

Matanuska-Susitna Borough, Alaska

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2017

John Moosey
Borough Manager

Prepared by the Finance Department

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Finance Director

Barbara Baumgartner, CPA
Comptroller

Matanuska-Susitna Borough, Alaska

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2017

Matanuska-Susitna Borough, Alaska

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MATANUSKA-SUSITNA BOROUGH

Department of Finance

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December 27, 2017

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, 2017, 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 LLC, 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, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall

financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Borough's financial statements for the fiscal year ended June 30, 2017, 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 102,598. 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, port, 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 (Rescue Units). 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 74 through 77. For governmental funds, other than the General Fund, these comparisons start on page 83.

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 has doubled. Whereas, the population of the State only grew 25%. 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. Health care is our local economy's major driver. Several new medical facilities have been and are being built over the past five years.

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 655 single-family residences, and 197 multi-family residences.

To further economic development, the Borough has completed numerous infrastructure projects. Keying on internal collector road connections are transportation program greatly improved on relieving traffic congestion. In the past three years the Borough solely invested over \$80 million in improving this key economic facilitator.

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, 2017 of the investments range from three months to four and one-half years, with an average maturity of 2 and one-half years. The average yield this fiscal year was 1.147%

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 (12) and (13) 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 2016 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 2017 and 2018. 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 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.

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.

In December 2016, Certificates of Participation were issued in the amount of \$13 million. These provide funding for a fleet maintenance facility addition to a Public Safety Building and a Public Safety Building with training facility.

In October 2016 the voters of the Borough authorized the issuance of \$22,160,000 in General Obligation Park & Recreation Bonds to finance improvements to the Ice Arena, Palmer and Wasilla Pools, trails and various parks.

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 \$14.1 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, 2016. 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.

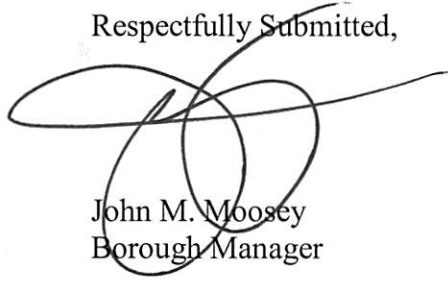
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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, Dana Olson, Michael Newman, Kelly Short, Eileen Pickett, Cindy Loyer, Jeff Krueger, Sara Clemons, Tonya Loyer, Kathleen Kelly, Cheyenne Chandler, 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



Cheyenne Heindel
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.

Vern Halter, Mayor
Matthew Beck, Deputy Mayor

Jim Sykes
Barbara Doty
Ted Leonard

Dan Mayfield
Randall Kowalke
George McKee



Borough Staff

John M. Moosey
George Hays
Nicholas Spiropoulos
Lonnie McKechnie
Cheyenne Heindel
Jude Bilafer
Eric Phillips
Otto Feather
Eileen Probasco
Terry Dolan
Brad Pickett
Therese Dolan
Eric Phillips
Patty Sullivan
Eric Wyatt
Barbara Baumgartner

Borough Manager
Assistant Borough Manager
Borough Attorney
Borough Clerk
Director of Finance
Capital Projects Director
Community Development Director
Director of Emergency Services
Director of Planning & Land Use
Director of Public Works
Borough Assessor
Port Operations Manager
Director of Community Development
Public Affairs Director
Information Technology Director
Borough Comptroller



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Matanuska-Susitna Borough
Alaska

