3,100	-	-	-	3,100
Net Other Financing Sources (Uses)	(2,505,651)	(126,111)	(150,000)	(1,111)	3,100	(183,876)	(30,200)	(30,200)	(3,024,049)
Net Change in Fund Balances	1,689,689	155,042	502,683	96,421	136,149	505,327	(126,942)	57,432	3,015,801
Fund Balances, beginning	6,836,330	733,786	3,036,348	141,832	432,934	1,298,320	402,832	412,438	13,294,820
Fund Balances, ending	\$ 8,526,019	\$ 888,828	\$ 3,539,031	\$ 238,253	\$ 569,083	\$ 1,803,647	\$ 275,890	\$ 469,870	\$ 16,310,621

Matanuska-Susitna Borough, Alaska

Fire Service Area 130 - Wasilla-Lakes Special Revenue Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual

<i>Years Ended June 30,</i>	2015			2014
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 8,084,590	\$ 8,188,482	\$ 103,892	\$ 7,866,050
Intergovernmental - PERS relief	-	606,067	606,067	148,118
Investment income	3,000	12,762	9,762	11,659
Other	124,500	398,622	274,122	370,712
Total Revenues	8,212,090	9,205,933	993,843	8,396,539
Expenditures				
Emergency services:				
Administration	591,955	584,836	7,119	539,517
Fire services	6,147,626	4,425,757	1,721,869	3,477,376
Total Expenditures	6,739,581	5,010,593	1,728,988	4,016,893
Excess of Revenues Over Expenditures	1,472,509	4,195,340	2,722,831	4,379,646
Other Financing Sources (Uses)				
Transfers in	-	7,692	7,692	4,143
Transfers out	(2,513,343)	(2,513,343)	-	(3,453,818)
Net Other Financing Sources (Uses)	(2,513,343)	(2,505,651)	7,692	(3,449,675)
Net Change in Fund Balance	\$ (1,040,834)	1,689,689	\$ 2,730,523	929,971
Fund Balance, beginning		6,836,330		5,906,359
Fund Balance, ending		\$ 8,526,019		\$ 6,836,330

Matanuska-Susitna Borough, Alaska
Fire Service Area 2 - Butte Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual

<i>Years Ended June 30,</i>	2015			2014
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 782,290	\$ 806,631	\$ 24,341	\$ 731,072
Intergovernmental - PERS relief	-	9,461	9,461	1,498
Investment income	500	1,016	516	1,371
Other	-	9,278	9,278	35,008
Total Revenues	782,790	826,386	43,596	768,949
Expenditures				
Emergency services:				
Administration	86,637	84,258	2,379	105,696
Fire services	523,622	460,975	62,647	402,604
Total Expenditures	610,259	545,233	65,026	508,300
Excess of Revenues Over Expenditures	172,531	281,153	108,622	260,649
Other Financing Sources (Uses)				
Transfers in	-	-	-	9,485
Transfers out	(126,111)	(126,111)	-	(512,000)
Net Other Financing Sources (Uses)	(126,111)	(126,111)	-	(502,515)
Net Change in Fund Balance	\$ 46,420	155,042	\$ 108,622	(241,866)
Fund Balance, beginning		733,786		975,652
Fund Balance, ending		\$ 888,828		\$ 733,786

Matanuska-Susitna Borough, Alaska

Fire Service Area 132 - Greater Palmer Consolidated Special Revenue Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual

<i>Years Ended June 30,</i>	2015			2014
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 1,035,680	\$ 1,050,116	\$ 14,436	\$ 1,024,472
Investment income	2,000	4,103	2,103	6,550
Other	-	17,950	17,950	-
Total Revenues	1,037,680	1,072,169	34,489	1,031,022
Expenditures				
Emergency services:				
Administration	50,401	39,977	10,424	25,863
Fire services	439,798	379,509	60,289	385,776
Total Expenditures	490,199	419,486	70,713	411,639
Excess of Revenues Over Expenditures	547,481	652,683	105,202	619,383
Other Financing Sources (Uses)				
Transfers in	-	-	-	9,250
Transfers out	(150,000)	(150,000)	-	(647,000)
Net Other Financing Sources (Uses)	(150,000)	(150,000)	-	(637,750)
Net Change in Fund Balance	\$ 397,481	502,683	\$ 105,202	(18,367)
Fund Balance, beginning		3,036,348		3,054,715
Fund Balance, ending		\$ 3,539,031		\$ 3,036,348

Matanuska-Susitna Borough, Alaska
Fire Service Area 4 - Sutton Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual

<i>Years Ended June 30,</i>	2015			2014
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 227,170	\$ 227,499	\$ 329	\$ 211,202
Intergovernmental - PERS relief	-	2,060	2,060	373
Investment income	200	282	82	199
Other	5,000	5,000	-	11,000
Total Revenues	232,370	234,841	2,471	222,774
Expenditures				
Emergency services:				
Administration	26,041	24,229	1,812	26,246
Fire services	171,985	113,080	58,905	95,444
Total Expenditures	198,026	137,309	60,717	121,690
Excess of Revenues Over Expenditures	34,344	97,532	63,188	101,084
Other Financing Sources (Uses)				
Transfers in	-	-	-	16,612
Transfers out	(1,111)	(1,111)	-	(222,030)
Net Other Financing Sources (Uses)	(1,111)	(1,111)	-	(205,418)
Net Change in Fund Balance	\$ 33,233	96,421	\$ 63,188	(104,334)
Fund Balance, beginning		141,832		246,166
Fund Balance, ending		\$ 238,253		\$ 141,832

Matanuska-Susitna Borough, Alaska

Fire Service Area 24 - Talkeetna Special Revenue Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual

<i>Years Ended June 30,</i>	2015			2014
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 350,640	\$ 320,820	\$ (29,820)	\$ 299,397
Intergovernmental - PERS relief	-	4,729	4,729	748
Investment income	200	659	459	836
Other	13,000	17,530	4,530	13,027
Total Revenues	363,840	343,738	(20,102)	314,008
Expenditures				
Emergency services:				
Administration	53,361	53,360	1	45,330
Fire services	263,154	157,329	105,825	119,894
Total Expenditures	316,515	210,689	105,826	165,224
Excess of Revenues Over Expenditures	47,325	133,049	85,724	148,784
Other Financing Sources (Uses)				
Transfers in	-	-	-	8,422
Transfers out	-	-	-	(100,000)
Proceeds from disposal of capital assets	-	3,100	3,100	-
Net Other Financing Sources (Uses)	-	3,100	3,100	(91,578)
Net Change in Fund Balance	<u>\$ 47,325</u>	136,149	<u>\$ 88,824</u>	57,206
Fund Balance, beginning		<u>432,934</u>		<u>375,728</u>
Fund Balance, ending		<u>\$ 569,083</u>		<u>\$ 432,934</u>

Matanuska-Susitna Borough, Alaska

Fire Service Area 136 - West Lakes Special Revenue Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual

<i>Years Ended June 30,</i>	2015			2014
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 2,058,510	\$ 2,083,530	\$ 25,020	\$ 1,909,953
Intergovernmental - PERS relief	-	2,979	2,979	3,746
Charges for services	-	8,145	8,145	-
Investment income	1,000	2,085	1,085	2,387
Other	24,500	35,805	11,305	108,274
Total Revenues	2,084,010	2,132,544	48,534	2,024,360
Expenditures				
Emergency services:				
Administration	187,538	172,254	15,284	204,858
Fire services	1,704,983	1,271,087	433,896	1,196,110
Total Expenditures	1,892,521	1,443,341	449,180	1,400,968
Excess of Revenues Over Expenditures	191,489	689,203	497,714	623,392
Other Financing Sources (Uses)				
Transfers in	-	16,124	16,124	1,830
Transfers out	(300,000)	(200,000)	100,000	(324,708)
Net Other Financing Sources (Uses)	(300,000)	(183,876)	116,124	(322,878)
Net Change in Fund Balance	<u>\$ (108,511)</u>	505,327	<u>\$ 613,838</u>	300,514
Fund Balance, beginning		<u>1,298,320</u>		<u>997,806</u>
Fund Balance, ending		<u>\$ 1,803,647</u>		<u>\$ 1,298,320</u>

Matanuska-Susitna Borough, Alaska

Fire Service Area 35 - Willow Special Revenue Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual

Years Ended June 30,	2015			2014
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 404,540	\$ 405,898	\$ 1,358	\$ 378,532
Intergovernmental - PERS relief	-	34,587	34,587	374
Investment income	300	497	197	1,074
Other	-	50,916	50,916	43,440
Total Revenues	404,840	491,898	87,058	423,420
Expenditures				
Emergency services:				
Administration	57,874	55,473	2,401	73,447
Fire services	419,683	337,767	81,916	266,198
Total emergency services:	477,557	393,240	84,317	339,645
Capital outlay	200,000	195,383	4,617	-
Debt service	30	17	13	33
Total Expenditures	677,587	588,640	88,947	339,678
Excess (Deficiency) of Revenues Over Expenditures	(272,747)	(96,742)	176,005	83,742
Other Financing Uses				
Transfers out	(30,200)	(30,200)	-	(150,000)
Net Change in Fund Balance	\$ (302,947)	(126,942)	\$ 176,005	(66,258)
Fund Balance, beginning		402,832		469,090
Fund Balance, ending		<u>\$ 275,890</u>		<u>\$ 402,832</u>

Matanuska-Susitna Borough, Alaska

Fire Service Area 135 - Caswell Special Revenue Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual

<i>Years Ended June 30,</i>	2015			2014
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 279,860	\$ 282,223	\$ 2,363	\$ 255,051
Intergovernmental - PERS relief	-	33,981	33,981	374
Investment income	200	531	331	947
Other	-	20,445	20,445	-
Total Revenues	280,060	337,180	57,120	256,372
Expenditures				
Emergency services:				
Administration	25,213	25,212	1	16,661
Fire services	260,443	224,276	36,167	111,821
Total emergency services	285,656	249,488	36,168	128,482
Debt service	60	60	-	120
Total Expenditures	285,716	249,548	36,168	128,602
Excess (Deficiency) of Revenues Over Expenditures	(5,656)	87,632	93,288	127,770
Other Financing Uses				
Transfers out	(30,200)	(30,200)	-	(2,600)
Net Change in Fund Balance	<u>\$ (35,856)</u>	57,432	<u>\$ 93,288</u>	125,170
Fund Balance, beginning		<u>412,438</u>		<u>287,268</u>
Fund Balance, ending		<u>\$ 469,870</u>		<u>\$ 412,438</u>

Matanuska-Susitna Borough, Alaska
Road Service Areas Special Revenue Funds
Combining Balance Sheet

	Service Area								
	9 Midway Road	14 Fairview Road	15 Caswell Lake	16 South Colony	17 Knik Road	19 Lazy Mountain	20 Greater Willow	21 Big Lake Road	23 North Colony
<i>June 30, 2015</i>									
Assets									
Cash and investments	\$ 343,989	\$ 298,814	\$ 72,654	\$ 450,163	\$ 355,120	\$ 150,749	\$ 237,770	\$ 225,317	\$ 138,644
Receivables - property taxes	180,237	35,480	109,328	309,458	99,281	32,929	51,560	83,922	26,737
Total Assets	\$ 524,226	\$ 334,294	\$ 181,982	\$ 759,621	\$ 454,401	\$ 183,678	\$ 289,330	\$ 309,239	\$ 165,381
Liabilities, Deferred Inflows and Fund Balances									
Liabilities									
Accounts payable	\$ 17,188	\$ 31,773	\$ 30,033	\$ 69,983	\$ 83,220	\$ 10,406	\$ 23,309	\$ 50,155	\$ 7,659
Loans payable to other funds	27,270	16,023	-	58,792	-	323	-	-	7,256
Other	4,000	-	3,000	2,000					
Total Liabilities	48,458	47,796	33,033	130,775	83,220	10,729	23,309	50,155	14,915
Deferred Inflows									
Delinquent property taxes	174,643	33,456	106,982	308,556	94,154	32,406	49,647	81,265	25,878
Total Liabilities and Deferred Inflows	223,101	81,252	140,015	439,331	177,374	43,135	72,956	131,420	40,793
Fund Balances									
Assigned:									
Subsequent year expenditures	-	-	-	-	-	-	-	-	21,943
Subsequent year appropriations	-	70,000	-	100,000	110,000	-	-	50,000	-
Service areas	301,125	183,042	41,967	220,290	167,027	140,543	216,374	127,819	102,645
Total Fund Balances	301,125	253,042	41,967	320,290	277,027	140,543	216,374	177,819	124,588
Total Liabilities, Deferred Inflows and Fund Balances	\$ 524,226	\$ 334,294	\$ 181,982	\$ 759,621	\$ 454,401	\$ 183,678	\$ 289,330	\$ 309,239	\$ 165,381

Matanuska-Susitna Borough, Alaska

Road Service Areas Special Revenue Funds

Combining Balance Sheet, continued

	Service Area, continued							Totals
	25 Bogard Road	26 Greater Butte Road	27 Meadow Lakes Road	28 Gold Trail Road	29 Greater Talkeetna Road	30 Trapper Creek Road	31 Alpine Road	
<i>June 30, 2015</i>								
Assets								
Cash and investments	\$ 399,419	\$ 163,860	\$ 294,435	\$ 290,227	\$ 119,917	\$ 119,893	\$ 121,816	\$ 3,782,787
Receivables - property taxes	79,577	72,861	132,321	91,601	36,549	26,295	21,086	1,389,222
Total Assets	\$ 478,996	\$ 236,721	\$ 426,756	\$ 381,828	\$ 156,466	\$ 146,188	\$ 142,902	\$ 5,172,009
Liabilities, Deferred Inflows and Fund Balances								
Liabilities								
Accounts payable	\$ 43,795	\$ 18,766	\$ 65,473	\$ 52,386	\$ 34,692	\$ 9,027	\$ 11,362	\$ 559,227
Loans payable to other funds	54,499	3,063	-	32,853	-	-	1,471	201,550
Other	3,000	1,000	-	-	-	1,000	-	14,000
Total Liabilities	101,294	22,829	65,473	85,239	34,692	10,027	12,833	774,777
Deferred Inflows								
Delinquent property taxes	74,108	70,725	128,235	87,372	34,958	26,156	20,415	1,348,956
Total Liabilities and Deferred Inflows	175,402	93,554	193,708	172,611	69,650	36,183	33,248	2,123,733
Fund Balances								
Assigned:								
Subsequent year expenditures	-	-	-	-	11,723	-	13,514	47,180
Subsequent year appropriations	110,000	-	-	-	-	-	-	440,000
Service areas	193,594	143,167	233,048	209,217	75,093	110,005	96,140	2,561,096
Total Fund Balances	303,594	143,167	233,048	209,217	86,816	110,005	109,654	3,048,276
Total Liabilities, Deferred Inflows and Fund Balances	\$ 478,996	\$ 236,721	\$ 426,756	\$ 381,828	\$ 156,466	\$ 146,188	\$ 142,902	\$ 5,172,009

Matanuska-Susitna Borough, Alaska
Road Service Areas Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

	Service Area								
	9 Midway Road	14 Fairview Road	15 Caswell Lake	16 South Colony	17 Knik Road	19 Lazy Mountain	20 Greater Willow	21 Big Lake Road	23 North Colony
<i>Year Ended June 30, 2015</i>									
Revenues									
Property taxes	\$ 1,599,710	\$ 942,382	\$ 619,712	\$ 1,418,590	\$ 2,535,220	\$ 248,774	\$ 955,834	\$ 1,273,171	\$ 174,390
Investment income	401	477	259	1,213	371	239	200	269	241
Total Revenues	1,600,111	942,859	619,971	1,419,803	2,535,591	249,013	956,034	1,273,440	174,631
Expenditures									
Public services:									
Administration	171,708	106,301	106,006	151,701	327,372	22,957	117,501	164,309	18,503
Road service	367,553	420,503	428,394	851,712	1,197,326	132,711	511,335	741,500	107,723
Total public services	539,261	526,804	534,400	1,003,413	1,524,698	155,668	628,836	905,809	126,226
Debt service	437	257	-	943	-	5	-	-	116
Total Expenditures	539,698	527,061	534,400	1,004,356	1,524,698	155,673	628,836	905,809	126,342
Excess of Revenues Over (Under) Expenditures	1,060,413	415,798	85,571	415,447	1,010,893	93,340	327,198	367,631	48,289
Other Financing Uses									
Transfers out	(1,012,500)	(321,452)	(92,100)	(542,150)	(945,150)	(42,150)	(269,450)	(337,150)	(7,000)
Net Change in Fund Balances	47,913	94,346	(6,529)	(126,703)	65,743	51,190	57,748	30,481	41,289
Fund Balances, beginning	253,212	158,696	48,496	446,993	211,284	89,353	158,626	147,338	83,299
Fund Balances, ending	\$ 301,125	\$ 253,042	\$ 41,967	\$ 320,290	\$ 277,027	\$ 140,543	\$ 216,374	\$ 177,819	\$ 124,588

Matanuska-Susitna Borough, Alaska

Road Service Areas Special Revenue Funds

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

	Service Area, continued							Totals
	25 Bogard Road	26 Greater Butte Road	27 Meadow Lakes Road	28 Gold Trail Road	29 Greater Talkeetna Road	30 Trapper Creek Road	31 Alpine Road	
<i>Year Ended June 30, 2015</i>								
Revenues								
Property taxes	\$ 1,574,257	\$ 933,046	\$ 1,805,522	\$ 1,690,502	\$ 540,440	\$ 222,441	\$ 278,632	\$ 16,812,623
Investment income	1,003	197	68	738	400	309	239	6,624
Total Revenues	1,575,260	933,243	1,805,590	1,691,240	540,840	222,750	278,871	16,819,247
Expenditures								
Public services:								
Administration	175,089	106,684	209,907	198,335	79,696	32,327	26,213	2,014,609
Road service	709,897	363,330	735,792	840,717	466,177	122,734	170,848	8,168,252
Total public services	884,986	470,014	945,699	1,039,052	545,873	155,061	197,061	10,182,861
Debt service	874	49	-	527	-	-	24	3,232
Total Expenditures	885,860	470,063	945,699	1,039,579	545,873	155,061	197,085	10,186,093
Excess of Revenues Over (Under) Expenditures	689,400	463,180	859,891	651,661	(5,033)	67,689	81,786	6,633,154
Other Financing Uses								
Transfers out	(582,300)	(422,250)	(792,300)	(613,750)	-	(87,100)	(57,380)	(6,124,182)
Net Change in Fund Balances	107,100	40,930	67,591	37,911	(5,033)	(19,411)	24,406	508,972
Fund Balances, beginning	196,494	102,237	165,457	171,306	91,849	129,416	85,248	2,539,304
Fund Balances, ending	\$ 303,594	\$ 143,167	\$ 233,048	\$ 209,217	\$ 86,816	\$ 110,005	\$ 109,654	\$ 3,048,276

Matanuska-Susitna Borough, Alaska
Road Service Area 9 - Midway Road Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual

<i>Years Ended June 30,</i>	2015			2014
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 1,551,160	\$ 1,599,710	\$ 48,550	\$ 1,501,462
Investment income	400	401	1	-
Total Revenues	1,551,560	1,600,111	48,551	1,501,462
Expenditures				
Public services:				
Administration	189,878	171,708	18,170	171,022
Road service	435,601	367,553	68,048	451,663
Total public services	625,479	539,261	86,218	622,685
Debt service	438	437	1	465
Total Expenditures	625,917	539,698	86,219	623,150
Excess of Revenues Over Expenditures	925,643	1,060,413	134,770	878,312
Other Financing Uses				
Transfers out	(1,012,500)	(1,012,500)	-	(942,500)
Net Change in Fund Balance	\$ (86,857)	47,913	\$ 134,770	(64,188)
Fund Balance, beginning		253,212		317,400
Fund Balance, ending		\$ 301,125		\$ 253,212