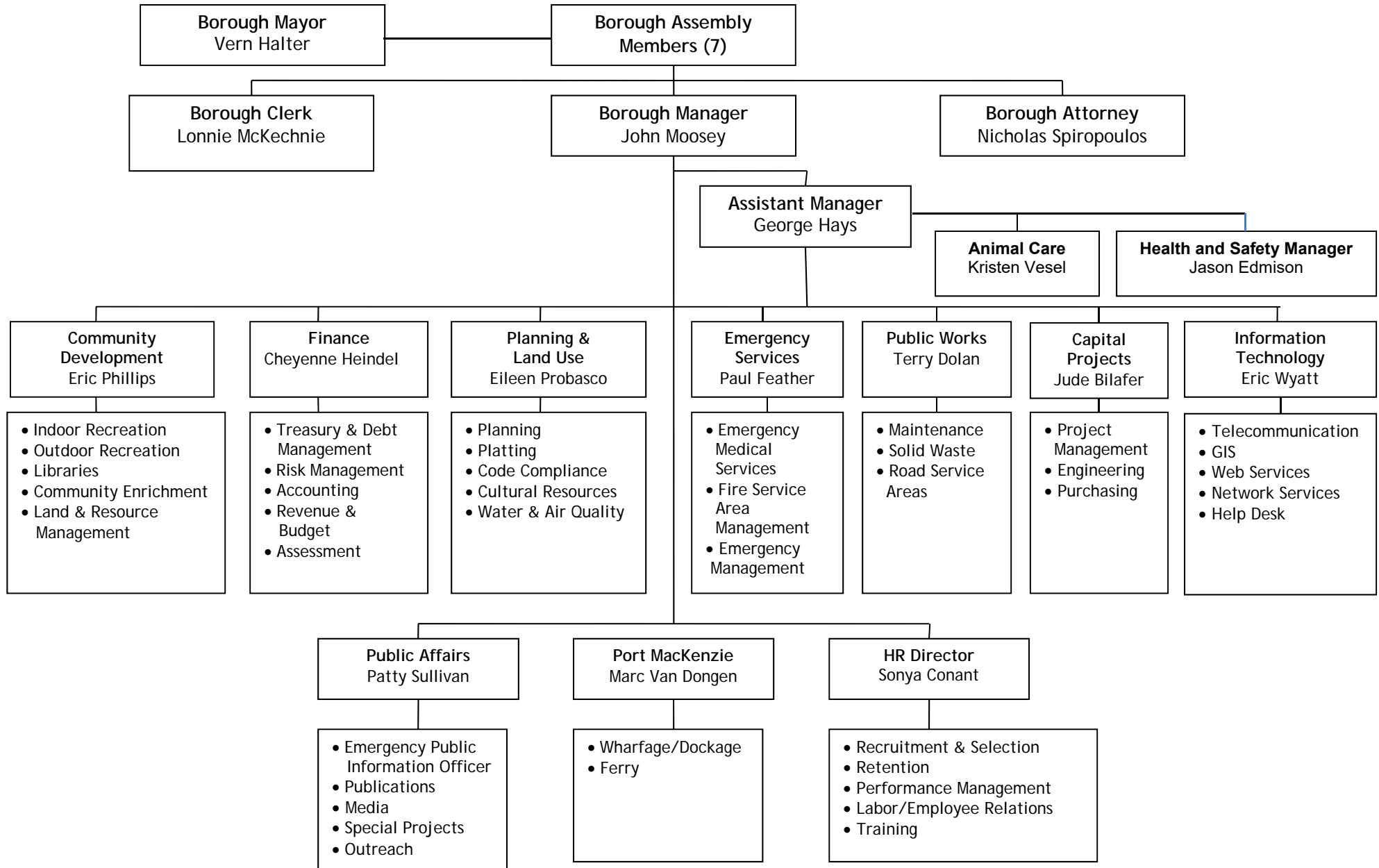
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Christopher P. Morill

Executive Director/CEO

Matanuska-Susitna Borough Organization Chart Fiscal Year 2017





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Independent Auditor's Report

Honorable Mayor and
Members of the Assembly
Matanuska-Susitna Borough
Palmer, Alaska

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the 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, 2017, 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.

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 discretely presented component unit, each major fund, and the aggregate remaining fund information of Matanuska-Susitna Borough as of June 30, 2017, 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.

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 4-16 and the Schedules of Net Pension Liability and Pension Contributions on pages 66-68 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, 2017 was conducted for the purpose of forming opinions on the financial statements that collectively comprise Matanuska-Susitna Borough's basic financial statements. The accompanying Supplementary Information, Other Supplementary Information, and Component Unit financial statements 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. The Schedule of Expenditures of Federal Awards and the Schedule of State Financial Assistance are required by Title 2 U.S Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, respectively.

The Supplementary Information and Other Supplementary Information 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, 2017.

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, 2016 (not presented herein), and have issued our report thereon dated January 30, 2017, 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. The individual fund financial statements and schedules for the year ended June 30, 2016 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, 2016 financial statements. The information has been subjected to the auditing procedures applied in the audit of the June 30, 2016 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.

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 or 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 December 27, 2017 on our consideration of Matanuska-Susitna Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Matanuska-Susitna Borough's 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
December 27, 2017

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Matanuska-Susitna Borough

Management's Discussion and Analysis

June 30, 2017

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, 2017. 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 VII of this report.

Financial Highlights

- The assets and deferred outflows of resources of the Matanuska-Susitna Borough exceeded its liabilities and deferred inflows of resources at the close of the most recent year by \$889,225,155. Of this amount, \$77,294,982 (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 12-13.
- At the end of the current fiscal year, spendable fund balance for the General Fund was \$49,522,272. Of this amount, \$12,215,100 was unassigned and available for spending. The unassigned fund balance for the General Fund represented 8.6% of total General Fund expenditures and transfers.
- The Borough's total net position increased by \$20,844,717.
- As of the close of the current fiscal year, the Borough's governmental funds reported combined ending fund balances of \$211,307,479, an increase of \$18,711,146 in comparison to the prior year.
- The Borough's total outstanding debt increased by \$27,512,306 to a year-end balance of \$456,046,067. The Borough's long-term debt table can be found on pages 48-55 of the Notes to the Basic Financial Statements.
- In fiscal year 2005, the Borough established two enterprise funds in order to account for the Borough's sanitary landfill and Port MacKenzie activities. Current fiscal year activities of the two funds combined to decrease the total Borough net position by \$505,391.

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 and 19 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 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 School Building Debt Service Fund, and Fronteras School Debt Service Fund. The other governmental funds are combined and shown as Nonmajor Governmental Funds on the Governmental Fund Balance Sheet and Governmental Statement of Revenues, Expenditures, and

Matanuska-Susitna Borough

Management's Discussion and Analysis

Changes in Fund Balances. Individual fund information for the 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 schedules for the General Fund with annual budgets are provided on pages 74-77 to demonstrate compliance with these budgets. The special revenue funds with annual budgets are provided on pages 83-126.

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 139-144.

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 145-153.

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.

The basic fiduciary aggregated fund financial statements can be found on page 30 of this report and more detailed supplementary information is provided on pages 155-156.

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 31-68 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information. The combining statements referred to earlier in connection

Matanuska-Susitna Borough
Management's Discussion and Analysis

with nonmajor governmental funds can be found on pages 70-71. Individual governmental funds can be found on pages 79-138 and proprietary funds can be found on pages 139-144 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 of resources exceeded liabilities and deferred inflows of resources by \$881,925,155, at June 30, 2017 compared to \$868,380,438, at June 30, 2016. 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, 2017 and 2016
(in millions of dollars)

	Governmental Activities		Business-Type Activities		Total Activities	
	2017	2016	2017	2016	2017	2016
Assets and Deferred Outflows of Resources						
Current and other assets	\$ 269.3	\$ 256.8	\$ (1.2)	\$ (1.2)	\$ 268.1	\$ 255.6
Capital assets	1,036.7	1,026.4	40.2	42.0	1,076.9	1,068.4
Total assets	1,306.0	1,283.2	39.0	40.8	1,345.0	1,324.0
Deferred outflows of resources	17.8	8.3	0.8	0.5	18.6	8.8
Total Assets and Deferred Outflows of Resources	\$ 1,323.8	\$1,291.5	\$ 39.8	\$ 41.3	\$ 1,363.6	\$ 1,332.8
Liabilities and Deferred Inflows of Resources						
Long-term debt outstanding	\$ 362.1	\$ 352.6	\$ 16.0	\$ 16.1	\$ 378.1	\$ 368.7
Net Pension Liability	44.9	30.0	2.3	1.4	47.2	31.4
Other liabilities	46.0	47.4	1.8	3.5	47.8	50.9
Total liabilities	453.0	430.0	20.1	21.0	473.1	451.0

Matanuska-Susitna Borough
Management's Discussion and Analysis

	Governmental Activities		Business-Type Activities		Total Activities	
	2017	2016	2017	2016	2017	2016
Deferred inflows of resources	1.3	13.4	-	-	1.3	13.4
Total Liabilities and Deferred Inflows of Resources	\$ 454.3	\$ 443.4	\$ 20.1	\$ 21.0	\$ 474.4	\$ 464.4
Net Position						
Net investment in capital assets	\$ 717.1	\$ 711.7	\$ 29.8	\$ 31.0	\$ 746.9	\$ 742.7
Restricted	65.0	5.0	-	-	65.0	5.0
Unrestricted	87.4	131.4	(10.1)	(10.7)	77.3	120.7
Total Net Position	\$ 869.5	\$ 848.1	\$ 19.7	\$ 20.3	\$ 889.2	\$ 868.4

Changes in Net Position

During the current fiscal year, the Borough's total net position increased by \$20.8 million. This compares to an increase of \$54.3 million for the year ended June 30, 2016.

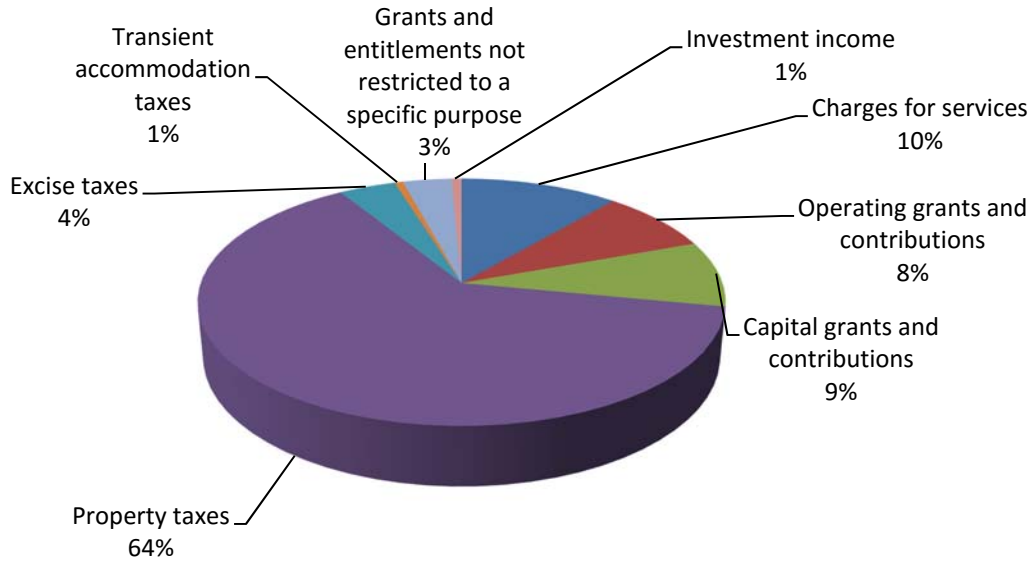
As noted, in 2015 the Borough adopted the provisions of the General Accounting Standards Board (GASB) Statement No. 68 *Accounting and Financial Reporting for Pensions*. This statement changes the reporting of the Borough's proportionate share of the Public Employees' Retirement System's (PERS) Defined 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 12, pages 56-61.