Matanuska-Susitna Borough, Alaska
Road Service Area 14 - Fairview Road Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual

<i>Years Ended June 30,</i>	2015			2014
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 926,240	\$ 942,382	\$ 16,142	\$ 845,752
Investment income	300	477	177	-
Total Revenues	926,540	942,859	16,319	845,752
Expenditures				
Public services:				
Administration	117,550	106,301	11,249	99,821
Road service	524,197	420,503	103,694	451,845
Total public services	641,747	526,804	114,943	551,666
Debt service	257	257	-	273
Total Expenditures	642,004	527,061	114,943	551,939
Excess of Revenues Over Expenditures	284,536	415,798	131,262	293,813
Other Financing Uses				
Transfers out	(321,452)	(321,452)	-	(443,000)
Net Change in Fund Balance	<u>\$ (36,916)</u>	94,346	<u>\$ 131,262</u>	(149,187)
Fund Balance, beginning		<u>158,696</u>		<u>307,883</u>
Fund Balance, ending		<u>\$ 253,042</u>		<u>\$ 158,696</u>

Matanuska-Susitna Borough, Alaska
Road Service Area 15 - Caswell Lake Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual

<i>Years Ended June 30,</i>	2015			2014
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 632,200	\$ 619,712	\$ (12,488)	\$ 559,092
Investment income	150	259	109	-
Total Revenues	632,350	619,971	(12,379)	559,092
Expenditures				
Public services:				
Administration	115,007	106,006	9,001	97,082
Road service	428,857	428,394	463	426,651
Total Expenditures	543,864	534,400	9,464	523,733
Excess of Revenues Over Expenditures	88,486	85,571	(2,915)	35,359
Other Financing Uses				
Transfers out	(92,100)	(92,100)	-	(160,000)
Net Change in Fund Balance	<u>\$ (3,614)</u>	(6,529)	<u>\$ (2,915)</u>	(124,641)
Fund Balance, beginning		<u>48,496</u>		<u>173,137</u>
Fund Balance, ending		<u>\$ 41,967</u>		<u>\$ 48,496</u>

Matanuska-Susitna Borough, Alaska

Road Service Area 16 - South Colony Special Revenue Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual

<i>Years Ended June 30,</i>	2015			2014
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 1,403,760	\$ 1,418,590	\$ 14,830	\$ 1,350,569
Investment income	500	1,213	713	-
Total Revenues	1,404,260	1,419,803	15,543	1,350,569
Expenditures				
Public services:				
Administration	167,756	151,701	16,055	133,958
Road service	974,332	851,712	122,620	884,684
Total public services	1,142,088	1,003,413	138,675	1,018,642
Debt service	943	943	-	1,003
Total Expenditures	1,143,031	1,004,356	138,675	1,019,645
Excess of Revenues Over Expenditures	261,229	415,447	154,218	330,924
Other Financing Uses				
Transfers out	(542,150)	(542,150)	-	(377,500)
Net Change in Fund Balance	\$ (280,921)	(126,703)	\$ 154,218	(46,576)
Fund Balance, beginning		446,993		493,569
Fund Balance, ending		\$ 320,290		\$ 446,993

Matanuska-Susitna Borough, Alaska
Road Service Area 17 - Knik Road Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual

<i>Years Ended June 30,</i>	2015			2014
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 2,508,280	\$ 2,535,220	\$ 26,940	\$ 2,377,411
Investment income	350	371	21	-
Total Revenues	2,508,630	2,535,591	26,961	2,377,411
Expenditures				
Public services:				
Administration	362,015	327,372	34,643	301,742
Road service	1,252,367	1,197,326	55,041	1,213,537
Total Expenditures	1,614,382	1,524,698	89,684	1,515,279
Excess of Revenues Over Expenditures	894,248	1,010,893	116,645	862,132
Other Financing Uses				
Transfers out	(945,150)	(945,150)	-	(1,259,500)
Net Change in Fund Balance	<u>\$ (50,902)</u>	65,743	<u>\$ 116,645</u>	(397,368)
Fund Balance, beginning		<u>211,284</u>		<u>608,652</u>
Fund Balance, ending		<u>\$ 277,027</u>		<u>\$ 211,284</u>

Matanuska-Susitna Borough, Alaska

Road Service Area 19 - Lazy Mountain Special Revenue Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual

<i>Years Ended June 30,</i>	2015			2014
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 246,780	\$ 248,774	\$ 1,994	\$ 242,615
Investment income	150	239	89	-
Total Revenues	246,930	249,013	2,083	242,615
Expenditures				
Public services:				
Administration	25,386	22,957	2,429	25,544
Road service	180,069	132,711	47,358	169,029
Total public services	205,455	155,668	49,787	194,573
Debt service	6	5	1	6
Total Expenditures	205,461	155,673	49,788	194,579
Excess of Revenues Over Expenditures	41,469	93,340	51,871	48,036
Other Financing Uses				
Transfers out	(42,150)	(42,150)	-	(89,000)
Net Change in Fund Balance	\$ (681)	51,190	\$ 51,871	(40,964)
Fund Balance, beginning		89,353		130,317
Fund Balance, ending		\$ 140,543		\$ 89,353

Matanuska-Susitna Borough, Alaska

Road Service Area 20 - Greater Willow Special Revenue Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual

<i>Years Ended June 30,</i>	2015			2014
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 935,680	\$ 955,834	\$ 20,154	\$ 859,665
Investment income	150	200	50	-
Total Revenues	935,830	956,034	20,204	859,665
Expenditures				
Public services:				
Administration	129,935	117,501	12,434	112,701
Road service	590,328	511,335	78,993	514,838
Total Expenditures	720,263	628,836	91,427	627,539
Excess of Revenues Over Expenditures	215,567	327,198	111,631	232,126
Other Financing Uses				
Transfers out	(269,450)	(269,450)	-	(249,500)
Net Change in Fund Balance	<u>\$ (53,883)</u>	57,748	<u>\$ 111,631</u>	(17,374)
Fund Balance, beginning		<u>158,626</u>		<u>176,000</u>
Fund Balance, ending		<u>\$ 216,374</u>		<u>\$ 158,626</u>

Matanuska-Susitna Borough, Alaska

Road Service Area 21 - Big Lake Road Special Revenue Fund

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

Years Ended June 30,	2015			2014
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 1,249,000	\$ 1,273,171	\$ 24,171	\$ 1,194,653
Investment income	350	269	(81)	-
Miscellaneous	-	-	-	2,400
Total Revenues	1,249,350	1,273,440	24,090	1,197,053
Expenditures				
Public services:				
Administration	181,697	164,309	17,388	157,830
Road service	785,942	741,500	44,442	708,484
Total Expenditures	967,639	905,809	61,830	866,314
Excess of Revenues Over Expenditures	281,711	367,631	85,920	330,739
Other Financing Uses				
Transfers out	(337,150)	(337,150)	-	(406,000)
Net Change in Fund Balance	\$ (55,439)	30,481	\$ 85,920	(75,261)
Fund Balance, beginning		147,338		222,599
Fund Balance, ending		\$ 177,819		\$ 147,338

Matanuska-Susitna Borough, Alaska

Road Service Area 23 - North Colony Special Revenue Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual

<i>Years Ended June 30,</i>	2015			2014
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 180,200	\$ 174,390	\$ (5,810)	\$ 171,741
Investment income	50	241	191	-
Total Revenues	180,250	174,631	(5,619)	171,741
Expenditures				
Public services:				
Administration	20,460	18,503	1,957	17,382
Road service	152,719	107,723	44,996	126,393
Total public services	173,179	126,226	46,953	143,775
Debt service	117	116	1	124
Total Expenditures	173,296	126,342	46,954	143,899
Excess of Revenues Over Expenditures	6,954	48,289	41,335	27,842
Other Financing Uses				
Transfers out	(7,000)	(7,000)	-	(36,000)
Net Change in Fund Balance	\$ (46)	41,289	\$ 41,335	(8,158)
Fund Balance, beginning		83,299		91,457
Fund Balance, ending		\$ 124,588		\$ 83,299

Matanuska-Susitna Borough, Alaska

Road Service Area 25 - Bogard Road Special Revenue Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual

<i>Years Ended June 30,</i>	2015			2014
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 1,553,010	\$ 1,574,257	\$ 21,247	\$ 1,495,759
Investment income	350	1,003	653	-
Total Revenues	1,553,360	1,575,260	21,900	1,495,759
Expenditures				
Public services:				
Administration	193,616	175,089	18,527	143,507
Road service	823,796	709,897	113,899	769,108
Total public services	1,017,412	884,986	132,426	912,615
Debt service	874	874	-	930
Total Expenditures	1,018,286	885,860	132,426	913,545
Excess of Revenues Over Expenditures	535,074	689,400	154,326	582,214
Other Financing Uses				
Transfers out	(582,300)	(582,300)	-	(1,058,500)
Net Change in Fund Balance	<u>\$ (47,226)</u>	107,100	<u>\$ 154,326</u>	(476,286)
Fund Balance, beginning		<u>196,494</u>		<u>672,780</u>
Fund Balance, ending		<u>\$ 303,594</u>		<u>\$ 196,494</u>

Matanuska-Susitna Borough, Alaska

Road Service Area 26 - Greater Butte Road Special Revenue Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual

<i>Years Ended June 30,</i>	2015			2014
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 907,080	\$ 933,046	\$ 25,966	\$ 875,064
Investment income	350	197	(153)	-
Total Revenues	907,430	933,243	25,813	875,064
Expenditures				
Public services:				
Administration	117,973	106,684	11,289	106,537
Road service	420,466	363,330	57,136	355,731
Total public services	538,439	470,014	68,425	462,268
Debt service	50	49	1	52
Total Expenditures	538,489	470,063	68,426	462,320
Excess of Revenues Over Expenditures	368,941	463,180	94,239	412,744
Other Financing Uses				
Transfers out	(422,250)	(422,250)	-	(701,500)
Net Change in Fund Balance	<u>\$ (53,309)</u>	40,930	<u>\$ 94,239</u>	(288,756)
Fund Balance, beginning		<u>102,237</u>		<u>390,993</u>
Fund Balance, ending		<u>\$ 143,167</u>		<u>\$ 102,237</u>

Matanuska-Susitna Borough, Alaska

Road Service Area 27 - Meadow Lakes Road Special Revenue Fund

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

Years Ended June 30,	2015			2014
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 1,791,210	\$ 1,805,522	\$ 14,312	\$ 1,729,991
Investment income	400	68	(332)	-
Total Revenues	1,791,610	1,805,590	13,980	1,729,991
Expenditures				
Public services:				
Administration	232,120	209,907	22,213	206,124
Road service	882,191	735,792	146,399	782,196
Total Expenditures	1,114,311	945,699	168,612	988,320
Excess of Revenues Over Expenditures	677,299	859,891	182,592	741,671
Other Financing Uses				
Transfers out	(792,300)	(792,300)	-	(992,000)
Net Change in Fund Balance	\$ (115,001)	67,591	\$ 182,592	(250,329)
Fund Balance, beginning		165,457		415,786
Fund Balance, ending		\$ 233,048		\$ 165,457

Matanuska-Susitna Borough, Alaska

Road Service Area 28 - Gold Trail Road Special Revenue Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual

<i>Years Ended June 30,</i>	2015			2014
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 1,664,240	\$ 1,690,502	\$ 26,262	\$ 1,593,601
Investment income	300	738	438	-
Total Revenues	1,664,540	1,691,240	26,700	1,593,601
Expenditures				
Public services:				
Administration	219,324	198,335	20,989	172,531
Road service	949,228	840,717	108,511	855,962
Total public services	1,168,552	1,039,052	129,500	1,028,493
Debt service	527	527	-	561
Total Expenditures	1,169,079	1,039,579	129,500	1,029,054
Excess of Revenues Over Expenditures	495,461	651,661	156,200	564,547
Other Financing Uses				
Transfers out	(613,750)	(613,750)	-	(896,500)
Net Change in Fund Balance	\$ (118,289)	37,911	\$ 156,200	(331,953)
Fund Balance, beginning		171,306		503,259
Fund Balance, ending		\$ 209,217		\$ 171,306

Matanuska-Susitna Borough, Alaska

Road Service Area 29 - Greater Talkeetna Road Special Revenue Fund

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

Years Ended June 30,	2015			2014
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 545,500	\$ 540,440	\$ (5,060)	\$ 518,209
Investment income	100	400	300	-
Total Revenues	545,600	540,840	(4,760)	518,209
Expenditures				
Public services:				
Administration	88,130	79,696	8,434	74,756
Road service	472,872	466,177	6,695	468,262
Total Expenditures	561,002	545,873	15,129	543,018
Excess (Deficiency) of Revenues Over Expenditures	(15,402)	(5,033)	10,369	(24,809)
Other Financing Uses				
Transfers out	-	-	-	(60,000)
Net Change in Fund Balance	\$ (15,402)	(5,033)	\$ 10,369	(84,809)
Fund Balance, beginning		91,849		176,658
Fund Balance, ending		\$ 86,816		\$ 91,849

Matanuska-Susitna Borough, Alaska
Road Service Area 30 - Trapper Creek Road Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual

<i>Years Ended June 30,</i>	2015			2014
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 227,000	\$ 222,441	\$ (4,559)	\$ 223,233
Investment income	50	309	259	-
Total Revenues	227,050	222,750	(4,300)	223,233
Expenditures				
Public services:				
Administration	35,610	32,327	3,283	33,830
Road service	155,328	122,734	32,594	129,721
Total Expenditures	190,938	155,061	35,877	163,551
Excess of Revenues Over Expenditures	36,112	67,689	31,577	59,682
Other Financing Uses				
Transfers out	(87,100)	(87,100)	-	(29,500)
Net Change in Fund Balance	<u>\$ (50,988)</u>	(19,411)	<u>\$ 31,577</u>	30,182
Fund Balance, beginning		<u>129,416</u>		<u>99,234</u>
Fund Balance, ending		<u>\$ 110,005</u>		<u>\$ 129,416</u>

Matanuska-Susitna Borough, Alaska
Road Service Area 31 - Alpine Road Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual

<i>Years Ended June 30,</i>	2015			2014
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 277,250	\$ 278,632	\$ 1,382	\$ 262,467
Investment income	75	239	164	-
Total Revenues	277,325	278,871	1,546	262,467
Expenditures				
Public services:				
Administration	28,987	26,213	2,774	26,688
Road service	231,685	170,848	60,837	178,732
Total public services	260,672	197,061	63,611	205,420
Debt service	24	24	-	25
Total Expenditures	260,696	197,085	63,611	205,445
Excess of Revenues Over Expenditures	16,629	81,786	65,157	57,022
Other Financing Uses				
Transfers out	(57,380)	(57,380)	-	(70,500)
Net Change in Fund Balance	<u>\$ (40,751)</u>	24,406	<u>\$ 65,157</u>	(13,478)
Fund Balance, beginning		<u>85,248</u>		<u>98,726</u>
Fund Balance, ending		<u>\$ 109,654</u>		<u>\$ 85,248</u>

Matanuska-Susitna Borough, Alaska
Land Management Special Revenue Fund
Balance Sheet

<i>June 30,</i>	2015	2014
Assets		
Cash and investments	\$ 8,359,944	\$ 8,328,337
Land Sales Contracts Receivable		
Current	4,318	5,687
Delinquent	234,873	226,126
Unbilled	249,351	177,698
Total land sales contracts receivable	488,542	409,511
Less allowance for uncollectible contracts	(234,873)	(226,126)
Net Land Sales Contracts Receivable	253,669	183,385
Total Assets	\$ 8,613,613	\$ 8,511,722
Liabilities, Deferred Inflows and Fund Balance		
Liabilities		
Accounts payable	\$ 63,400	\$ 48,142
Deposits	71,524	58,024
Total Liabilities	134,924	106,166
Deferred Inflows		
Land sales receivables not yet due	249,351	177,698
Total Liabilities and Deferred Inflows	384,275	283,864
Fund Balance		
Committed:		
Land management	6,636,329	5,984,812
Accrued leave	10,000	10,000
Assigned:		
Subsequent year expenditures	1,195,278	498,624
Land management	387,731	1,734,422
Total Fund Balance	8,229,338	8,227,858
Total Liabilities, Deferred Inflows and Fund Balance	\$ 8,613,613	\$ 8,511,722

Matanuska-Susitna Borough, Alaska
Land Management Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual

<i>Years Ended June 30,</i>	2015			2014
	Budget	Actual	Variance	Actual
Revenues				
Land sales and leases	\$ 1,247,000	\$ 897,207	\$ (349,793)	\$ 1,907,241
Management fees	5,000	6,620	1,620	9,350
User fees	2,500	1,025	(1,475)	3,020
Intergovernmental - PERS relief	-	180,400	180,400	28,269
Investment income	9,000	9,734	734	20,467
Interest on land sales	26,600	12,060	(14,540)	16,009
Other	1,500	1,500	-	1,900
Total Revenues	1,291,600	1,108,546	(183,054)	1,986,256
Expenditures				
Public services:				
Land management and development	1,070,602	803,335	267,267	414,928
Community development administration	365,247	179,474	185,773	113,777
Total expenditures	1,435,849	982,809	453,040	528,705
Excess (Deficiency) of Revenues Over Expenditures	(144,249)	125,737	269,986	1,457,551
Other Financing Sources (Uses)				
Transfers in	-	743	743	-
Transfers out	(125,000)	(125,000)	-	(125,000)
Net Other Financing Sources (Uses)	(125,000)	(124,257)	743	(125,000)
Net Change in Fund Balance	\$ (269,249)	1,480	\$ 270,729	1,332,551
Fund Balance, beginning		8,227,858		6,895,307
Fund Balance, ending		\$ 8,229,338		\$ 8,227,858

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Matanuska-Susitna Borough, Alaska

Nonmajor Debt Service Funds

Combining Balance Sheet

<i>June 30, 2015</i>	School Buildings	Public Safety Building 61	Public Safety Building 51	Public Safety Building 62	Parks and Recreation	Animal Control	Transpor- tation System	Totals
Assets								
Cash and investments	\$ -	\$ 42,644	\$ 409,563	\$ 185,000	\$ 32,251	\$ 19,758	\$ 757,764	\$ 1,446,980
Restricted cash - debt retirement	310,890	518,175	764,450	-	-	565,771	-	2,159,286
Total Assets	\$ 310,890	\$ 560,819	\$ 1,174,013	\$ 185,000	\$ 32,251	\$ 585,529	\$ 757,764	\$ 3,606,266
Fund Balances								
Restricted - debt service	\$ 310,890	\$ 518,175	\$ 764,450	\$ -	\$ -	\$ 565,771	\$ -	\$ 2,159,286
Assigned - debt service	-	42,644	409,563	185,000	32,251	19,758	757,764	1,446,980
Total Fund Balances	\$ 310,890	\$ 560,819	\$ 1,174,013	\$ 185,000	\$ 32,251	\$ 585,529	\$ 757,764	\$ 3,606,266

Matanuska-Susitna Borough, Alaska
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances

<i>Year Ended June 30, 2015</i>	School Buildings	Public Safety Building 61	Public Safety Building 51	Public Safety Building 62	Parks and Recreation	Animal Control	Transpor- tation System	Totals
Revenues								
Investment income	\$ 8,337	\$ 34	\$ -	\$ -	\$ -	\$ 37	\$ -	\$ 8,408
Charges for service	-	3	-	-	-	3	-	6
Total Revenues	8,337	37	-	-	-	40	-	8,414
Expenditures								
Redemption of principal	17,655,000	465,000	435,000	-	245,000	355,000	1,010,000	20,165,000
Interest	12,157,406	54,913	325,275	-	93,800	208,255	1,260,818	14,100,467
Other	18,031	-	-	-	-	-	-	18,031
Total Expenditures	29,830,437	519,913	760,275	-	338,800	563,255	2,270,818	34,283,498
Deficiency of Revenues Over Expenditures	(29,822,100)	(519,876)	(760,275)	-	(338,800)	(563,215)	(2,270,818)	(34,275,084)
Other Financing Sources (Uses)								
Refunding bonds issued	37,350,000	-	-	-	-	-	-	37,350,000
Premium on refunding bonds	3,763,985	-	-	-	-	-	-	3,763,985
Payment to refunded bond escrow agent	(41,095,954)	-	-	-	-	-	-	(41,095,954)
Transfers in	29,800,000	520,000	625,000	-	338,000	563,000	2,270,000	34,116,000
Net Other Financing Sources (Uses)	29,818,031	520,000	625,000	-	338,000	563,000	2,270,000	34,134,031
Net Change in Fund Balances	(4,069)	124	(135,275)	-	(800)	(215)	(818)	(141,053)
Fund Balances, beginning	314,959	560,695	1,309,288	185,000	33,051	585,744	758,582	3,747,319
Fund Balances, ending	\$ 310,890	\$ 560,819	\$ 1,174,013	\$ 185,000	\$ 32,251	\$ 585,529	\$ 757,764	\$ 3,606,266

Matanuska-Susitna Borough, Alaska

School Projects Capital Project Fund

Balance Sheet

<i>June 30,</i>	2015	2014
Assets		
Cash and investments	\$ 21,693,745	\$ 22,160,180
Prepaid items	363,318	140,061
Receivables:		
Intergovernmental	438,586	1,589,967
Accrued interest	-	205,606
Restricted cash	94,639,140	94,713,413
Total Assets	\$ 117,134,789	\$ 118,809,227
Liabilities and Fund Balance		
Liabilities		
Accounts, contracts and retentions payable	\$ 9,857,993	\$ 8,724,858
Payable to School District	1,233,642	1,973,205
Deposits	5,447	-
Unearned revenue	174,529	312,034
Total Liabilities	11,271,611	11,010,097
Fund Balance		
Nonspendable - prepaid items	363,318	140,061
Restricted for school construction	94,639,140	94,713,413
Assigned for capital projects	10,860,720	12,945,656
Total Fund Balance	105,863,178	107,799,130
Total Liabilities and Fund Balance	\$ 117,134,789	\$ 118,809,227

Matanuska-Susitna Borough, Alaska
School Projects Capital Project Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance

<i>Years Ended June 30,</i>	2015	2014
Revenues		
Intergovernmental	\$ 3,637,519	\$ 5,037,886
Investment income	383,606	91,704
Total Revenues	4,021,125	5,129,590
Expenditures		
Education	1,455,408	4,274,158
Debt service	582,818	214,524
Capital outlay	68,585,831	57,172,260
Total Expenditures	70,624,057	61,660,942
Deficiency of Revenues Over Expenditures	(66,602,932)	(56,531,352)
Other Financing Sources (Uses)		
Transfers in	500,000	65,000
Transfers out	-	(23,424)
Bond issuance	55,195,000	29,400,000
Premium on bond issuance	8,971,980	3,645,426
Net Other Financing Sources (Uses)	64,666,980	33,087,002
Net Change in Fund Balance	(1,935,952)	(23,444,350)
Fund Balance, beginning	107,799,130	131,243,480
Fund Balance, ending	\$ 105,863,178	\$ 107,799,130

Matanuska-Susitna Borough, Alaska
Infrastructure Capital Project Fund
Balance Sheet

<i>June 30,</i>	2015	2014
Assets		
Cash and investments	\$ 172,631	\$ -
Receivables - intergovernmental	1,740,272	15,961,005
Receivables - other	77,500	-
Total Assets	\$ 1,990,403	\$ 15,961,005
Liabilities and Fund Balance		
Liabilities		
Accounts, contracts and retentions payable	\$ 1,667,416	\$ 10,386,876
Deposits	707	707
Due to General Fund	-	5,002,773
Total Liabilities	1,668,123	15,390,356
Fund Balance - assigned for capital projects	322,280	570,649
Total Liabilities and Fund Balance	\$ 1,990,403	\$ 15,961,005

Matanuska-Susitna Borough, Alaska
Infrastructure Capital Project Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance

<i>Years Ended June 30,</i>	2015	2014
Revenues		
Intergovernmental	\$ 35,241,857	\$ 60,911,190
Charges for services	86,099	707
Total Revenues	35,327,956	60,911,897
Expenditures		
Capital outlay	36,001,200	61,493,951
Deficiency of Revenues Over Expenditures	(673,244)	(582,054)
Other Financing Sources (Uses)		
Transfers out	(125)	-
Transfers in	425,000	100,000
Net Change in Fund Balance	(248,369)	(482,054)
Fund Balance, beginning	570,649	1,052,703
Fund Balance, ending	\$ 322,280	\$ 570,649

Matanuska-Susitna Borough, Alaska
Roads and Bridges Capital Project Fund
Balance Sheet

<i>June 30,</i>	2015	2014
Assets		
Receivables - intergovernmental	\$ 14,233,484	\$ 11,190,876
Prepaid items	12,611	8,152
Restricted cash	13,334,376	21,434,411
Total Assets	\$ 27,580,471	\$ 32,633,439
Liabilities and Fund Balance		
Liabilities		
Accounts, contracts and retentions payable	\$ 5,069,503	\$ 8,071,055
Due to General Fund	6,897,866	2,227,582
Total Liabilities	11,967,369	10,298,637
Fund Balance		
Nonspendable - prepaid items	12,611	8,152
Restricted - transportation projects	13,334,376	21,434,411
Assigned - capital projects	2,266,115	892,239
Total Fund Balance	15,613,102	22,334,802
Total Liabilities and Fund Balance	\$ 27,580,471	\$ 32,633,439

Matanuska-Susitna Borough, Alaska
Roads and Bridges Capital Project Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance

<i>Years Ended June 30,</i>	2015	2014
Revenues		
Intergovernmental	\$ 24,452,540	\$ 8,880,161
Other	1,511	23,965
Total Revenues	24,454,051	8,904,126
Expenditures		
Public services	10,283	115,458
Capital outlay	33,857,949	19,630,442
Total Expenditures	33,868,232	19,745,900
Deficiency of Revenues Over Expenditures	(9,414,181)	(10,841,774)
Other Financing Sources (Uses)		
Bond issuance	1,560,000	17,840,000
Premium on issuance	57,481	1,657,378
Transfers in	1,075,000	500,000
Transfers out	-	(19,164)
Net Other Financing Sources (Uses)	2,692,481	19,978,214
Net Change in Fund Balance	(6,721,700)	9,136,440
Fund Balance, beginning	22,334,802	13,198,362
Fund Balance, ending	\$ 15,613,102	\$ 22,334,802

Matanuska-Susitna Borough, Alaska
Nonmajor Capital Project Funds
Combining Balance Sheet

<i>June 30, 2015</i>	Sewage Facility	Fire Protection	Road Service Area Repairs	Ambulance and Emergency Services	Borough Facilities	Cultural and Recreational	Misc- ellaneous	Pass- through Grants	Totals
Assets									
Cash and investments	\$ 101,010	\$ 1,866,539	\$ 19,479,052	\$ -	\$ 723,974	\$ 1,101,617	\$ 8,423,582	\$ 1,450,886	\$ 33,146,660
Receivables:									
Intergovernmental	1	625,348	1,209,436	467,571	650,668	13,837	63,632	55,243	3,085,736
Other	-	-	-	-	135,000	-	-	-	135,000
Prepaid items	-	80,368	118,675	-	50,000	-	-	-	249,043
Restricted cash	-	6,556,471	-	-	-	-	-	-	6,556,471
Total Assets	\$ 101,011	\$ 9,128,726	\$ 20,807,163	\$ 467,571	\$ 1,559,642	\$ 1,115,454	\$ 8,487,214	\$ 1,506,129	\$ 43,172,910
Liabilities and Fund Balances									
Liabilities									
Accounts, contracts and retentions payable	\$ -	\$ 351,064	\$ 1,340,012	\$ 38,222	\$ 203,878	\$ 18,873	\$ 167,919	\$ 20,200	\$ 2,140,168
Unearned revenue	-	-	116,882	-	25,000	-	22,565	1,324,300	1,488,747
Due to General Fund	-	-	-	110,232	-	-	-	-	110,232
Total Liabilities	-	351,064	1,456,894	148,454	228,878	18,873	190,484	1,344,500	3,739,147
Fund Balances									
Nonspendable - prepaid items	-	80,368	118,675	-	50,000	-	-	-	249,043
Restricted - capital projects	-	6,556,471	-	-	-	-	-	-	6,556,471
Assigned - capital projects	101,011	2,140,823	19,231,594	319,117	1,280,764	1,096,581	8,296,730	161,629	32,628,249
Total Fund Balances	101,011	8,777,662	19,350,269	319,117	1,330,764	1,096,581	8,296,730	161,629	39,433,763
Total Liabilities and Fund Balances	\$ 101,011	\$ 9,128,726	\$ 20,807,163	\$ 467,571	\$ 1,559,642	\$ 1,115,454	\$ 8,487,214	\$ 1,506,129	\$ 43,172,910

Matanuska-Susitna Borough, Alaska
Nonmajor Capital Project Funds
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances

<i>Year Ended June 30, 2015</i>	Sewage Facility	Fire Protection	Road Service Area Repairs	Ambulance and Emergency Services	Borough Facilities	Cultural and Recreational	Misc- ellaneous	Pass- through Grants	Totals
Revenues									
Intergovernmental	\$ 132,046	\$ 2,390,499	\$ 7,124,795	\$ 354,896	\$ 2,235,716	\$ 32,550	\$ 297,617	\$ 821,523	\$ 13,389,642
Other	-	-	60,000	-	636,176	15,220	-	-	711,396
Total Revenues	\$ 132,046	\$ 2,390,499	\$ 7,184,795	\$ 354,896	\$ 2,871,892	\$ 47,770	\$ 297,617	\$ 821,523	\$ 14,101,038
Expenditures									
General government	-	-	-	-	-	-	1,465,007	-	1,465,007
Emergency services	-	671,195	-	314,779	110,569	-	13,913	-	1,110,456
Public services	-	-	8,330,152	-	18,667	130,104	336,409	969,476	9,784,808
Capital outlay	147,596	10,726,878	6,656,693	759,205	4,302,296	248,783	329,111	-	23,170,562
Total Expenditures	147,596	11,398,073	14,986,845	1,073,984	4,431,532	378,887	2,144,440	969,476	35,530,833
Excess (Deficiency) of Revenues Over Expenditures	(15,550)	(9,007,574)	(7,802,050)	(719,088)	(1,559,640)	(331,117)	(1,846,823)	(147,953)	(21,429,795)
Other Financing Sources (Uses)									
Transfers in	-	2,473,622	7,058,182	77,500	210,000	536,585	3,517,013	297,953	14,170,855
Transfers out	(189)	(23,816)	-	(2,057)	-	(63,620)	(1,494,762)	-	(1,584,444)
Net Other Financing Sources (Uses)	(189)	2,449,806	7,058,182	75,443	210,000	472,965	2,022,251	297,953	12,586,411
Net Change in Fund Balances	(15,739)	(6,557,768)	(743,868)	(643,645)	(1,349,640)	141,848	175,428	150,000	(8,843,384)
Fund Balances, beginning	116,750	15,335,430	20,094,137	962,762	2,680,404	954,733	8,121,302	11,629	48,277,147
Fund Balances, ending	\$ 101,011	\$ 8,777,662	\$ 19,350,269	\$ 319,117	\$ 1,330,764	\$ 1,096,581	\$ 8,296,730	\$ 161,629	\$ 39,433,763

Matanuska-Susitna Borough, Alaska

Capital Projects

Project Length of Construction Projects

<i>Beginning of Projects to June 30, 2015</i>	School Projects	Fire Protection	Road Service Areas Repairs	Sewage Facility	Sanitary Landfills	Ambulance and Emergency Services	Roads and Bridges	Borough Facilities
Total Project Authorizations	\$ 727,116,572	\$ 84,591,051	\$ 151,902,550	\$ 15,895,671	\$ 31,936,543	\$ 32,572,779	\$ 176,583,599	\$ 66,078,541
Revenues and Other Financing Sources								
Intergovernmental	\$ 66,551,819	\$ 15,050,621	\$ 47,710,478	\$ 14,398,120	\$ 8,708,081	\$ 17,620,937	\$ 89,618,626	\$ 24,482,301
LID bonds	-	-	186,095	-	-	-	-	-
Other	634,771,435	13,297,135	1,029,713	100,000	225,091	467,908	34,304,969	8,681,823
Transfers from other funds	28,244,486	50,050,086	94,044,190	551,043	13,690,212	13,996,957	7,160,007	30,936,599
Total Revenues and Other Financing Sources	\$ 729,567,740	\$ 78,397,842	\$ 142,970,476	\$ 15,049,163	\$ 22,623,384	\$ 32,085,802	\$ 131,083,602	\$ 64,100,723
Expenditures and Other Financing Sources								
Capital projects	\$ 621,195,174	\$ 66,691,100	\$ 122,588,204	\$ 14,887,238	\$ 21,595,711	\$ 31,193,036	\$ 115,270,346	\$ 60,760,790
Transfers to other funds	2,509,388	2,929,080	1,032,003	60,914	414,370	573,649	200,154	2,009,169
Total Expenditures and Other Financing Uses	\$ 623,704,562	\$ 69,620,180	\$ 123,620,207	\$ 14,948,152	\$ 22,010,081	\$ 31,766,685	\$ 115,470,500	\$ 62,769,959

Matanuska-Susitna Borough, Alaska
Capital Projects
Project Length of Construction Projects, continued

<i>Beginning of Projects to June 30, 2015</i>	Cultural and Recreational	Port	Pass- Through Grants	Miscellaneous	Infra- structure	Maintenance	Totals
Total Project Authorizations	\$ 14,778,361	\$ 54,591,735	\$ 13,787,870	\$ 85,977,323	\$ 188,988,794	\$ 1,149,094	\$ 1,645,950,483
Revenues and Other Financing Sources							
Intergovernmental	\$ 2,825,099	\$ 32,754,052	\$ 10,401,306	\$ 30,108,852	\$ 164,716,068	\$ -	\$ 524,946,360
LID bonds	-	-	-	-	-	-	186,095
Other	4,480,207	13,257,570	14,387	1,299,491	86,806	-	712,016,535
Transfers from other funds	7,532,650	7,045,136	2,059,506	54,370,123	2,166,000	1,111,719	312,958,714
Total Revenues and Other Financing Sources	\$ 14,837,956	\$ 53,056,758	\$ 12,475,199	\$ 85,778,466	\$ 166,968,874	\$ 1,111,719	\$ 1,550,107,704
Expenditures and Other Financing Sources							
Capital projects	\$ 13,435,920	\$ 49,611,922	\$ 12,277,477	\$ 71,922,699	\$ 166,646,469	\$ 1,070,827	\$ 1,369,146,913
Transfers to other funds	305,455	3,120,892	36,093	5,559,037	125	40,892	18,791,221
Total Expenditures and Other Financing Uses	\$ 13,741,375	\$ 52,732,814	\$ 12,313,570	\$ 77,481,736	\$ 166,646,594	\$ 1,111,719	\$ 1,387,938,134

Matanuska-Susitna Borough, Alaska

Solid Waste Enterprise Fund
Statement of Net Position

June 30,	2015	2014
Assets and Deferred Outflows		
Current Assets		
Receivables:		
Accounts	\$ 625,396	\$ 338,936
Intergovernmental	361,723	643,130
Total Current Assets	987,119	982,066
Noncurrent Assets		
Restricted cash - landfill closure	2,243,072	2,243,072
Property, plant and equipment:		
Buildings	7,999,619	2,420,358
Improvements other than buildings	1,847,855	1,790,143
Equipment	2,499,200	2,157,008
Landfill cells	8,818,800	8,728,800
Construction in progress	935,441	5,553,416
Total property, plant and equipment	22,100,915	20,649,725
Accumulated depreciation and amortization	(10,590,065)	(9,812,016)
Net property, plant and equipment	11,510,850	10,837,709
Total Noncurrent Assets	13,753,922	13,080,781
Deferred Outflows - pension related	76,191	-
Total Assets and Deferred Outflows	\$ 14,817,232	\$ 14,062,847
Liabilities, Deferred Inflows, and Net Position		
Current Liabilities		
Accounts payable	\$ 463,785	\$ 414,367
Accrued leave	97,292	94,067
Accrued interest payable	8,500	232,843
Unearned revenue	1	1
Due to General Fund	641,194	989,462
Current portion of loans payable	213,924	89,418
Total Current Liabilities	1,424,696	1,820,158
Noncurrent Liabilities		
Net pension liability	726,425	-
Loans payable	4,059,912	4,256,948
Landfill closure costs payable	4,063,230	4,262,490
Total Noncurrent Liabilities	8,849,567	8,519,438
Total Liabilities	10,274,263	10,339,596
Deferred Inflows - pension related	83,927	-
Net Position		
Net investment in capital assets	7,237,014	6,491,343
Unrestricted (deficit)	(2,777,972)	(2,768,092)
Total Net Position	4,459,042	3,723,251
Total Liabilities, Deferred Inflows and Net Position	\$ 14,817,232	\$ 14,062,847

Matanuska-Susitna Borough, Alaska

Solid Waste Enterprise Fund
Statement of Revenues, Expenses, and
Changes in Net Position

<i>Years Ended June 30,</i>	2015	2014
Operating Revenues		
Charges for services	\$ 6,746,489	\$ 5,598,895
Operating Expenses		
Public service:		
Landfill operations	3,073,735	3,204,396
Transfer sites	1,957,290	1,750,125
Depreciation and amortization	864,704	686,697
Allocated administrative and billing expenses	51,078	52,270
Total Operating Expenses	5,946,807	5,693,488
Operating Income (loss)	799,682	(94,593)
Nonoperating Revenues (Expenses)		
Intergovernmental - PERS relief	49,589	99,161
Interest expense	(22,518)	(76,020)
Miscellaneous income	108,775	460
Net Nonoperating Revenues (Expenses)	135,846	23,601
Income Before Capital Contributions	935,528	(70,992)
Capital contributions	545,968	955,250
Change in Net Position	1,481,496	884,258
Net Position, beginning, as restated (Note 14)	2,977,546	2,838,993
Net Position, ending	\$ 4,459,042	\$ 3,723,251