Revenues decreased overall by \$40.4 million with the majority of this resulting from a decrease in Capital Grants of \$39.8 million due largely to a decreased amount of federal and state funding being provided for Borough capital projects. Collection of property taxes increased by \$6.7 million, and investment income increased by \$1.0 million. During fiscal year 2017, approximately 63% of the Borough's total revenues came from property taxes with the remainder being provided primarily by charges for services provided and grants and contributions.

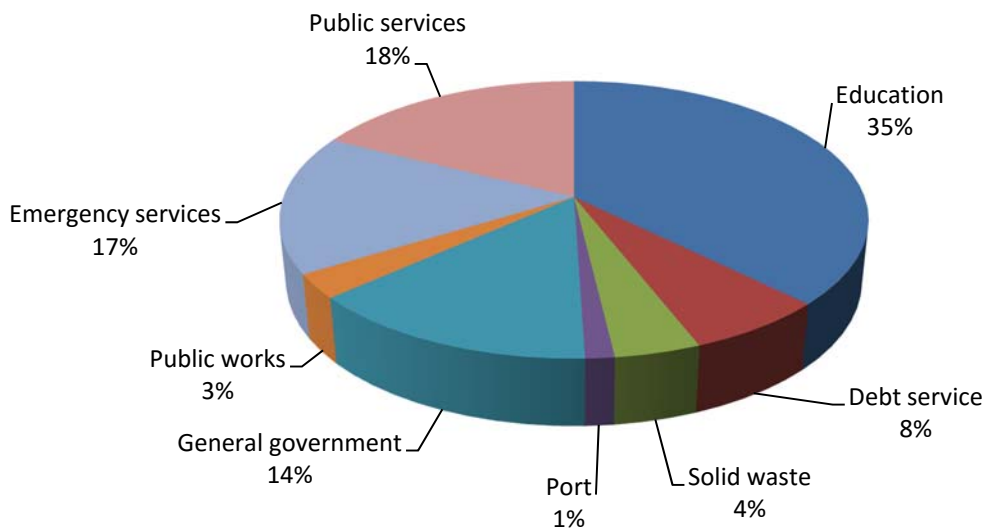
Expenses decreased overall by \$1.0 million from the prior year. During fiscal year 2017, approximately 35% of the Borough's total expenses went toward education with the remainder primarily providing emergency services, public services, and general government services.

Matanuska-Susitna Borough
Management's Discussion and Analysis

Sources of Revenue for Fiscal Year 2017



Functional Expenses for Fiscal Year 2017



Matanuska-Susitna Borough
Management's Discussion and Analysis

Changes in Matanuska-Susitna Borough's Net Position
For Years Ended June 30, 2017 and 2016
(in millions of dollars)

	Governmental Activities		Business-Type Activities		Total Activities	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenues:						
Charges for services	\$ 11.6	\$ 11.3	\$ 9.3	\$ 8.9	\$ 20.9	\$ 20.2
Operating grants and contributions	16.0	24.3	.7	.8	16.7	25.1
Capital grants and contributions	17.6	55.6	-	1.8	17.6	57.4
General revenues:						
Property taxes	129.1	122.4	-	-	129.1	122.4
Transient accommodation taxes	1.2	1.2	-	-	1.2	1.2
Tobacco excise taxes	8.2	8.3	-	-	8.2	8.3
Other	10.2	9.7	-	-	10.2	9.7
Total Revenues	\$ 193.9	\$ 232.8	\$ 10.0	\$ 11.5	\$ 203.9	\$ 244.3
Expenses						
General government	\$ 26.7	\$ 24.3	\$ -	\$ -	\$ 26.7	\$ 24.3
Public works	5.4	12.9	-	-	5.4	12.2
Emergency services	31.4	28.7	-	-	31.4	29.4
Public services	33.8	29.7	-	-	33.8	29.7
Education	64.8	64.4	-	-	64.8	64.4
Interest	13.6	12.7	-	-	13.6	12.7
Solid waste	-	-	7.8	9.7	7.8	9.7
Port	-	-	2.6	4.7	2.6	4.7
Total Expenses	175.7	172.7	10.4	14.4	186.1	187.1
Excess before transfers, special items, and extraordinary items						
	10.9	60.1	(.4)	(2.9)	10.5	57.2
Extraordinary items	-	-	-	(2.9)	-	(2.9)
Transfers	.1	(2.6)	(.1)	2.6	-	-
Special items	3.0	-	-	-	3.0	-
Increase in Net Position	21.3	57.5	(.5)	(3.2)	20.8	54.3
Net Position, beginning	848.2	790.7	20.2	23.4	868.4	814.1
Net Position, ending	\$ 869.5	\$ 848.2	\$ 19.7	20.2	\$ 889.2	868.4

Matanuska-Susitna Borough

Management's Discussion and Analysis

Governmental activities

Revenues for the Borough's governmental activities decreased by \$38.9 million from the prior year while expenses for governmental activities increased by \$3.0 million. Key elements to the decrease in revenues include the following:

- Capital grants and contributions revenues decreased by a total of \$38 million due largely to decreased federal and state funding being provided for Borough capital projects.
- In response to State budget cuts, the Borough worked to decrease its capital spending.
- Education expenses increased by \$0.4 million.

Business-type activities

Revenues for the Borough's business-type activities decreased by \$1.5 million from the prior year and expenses for business-type activities also decreased by \$4 million. The primary reason for the decrease in revenues is that revenues from capital grants decreased by \$1.8 million. The primary decrease in expenses was for the Port.

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 \$211,307,479, an increase of \$18,711,146 in comparison with the prior year. A portion of this amount is categorized as non-spendable to indicate it is inherently non-spendable because it has already been dedicated to liquidate prepaid expenses (\$1,169,600) or is already in the form of inventory (\$245,514), and long term loan receivable (\$450,000).

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 \$3,920,592 are restricted due to lender imposed debt reserves for debt service and unused bond proceeds in the amount of \$61,109,924 are restricted for school, road, and parks and recreation construction projects, as approved by the Borough voters.

A total of \$38,900,693 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 \$13,900,693 of the committed fund balance is shown as committed for a long-term note receivable, the Land Management Permanent Fund, school site acquisition, paving projects, 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, \$93,756,181 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 \$11,754,975 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 \$51,209,189, non-spendable fund balance was \$1,686,917, committed fund balance was \$33,069,306, assigned fund balance was \$4,237,866, and unassigned fund balance was \$12,215,100. Total fund balance decreased by \$7,312,162 from the prior year. The key factors include:

- A decrease of \$403,374 in non-spendable funds from the prior year.
- An increase of \$4,057,768 in funds committed from the prior year.
- A decrease of \$9,325,048 in funds assigned to subsequent year expenditures from the prior year.

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

At the end of the current fiscal year, ending total fund balance in the School Capital Projects Fund was \$39,283,930, with unused bond proceeds in the amount of \$28,110,323 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 \$11,071,910, and non-spendable for prepaid items in the amount of \$101,697. Total fund balance decreased by \$13,943,257 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 School Building Debt Service Fund was \$2,358,727. Of this, \$1,539,332 is restricted for debt service payments.

At the end of the current fiscal year, the Fronteras School Debt principal was \$6,900,000. The school was completed in fiscal year 2016, and the District will pay the debt. The principal payments begin in fiscal year 2018.

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 \$1,666,524 and a deficit of (\$11,759,556), respectively. The unrestricted net position of the internal service funds at the end of the year were \$24,306,043.

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 \$4,758,395, with \$3,091,871 invested in capital assets, net of related debt, and unrestricted net position \$1,666,524. The total net position increased by \$1,276,207 from the prior year.

Matanuska-Susitna Borough

Management's Discussion and Analysis

At the end of the current fiscal year, the ending total net position of the Port Enterprise Fund was \$14,965,124, with \$26,724,680 invested in capital assets, net of related debt, and an unrestricted net position deficit of (\$11,759,556). The total net position decreased by \$1,781,598 from the prior year.

General Fund Budgetary Highlights

At year end, there was no change from the total original budget and the total final amended budget for revenues. There was a decrease in expenditures of \$8.9 million, and an increase in transfers out of \$1.6 million.

The actual revenues were \$2.4 million less than the amended budget. Actual expenditures were \$3.6 million less than the amended budget. Actual transfers in were \$1.0 million more than the amended budget. Actual transfers out were \$4.5 million less than the amended budget. Key factors include:

- Revenues decreased primarily from intergovernmental revenues that were \$3.8 million less than budgeted. Taxes and charges for services exceeded the final budget by \$1.2 million. Actual general government expenditures were \$2.1 million less than budgeted. This is due to a continued concerted effort to cut spending.

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, 2017 amounts to \$747,899,657 (net of accumulated depreciation), which is an increase of \$4,230,911 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:

- The new Iditarod and Dena'ina Elementary Schools were completed. Ongoing school construction includes high school locker replacements, emergency power generator replacements, and other upgrades.
- Public safety building 3-2 addition was completed. Construction of the public safety building/fleet maintenance building 7-3 construction is ongoing.
- South Trunk Road and Clapp/Mack roads were completed. Three Bodenbug Creek bridges were upgraded.
- Continuing development in the Hatcher Pass Ski Area, construction of the Parks and Recreation maintenance shop, construction of the Jim Creek Recreation area.
- Upgrades and repairs to the Borough administration building continue to improve the building.
- Phase I of the Port MacKenzie dock repair is completed, and phase II design is underway.

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	
	2017	2016	2017	2016	2017	2016
Land and land improvements	\$ 19.4	\$ 19.4	\$ -	\$ -	\$ 19.4	\$ 19.4
Right of Way	79.4	78.0	-	-	79.4	78.0
Buildings	526.1	499.1	13.3	13.9	539.4	513.0
Improvements other than buildings	27.7	24.5	1.0	1.0	28.7	25.5
Equipment	18.4	18.1	0.9	1.0	19.3	19.1
Infrastructure	94.6	94.1	24.5	23.8	119.1	117.9
Construction in progress	271.1	293.2	-	1.5	271.1	294.7
Landfill cells	-	-	0.5	0.9	0.5	0.9
Total Capital Assets	\$ 1,036.7	\$1,026.4	\$ 40.2	\$ 42.1	\$ 1,076.9	\$1,068.5

Additional information on the Borough's capital assets can be found in on pages 44-46 of this report.

Long-term Debt

At the end of the current fiscal year, the Borough had total debt outstanding of \$456,046,067. Of this amount, \$317,910,000 was bonded and backed by the full faith and credit of the Borough. The Certificates of Participation had an outstanding balance of \$20,585,000. The remaining debt consists of ADEC loans, landfill closure costs, accrued leave, insurance claims incurred but not reported, and net pension liability.