Matanuska-Susitna Borough, Alaska

Solid Waste Enterprise Fund
Statement of Cash Flows

<i>Years Ended June 30,</i>	2015	2014
Cash Flows from Operating Activities		
Receipts from customers	\$ 6,568,804	\$ 5,611,286
Payments to suppliers	(3,189,082)	(2,993,921)
Payments to employees	(1,950,515)	(1,296,855)
Payments for interfund services used	(51,078)	(52,270)
Net cash flows from operating activities	1,378,129	1,268,240
Cash Flows for Capital and Related Financing Activities		
Purchases of property, plant and equipment	(1,537,845)	(1,463,202)
Proceeds from issuance of loan	138,233	-
Principal and interest paid on loans	(457,624)	(112,525)
Capital contributions received	827,375	316,667
Decrease in due to General Fund	(348,268)	(9,180)
Net cash flows for capital and related financing activities	(1,378,129)	(1,268,240)
Net Increase in Cash and Investments	-	-
Cash and Investments, beginning of year	2,243,072	2,243,072
Cash and Investments, end of year	\$ 2,243,072	\$ 2,243,072
Reconciliation of Operating Income (loss) to Net Cash Flows from (for) Operating Activities		
Operating income (loss)	\$ 799,682	\$ (94,593)
Adjustments to reconcile operating income to net cash flows from operating activities:		
Miscellaneous nonoperating revenue	108,775	460
Depreciation and amortization	864,704	686,697
Noncash expense - PERS relief	49,589	99,161
(Increase) decrease in assets and deferred outflows:		
Accounts receivable	(286,460)	11,931
Deferred outflow - pension related	(16,454)	-
Increase (decrease) in liabilities and deferred inflows:		
Accounts payable	49,418	162,669
Accrued leave	3,225	16,268
Net pension liability	(79,017)	-
Landfill closure costs payable	(143,069)	385,647
Deferred inflow - pension related	27,736	-
Net Cash Flows from Operating Activities	\$ 1,378,129	\$ 1,268,240
Supplemental disclosure of non-cash capital and related financing activities		
Receipt of donated capital asset	\$ 19,707	\$ -
Capital contributions	\$ 223,490	\$ -

Matanuska-Susitna Borough, Alaska

Port Enterprise Fund
Statement of Net Position

<i>June 30,</i>	2015	2014
Assets and Deferred Outflows		
Current Assets		
Intergovernmental accounts receivable	\$ 1,090,622	\$ -
Inventory	766	765
Total Current Assets	1,091,388	765
Noncurrent Assets		
Ferry vessel	1,500,000	4,500,000
Property, plant and equipment:		
Buildings	7,948,617	7,948,617
Equipment	41,322	41,322
Infrastructure	29,459,737	29,459,737
Construction in progress	2,420,582	261,029
Total property, plant and equipment	39,870,258	37,710,705
Accumulated depreciation	(8,030,865)	(7,026,215)
Net property, plant and equipment	31,839,393	30,684,490
Total Assets	34,430,781	35,185,255
Deferred Outflows		
Unamortized deferred loss on bonds	284,615	317,455
Pension related	25,180	-
Total Deferred Outflows	309,795	317,455
Total Assets and Deferred Outflows	\$ 34,740,576	\$ 35,502,710
Liabilities, Deferred Inflows and Net Position		
Current Liabilities		
Accounts payable	\$ 430,294	\$ 42,071
Unearned grant revenue	250,180	46,406
Accrued leave	34,635	30,910
Due to General Fund	7,654,566	7,548,018
Accrued interest payable	52,478	74,821
Current portion of general obligation bonds	500,000	485,000
Total Current Liabilities	8,922,153	8,227,226
Noncurrent Liabilities:		
Net pension obligation	240,069	-
Lease credits payable	1,326,470	1,330,343
General obligation bonds, including unamortized premium of \$508,184 (\$566,821 in 2014)	5,258,184	5,816,821
Total Noncurrent Liabilities	6,824,723	7,147,164
Total Liabilities	15,746,876	15,374,390
Deferred Inflows - pension related	27,736	-
Net Position		
Net Investment in capital assets	26,365,824	24,700,124
Unrestricted (deficit)	(7,399,860)	(4,571,804)
Total Net Position	18,965,964	20,128,320
Total Liabilities, Deferred Inflows and Net Position	\$ 34,740,576	\$ 35,502,710

Matanuska-Susitna Borough, Alaska

Port Enterprise Fund
Statement of Revenues, Expenses, and
Changes in Net Position

<i>Years Ended June 30,</i>	2015	2014
Operating Revenues		
Charges for services	\$ 102,134	\$ 22,851
Operating Expenses		
Dock operations	589,402	639,235
Depreciation	1,004,650	928,522
Ferry expenses	485,851	509,581
Allocated administrative and billing expenses	-	22,400
Total Operating Expenses	2,079,903	2,099,738
Operating Loss	(1,977,769)	(2,076,887)
Nonoperating Revenues (Expenses)		
Intergovernmental - State sources:		
PERS relief	16,388	33,180
Debt service reimbursement	707,863	707,350
Interest expense	(176,323)	(233,453)
Net Nonoperating Revenues (Expenses)	547,928	507,077
Loss Before Capital Contributions, Transfers, and Extraordinary Item	(1,429,841)	(1,569,810)
Capital contributions	2,159,552	58,477
Transfers in	3,223,322	100,000
Transfers out	(1,868,949)	(100,000)
Extraordinary Item - Fair value adjustment - Ferry	(3,000,000)	(2,598,884)
Change in Net Position	(915,916)	(4,110,217)
Net Position, beginning, as restated (Note 14)	19,881,880	24,238,537
Net Position, ending	\$ 18,965,964	\$ 20,128,320

Matanuska-Susitna Borough, Alaska

Port Enterprise Fund
Statement of Cash Flows

<i>Years Ended June 30,</i>	2015	2014
Cash Flows for Operating Activities		
Receipts for customers	\$ 98,261	\$ 22,851
Payments to suppliers	(664,510)	(1,011,666)
Payments to employees	(331,418)	(367,458)
Payments for interfund services used	-	(22,400)
Net cash flows for operating activities	(897,667)	(1,378,673)
Cash Flows for (from) Noncapital Financing Activities		
Transfers in	3,223,322	-
Transfers out	(1,868,949)	-
Net cash flows from noncapital financing activities	1,354,373	-
Cash Flows from Capital and Related Financing Activities		
Purchases of property, plant and equipment	(1,834,358)	(308,656)
Capital contributions received	1,272,704	573,467
Principal and interest paid on interfund note	-	(70,179)
Principal and interest paid on bonds	(709,463)	(710,143)
Debt service reimbursement	707,863	707,350
Increase in due to General Fund	106,548	1,186,834
Net cash flows from (for) capital and related financing activities	(456,706)	1,378,673
Net Increase in Cash and Investments	-	-
Cash and Investments, beginning of year	-	-
Cash and Investments, end of year	\$ -	\$ -
Reconciliation of Operating Loss to Net Cash Flows for Operating Activities		
Operating loss	\$ (1,977,769)	\$ (2,076,887)
Adjustments to reconcile operating loss to net cash flows for operating activities:		
Depreciation	1,004,650	928,522
Lease credits exercised	(3,873)	(3,873)
Noncash expense - PERS relief	16,388	33,180
(Increase) decrease in assets and deferred outflows:		
Deferred outflows - pension related	(5,438)	-
Increase (decrease) in liabilities and deferred inflows:		
Net pension liability	(26,114)	-
Accounts payable	63,028	(247,113)
Accrued leave	3,725	(12,502)
Deferred inflows - pension related	27,736	-
Net Cash Flows for Operating Activities	\$ (897,667)	\$ (1,378,673)
Supplemental disclosure of non-cash capital and related financing activities		
Accounts payable for capital outlays	\$ 325,195	\$ -
Capital contributions	\$ 1,090,622	\$ -

Matanuska-Susitna Borough, Alaska

Internal Service Funds
Combining Statement of Net Position

<i>June 30, 2015</i>	Revolving Loan	Self- Insurance	Totals
Assets			
Current Assets			
Cash and investments	\$ 925,999	\$ 19,203,006	\$ 20,129,005
Interfund loans receivable	225,948	-	225,948
Deposits with others	-	52,245	52,245
Total Current Assets	1,151,947	19,255,251	20,407,198
Interfund Loans Receivable, long-term	392,774	-	392,774
Total Assets	\$ 1,544,721	\$ 19,255,251	\$ 20,799,972
Liabilities and Net Position			
Liabilities			
Current Liabilities:			
Accounts payable	\$ -	\$ 21,082	\$ 21,082
Insurance claims incurred but not reported	-	2,082,228	2,082,228
Current portion of loans payable	25,948	-	25,948
Total Current Liabilities	25,948	2,103,310	2,129,258
Noncurrent Liabilities - loans payable	266,773	-	266,773
Total Liabilities	292,721	2,103,310	2,396,031
Net Position			
Unrestricted	1,252,000	17,151,941	18,403,941
Total Liabilities and Net Position	\$ 1,544,721	\$ 19,255,251	\$ 20,799,972

Matanuska-Susitna Borough, Alaska
Internal Service Funds
Combining Statement of Revenues, Expenses, and
Changes in Net Position

<i>Year Ended June 30, 2015</i>	Revolving Loan	Self- Insurance	Totals
Operating Revenues			
Intragovernmental	\$ -	\$ 9,170,037	\$ 9,170,037
Interest on loans	353	-	353
Employee contributions	-	817,798	817,798
Total Operating Revenues	353	9,987,835	9,988,188
Operating Expenses			
Claims	-	5,938,892	5,938,892
Administrative fees	-	1,194,422	1,194,422
Premium	-	212,171	212,171
Total Operating Expenses	-	7,345,485	7,345,485
Operating Income	353	2,642,350	2,642,703
Nonoperating Revenue - investment income	-	46,122	46,122
Income Before Transfers	353	2,688,472	2,688,825
Transfers out	(353)	-	(353)
Change in Net Position	-	2,688,472	2,688,472
Net Position, beginning	1,252,000	14,463,469	15,715,469
Net Position, ending	\$ 1,252,000	\$ 17,151,941	\$ 18,403,941

Matanuska-Susitna Borough, Alaska

Internal Service Funds
Combining Statement of Cash Flows

<i>Year Ended June 30, 2015</i>	Revolving Loan	Self- Insurance	Totals
Cash Flows from (for) Operating Activities			
Principal payments received on loans	\$ 30,626	\$ -	\$ 30,626
Issuance of new loans	(161,666)	-	(161,666)
Interest payments received on loans	353	-	353
Principal payments on loans payable	(18,626)	-	(18,626)
Internal activity - payments from other funds	-	9,170,037	9,170,037
Receipts from employees and other	-	817,798	817,798
Payments for claims and services	-	(7,173,013)	(7,173,013)
Net cash flows from (for) operating activities	(149,313)	2,814,822	2,665,509
Cash Flows for Noncapital Financing Activities			
Transfers out	(353)	-	(353)
Cash Flows from Investing Activities			
investment income	-	46,122	46,122
Net Increase (Decrease) in Cash and Investments	(149,666)	2,860,944	2,711,278
Cash and Investments, beginning of year	1,075,665	16,342,062	17,417,727
Cash and Investments, end of year	\$ 925,999	\$ 19,203,006	\$ 20,129,005
Reconciliation of Operating Income to Net Cash			
Flows from Operating Activities			
Operating income	\$ 353	\$ 2,642,350	2,642,703
Adjustments to reconcile operating income to net cash flows from operating activities:			
Increase in assets - loans receivable	(131,040)	-	(131,040)
Increase (decrease) in liabilities:			
Accounts payable	-	5,585	5,585
Loans payable	(18,626)	-	(18,626)
Insurance claims incurred but not reported	-	166,887	166,887
Net Cash Flows from (for) Operating Activities	\$ (149,313)	\$ 2,814,822	\$ 2,665,509

Matanuska-Susitna Borough, Alaska

Revolving Loan Internal Service Funds

Combining Statement of Net Position

<i>June 30, 2015</i>	Service Area Operating	Fire Capital Equipment	Road Service Areas	Totals
Assets				
Current Assets				
Cash and investments	\$ 202,549	\$ 200,000	\$ 523,450	\$ 925,999
Interfund loans receivable	12,000	200,000	13,948	225,948
Total Current Assets	214,549	400,000	537,398	1,151,947
Interfund Loans Receivable, long-term	205,173	-	187,601	392,774
Total Assets	\$ 419,722	\$ 400,000	\$ 724,999	\$ 1,544,721
Liabilities and Net Position				
Liabilities				
Current liabilities - current portion of loans payable	\$ 12,000	\$ -	\$ 13,948	\$ 25,948
Noncurrent liability - loans payable	79,172	-	187,601	266,773
Total Liabilities	91,172	-	201,549	292,721
Net Position				
Unrestricted	328,550	400,000	523,450	1,252,000
Total Liabilities and Net Position	\$ 419,722	\$ 400,000	\$ 724,999	\$ 1,544,721

Matanuska-Susitna Borough, Alaska
Revolving Loan Internal Service Funds
Combining Statement of Revenues, Expenses, and
Changes in Net Position

<i>Year Ended June 30, 2015</i>	Service Area Operating	Fire Capital Equipment	Road Service Areas	Totals
Operating Revenues				
Interest on loans	\$ 276	\$ 77	\$ -	\$ 353
Transfers out	(276)	(77)	-	(353)
Change in Net Position	-	-	-	-
Net Position, beginning	328,550	400,000	523,450	1,252,000
Net Position, ending	\$ 328,550	\$ 400,000	\$ 523,450	\$ 1,252,000

Matanuska-Susitna Borough, Alaska

Revolving Loan Internal Service Funds

Combining Statement of Cash Flows

<i>Year Ended June 30, 2015</i>	Service Area Operating	Fire Capital Equipment	Road Service Areas	Totals
Cash Flows from (for) Operating Activities				
Principal payments received on loans	\$ 16,678	\$ -	\$ 13,948	\$ 30,626
Issuance of new loans		(161,666)	-	(161,666)
Interest payments received on loans	276	77	-	353
Principal payments on loans payable	(4,678)	-	(13,948)	(18,626)
Net cash flows from (for) operating activities	12,276	(161,589)	-	(149,313)
Cash Flows for Noncapital Financing Activities				
Transfers out	(276)	(77)	-	(353)
Net Increase (decrease) in Cash and Investments	12,000	(161,666)	-	(149,666)
Cash and Investments, beginning of year	190,549	361,666	523,450	1,075,665
Cash and Investments, end of year	\$ 202,549	\$ 200,000	\$ 523,450	\$ 925,999
Reconciliation of Operating Income to Net Cash				
Flows from (for) Operating Activities				
Operating income	\$ 276	\$ 77	\$ -	\$ 353
Adjustments to reconcile operating income to net cash flows from operating activities:				
(Increase) decrease in loans receivable	16,678	(161,666)	13,948	(131,040)
Decrease in loans payable	(4,678)	-	(13,948)	(18,626)
Net Cash Flows from (for) Operating Activities	\$ 12,276	\$ (161,589)	\$ -	\$ (149,313)

Matanuska-Susitna Borough, Alaska

Self Insurance Internal Service Funds
Combining Statement of Net Position

<i>June 30, 2015</i>	Unemploy- ment Insurance	Health Insurance	Property and Casualty Insurance	Workers' Comp Insurance	Totals
Assets					
Current Assets					
Cash and investments	\$ 226,195	\$ 12,572,497	\$ 1,897,410	\$ 4,506,904	\$ 19,203,006
Deposits with others	-	3,340	-	48,905	52,245
Total Assets	\$ 226,195	\$ 12,575,837	\$ 1,897,410	\$ 4,555,809	\$ 19,255,251
Liabilities and Net Position					
Current Liabilities					
Accounts payable	\$ 21,082	\$ -	\$ -	\$ -	\$ 21,082
Insurance claims incurred but not reported	-	1,224,027	525,000	333,201	2,082,228
Total Current Liabilities	21,082	1,224,027	525,000	333,201	2,103,310
Net Position					
Unrestricted	205,113	11,351,810	1,372,410	4,222,608	17,151,941
Total Liabilities and Net Position	\$ 226,195	\$ 12,575,837	\$ 1,897,410	\$ 4,555,809	\$ 19,255,251

Matanuska-Susitna Borough, Alaska

Self Insurance Internal Service Funds
 Combining Statement of Revenues, Expenses, and
 Changes in Net Position

<i>Year Ended June 30, 2015</i>	Unemploy- ment Insurance	Health Insurance	Property and Casualty Insurance	Workers' Comp Insurance	Totals
Operating Revenues					
Intragovernmental	\$ 144,298	\$ 7,123,897	\$ 102,559	\$ 1,799,283	\$ 9,170,037
Employee contributions	-	817,798	-	-	817,798
Total Operating Revenues	144,298	7,941,695	102,559	1,799,283	9,987,835
Operating Expenses					
Claims	105,083	5,357,983	-	475,826	5,938,892
Administrative fees	-	1,152,029	-	42,393	1,194,422
Premium	-	-	-	212,171	212,171
Total Operating Expenses	105,083	6,510,012	-	730,390	7,345,485
Operating income	39,215	1,431,683	102,559	1,068,893	2,642,350
Nonoperating revenue - investment income	-	25,104	4,264	16,754	46,122
Change in Net Position	39,215	1,456,787	106,823	1,085,647	2,688,472
Net Position, beginning	165,898	9,895,023	1,265,587	3,136,961	14,463,469
Net Position, ending	\$ 205,113	\$ 11,351,810	\$ 1,372,410	\$ 4,222,608	\$ 17,151,941

Matanuska-Susitna Borough, Alaska

Self Insurance Internal Service Funds
Combining Statement of Cash Flows

<i>Year Ended June 30, 2015</i>	Unemploy- ment Insurance	Health Insurance	Property and Casualty Insurance	Workers' Comp Insurance	Totals
Cash Flows from Operating Activities					
Internal activity - payments from other funds	\$ 144,298	\$ 7,123,897	\$ 102,559	\$ 1,799,283	\$ 9,170,037
Receipts from employees and other	-	817,798	-	-	817,798
Payments for claims and services	(99,498)	(6,527,201)	-	(546,314)	(7,173,013)
Net cash flows from operating activities	44,800	1,414,494	102,559	1,252,969	2,814,822
Cash Flows from Investing Activities -					
investment income	-	25,104	4,264	16,754	46,122
Net Increase in Cash and Investments	44,800	1,439,598	106,823	1,269,723	2,860,944
Cash and Investments, beginning of year	181,395	11,132,899	1,790,587	3,237,181	16,342,062
Cash and Investments, end of year	\$ 226,195	\$ 12,572,497	\$ 1,897,410	\$ 4,506,904	\$ 19,203,006
Reconciliation of Operating Income to Net Cash					
Flows from Operating Activities					
Operating income	\$ 39,215	\$ 1,431,683	\$ 102,559	\$ 1,068,893	\$ 2,642,350
Adjustments to reconcile operating income to net cash flows from operating activities:					
Increase (decrease) in liabilities:					
Accounts payable	5,585	-	-	-	5,585
Insurance claims incurred but not reported	-	(17,189)	-	184,076	166,887
Net Cash Flows from Operating Activities	\$ 44,800	\$ 1,414,494	\$ 102,559	\$ 1,252,969	\$ 2,814,822

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Matanuska-Susitna Borough, Alaska

Agency Funds

Combining Statement of Changes in Assets and Liabilities

<i>Year Ended June 30, 2015</i>	Property Tax Agency			Balance at June 30, 2015
	Balance at July 1, 2014	Additions	Deletions	
Assets				
Cash and investments	\$ 7,409	\$ 3,274,062	\$ 3,273,564	\$ 7,907
Property taxes receivable:				
Real	123,224	43,580	50,262	116,542
Personal	11,288	-	881	10,407
Total Assets	\$ 141,921	\$ 3,317,642	\$ 3,324,707	\$ 134,856
Liabilities				
Accounts payable	\$ 1,074	\$ 2,170,664	\$ 2,167,875	\$ 3,863
Taxes collected in advance	138,284	4,068,694	4,079,993	126,985
Intergovernmental	2,563	1,581,830	1,580,385	4,008
Total Liabilities	\$ 141,921	\$ 7,821,188	\$ 7,828,253	\$ 134,856
Road, Gas Line and Community Water Agency				
<i>Year Ended June 30, 2015</i>	Balance at July 1, 2014	Additions	Deletions	Balance at June 30, 2015
Assets				
Cash and investments	\$ -	\$ 3,467,527	\$ 3,467,527	\$ -
Other receivable	590,308	-	590,308	-
Special assessments receivable	1,302,465	3,285,802	2,466,494	2,121,773
Total Assets	\$ 1,892,773	\$ 6,753,329	\$ 6,524,329	\$ 2,121,773
Liabilities				
Accounts payable	\$ 12,142	\$ 2,524,166	\$ 2,515,952	\$ 20,356
Payable to Mat-Su Borough	280,553	453,419	280,553	453,419
Deposits	427,999	404,032	256,935	575,096
Notes payable - gas lines	989,193	483,000	530,060	942,133
Notes payable - road improvements	182,886	67,000	119,117	130,769
Total Liabilities	\$ 1,892,773	\$ 3,931,617	\$ 3,702,617	\$ 2,121,773