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

	Governmental Activities		Business-Type Activities		Total Activities	
	2017	2016	2017	2016	2017	2016
General obligation bonds	\$ 313.7	\$ 314.7	\$ 4.2	\$ 4.8	\$ 317.9	\$ 319.5
Certificates of participation	20.6	10.9	-	-	20.6	10.9
Other debt	102.5	84.5	15.0	13.6	117.5	98.1
Total Outstanding Debt	\$ 436.8	\$ 410.1	\$ 19.2	\$ 18.4	\$ 456.0	\$ 428.5

Additional information on the Borough's long-term debt can be found on pages 48-55 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 2018, 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.
- Maintenance of the Borough's bond rating

All of these factors were considered in preparing the Borough's budget for fiscal year 2018. As a result, the fiscal year 2018 budget is 10.332 mills for the General Fund tax rate, and increase of .348 mills. The non areawide mill rate increased by .023 mills in the fiscal year 2018 budget, going from the current rate of .525 mills to an approved rate of .548 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 Unit
	Governmental Activities	Business-Type Activities	Total	School District
<i>June 30, 2017</i>				
Assets and Deferred Outflows of Resources				
Assets				
Cash and investments	\$ 163,287,106	\$ 5,446,999	\$ 168,734,105	\$ 21,376,789
Prepaid items	1,169,600	-	1,169,600	1,015,015
Receivables:				
Intergovernmental	2,892,580	19,964	2,912,544	5,721,961
Property and excise taxes, net of allowance	12,694,878	-	12,694,878	-
Accounts, net of allowance	-	663,467	663,467	-
Ambulance, net of allowance	2,529,055	-	2,529,055	-
Land sales contracts, net of allowance	5,860	-	5,860	-
Lease receivable, net of allowance	133,244	-	133,244	-
Loan receivable	400,000	-	400,000	-
Other	4,017,122	-	4,017,122	960,523
Accrued interest	210,852	-	210,852	-
Due from Borough	-	-	-	473,690
Deposits	48,905	-	48,905	-
Inventory	245,514	-	245,514	2,454,518
Restricted cash	65,030,516	2,247,110	67,277,626	-
Internal balances	9,519,219	(9,519,219)	-	-
Land sales contracts receivable - long term	297,553	-	297,553	-
Lease receivable, net of allowance - long term	6,766,756	-	6,766,756	-
Capital assets, not being depreciated	369,840,130	-	369,840,130	119,632
Capital assets, net of accumulated depreciation	666,864,565	40,175,249	707,039,814	19,728,508
Total Assets	1,305,953,455	39,033,570	1,344,987,025	51,850,636
Deferred Outflows of Resources				
Unamortized deferred loss on bonds	6,236,569	218,935	6,455,504	-
Pension related	11,607,570	595,677	12,203,247	46,025,751
Total Deferred Outflows of Resources	17,844,139	814,612	18,658,751	46,025,751
Total Assets and Deferred Outflows of Resources	\$ 1,323,797,594	\$ 39,848,182	\$ 1,363,645,776	\$ 97,876,387

See accompanying notes to basic financial statements.

Matanuska-Susitna Borough, Alaska

Statement of Net Position, continued

	Primary Government			Component
	Governmental	Business-	Total	Unit
June 30, 2017	Activities	Type		School
		Activities		District
Liabilities, Deferred Inflows of Resources and Net Position				
Liabilities				
Accounts, contracts and retentions payable	\$ 6,861,179	\$ 802,290	\$ 7,663,469	\$ 6,033,286
Payable to component unit	473,690	-	473,690	-
Accrued payroll and related liabilities	2,289,974	-	2,289,974	7,083,817
Other liabilities	72,685	-	72,685	-
Deposits	101,645	-	101,645	-
Unearned revenue	1,239,292	2	1,239,294	1,050,234
Accrued interest payable	5,144,960	49,576	5,194,536	-
Noncurrent liabilities:				
Due within one year:				
Accrued leave	2,809,670	164,495	2,974,165	3,559,126
Bonds and certificates of participation	25,115,000	540,000	25,655,000	-
Loans payable	19,476	220,390	239,866	-
Notes payable	222,809	-	222,809	-
Insurance claims incurred but not reported	1,646,211	-	1,646,211	1,029,221
Capital lease payable	-	-	-	612,876
Due in more than one year:				
Bonds and certificates of participation, net of premium	345,565,101	4,080,911	349,646,012	-
Loans payable	235,152	5,736,332	5,971,484	-
Notes payable	7,013,060	-	7,013,060	-
Capital lease payable	-	-	-	6,766,756
FTA liability	9,287,929	-	9,287,929	-
Lease credits payable	-	1,318,724	1,318,724	-
Net pension liability	44,884,539	2,303,383	47,187,922	201,819,072
Landfill closure costs payable	-	4,882,885	4,882,885	-
Total Liabilities	452,982,372	20,098,988	473,081,360	227,954,388
Deferred Inflows of Resources				
Taxes collected in advance	813,271	-	813,271	-
Pension related	500,315	25,675	525,990	3,447,885
Total Deferred Inflows of Resources	1,313,586	25,675	1,339,261	3,447,885
Total Liabilities and Deferred Inflows of Resources	454,295,958	20,124,663	474,420,621	231,402,273
Net Position				
Net investment in capital assets	717,083,106	29,816,551	746,899,657	12,468,508
Restricted:				
Debt service	65,030,516	-	65,030,516	-
Other	-	-	-	1,610,912
Unrestricted (deficit)	87,388,014	(10,093,032)	77,294,982	(147,605,306)
Total Net Position	869,501,636	19,723,519	889,225,155	(133,525,886)
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 1,323,797,594	\$ 39,848,182	\$ 1,363,645,776	\$ 97,876,387

See accompanying notes to basic financial statements.

Matanuska-Susitna Borough, Alaska

Statement of Activities

Year Ended June 30, 2017	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit School District
	Expenses	Fees, Fines, & Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government		Total	
					Governmental Activities	Business- Type Activities		
Primary Government								
Governmental activities:								
General government	\$ 26,668,270	\$ 1,966,442	\$ 385,655	\$ -	\$ (24,316,173)	\$ -	\$ (24,316,173)	
Public works	5,414,122	140,215	29,985	2,586,513	(2,657,409)	-	(2,657,409)	
Emergency services	31,433,684	5,234,684	223,581	1,852,066	(24,123,353)	-	(24,123,353)	
Public services	33,680,511	4,304,319	157,711	12,955,713	(16,262,768)	-	(16,262,768)	
Education	64,823,081	-	15,212,387	252,797	(49,357,897)	-	(49,357,897)	
Interest	13,633,306	-	-	-	(13,633,306)	-	(13,633,306)	
Total governmental activities	175,652,974	11,645,660	16,009,319	17,647,089	(130,350,906)	-	(130,350,906)	
Business-type activities:								
Solid waste	7,795,028	9,046,715	15,641	-	-	1,267,328	1,267,328	
Port	2,641,930	232,139	720,654	4,026	-	(1,685,111)	(1,685,111)	
Total business-type activities	10,436,958	9,278,854	736,295	4,026	-	(417,783)	(417,783)	
Total Primary Government	\$ 186,089,932	\$ 20,924,514	\$ 16,745,614	\$ 17,651,115	(130,350,906)	(417,783)	(130,768,689)	
Component Unit								
School District	\$ 331,793,564	\$ 1,115,178	\$ 54,554,845	\$ -				\$ (276,123,541)
General Revenues								
Taxes:								
Property taxes					129,146,156	-	129,146,156	-
Excise taxes					8,229,211	-	8,229,211	-
Transient accommodation taxes					1,206,741	-	1,206,741	-
Contributions from primary government					-	-	-	55,841,300
Grants and entitlements not restricted to a specific purpose					7,082,528	-	7,082,528	170,159,334
Investment income					1,454,758	8,879	1,463,637	-
Other					1,453,763	-	1,453,763	4,980,080
Transfers					96,487	(96,487)	-	-
Total General Revenues and Transfers					148,669,644	(87,608)	148,582,036	230,980,714
Special item								
Reduction in FTA Liability					3,031,370	-	3,031,370	-
Change in Net Position					21,350,108	(505,391)	20,844,717	(45,142,827)
Net Position, beginning					848,151,528	20,228,910	868,380,438	(88,383,059)
Net Position, ending					\$ 869,501,636	\$ 19,723,519	\$ 889,225,155	\$ (133,525,886)

See accompanying notes to basic financial statements.