Matanuska-Susitna Borough, Alaska

Agency Funds

Combining Statement of Changes in Assets and Liabilities, continued

<i>Year Ended June 30, 2015</i>	Prison Agency			Balance at June 30, 2015
	Balance at July 1, 2014	Additions	Deletions	
Assets				
Cash and investments	\$ 275,127	\$ -	\$ 275,127	\$ -
Total Assets	\$ 275,127	\$ -	\$ 275,127	\$ -
Liabilities				
Due to State of Alaska	\$ 275,127	\$ -	\$ 275,127	\$ -
Total Liabilities	\$ 275,127	\$ -	\$ 275,127	\$ -
Totals				
<i>Year Ended June 30, 2015</i>	Balance at July 1, 2014	Additions	Deletions	Balance at June 30, 2015
Assets				
Cash and investments	\$ 282,536	\$ 6,741,589	\$ 7,016,218	\$ 7,907
Property taxes receivable:				
Real	123,224	43,580	50,262	116,542
Personal	11,288	-	881	10,407
Other receivable	590,308	-	590,308	-
Special assessments receivable	1,302,465	3,285,802	2,466,494	2,121,773
Total Assets	\$ 2,309,821	\$ 10,070,971	\$ 10,124,163	\$ 2,256,629
Liabilities				
Accounts payable	\$ 13,216	\$ 4,694,830	\$ 4,683,827	\$ 24,219
Payable to Mat-Su Borough	280,553	453,419	280,553	453,419
Deposits	427,999	404,032	256,935	575,096
Taxes collected in advance	138,284	4,068,694	4,079,993	126,985
Intergovernmental	2,563	1,581,830	1,580,385	4,008
Notes payable - gas lines	989,193	483,000	530,060	942,133
Notes payable - road improvements	182,886	67,000	119,117	130,769
Due to State of Alaska	275,127	-	275,127	-
Total Liabilities	\$ 2,309,821	\$ 11,752,805	\$ 11,805,997	\$ 2,256,629

Matanuska-Susitna Borough, Alaska
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2015

Exhibit O-1

Federal grantor/pass-through grantor program title	Catalog of Federal Domestic Assistance Number	Grant Number	Award Amount	Federal Expend- itures
Department of Agriculture				
FY07 Spruce Bark Beetle	10.664	N/A	\$ 1,084,000	\$ 77,968
Passed through State of Alaska, Department of Natural Resources:				
FY15 Butte VFA	10.664	11DG11100100210	10,000	10,000
FY15 Sutton VFA	10.664	11DG11100164003	10,000	<u>10,000</u>
Total CFDA 10.664				97,968
FY15 National Forestry Share Tax	10.665	851247	18,886	<u>18,886</u>
Total Department of Agriculture				<u>116,854</u>
Department of Commerce				
Solid Waste Recycling & Training Park	11.300	07-01-06318	3,000,000	39,659
Passed through State of Alaska, Department of Fish and Game -				
Pacific Coast Salmon Recovery Treaty Program	11.438	NA11NMF4380268	1,080,000	<u>744,545</u>
Total Department of Commerce				<u>784,204</u>
Department of Homeland Security				
Passed through State of Alaska, Department of Military and				
Veterans Affairs:				
FY14 Emergency Management Performance Grant	97.042	EMW-2014-EP-00054	72,000	72,000
MSB Flood Event -Sept 2012-FEMA(75%)	97.036	FEMA-DR-4094-AK	954,224	115,499
Staffing for Adequate Fire & Emergency Response - SAFER	97.083	EMW-2011-FF-00676	490,067	123,658
2013 State Homeland Security Program	97.067	EMW-2013-SS-00098	101,177	88,333
2014 State Homeland Security Program	97.067	EMW-2014-SS-00010	68,420	<u>46,065</u>
Total CFDA 97.067				<u>134,398</u>
Total Department of Homeland Security				<u>445,555</u>

Schedule of Expenditures of Federal Awards, continued
Year Ended June 30, 2015

Federal grantor/pass-through grantor program title	Catalog of Federal Domestic Assistance Number	Grant Number	Award Amount	Federal Expend- itures
Department of the Interior				
Payment in Lieu of Taxes	15.226	N/A	\$ 3,149,112	\$ 3,149,112
Payment in Lieu of Taxes	15.226	N/A	3,459,509	<u>3,459,509</u>
Total CFDA 15.226				<u>6,608,621</u>
Mat-Su Wetland Hydrology	15.630	F14AC00169	55,000	<u>25,000</u>
Low Impact Development Program	15.631	F12AC00119	25,000	<u>3,735</u>
Ortho-Rectified Imagery & LiDAR - MSB's Coastal Mgt Zone	15.668	F12AF70127	1,028,176	<u>26,312</u>
Fish Passage Restoration	15.608	F13AC00418	764,000	<u>190,518</u>
Passed through State of Alaska, Department of Natural Resources:				
Fish Creek Townsite Survey & Inventory	15.904	14609	23,760	406
NAPC Conference, Philadelphia PA	15.904	14612	2,595	2,293
NatI Reg Nom: Cottonwood Crk Archaeological District	15.904	13597	20,000	<u>14,108</u>
Total CFDA 15.904				<u>16,807</u>
Total Department of the Interior				<u>6,870,993</u>
Department of Transportation				
Conduct Regional Aviation System Plan Study, Ph 2	20.106	3-02-0469-003-2014	437,000	<u>14,342</u>
Consolidated Permitting Process	20.205	HPRL-001(365)	301,358	22,924
Update of the MSB Long-Range Transportation Plan	20.205	ACSPR-2000(37)	100,000	<u>57,748</u>
Total CFDA 20.205				<u>80,672</u>
Passed through State of Alaska, Department of Natural Resources -				
Fox Trails - Crevasse Moraine	20.219	10794017	32,550	<u>32,550</u>
Total Department of Transportation				<u>127,564</u>
Total Expenditures of Federal Awards				<u>\$ 8,345,170</u>

Matanuska-Susitna Borough, Alaska
 Schedule of State Financial Assistance
 Year Ended June 30, 2015

State grantor/ pass-through grantor program title	Grant Number	Award Amount	State Share of Expend- itures
Department of Commerce, Community and Economic Development			
Major Programs:			
Alaska DCCED-Revenue Sharing	841266	\$ 7,554,426	\$ 4,648,326
Parks Highway Connectors	09-DC-498	6,000,000	1,518,056
Rail Ext to Port MacKenzie from the AK RR Main Line	11-DC-291	35,000,000	2,366,574
Substandard Roads and Bridges Replacement Rpr	12-DC-403	3,000,000	832,140
School District Network Wiring and Infrastructure Imp	12-DC-626	6,000,000	771,563
Parks Hwy Frontage Rd & Intersection Impr Trunk Rd	12-RR-015	2,000,000	579,017
Talkeetna Public Library & Comm Resource Ctr	13-DC-532	2,800,000	1,913,329
Port MacKenzie Rail Extension	13-DC-630	23,500,000	2,673,450
South Big Lake Road Construction	13-RR-015	5,000,000	1,883,144
South Big Lake Road Realignment	13-RR-016	4,704,775	761,866
Road Bond Package State Match	13-DC-632	32,200,000	8,415,283
Port MacKenzie Rail Extension - Bonds	13-GO-010	30,000,000	12,712,244
Bogard Road Extension East	13-GO-009	13,500,000	4,754,536
Bogard Road Extension East	14-DC-076	8,200,000	2,851,087
Caswell Lakes Fire Station	14-DC-078	2,000,000	1,900,000
Parks Highway Connectors	11-DC-289	2,000,000	571,022
Oilwell Road Upgrade	15-DC-103	630,000	424,058
School District STEM Initiative	14-DC-091	750,000	370,653
AK State 50% Match for Transportation School Access Bonds	15-DC-105	1,600,000	335,162
Point MacKenzie Road Upgrade	07-DC-361	15,350,800	311,261
Joe Redington Sr Jr/Sr High School Utilities Extension	15-DC-102	900,000	900,000
River Management	14-DC-087	2,500,000	894,608
Knik River Rd Milepost 0 to 11.2 Reconstruction	11-DC-280	2,100,000	878,828
Port MacKenzie Cathodic Protection	14-DC-085	2,500,000	2,067,161
Rail Extension to Port MacKenzie	15-DC-104	13,000,000	2,014,983
Substandard Roads and Bridges	14-DC-095	2,500,000	1,547,029
Fisheries and Fish Protection	14-DC-080	2,500,000	773,917
Willow Elementary School Roof Replacement	14-DC-101	758,000	611,519
Passed through City of Palmer - Bogard Waterline Extension Project	14-DC-125	3,395,000	2,328,915
Rail Extension to Port MacKenzie	14-DC-086	25,000,000	14,331,933
Total Major Programs			76,941,664
Nonmajor Programs:			
Big Lake Service Area Road Upgrades	11-DC-264	50,000	3,444
Horseshoe Lake Roads Upgrade	11-DC-274	700,000	29,954
Port MacKenzie Expansion	11-DC-290	750,000	27,453
Talkeetna FSA 24 New Equip & Blding Maint	11-DC-297	50,000	27,367
Wasilla - Iditarod Elem School Playground & Equip	11-DC-302	30,000	1
Bodenburg Creek Bridge Replacements and Rprs	12-DC-394	1,000,000	43,066
Port MacKenzie Rail Extension	12-DC-398	30,000,000	248,064
School District Library & Technology Upgrades	12-DC-399	120,000	692
School District Storage Building	12-DC-400	75,000	8,834
School District Technology Upgrades	12-DC-401	100,000	24,189
Willow Road Service Area Road Upgrades	12-DC-404	220,000	25,662
Birchtree Elementary School Library	12-DM-113	30,000	1,480
Caswell Lakes Service Area Roads Upgrade	12-DM-116	30,000	13,939
Greater Butte Service Area Roads Upgrade	12-DM-118	30,000	3,021
Talkeetna Fire Service Area Equipment	12-DM-123	20,000	491
Trapper Creek Service Area Roads Upgrade	12-DM-125	30,000	20,000

Matanuska-Susitna Borough, Alaska
 Schedule of State Financial Assistance, continued
 Year Ended June 30, 2015

State grantor/ pass-through grantor program title	Grant Number	Award Amount	State Share of Expend- itures
Department of Commerce, Community and Economic Development, continued			
Nonmajor Programs, continued:			
Port MacKenzie Port Dev and Assoc Rail Line Impr	12-RR-012	\$ 1,568,478	\$ 64,939
Burchell High School Equipment & Improvements	13-DC-019	60,000	2
Fronteras Spanish Immersion Charter School Comp Labs	13-DC-020	60,000	37,386
Sutton Elem School Equipment and Upgrades	13-DC-038	65,500	19,063
Crystal Lake Road Repair and Resurface	13-DC-061	75,000	71,250
School Library & Technology Upgrades	13-DC-122	99,000	5,925
West Lakes Firefighting Equipment	13-DC-204	150,000	22
High School Cyber Centers	13-DC-363	425,500	14,247
Charter Technology & Physical Education Eq Upgrds	13-DC-379	500,000	13,847
Birchtree Library	13-DM-126	30,000	5,580
Caswell Lks Svs Area Roads Upgrade	13-DM-128	30,000	28,500
Fairview Svs Area Roads Upgrade	13-DM-129	30,000	28,439
Trapper Creek Service Area Roads Upgrade	13-DM-135	30,000	24,000
Butte Volunteer Fire Dept Mobile Treatment Center	14-DC-077	70,000	66,500
Fronteras Charter School Rural Dev Application Costs	14-DC-081	150,000	25,995
Meadow Lakes RSA 27 N Gunflint Trail Upgrade	14-DC-082	150,000	68,314
Michelle Dr and Gina Circle Reconstruction	14-DC-083	160,000	3,500
Permanent Emergency Operations Center Planning	14-DC-084	300,000	110,569
School District Alaska Middle College School	14-DC-088	750,000	227,887
School District Cyber Centers	14-DC-089	500,000	206,408
School District Preschool Program	14-DC-090	500,000	80,648
Self-Contained Breathing Apparatus Upgrade	14-DC-092	140,000	12,262
Sitze Road Drainage Improvements	14-DC-094	125,000	2,240
Talkeetna Planning Ph Water & Sewer Improvements	14-DC-096	100,000	40,402
Warm Storage Fire Station -Crystal Lakes Area	14-DC-097	350,000	261,699
Willow Community Center Area Improvements	14-DC-100	65,000	5,667
Willow Fire Service Area Fire Station Addition Construction	14-DC-102	100,000	(5,000)
Butte Elem Portable Labs/lpads	14-DM-029	35,000	5,403
Butte Elem School Sidewalks	14-DM-030	40,000	38,000
Cottonwood Creek Elem Outdoor Signage	14-DM-031	35,000	18,288
Glacier View School Van	14-DM-032	45,000	28,496
Goose Bay Elem Library & Tech Upgrade	14-DM-033	5,000	2
Meadow Lks Elem School Library & Tech Upgrd	14-DM-035	5,000	4,750
Palmer High Swim Dive Team Scoreboard	14-DM-037	40,000	7,526
Sutton Elem School Carpet Replacement	14-DM-038	30,000	7,534
MSB School District Expand Air Force JROTC Program	14-RR-014	705,059	201,602
Bogard Road Extension East	15-DC-099	7,000,000	7,127
Community Council Upgrades and Support	15-DC-100	30,000	20,500
Gateway Visitor Center Phase 2	15-DC-101	1,235,000	206,151
Substandard Roads and Bridges	15-DC-106	1,370,000	50
Wastewater & Septage Facility Land Acq & Design	15-DC-108	100,000	91,644
Gtr Butte RSA Road Repairs, Upgrades & Maintenance	15-DC-397	40,000	16,409
Lazy Mtn RSA Road Maintenance & Repairs	15-DC-424	40,000	18,681
Wasilla Lks FSA - Safety Equipment & Maintenance	15-DC-484	40,000	40,000
Willow-Warm Stor Fire St Const in Nancy Lakes Area	15-DC-496	600,000	10,000
Total Nonmajor Programs			<u>2,620,111</u>
Total Department of Commerce, Community and Economic Development			<u>79,561,775</u>

Matanuska-Susitna Borough, Alaska
 Schedule of State Financial Assistance, continued
 Year Ended June 30, 2015

State grantor/ pass-through grantor program title	Grant Number	Award Amount	State Share of Expend- itures
Department of Education and Early Development			
Major Program -			
FY15 Debt Retirement Program	N/A	\$20,053,341	\$ 20,053,341
Nonmajor Programs:			
FY15 Continuing Education Grants - Libraries	N/A	7,500	4,500
Big Lake Library	N/A	6,650	6,650
Sutton Library	N/A	6,650	6,650
Talkeetna Library	N/A	6,650	6,650
Trapper Creek Library	N/A	6,650	6,650
Willow Library	N/A	6,650	6,650
Total Nonmajor Programs			<u>37,750</u>
Total Department of Education and Early Development			<u>20,091,091</u>
Department of Environmental Conservation			
Major Programs:			
Central Landfill Expansion Phase IIIB	56107	730,177	88,822
Central Landfill Cell 2 Closure	56109	528,000	417,487
Total Department of Environmental Conservation			<u>506,309</u>
Department of Health and Social Services			
Major Program - Human Services Community Matching Grant FY15	605-231-1503	345,223	<u>345,223</u>
Department of Revenue			
Major Program - Electric & Telephone Shared Revenue	FY15	749,443	749,443
Nonmajor Program - Fisheries Bus Share Tax	FY15	112	<u>112</u>
Total Department of Revenue			<u>749,555</u>
Department of Transportation and Public Facilities			
Major program:			
So Clapp Rd Improvement & KGB Realignment	N/A	2,853,438	2,802
FY06 Hiway Projects(DOT) Bogard Rd Ext	AKSAS59213	12,300,000	1,234,532
2004 Series C Port Bond	N/A	707,863	707,863
Nonmajor Programs:			
Safe Routes to School	LU20-12-0006	75,000	11,491
Trunk Road Connector Project	N/A	300,000	232,021
Total Department of Transportation and Public Facilities			<u>2,188,709</u>
Department of Military and Veterans Affairs			
Nonmajor Programs:			
FY15 Local Emergency Planning Committee	15LEPC-GR35602	13,913	13,913
Passed through U.S. Department of Homeland Security - Mat Su Valley Flooding-September 2012-FEMA(25%)	FEMA-DR-4094-AK	318,075	38,500
Total Department of Military and Veterans Affairs			<u>52,413</u>
Department of Administration			
Major Program - PERS Relief	FY15	9,668,628	<u>9,668,628</u>
Total State Financial Assistance			<u>\$ 113,163,702</u>

Matanuska-Susitna Borough, Alaska

Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance Year Ended June 30, 2015

1. Basis of Presentation

The accompanying schedules of state financial assistance and expenditures of federal awards (the "Schedules") include the state and federal grant activity of Matanuska-Susitna Borough under programs of the state and federal governments for the year ended June 30, 2015. The information in these Schedules is presented in accordance with the requirements of *the State of Alaska Audit Guide and Compliance Supplement for State Single Audits* and the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedules present only a selected portion of the operations of Matanuska-Susitna Borough, they are not intended to and do not present the financial position, changes in net position or cash flows of Matanuska-Susitna Borough.

2. Summary of Significant Accounting Policies

Expenditures reported in the Schedules are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for States and Local Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts reflected in the schedule (if any) represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. PERS On-Behalf

The Borough has recorded \$9,668,628 in PERS On-Behalf payments in the Schedule of State Financial Assistance. This represents the PERS relief payment appropriated and transferred into the plan during FY2015.

In the governmental fund financial statements, on-behalf revenue and expenditures have been recognized in the year appropriated and transferred to the plan. However, in the full accrual financial statements, GASB 68 provisions prescribe that on-behalf pension contributions in a special funding situation may only be recognized during the measurement period in which the plan recognizes the contributions, effectively creating a one-year timing difference between the cash contribution and revenue and expense recognition by the Borough.

As a result of these perspective and timing differences, amounts reported in the financial statements do not agree to the amounts reported on the Schedule of State Financial Assistance.

Matanuska-Susitna Borough, Alaska

Statistical Section Contents

	<u>Schedules</u>	<u>Page</u>
Financial Trends		
These schedules contain trend information to help the reader understand how the Borough's financial performance and well-being has changed over time.	1-5	160-165
Revenue Capacity		
These schedules contain information to help the reader assess the factors affecting the Borough's ability to generate its property taxes.	6-9	166-170
Debt Capacity		
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	171-174
Demographic and Economic Information		
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	175-176
Operating Information		
These schedules contain information about the Borough's operations and resources to help the reader understand how the Borough's financial information relates to the services the Borough provides and the activities it performs.	16-18	177-179

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

	2006	2007	2008	2009	2010	2011*	2012*	2013	2014	2015
Governmental activities										
Net investment in capital assets	\$ 262,550,711	\$ 269,318,342	\$ 294,404,626	\$ 358,980,408	\$ 389,804,017	\$ 382,358,825	\$ 457,114,641	\$ 508,684,140	586,832,955	655,967,658
Restricted	65,852,589	80,870,750	75,227,801	74,897,428	76,147,545	1,087,682	1,085,976	1,084,439	1,848,836	6,927,928
Unrestricted (deficit)	34,446,371	44,144,618	55,324,817	51,392,992	55,367,352	189,689,534	154,048,260	157,782,247	154,221,875	127,774,151
Total governmental activities net position	<u>\$ 362,849,671</u>	<u>\$ 394,333,710</u>	<u>\$ 424,957,244</u>	<u>\$ 485,270,828</u>	<u>\$ 521,318,914</u>	<u>\$ 573,136,041</u>	<u>\$ 612,248,877</u>	<u>\$ 667,550,826</u>	<u>742,903,666</u>	<u>790,669,737</u>
Business-type activities										
Net investment in capital assets	\$ 27,898,987	\$ 32,107,110	\$ 32,968,152	\$ 32,734,626	\$ 36,507,656	\$ 41,544,009	\$ 42,661,168	\$ 36,163,919	31,191,467	33,602,838
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted (deficit)	(609,608)	(2,560,708)	(2,790,599)	(2,043,598)	(4,500,251)	(8,145,505)	(9,410,516)	(3,378,407)	(7,339,896)	(10,177,832)
Total business-type activities net position	<u>\$ 27,289,379</u>	<u>\$ 29,546,402</u>	<u>\$ 30,177,553</u>	<u>\$ 30,691,028</u>	<u>\$ 32,007,405</u>	<u>\$ 33,398,504</u>	<u>\$ 33,250,652</u>	<u>\$ 32,785,512</u>	<u>23,851,571</u>	<u>23,425,006</u>
Primary government										
Net investment in capital assets	\$ 290,449,698	\$ 301,425,452	\$ 327,372,778	\$ 391,715,034	\$ 426,311,673	\$ 423,902,834	\$ 499,775,809	\$ 544,848,059	618,024,422	689,570,496
Restricted	65,852,589	80,870,750	75,227,801	74,897,428	76,147,545	1,087,682	1,085,976	1,084,439	1,848,836	6,927,928
Unrestricted (deficit)	33,836,763	41,583,910	52,534,218	49,349,394	50,867,101	181,544,029	144,637,744	154,403,840	146,881,979	117,596,319
Total primary government net position	<u>\$ 390,139,050</u>	<u>\$ 423,880,112</u>	<u>\$ 455,134,797</u>	<u>\$ 515,961,856</u>	<u>\$ 553,326,319</u>	<u>\$ 606,534,545</u>	<u>\$ 645,499,529</u>	<u>\$ 700,336,338</u>	<u>766,755,237</u>	<u>814,094,743</u>

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

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
General government	13,389,722	15,504,663	17,783,066	18,417,947	21,609,559	18,348,693	19,309,310	15,966,207	20,704,665	21,492,676
Public works	2,760,432	2,917,021	3,250,207	3,971,267	3,888,031	3,600,452	4,115,712	4,212,583	4,276,429	13,967,990
Emergency services	13,113,451	14,834,393	16,595,807	15,760,106	17,038,974	18,214,176	19,608,706	22,058,588	20,545,881	23,826,995
Public services	16,955,767	18,553,900	23,159,984	22,448,088	21,204,922	21,086,908	24,115,247	26,506,256	28,059,904	41,185,883
Education	43,807,106	48,947,042	47,407,612	50,384,218	50,612,473	55,239,633	58,291,435	60,903,056	73,489,025	61,590,136
Interest	7,468,444	7,240,535	7,991,327	7,868,206	8,223,394	8,464,045	9,199,614	11,621,596	12,361,995	14,776,978
Total governmental activities expenses	97,494,922	107,997,554	116,188,003	118,849,832	122,577,353	124,953,907	134,640,024	141,268,286	159,437,899	176,840,658
Business-type activities:										
Solid waste	3,032,263	3,587,683	4,041,099	4,514,113	4,879,075	4,674,968	4,826,419	4,800,883	5,769,508	5,969,325
Port	1,887,155	1,822,002	1,619,559	1,605,330	1,854,603	1,698,154	1,833,823	3,449,726	2,333,191	2,256,226
Total business-type activities expenses	4,919,418	5,409,685	5,660,658	6,119,443	6,733,678	6,373,122	6,660,242	8,250,609	8,102,699	8,225,551
Total primary government expenses	102,414,340	113,407,239	121,848,661	124,969,275	129,311,031	131,327,029	141,300,266	149,518,895	167,540,598	185,066,209
Program Revenues (see Schedule 3)										
Governmental activities:										
Fees, fines, and charges for services:										
General government	1,052,274	987,210	412,218	640,864	384,406	602,252	424,821	526,033	528,579	585,129
Public works	164,023	130,466	337,856	111,002	69,291	62,032	60,634	77,374	59,317	186,843
Emergency services	2,921,942	3,228,619	2,768,108	3,525,227	3,383,052	3,688,584	3,642,523	3,915,237	4,810,309	7,430,769
Public services	2,323,962	1,841,137	2,393,456	2,324,651	1,233,744	1,822,252	1,499,207	1,809,999	3,193,367	2,390,785
Interest	-	25,412	-	-	-	-	-	-	-	-
Operating grants and contributions	148,260	31,685	31,750	32,139	32,044	12,312,812	16,098,041	21,534,532	22,293,350	21,644,248
Capital grants and other contributions	5,186,795	12,980,511	18,175,331	30,456,461	17,717,288	32,873,329	31,327,802	44,236,489	83,419,592	77,432,954
Total governmental activities program revenues	11,797,256	19,225,040	24,118,719	37,090,344	22,819,825	51,361,261	53,053,028	72,099,664	114,304,514	109,670,728
Business-type activities:										
Fees, fines, and charges for services:										
Solid waste	3,422,346	3,456,467	3,595,172	3,319,903	3,398,656	3,510,305	4,268,602	5,586,782	5,598,895	6,746,489
Port	157,141	1,205	51,151	640,144	52,368	51,333	24,505	74,737	22,851	102,134
Operating grants and contributions	754,203	753,788	751,588	754,870	755,120	752,450	754,613	1,225,263	707,350	773,840
Capital grants and other contributions	5,114,836	4,129,148	574,338	979,938	2,910,702	4,797,253	1,245,246	742,939	1,013,727	2,705,520
Total business-type activities program revenues	9,448,526	8,340,608	4,972,249	5,694,855	7,116,846	9,111,341	6,292,966	7,629,721	7,342,823	10,327,983
Total primary government program revenues	21,245,782	27,565,648	29,090,968	42,785,199	29,936,671	60,472,602	59,345,994	79,729,385	121,647,337	119,998,711
Net (Expenses)/Revenue										
Governmental activities	(85,697,666)	(88,772,514)	(92,069,284)	(81,759,488)	(99,757,528)	(73,592,646)	(81,586,996)	(69,168,622)	(45,133,385)	(67,169,930)
Business-type activities	4,529,108	2,930,923	(688,409)	(424,588)	383,168	2,738,219	(367,276)	(620,888)	(759,876)	2,102,432
Total primary government net expense	(81,168,558)	(85,841,591)	(92,757,693)	(82,184,076)	(99,374,360)	(70,854,427)	(81,954,272)	(69,789,510)	(45,893,261)	(65,067,498)

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	78,672,925	86,298,274	92,538,831	100,265,473	104,151,614	107,145,689	104,693,752	110,238,571	114,243,341	116,399,253
Excise taxes	4,527,071	4,845,770	4,528,494	4,688,563	4,901,735	4,927,058	4,871,649	4,913,901	7,326,269	7,548,977
Transient accommodation taxes	915,457	994,443	1,038,308	1,037,673	1,285,834	957,362	1,084,282	1,099,803	1,113,368	1,117,249
Grants and entitlements not restricted to a specific purpose	12,129,576	18,165,087	18,018,590	20,979,431	19,974,453	11,269,679	9,413,627	9,945,813	8,132,177	11,532,940
Investment income	5,465,983	8,812,643	7,323,727	3,269,398	877,430	619,682	443,957	483,938	1,306,079	1,043,112
Other	425,478	277,602	419,868	509,602	504,237	426,584	292,565	347,299	721,061	704,245
Extraordinary items	-	-	-	10,000,000	4,979,518	-	-	-	(12,319,299)	-
Transfers	(233,797)	259,878	(1,175,000)	(659,930)	(869,207)	63,719	(100,000)	-	-	(1,354,373)
Special items	-	-	-	1,982,862	-	-	-	-	-	-
Total governmental activities	101,902,693	119,653,697	122,692,818	142,073,072	135,805,614	125,409,773	120,699,832	127,029,325	120,522,996	136,991,403
Business-type activities:										
Grants and entitlements not restricted to a specific purpose	27,350	36,715	54,532	124,116	56,006	84,909	111,833	149,927	132,341	-
Investment income	102,218	126,891	90,018	37,555	7,996	6,018	3,576	4,477	-	-
Other	-	219	10	-	-	672	4,015	1,344	460	108,775
Extraordinary items	-	-	-	-	-	(1,375,000)	-	-	(2,598,884)	(3,000,000)
Transfers	233,797	(259,878)	1,175,000	659,930	869,207	(63,719)	100,000	-	-	1,354,373
Special items	-	-	-	116,462	-	-	-	-	-	-
Total business-type activities	363,365	(96,053)	1,319,560	938,063	933,209	(1,347,120)	219,424	155,748	(2,466,083)	(1,536,852)
Total primary government	102,266,058	119,557,644	124,012,378	143,011,135	136,738,823	124,062,653	120,919,256	127,185,073	118,056,913	135,454,551
Change in Net Position										
Governmental activities	16,205,027	30,881,183	30,623,534	60,313,584	36,048,086	51,817,127	39,112,836	57,860,703	75,389,611	69,821,473
Business-type activities	4,892,473	2,834,870	631,151	513,475	1,316,377	1,391,099	(147,852)	(465,140)	(3,225,959)	565,580
Total primary government	21,097,500	33,716,053	31,254,685	60,827,059	37,364,463	53,208,226	38,964,984	57,395,563	72,163,652	70,387,053

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Function/Program											
Governmental activities:											
General government	\$ 790,160	1,169,534	2,043,471	793,235	1,795,781	459,992	989,981	1,427,941	1,835,073	1,824,014	1,531,324
Public works	159,313	164,023	261,264	671,629	1,597,735	1,207,832	1,672,553	7,871,216	10,130,146	14,138,746	31,935,911
Emergency services	3,828,311	3,936,565	6,590,556	7,701,696	5,279,540	4,984,630	6,367,187	5,359,587	4,996,193	6,989,455	10,487,098
Public services	6,043,568	4,858,220	7,420,764	12,268,078	27,833,504	15,758,097	25,187,846	21,172,198	29,754,735	67,048,190	42,025,535
Education	6,945	1,668,914	2,883,573	2,684,081	583,784	409,274	17,143,694	17,222,086	25,383,518	24,304,109	23,690,860
Interest	-	-	25,412	-	-	-	-	-	-	-	-
Subtotal governmental activities	<u>10,828,297</u>	<u>11,797,256</u>	<u>19,225,040</u>	<u>24,118,719</u>	<u>37,090,344</u>	<u>22,819,825</u>	<u>51,361,261</u>	<u>53,053,028</u>	<u>72,099,665</u>	<u>114,304,514</u>	<u>109,670,728</u>
Business-type activities:											
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	5,753,223	6,554,145	7,292,457
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	1,876,498	788,678	2,969,549
Subtotal business-type activities	<u>6,504,835</u>	<u>9,448,526</u>	<u>8,340,608</u>	<u>4,972,249</u>	<u>5,694,855</u>	<u>7,116,846</u>	<u>9,111,341</u>	<u>6,292,966</u>	<u>7,629,721</u>	<u>7,342,823</u>	<u>10,262,006</u>
Total primary government	<u>\$ 17,333,132</u>	<u>21,245,782</u>	<u>27,565,648</u>	<u>29,090,968</u>	<u>42,785,199</u>	<u>29,936,671</u>	<u>60,472,602</u>	<u>59,345,994</u>	<u>79,729,386</u>	<u>121,647,337</u>	<u>119,932,734</u>

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

	2006	2007	2008	2009	2010	2011*	2012*	2013	2014	2015
General Fund										
Reserved	\$ 235,766	\$ 162,825	\$ 214,933	\$ 334,433	\$ 370,359					
Unreserved	<u>21,748,415</u>	<u>33,471,213</u>	<u>40,458,320</u>	<u>50,404,066</u>	<u>56,569,091</u>					
Nonspendable						\$ 609,888	\$ 754,433	\$ 535,315	797,507	1,358,788
Restricted						-	-	-	-	-
Committed						35,963,397	30,555,043	32,922,316	31,293,075	31,536,947
Assigned						13,255,252	10,445,811	12,703,069	13,383,261	11,907,107
Unassigned						15,135,905	12,277,156	12,418,295	14,294,595	14,498,345
Total general fund	<u>\$ 21,984,181</u>	<u>\$ 33,634,038</u>	<u>\$ 40,673,253</u>	<u>\$ 50,738,499</u>	<u>\$ 56,939,450</u>	<u>\$ 64,964,442</u>	<u>\$ 54,032,443</u>	<u>\$ 58,578,995</u>	<u>\$ 59,768,438</u>	<u>\$ 59,301,187</u>
All Other Governmental Funds										
Reserved	\$ 32,488,785	\$ 24,623,604	\$ 41,031,714	\$ 22,074,484	\$ 15,664,470					
Unreserved, reported in:										
Special revenue funds	10,978,373	12,138,347	12,339,189	16,283,563	19,986,155					
Debt service funds	290,710	322,351	373,413	881,904	340,155					
Capital projects funds	<u>26,546,047</u>	<u>44,522,895</u>	<u>24,141,484</u>	<u>38,267,452</u>	<u>40,156,765</u>					
Nonspendable						\$ 417,866	\$ 316,604	\$ 161,997	503,533	821,311
Restricted						1,087,550	131,923,349	132,496,668	124,092,473	116,689,273
Committed						6,881,400	6,689,183	6,954,633	7,024,812	7,726,329
Assigned						100,523,387	75,850,146	73,504,267	78,158,604	70,779,374
Unassigned (deficit)						(182,245)	(227,590)	(303,377)	(180,108)	(201,255)
Total all other governmental funds	<u>\$ 70,303,915</u>	<u>\$ 81,607,197</u>	<u>\$ 77,885,800</u>	<u>\$ 77,507,403</u>	<u>\$ 76,147,545</u>	<u>\$ 108,727,958</u>	<u>\$ 214,551,692</u>	<u>\$ 212,814,188</u>	<u>\$ 209,599,314</u>	<u>\$ 195,815,032</u>

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)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Taxes										
Property	\$ 79,534,151	83,932,620	91,308,732	99,905,339	105,234,713	107,616,264	103,712,415	109,941,885	113,979,370	116,997,572
Transient accommodations	915,457	994,443	1,038,308	1,037,673	1,285,834	957,362	1,084,282	1,099,803	1,113,369	1,117,249
Excise	4,527,071	4,845,770	4,528,494	4,688,563	4,901,735	4,723,063	5,075,644	4,913,901	7,326,269	7,548,977
Intergovernmental	17,464,631	31,062,486	34,195,182	50,554,373	37,670,530	56,442,470	56,583,156	75,538,593	114,234,610	117,684,505
Charges for services	6,614,210	6,367,223	5,926,147	6,270,066	5,660,812	5,898,919	5,411,508	6,869,062	8,340,514	9,055,915
Investment income	5,174,554	8,429,002	6,953,114	3,086,763	773,087	542,742	389,963	573,412	876,148	996,637
Interest on land sales	132,349	117,029	96,192	81,397	79,502	59,575	42,442	25,332	16,009	12,060
Other revenues	425,478	421,751	2,458,760	1,660,498	562,521	457,206	548,879	393,074	743,758	1,415,641
Total revenues	114,787,901	136,170,324	146,504,929	167,284,672	156,168,734	176,697,601	172,848,289	199,355,062	246,630,047	254,828,556
Expenses										
General government	12,930,989	15,268,807	17,496,266	18,885,357	21,300,784	19,646,372	19,853,424	17,009,544	20,975,235	26,339,550
Public works	2,567,832	2,799,373	3,193,543	3,856,964	3,891,504	3,626,363	4,177,386	4,460,596	4,779,986	7,024,663
Emergency services	11,912,887	13,535,264	15,164,406	14,223,772	15,474,541	16,533,229	18,147,836	20,431,796	18,499,252	22,542,115
Public services	13,307,713	15,390,465	20,360,389	19,914,633	18,332,933	18,551,909	21,755,463	24,006,043	26,361,372	28,220,165
Education	38,366,900	40,580,815	42,150,523	44,918,971	44,451,135	48,601,849	51,177,721	53,532,128	55,565,878	52,764,262
Debt service										
Interest	7,117,600	7,253,073	8,733,002	8,283,862	8,043,372	8,261,914	9,742,827	12,018,693	12,675,315	20,165,000
Principal	7,500,000	7,890,000	9,015,000	10,325,000	10,800,000	11,915,000	13,560,000	17,645,000	18,975,000	14,688,308
Capital outlay	29,132,405	52,160,157	31,737,382	66,452,509	33,947,380	43,987,644	40,718,502	76,112,705	152,317,206	161,810,925
Total expenditures	122,836,326	154,877,954	147,850,511	186,861,068	156,241,649	171,124,280	179,133,159	225,216,505	310,149,244	333,554,988
Excess of revenues over (under) expenditures	(8,048,425)	(18,707,630)	(1,345,582)	(19,576,396)	(72,915)	5,573,321	(6,284,870)	(25,861,443)	(63,519,197)	(78,726,432)
Other Financing Sources (Uses)										
Proceeds from disposal of capital assets	5,374	5,558	6,061	13,944	-	12,921	10,756	50,165	34,370	26,427
Transfers in	28,955,746	34,766,734	35,915,180	34,455,025	35,943,357	40,209,920	51,837,142	54,882,849	54,523,841	53,740,727
Transfers out	(29,179,023)	(34,475,707)	(37,058,626)	(35,095,150)	(36,008,867)	(40,045,435)	(51,936,582)	(54,882,570)	(54,523,375)	(55,094,747)
Bond issuance	-	75,415,000	5,750,000	19,030,000	-	33,785,000	100,480,000	24,465,000	47,240,000	94,105,000
Premium on bond issuance	-	3,893,629	50,785	859,426	-	1,069,678	10,691,728	4,155,047	5,302,804	12,793,446
COP Issuance	-	-	-	-	-	-	-	-	8,585,000	-
Premium on COP issuance	-	-	-	-	-	-	-	-	331,126	-
Payment to refunded debt escrow agent	-	(38,547,301)	-	-	-	-	(9,906,439)	-	-	(41,095,954)
Total other financing sources (uses)	(217,903)	41,057,913	4,663,400	19,263,245	(65,510)	35,032,084	101,176,605	28,670,491	61,493,766	64,474,899
Extraordinary items	-	-	-	10,000,000	4,979,518	-	-	-	-	-
Net change in fund balances	\$ (8,266,328)	22,350,283	3,317,818	9,686,849	4,841,093	40,605,405	94,891,735	2,809,048	(2,025,431)	(14,251,533)
Debt service as a percentage of noncapital expenditures	15.6%	14.7%	15.3%	15.5%	15.4%	15.9%	16.8%	19.9%	19.0%	18.2%

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

Fiscal Year	(1) Real Property	(1) Personal Property	(1) Less: Tax-Exempt Property	Total Taxable Assessed Value	(1) Total Direct Tax Rate	(2) Estimated Actual Value	Total Taxable Assessed Value as a Percentage of Total Estimated Actual Value
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
2013	10,083,251,287	50,340,319	1,600,527,289	8,533,064,317	9.691	9,568,003,300	89.18
2014	10,350,396,337	63,442,515	1,711,599,833	8,702,239,019	9.852	10,064,353,720	86.47
2015	10,700,459,143	52,590,547	1,748,972,499	9,004,077,191	9.662	10,268,301,740	87.69

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	Overlapping Rates							
	Areawide Borough	Non-areawide Borough	City of Palmer	City of Wasilla	City of Houston	2	4	7	8
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
2013	9.691	0.489	3.00	-	3.00	3.05	4.06	1.39	4.00
2014	9.852	0.520	3.00	-	3.00	3.05	4.41	1.39	4.00
2015	9.662	0.520	3.00	-	3.00	3.24	4.59	1.39	-

Fiscal Year	Overlapping Rates								
	9	14	15	16	17	19	20	21	23
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
2013	2.78	1.77	4.10	1.50	2.92	2.51	3.86	2.57	4.59
2014	2.78	1.77	4.10	1.50	2.92	2.51	3.86	2.57	4.59
2015	2.78	1.77	4.10	1.50	2.92	2.51	3.50	2.57	4.59

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)

Overlapping Rates									
Fiscal Year	24	25	26	27	28	29	30	31	
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	
2013	1.95	1.73	3.45	3.48	2.00	2.89	4.41	3.68	
2014	1.95	1.73	3.45	3.48	2.00	2.89	4.41	3.68	
2015	2.04	1.73	3.45	3.48	2.00	2.89	4.41	3.68	

Overlapping Rates									
Fiscal Year	33*	34*	35	69	130	131	132	135	136*
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
2013	-	-	1.37	9.12	1.97	4.13	0.88	2.96	1.67
2014	-	-	1.46	9.12	1.99	3.24	0.90	2.96	1.67
2015	-	-	1.34	9.12	1.99	3.24	0.90	2.96	1.78

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

Taxpayer	2015			2006		
	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	\$ 103,713,900	1	1.15 %	\$ 101,269,340	1	1.78 %
Enstar Natural Gas	44,611,600	2	0.50	40,706,900	2	0.72
Alaska Hotel Properties, Inc.	41,325,600	3	0.46	25,545,000	5	0.45
Fred Meyer Stores, Inc.	42,200,411	4	0.47	38,177,443	3	0.67
Wal-Mart Stores, Inc.	30,851,912	5	0.34	19,228,896	7	0.34
GCI Cable/Alaska Wireless	25,613,500	6	0.28	-	-	-
Cook Inlet Region, Inc.	27,707,800	7	0.31	16,295,300	10	0.29
Global Finance & Investments S.A./Gary Lundgren	24,880,400	8	0.28	-	-	-
DBC, LLC/Target	21,801,555	9	0.24	-	-	-
Lowe's HIW Inc.	16,314,864	10	0.18	23,676,099	6	0.42
Alaska Pipeline Co.	-	-	-	29,580,000	4	0.52
Cottonwood Creek Mall LLC	-	-	-	17,034,000	9	0.30
Wasilla LLC/Pioneer Square LLC	-	-	-	17,258,900	8	0.30
Total	\$ 379,021,542		4.21 %	\$ 328,771,878		5.79 %

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	Tax Levy	Unfunded Senior Citizens and Disabled Veterans Levy	Net Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Net Levy		Amount	Percentage of Net Levy
2006	79,509,819	5,354,913	74,154,906	71,450,048	96.35	2,640,497	74,090,545	99.91
2007	87,063,129	5,264,801	81,798,328	77,652,943	94.93	3,989,860	81,642,803	99.81
2008	97,208,979	5,841,939	91,367,040	87,627,539	95.91	3,541,492	91,169,031	99.78
2009	107,223,469	6,790,265	100,433,204	96,318,045	95.90	3,814,208	100,132,253	99.70
2010	108,123,032	7,386,682	100,736,350	97,109,667	96.40	3,177,483	100,287,150	99.55
2011	110,203,515	7,743,976	102,459,539	98,954,998	96.58	2,778,133	101,733,131	99.29
2012	114,442,314	8,325,740	106,116,574	101,881,857	96.01	2,976,738	104,858,595	98.81
2013	114,904,572	8,834,593	106,069,979	102,321,617	96.47	2,040,722	104,362,339	98.39
2014	118,906,810	8,920,224	109,986,586	106,109,708	96.48	1,340,702	107,450,410	97.69
2015	121,650,445	9,906,339	111,744,106	108,285,996	96.91	-	108,285,996	96.91

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	Unamortized Bond premium	Capital Leases	General Obligation Bonds	Notes Payable	Unamortized Bond premium			
2006	140,350,000	3,895,000	-	4,224,537	68,748	9,150,000	-	170,932	157,859,217	6.85	2,132
2007	171,240,000	3,590,000	-	6,343,361	45,085	8,785,000	-	161,436	190,164,882	7.30	2,464
2008	162,545,000	9,020,000	294,958	5,748,621	18,938	8,410,000	995,155	151,940	187,184,612	6.60	2,337
2009	171,850,000	8,420,000	282,203	6,006,827	-	8,025,000	3,984,802	142,444	198,711,276	6.02	2,408
2010	161,695,000	7,775,000	282,993	5,363,354	-	7,630,000	3,951,150	132,948	186,830,445	5.49	2,216
2011	184,240,000	7,100,000	359,063	5,812,872	-	7,220,000	4,606,769	123,452	209,462,156	5.74	2,354
2012	262,845,000	6,390,000	347,777	15,848,933	-	6,665,000	4,561,767	684,094	297,342,571	7.72	3,243
2013	270,410,000	5,645,000	329,698	18,592,433	-	6,200,000	4,434,462	625,457	306,237,050	7.19	3,265
2014	299,455,000	13,450,000	311,347	22,851,440	-	5,735,000	4,346,366	566,821	346,715,974	7.90	3,609
2015	335,920,000	12,195,000	292,721	33,411,389	-	5,250,000	4,395,179	508,184	391,972,473	N/A	3,997

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

Net General Bonded Debt Outstanding						
Fiscal Year	General Obligation Bonds (Including unamortized bond premiums)	Debt Service Monies Available	Total	Percentage of Total Taxable Assessed Value of Property*	Per Capita**	
2006	153,895,469	244,398	153,651,071	2.71	2,016	
2007	186,529,797	258,294	186,271,503	2.69	2,329	
2008	176,855,561	291,064	176,564,497	2.31	2,131	
2009	186,024,271	791,345	185,232,926	2.33	2,170	
2010	174,821,302	291,195	174,530,107	2.16	2,005	
2011	197,396,324	1,016,788	196,379,536	2.39	2,140	
2012	286,043,027	1,038,091	285,004,936	3.40	2,928	
2013	295,827,890	1,041,305	294,786,585	3.45	2,938	
2014	328,608,261	1,106,592	327,501,669	3.76	3,105	
2015	375,089,573	1,100,905	373,988,668	4.15	3,414	

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, 2015

Governmental Unit	Debt Outstanding	Percentage Applicable to the Governmental Unit	Share of Direct and Overlapping Debt
Education Debt	\$ 305,070,000	100%	\$ 305,070,000
Certificates of Participations-Public Safety Building	8,640,000	100%	8,640,000
Certificates of Participations-Animal Care Facility	3,555,000	100%	3,555,000
Notes Payable-Ak Clean Water Fund Loans	292,721	100%	292,721
Parks and Recreation	1,725,000	100%	1,725,000
Transportation	29,125,000	100%	29,125,000
	<u>348,407,721</u>		<u>348,407,721</u>
Unamortized bond premiums	33,411,389	100%	33,411,389
Total	<u>\$ 381,819,110</u>		<u>\$ 381,819,110</u>
Cities Within the Borough, (Palmer and Wasilla) General Obligation Bonds as of June 30, 2014			
Palmer Ice Rink	\$ 860,000	100%	\$ 860,000
Wasilla Road Improvements	1,540,000	100%	1,540,000
Total	<u>\$ 2,400,000</u>		<u>\$ 2,400,000</u>
Net Direct and Overlapping Debt			<u>\$ 384,219,110</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

Legal Debt Margin Calculation for Fiscal Year 2015	
Total taxable assessed value	9,004,077,191
Debt Limit (7% of total taxable assessed value)	630,285,403
Total debt applicable to limit	<u>335,920,000</u>
Legal debt margin	<u>294,365,403</u>

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit	\$ 397,248,616	\$ 485,006,503	\$ 536,050,094	\$ 557,026,517	\$ 565,029,122	\$ 574,678,482	\$ 586,881,965	\$ 597,314,502	\$ 625,791,775	630,285,403
Total debt applicable to limit	<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>	<u>295,827,890</u>	<u>299,455,000</u>	<u>335,920,000</u>
Legal debt margin	<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>	<u>\$ 301,486,612</u>	<u>\$ 326,336,775</u>	<u>294,365,403</u>
Total debt applicable to the as a percentage of debt limit	38%	37%	32%	32%	30%	33%	46%	50%	48%	53%

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

Fiscal Year	(1) Population	(2) Personal Income <i>(thousands of dollars)</i>	Per Capita Income	(3) School Enrollment	(4) Unemployment Rate
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	3,852,961	42,018	17,338	8.6
2013	93,801	4,257,875	45,333	17,247	7.3
2014	96,074	4,387,086	44,820	17,500	7.2
2015	98,063	N/A	N/A	17,757	8.6

N/A - Not available

Sources:

- (1) Alaska Department of Labor, Research and Analysis Division
- (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

Employer Type	2015		2006	
	Employees	Rank	Employees	Rank
Trade, Transportation, and Utilities	4,764	1	4,103	1
Educational and Health Services	4,058	2	2,811	2
Local Government	3,278	3	2,506	3
Leisure and Hospitality	2,654	4	2,236	4
Construction	1,884	5	1,767	5
State Government	1,523	6	1,006	6
Professional and Business Services	1,279	7	935	7
Financial Activities	768	8	711	8
Other Services	741	9	583	9
Information	472	10	555	10
Federal Government	204	12	219	11
Manufacturing	428	11	217	12
Natural Resources and Mining	174	13	115	13
Unclassified Employers	58	14	35	14
Total	22,285		17,799	

Source: Alaska Department of Labor, Research and Analysis

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 are providing total employment by type of employer for the current year and nine years ago. Figures are based on an annual average.

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

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General government	112.480	114.020	123.520	131.520	132.500	136.280	148.550	149.700	145.590	141.000
Public works	47.000	48.000	50.000	51.000	52.000	51.000	54.000	54.000	54.010	63.000
Emergency services	38.520	41.980	46.980	50.730	49.750	50.650	45.000	49.850	51.850	62.850
Public services	40.740	41.530	41.530	41.690	41.690	36.590	36.690	36.940	37.290	36.090
Total	<u>238.740</u>	<u>245.530</u>	<u>262.030</u>	<u>274.940</u>	<u>275.940</u>	<u>274.520</u>	<u>284.240</u>	<u>290.490</u>	<u>288.740</u>	<u>302.940</u>

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

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

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government										
Planning										
Comprehensive and special land use district plans in process	10	11	13	11	11	4	4	4	3	3
Finance										
Number of purchasing solicitations processed	172	203	166	170	150	158	202	156	168	163
Number of vendor/employee payments processed	24,220	24,903	28,580	26,057	26,493	27,387	27,665	27,386	27,474	27,824
Collections of delinquent land lease accounts (in dollars)	\$ 280,840	\$ 194,033	\$ 58,552	\$ 64,578	\$ 87,263	\$ 156,842	\$ 100,463	\$ 114,934	\$ 61,108	\$ 82,719
Real property assessments	69,732	72,841	73,947	74,588	74,990	75,321	75,540	75,913	76,283	76,744
Property sales analyzed for assessment purposes	2,883	2,409	2,762	2,911	2,453	1,503	1,560	1,628	3,413	4,560
Code Compliance										
Code violation complaints received	443	386	428	230	265	578	237	246	373	339
Public works										
Road maintenance (monthly average)										
Citizen requests for repairs requiring action	157	234	164	165	141	158	333	285	225	148
Surveying and right-of-way										
Platting actions	180	202	164	99	88	65	77	98	92	130
Utility permits issued	448	478	441	378	275	323	293	335	358	526
Driveway permits issued	396	450	538	371	291	483	553	615	608	634
Construction permits issued	36	29	46	24	33	23	12	49	55	47
Encroachment permits issued	12	9	15	32	36	11	3	19	21	64
Solid waste disposal										
Loads hauled from transfer sites to Central Landfill	1,744	1,563	1,501	1,368	1,490	1,415	1,349	1,444	1,532	1,421
Refuse collected through community clean-up efforts (in tons)	207	292	198	158	192	205	63	122	80	181
Abandoned vehicles removed	266	273	334	381	366	529	130	137	115	48
Hazardous waste processed (in pounds)	20,050	114,590	618,180	589,078	625,000	102,672	85,664	136,533	156,735	149,227
Emergency services										
Ambulance Runs	5,645	5,349	5,558	4,890	4,894	5,380	5,971	6,314	7,972	8,272
Animal Shelter										
Animals lodged at shelter	3,629	3,672	3,502	3,377	3,494	3,994	3,786	3,219	3,159	2,581
Animals adopted to new homes	1,054	1,029	1,273	1,405	1,534	1,645	1,457	1,364	1,266	1,220
Animals adopted by local rescue groups	374	301	231	134	216	402	455	462	420	258
Animals euthanized at shelter	1,408	1,519	1,336	1,123	832	1,000	675	469	568	393
Public services										
Land and resource management (cumulative unless otherwise noted)										
Trails dedicated (in miles)	2,018	2,061	2,092	2,092	2,098	2,140	2,141	2,209	2,209	2,209
Asset management plans completed for Borough owned land (in acres)	17,080	20,332	20,332	20,332	20,332	164,018	164,018	164,018	164,018	164,018
Land classifications (in acres)	188,990	190,230	190,691	190,691	208,465	352,165	361,320	361,428	361,846	362,266
Parcels sold (annually)	26	114	29	36	43	17	9	28	37	43
Community enrichment and development										
Community enrichment class varieties offered	93	83	47	68	69	79	52	44	35	32
Total contact hours with public	1,252	1,179	1,035	830	1,302	1,464	1,280	794	673	445
Libraries										
Participants in summer reading program	2,326	2,713	2,848	2,446	3,820	2,865	2,552	2,982	2,693	2,095
Participants in pre-school story time	2,230	1,857	3,345	2,672	3,382	3,683	3,511	2,464	2,470	2,252
Volunteer hours utilized	2,148	2,218	1,866	1,839	2,311	3,193	2,649	3,466	1,808	1,954
Pools										
Participants in swim lesson programs (quarterly average)	499	673	538	747	696	708	650	711	1,220	1,061

N/A - Not available

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

Notes: 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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General government										
Administration and related buildings	3	3	3	3	3	3	3	3	3	3
Public works										
Utility trailers	6	6	6	6	6	6	11	11	11	11
Paved roads (miles)	244	254	261	270	279	287	291	295	303	308
Bridges	23	23	23	23	23	23	23	23	23	26
Public works and related buildings	-	-	1.00	1	1	1	1	3	3	4
Emergency services										
Ambulances	23	22	22	27	28	27	30	30	29	31
Fire pumper/tankers	43	47	54	57	57	61	64	67	68	69
Tractors, forklifts, and related equipment	2	2	2	3	6	8	12	12	12	12
Utility/Rescue trailers	4	5	5	10	12	14	16	16	17	19
Rescue vehicles	16	20	24	25	26	29	29	31	31	31
Trucks and utility vehicles	59	59	61	64	74	75	80	81	81	85
Rescue boats	-	1.00	1	1	2	2	2	2	2	3
ATVs and snowmobiles	8	8	8	20	23	26	29	29	30	31
Public safety and related buildings	27	27	27	27	27	29	30	32	33	36
Public services										
Tractors, forklifts, and related equipment	3	9	17	17	17	17	20	23	22	22
Utility trailers	4	5	5	5	5	5	5	7	8	9
Trucks and utility vehicles	8	7	16	23	25	26	29	31	34	30
ATVs and snowmobiles	6	7	7	7	7	8	8	8	8	11
Riverboats	1	1	1	1	1	1	1	1	1	1
Community buildings (libraries, ice arenas, etc.)	12	12	12	12	13	13	13	14	14	14
Education										
Schools and related buildings	47	47	47	47	48	51	52	53	55	56

Source: Matanuska-Susitna Borough capital asset records.

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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, in accordance with the 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, 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, 2015, and the related notes to the financial statements, which collectively comprise Matanuska-Susitna Borough's basic financial statements, and have issued our report thereon dated January 29, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Matanuska-Susitna Borough's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Matanuska-Susitna Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of Matanuska-Susitna Borough's internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2015-001 and 2015-003 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2015-002 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Matanuska-Susitna Borough's financial statements are free from 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*.

Matanuska-Susitna Borough's Response to Findings

Matanuska-Susitna Borough's response to the finding identified in our audit is described in the accompanying corrective action plan. Matanuska-Susitna Borough's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, LLP

Anchorage, Alaska
January 29, 2016



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Independent Auditor's Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by OMB Circular A-133

Honorable Mayor and
Members of the Assembly
Matanuska-Susitna Borough

Report on Compliance for Each Major Federal Program

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, 2015. Matanuska-Susitna Borough's major federal programs are identified in the accompanying Schedule of Findings and Questioned Costs.

Matanuska-Susitna Borough's basic financial statements include the operations of the Matanuska-Susitna Borough School District which received \$17,257,186 in federal awards which is not included in the schedule during the year ended June 30, 2015. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Matanuska-Susitna Borough's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Matanuska-Susitna Borough's compliance.

Opinion on Each Major Federal Program

In our opinion, Matanuska-Susitna Borough complied, in all material respects, with the types of 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, 2015.

Report on Internal Control Over Compliance

Management of Matanuska-Susitna Borough is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Matanuska-Susitna Borough's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

BDO USA, LLP

Anchorage, Alaska
January 29, 2016



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Independent Auditor's Report on Compliance For Each Major State Program and Report on Internal Control Over Compliance Required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*

Honorable Mayor and
Members of the Assembly
Matanuska-Susitna Borough

Report on Compliance for Each Major State Program

We have audited Matanuska-Susitna Borough's compliance 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 Matanuska-Susitna Borough's major state programs for the year ended June 30, 2015. Matanuska-Susitna Borough's major state programs are identified in the accompanying Schedule of State Financial Assistance. Matanuska-Susitna Borough's basic financial statements include the operations of the Matanuska-Susitna Borough School District which received \$431,826,199 in state awards which is not included in the schedule during the year ended June 30, 2015. 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*.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Matanuska-Susitna Borough's major state programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major state program. However, our audit does not provide a legal determination of Matanuska-Susitna Borough's compliance.

Opinion on Each Major State Program

In our opinion, Matanuska-Susitna Borough complied, in all material respects, with the types of 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, 2015.

Report on Internal Control Over Compliance

Management of Matanuska-Susitna Borough is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Matanuska-Susitna Borough's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program, 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Accordingly, this report is not suitable for any other purpose.

BDO USA, LLP

Anchorage, Alaska
January 29, 2016

Matanuska-Susitna Borough, Alaska

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2015**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u> X </u> yes	<u> </u> no
Significant deficiency(ies) identified?	<u> X </u> yes	<u> </u> (none reported)

Noncompliance material to financial statements noted? yes X no

Federal Financial Assistance

Internal control over major federal programs:

Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> X </u> (none reported)

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

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 federal programs:

<i>CFDA Number</i>	<i>Name of Federal Program or Cluster</i>
11.438	Pacific Coast Salmon Recovery Treaty Program
15.226	Payment in Lieu of Taxes

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee? yes X no

State Financial Assistance

Internal control over major state programs:

Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> X </u> (none reported)

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

Dollar threshold used to distinguish a major state program: \$ 300,000

Matanuska-Susitna Borough, Alaska

Schedule of Findings and Questioned Costs, continued Year Ended June 30, 2015

Section II - Financial Statement Findings Required to be Reported in Accordance with *Government Auditing Standards*

2015-001	<i>Cash and Investment Reconciliations - Material Weakness</i>
Criteria:	Adequate internal control over financial reporting requires the timely reconciliation and close of the books and records.
Condition:	Cash and investments were not properly reconciled and adjusted timely for the year end close.
Context:	Although the basic bank reconciliations were completed throughout the year, the final reconciliations and adjustments were not fully completed until past audit fieldwork dates.
Effect:	Borough cash and investment accounts required adjustments to allocate income and to record the year end market value adjustments.
Cause:	Lack of internal communication and cross-training appears to have been a contributing factor.
Recommendation:	We recommend the Borough establish formal internal due dates for these tasks, along with cross-training to allow for coverage of responsibilities. Management should train, monitor and review these activities to ensure timeliness and accuracy.
Views of responsible officials and planned corrective actions:	See the corrective action plan.
2015-002	<i>Timely Close and Review - Significant Deficiency</i>
Criteria:	Adequate internal control over financial reporting requires the timely close of the year end books and records. Review procedures should be established to ensure the accuracy of annual closing entries.
Condition:	Not all accounts were fully closed and reconciled prior to the audit. Certain accounts, which were closed and adjusted, contained posting errors. Other accounts did not have adequate supporting schedules prepared or available for audit.

Matanuska-Susitna Borough, Alaska

Schedule of Findings and Questioned Costs, continued Year Ended June 30, 2015

2015-002

Timely Close and Review - Significant Deficiency, continued

Context: Certain accounts were not fully reconciled and closed out prior to audit fieldwork. While it appears the general day-to-day processing was done timely and correctly, certain year end closing entries and review were not fully complete. For example:

- It appeared that the debt related trial balance accounts appeared to be correctly recorded, however, the supporting schedules and documentation were not available for review during the audit.
- The Borough did not evaluate or record the additional fair value write down related to the sale and impairment of the Vessel M/V Susitna.
- Final adjustments were still in process related to the landfill closure cost resequencing estimates.
- Although the Borough recorded the year end payroll accrual, the year-end balance was not correctly recorded due to a journal entry posting error.

Effect: Several audit journal entries and several client journal entries were required to adjust the year-end reported balances.

Cause: Turnover from the prior year created additional learning curve. In addition, those new employees and others in the Borough have begun review of certain internal processes resulting in changes to how items are tracked and recorded (e.g. - the landfill closure estimate was completely revised in 2015 after an external review). Certain accounts (accrued payroll) were adjusted, but there was no review process to catch the journal posting error.

Recommendation: We recommend the Borough continue to review and improve its internal processes, by establishing formal internal due dates for these tasks. Management should continue to train, monitor, and review these activities to ensure timeliness and accuracy.

Views of responsible officials and planned corrective actions: See the corrective action plan.

Matanuska-Susitna Borough, Alaska

Schedule of Findings and Questioned Costs, continued Year Ended June 30, 2015

2015-003	<i>Accounting for Amortization of Landfill Cells- Material Weakness</i>
Criteria:	Adequate internal control over financial reporting requires assets to be amortized when they are placed into service and amortized over their estimated useful life.
Condition:	Landfill cells were not being amortized over their estimated useful lives.
Context:	One landfill cell was being amortized at the incorrect rate and another landfill cell was in service, but incorrectly not being amortized.
Effect:	Capital Assets were overstated and amortization expense was understated for the Solid Waste Enterprise Fund.
Cause:	Lack of internal communication about when landfill cells are being placed into service and lack of review of spreadsheets that used to determine estimated useful lives were contributing factors.
Recommendation:	We recommend the Borough establish more formal communications for when assets are placed into service and that spreadsheets used to determine estimated useful lives are reviewed for completeness and accuracy.
Views of responsible officials and planned corrective actions:	See the corrective action plan.

Section III - Federal Award Findings and Questioned Costs

There were no findings and questioned costs for federal awards (as defined in section .510(a) of the OMB Circular A-133) that are required to be reported.

Section IV - State Award Findings and Questioned Costs

There were no findings and questioned costs for State awards (as defined in the State of Alaska Audit Guide and Compliance Supplement for State Single Audits) that are required to be reported.

Matanuska-Susitna Borough, Alaska

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2015

Government Auditing Standards Findings

Finding 2014-001	Timely Reconciliation and Close - Material Weakness
<i>Condition:</i>	Cash and investments were not reconciled and adjusted timely for the year end close.
<i>Status:</i>	This Finding has been incorporated into finding 2015-001.

Federal Award Findings and Questioned Costs

There were no prior year audit findings.

State of Alaska Award Findings and Questioned Costs

There were no prior year audit findings.



MATANUSKA-SUSITNA BOROUGH

Department of Finance

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Corrective Action Plan Year Ended June 30, 2015

Name of Contact Person: Barbara Baumgartner
Matanuska-Susitna Borough Comptroller
350 E. Dahlia Avenue
Palmer, AK 99645
Phone: (907) 861-8624

Finding 2015-001

Cash and Investment Reconciliations

Corrective Action:

The Borough updated its established procedures to address the issues of timely reconciliations and adjustments of cash and investment accounts. The procedures for the reconciliation of the bank accounts are in place, and the accounts are timely reconciled. During fiscal year 2016 additional procedures and internal controls will be implemented for the investments accounts to insure that all transactions and adjustments are done on a timely basis.

Proposed Completion Date:

The Corrective Action plan will be completed in Fiscal Year 2016.

Finding 2015-002

Timely Close and Review

Corrective Action:

The Borough has established year end procedures. These procedures are being reviewed and updated to include timelines and deadlines for year end. Account review procedures are being enhanced with internal controls to detect and correct errors.

Proposed Completion Date:

The Corrective Action plan will be completed in Fiscal Year 2016.

Finding 2015-003

Accounting for Amortization of Landfill Cells – Material Weakness

Corrective Action:

The Borough is in the process of instituting and documenting procedures for determination of the amortization of the landfill cells. This includes verbal communication throughout the year, and written documentation at year end of the status of construction, usage and closure of the landfill cells.

Proposed Completion Date:

The Corrective Action plan will be completed in Fiscal Year 2016.

Matanuska-Susitna Borough School District
(A Component Unit of the Matanuska-Susitna Borough)

Statement of Net Position

<i>June 30, 2015</i>	Governmental Activities
Assets and Deferred Outflows	
Assets	
Cash and investments	\$ 30,637,684
Accounts receivable:	
Federal and state grants	3,954,511
Other	615,471
Receivable from the Borough	1,233,642
Inventory	1,943,872
Prepaid items	540,015
Capital assets, net of accumulated depreciation	7,873,567
Total Assets	46,798,762
Deferred Outflows - pension related	7,761,148
Total Assets and Deferred Outflows	\$ 54,559,910
Liabilities, Deferred Inflows and Net Position	
Liabilities	
Accounts payable	\$ 4,762,832
Accrued payroll and related liabilities	5,644,419
Unearned revenue	1,106,297
Insurance claims incurred but not reported	1,109,340
Noncurrent liabilities:	
Accrued leave - due within one year	4,091,398
Net pension liability - due in more than one year	87,629,822
Total Liabilities	104,344,108
Deferred Inflows - pension related	8,926,236
Net Position	
Net investment in capital assets	7,873,567
Restricted	909,690
Unrestricted (deficit)	(67,493,691)
Total Net Position	(58,710,434)
Total Liabilities, Deferred Inflows and Net Position	\$ 54,559,910

Matanuska-Susitna Borough School District
(A Component Unit of the Matanuska-Susitna Borough)

Statement of Activities

<i>Year Ended June 30, 2015</i>	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contri- butions	
Governmental Activities				
Instruction	\$ 133,133,390	\$ -	\$ 44,594,149	\$ (88,539,241)
Special education instruction	44,347,523	-	12,485,531	(31,861,992)
Special education support services - students	18,887,579	-	5,814,282	(13,073,297)
Support services - students	11,371,555	-	3,406,342	(7,965,213)
Support services - instruction	15,877,378	-	6,806,930	(9,070,448)
School administration	12,258,280	-	4,236,007	(8,022,273)
School administration support services	10,151,374	-	368,923	(9,782,451)
District administration	2,652,052	-	1,001,249	(1,650,803)
District administration support services	10,321,568	-	1,013,496	(9,308,072)
Operations and maintenance of plant	23,926,623	-	727,498	(23,199,125)
Student activities	4,580,399	-	995,396	(3,585,003)
Student transportation	15,281,946	-	15,651,855	369,909
Community services	27,159	-	24,926	(2,233)
Food services	6,521,325	1,108,593	4,707,158	(705,574)
Construction and facilities acquisition	1,702,221	-	104,571	(1,597,650)
Total Governmental Activities	\$ 311,040,372	\$ 1,108,593	\$ 101,938,313	(207,993,466)
General Revenues				
Borough contribution				51,291,720
State grants and entitlements not restricted to a specific purpose				160,874,324
E-rate				1,222,684
Medicaid reimbursement				1,150,746
Out of district reimbursement				1,669,618
Other				430,864
Total General Revenues				216,639,956
Change in net position				8,646,490
Net Position, beginning of year as restated (Note 14)				(67,356,924)
Net Position, end of year				\$ (58,710,434)

Matanuska-Susitna Borough School District
(A Component Unit of the Matanuska-Susitna Borough)

Governmental Funds
Balance Sheet

	Major Funds			
	General	Capital Improvement Projects Capital Project	Nonmajor Funds	Total Govern- mental Funds
<i>June 30, 2015</i>				
Assets				
Cash and investments	\$ 18,620,008	\$ 6,696,092	\$ 3,349,596	\$ 28,665,696
Accounts receivable:				
Federal and state grants	-	-	3,954,511	3,954,511
Other	194,215	-	1,649,798	1,844,013
Inventory	1,085,529	-	633,195	1,718,724
Prepaid items	538,017	-	-	538,017
Due from other funds	5,902,466	-	-	5,902,466
Total Assets	\$ 26,340,235	\$ 6,696,092	\$ 9,587,100	\$ 42,623,427
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 3,386,034	\$ 36,596	\$ 1,327,247	\$ 4,749,877
Accrued payroll and related liabilities	5,644,419	-	-	5,644,419
Unearned revenue	3,787	5,376	953,434	962,597
Due to other funds	-	-	5,167,806	5,167,806
Total Liabilities	9,034,240	41,972	7,448,487	16,524,699
Fund Balances				
Nonspendable	1,623,546	-	633,195	2,256,741
Restricted	903,914	-	5,776	909,690
Committed	500,000	6,654,120	-	7,154,120
Assigned	-	-	1,499,642	1,499,642
Unassigned	14,278,535	-	-	14,278,535
Total Fund Balances	17,305,995	6,654,120	2,138,613	26,098,728
Total Liabilities and Fund Balances	\$ 26,340,235	\$ 6,696,092	\$ 9,587,100	\$ 42,623,427

Matanuska-Susitna Borough School District
(A Component Unit of the Matanuska-Susitna Borough)

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

June 30, 2015

Total fund balances of governmental funds	\$	26,098,728
Total net position reported for governmental activities in the statement of net position is 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	\$	16,419,208
Accumulated depreciation		<u>(8,545,641)</u>
Total capital assets		7,873,567
Long-term liabilities are not due and payable in the current period and therefore are not reported as fund liabilities.		
Long-term liabilities reported in these statements consist of:		
Accrued leave		(4,091,398)
Net pension liability		<u>(87,629,822)</u>
Total long-term liabilities		(91,721,220)
Certain changes in net pension liabilities are deferred rather than recognized immediately. These are amortized over time.		
Deferred outflows related to pensions		7,761,148
Deferred inflows related to pensions		<u>(8,926,236)</u>
Total deferred pension items		(1,165,088)
Amounts reported in the Proprietary Funds of the District are used to support ongoing educational programs. Their activities are appropriately recorded with governmental activities in the statement of net position.		<u>203,579</u>
Net position of governmental activities	\$	<u>(58,710,434)</u>

Matanuska-Susitna Borough School District
(A Component Unit of the Matanuska-Susitna Borough)

Governmental Funds
Statement of Revenues, Expenditures and Changes
in Fund Balances

<i>Year Ended June 30, 2015</i>	Major Funds			Total Governmen- tal Funds
	General	Capital Improvement Projects Capital Project	Nonmajor Funds	
Revenues				
Local sources:				
Borough appropriation	\$ 51,291,720	\$ -	\$ -	\$ 51,291,720
Other local	2,100,482	-	1,336,317	3,436,799
Borough capital projects	-	-	4,308,832	4,308,832
State of Alaska	414,663,971	-	17,283,941	431,947,912
Federal sources:				
E-rate	1,222,684	-	-	1,222,684
Medicaid reimbursement	1,150,746	-	-	1,150,746
Direct grants	-	-	852,066	852,066
Grants passed through the State of Alaska	-	-	16,003,648	16,003,648
Grants passed through intermediate agencies	-	-	440,179	440,179
Total Revenues	470,429,603	-	40,224,983	510,654,586
Expenditures				
Current:				
Instruction	234,628,175	-	5,734,262	240,362,437
Special education instruction	69,529,884	-	2,813,601	72,343,485
Special education support services - students	29,644,007	-	1,443,207	31,087,214
Support services - students	21,303,655	-	16,734	21,320,389
Support services - instruction	22,956,328	-	3,081,311	26,037,639
School administration	23,566,567	-	67,031	23,633,598
School administration support services	12,078,209	-	-	12,078,209
District administration	3,401,874	-	540,836	3,942,710
District administration support services	11,883,489	-	643,951	12,527,440
Operations and maintenance of plant	25,945,340	-	783,323	26,728,663
Student activities	7,291,546	-	7,526	7,299,072
Student transportation	5,964	-	15,281,995	15,287,959
Community services	824	-	24,922	25,746
Food services	8,168	-	6,505,494	6,513,662
Construction and facilities acquisition	-	2,241,706	3,666,363	5,908,069
Total Expenditures	462,244,030	2,241,706	40,610,556	505,096,292
Excess (deficiency) of revenues over expenditures	8,185,573	(2,241,706)	(385,573)	5,558,294
Other Financing Sources (Uses)				
Transfers in	-	3,000,000	692,367	3,692,367
Transfers out	(3,692,367)	-	-	(3,692,367)
Net Other Financing Sources (Uses)	(3,692,367)	3,000,000	692,367	-
Net change in fund balances	4,493,206	758,294	306,794	5,558,294
Fund Balances, beginning of year	12,812,789	5,895,826	1,831,819	20,540,434
Fund Balances, end of year	\$ 17,305,995	\$ 6,654,120	\$ 2,138,613	\$ 26,098,728

Matanuska-Susitna Borough School District
(A Component Unit of the Matanuska-Susitna Borough)

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

Year Ended June 30, 2015

Net change in fund balances - total governmental funds \$ 5,558,294

The change in net position reported for governmental activities in the statement of activities is 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:

Capital outlay	\$ 2,659,034	
Depreciation expense	<u>(1,445,442)</u>	
		1,213,592

Amount reported in the governmental funds includes revenues and expenditures for Borough funded capital projects. However, in the statement of activities, the revenues and expenditures are eliminated. These amounts consisted of:

Revenues	\$ 4,308,832	
Expenditures	<u>(4,308,832)</u>	
		-

Changes in net pension liability and related accounts can increase or decrease net position. This is the net increase in equity due to changes in the net pension liability and the related deferred outflows and inflows. 1,681,372

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 decrease in annual leave. 193,232

Change in Net Position of Governmental Activities \$ 8,646,490

Matanuska-Susitna Borough School District
(A Component Unit of the Matanuska-Susitna Borough)

Proprietary Funds
Statement of Net Position

<i>June 30, 2015</i>	Governmental Activities	
	Nonmajor Enterprise Funds	Internal Service Fund
Assets		
Current:		
Cash and investments	\$ 138,600	\$ 1,833,388
Accounts receivable	5,100	-
Prepaid items	1,998	-
Inventory	225,148	-
Total Assets	\$ 370,846	\$ 1,833,388
Liabilities and Net Position		
Current Liabilities		
Accounts payable	\$ -	\$ 12,955
Due to other funds	23,567	711,093
Unearned revenue	143,700	-
Insurance claims incurred but not reported	-	1,109,340
Total Current Liabilities	167,267	1,833,388
Net Position - unrestricted	203,579	-
Total Liabilities and Net Position	\$ 370,846	\$ 1,833,388

Matanuska-Susitna Borough School District
(A Component Unit of the Matanuska-Susitna Borough)

Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Position

	Governmental Activities	
	Nonmajor Enterprise Funds	Internal Service Fund
<i>Year Ended June 30, 2015</i>		
Operating Revenues		
Interfund charges	\$ -	\$ 2,008,752
Sales	10,809	-
Total Operating Revenues	10,809	2,008,752
Operating Expenses		
Claims expense	-	1,708,858
Instruction	9,460	-
Support services - instruction	1,349	-
General and administrative	-	300,084
Total Operating Expenses	10,809	2,008,942
Operating loss	-	(190)
Non Operating Revenue - interest income	-	190
Change in net position	-	-
Net Position, beginning of year	203,579	-
Net Position, end of year	\$ 203,579	\$ -

Matanuska-Susitna Borough School District
(A Component Unit of the Matanuska-Susitna Borough)

Proprietary Funds
Statement of Cash Flows

	Governmental Activities	
	Nonmajor Enterprise Funds	Internal Service Fund
<i>Year Ended June 30, 2015</i>		
Cash Flows for Operating Activities		
Receipts from interfund charges	\$ -	\$ 1,764,435
Receipts from customers and users	14,569	-
Payments to suppliers	(15,909)	(1,975,831)
Net cash flows for operating activities	(1,340)	(211,396)
Cash Flows from Investing Activities		
Interest received	-	190
Net decrease in cash and cash equivalents	(1,340)	(211,206)
Cash and Cash Equivalents, beginning of year	139,940	2,044,594
Cash and Cash Equivalents, end of year	\$ 138,600	\$ 1,833,388
Reconciliation of Operating Loss to Net Cash Flows for Operating Activities:		
Operating loss	\$ -	\$ (190)
Adjustments to reconcile operating loss to net cash flows for operating activities:		
Increase in inventories	(15,936)	-
Increase (decrease) in due to other funds	15,945	(244,317)
Increase in accounts receivable	(5,100)	-
Increase (decrease) in accounts payable	(5,109)	1,115
Increase in unearned revenue	8,860	-
Increase in insurance claims incurred but not reported	-	31,996
Total adjustments	(1,340)	(211,206)
Net Cash Flows for Operating Activities	\$ (1,340)	\$ (211,396)

Matanuska-Susitna Borough School District
(A Component Unit of the Matanuska-Susitna Borough)

Student Activities Agency Fund
Statement of Fiduciary Assets and Liabilities

June 30, 2015

Assets

Cash and investments \$ 1,743,926

Liabilities

Due to student activities and community schools \$ 1,743,926