Matanuska-Susitna Borough, Alaska

Governmental Funds
Balance Sheet

June 30, 2017	Major Funds					Total Governmental Funds
	General	School Projects Capital Project	School Buildings Debt Service	Fronteras School Debt Service	Nonmajor Funds	
Assets						
Cash and investments	\$ 41,818,178	\$ 12,745,608	\$ 819,395	\$ -	\$ 82,359,547	\$ 137,742,728
Prepaid items	991,403	101,697	-	-	76,500	1,169,600
Receivables:						
Intergovernmental	4,851	80,661	-	-	2,807,068	2,892,580
Property taxes, net of allowance	8,828,091	-	-	-	2,660,229	11,488,320
Excise taxes	1,206,558	-	-	-	-	1,206,558
Ambulance, net of allowance	2,529,055	-	-	-	-	2,529,055
Land sales contracts, net	-	-	-	-	5,860	5,860
Loan receivable	-	400,000	-	-	-	400,000
Interfund loan receivable	450,000	-	-	-	4,493,488	4,943,488
Accrued interest	210,852	-	-	-	-	210,852
Other	3,757,034	-	-	-	260,088	4,017,122
Due from other funds	5,133,511	-	-	-	-	5,133,511
Inventory	245,514	-	-	-	-	245,514
Land sales contracts receivable, long term	-	-	-	-	297,553	297,553
Lease receivable, long term	-	-	-	11,114,153	-	11,114,153
Restricted cash	-	28,110,323	1,539,332	-	35,380,861	65,030,516
Total Assets	\$ 65,175,047	\$ 41,438,289	\$ 2,358,727	\$ 11,114,153	\$ 128,341,194	\$ 248,427,410
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts, contracts and retentions payable	\$ 888,655	\$ 1,195,952	\$ -	\$ -	\$ 4,754,943	\$ 6,839,550
Payable to component unit	-	473,690	-	-	-	473,690
Accrued payroll and related liabilities	2,289,974	-	-	-	-	2,289,974
Other liabilities	72,685	-	-	-	-	72,685
Due to General Fund	-	-	-	-	557,780	557,780
Deposits	-	5,447	-	-	96,198	101,645
Unearned revenue	-	79,270	-	-	1,160,022	1,239,292
Loans payable to other funds	-	-	-	-	635,228	635,228
Total Liabilities	3,251,314	1,754,359	-	-	7,204,171	12,209,844
Deferred Inflows of Resources						
Special assessments	-	-	-	-	6,266	6,266
Taxes collected in advance	813,271	-	-	-	-	813,271
Delinquent property taxes	7,927,557	-	-	-	2,377,571	10,305,128
Delinquent ambulance receivables	1,916,400	-	-	-	-	1,916,400
Delinquent foreclosure property sales	57,316	-	-	-	-	57,316
Land sales receivables not yet due	-	-	-	-	297,553	297,553
Lease receivable not yet due	-	-	-	11,114,153	-	11,114,153
Loan receivable not yet due	-	400,000	-	-	-	400,000
Total Liabilities and Deferred Inflows of Resources	13,965,858	2,154,359	-	11,114,153	9,885,561	37,119,931
Fund Balances						
Nonspendable -						
Prepaid items and inventory	1,236,917	101,697	-	-	76,500	1,415,114
Long-term loan receivable	450,000	-	-	-	-	450,000
Restricted:						
Debt service	-	-	1,539,332	-	2,381,260	3,920,592
Capital projects and school construction	-	28,110,323	-	-	32,999,601	61,109,924
Committed:						
Long-term loan receivable	-	-	-	-	4,493,488	4,493,488
Land management	-	-	-	-	1,197,899	1,197,899
Self-insurance	150,000	-	-	-	10,000	160,000
Accrued leave	250,000	-	-	-	30,000	280,000
Equipment	-	-	-	-	100,000	100,000
Assembly projects	57,217	-	-	-	-	57,217
Major repairs and renovations	29,248	-	-	-	-	29,248
Capital	500,000	-	-	-	-	500,000
Emergency response	1,200,000	-	-	-	-	1,200,000
Paving projects and calcium chloride	3,984,043	-	-	-	-	3,984,043
School site acquisition	1,898,798	-	-	-	-	1,898,798
Fund balance stabilization	25,000,000	-	-	-	-	25,000,000
Assigned:						
Subsequent year appropriations	-	-	-	-	702,000	702,000
Subsequent year expenditures	4,237,866	-	-	-	2,165,217	6,403,083
Land management	-	-	-	-	2,001,410	2,001,410
Service areas	-	-	-	-	24,776,091	24,776,091
Debt service	-	-	819,395	-	3,588,392	4,407,787
Capital projects	-	11,071,910	-	-	44,393,900	55,465,810
Unassigned (deficit)	12,215,100	-	-	-	(460,125)	11,754,975
Total Fund Balances	51,209,189	39,283,930	2,358,727	-	118,455,633	211,307,479
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 65,175,047	\$ 41,438,289	\$ 2,358,727	\$ 11,114,153	\$ 128,341,194	\$ 248,427,410

See accompanying notes to basic financial statements.

Matanuska-Susitna Borough, Alaska
Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Position
June 30, 2017

Total fund balances for governmental funds		\$ 211,307,479
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	\$ 19,345,801	
Rights of way	79,434,345	
Construction in progress	271,059,984	
Buildings	708,312,329	
Improvements other than buildings	37,918,861	
Equipment	53,089,728	
Infrastructure	223,546,343	
Accumulated depreciation	<u>(356,002,696)</u>	
Total capital assets		1,036,704,695
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	10,305,128	
Special assessments receivable	6,266	
Ambulance receivables	1,916,400	
Land sales contracts receivable	<u>354,869</u>	
Total long-term assets		12,582,663
Deferred outflows of resources represent costs incurred at the fund level, but future costs in the Statement of Net Position		
Deferred charge on refunding	6,236,569	
Deferred pension costs	<u>11,607,570</u>	
Total deferred outflows of resources		17,844,139
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.		
		24,306,043
Certain deferred inflows of resources 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 of resources related to pensions.		
		(500,315)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the amount of loan receivables earned but not yet due.		
		7,300,000
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, notes payable and certificates of participation	(341,500,869)	
Unamortized bond premium	(36,415,101)	
FTA liability	(9,287,929)	
Accrued interest payable	(5,144,960)	
Accrued leave	(2,809,670)	
Net pension liability	<u>(44,884,539)</u>	
Total long term liabilities		<u>(440,043,068)</u>
Total Net Position of Governmental Activities		\$ 869,501,636

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, 2017	Major Funds					Total Governmental Funds
	General	School Projects Capital Project	School Buildings Debt Service	Fronteras School Debt Service	Nonmajor Funds	
Revenues						
Taxes	\$ 100,455,770	\$ -	\$ -	\$ -	\$ 37,512,258	\$ 137,968,028
Intergovernmental	24,868,493	252,797	-	-	18,392,822	43,514,112
Charges for services	6,457,716	-	-	-	5,492,382	11,950,098
Investment income	467,267	592,466	38	133,977	233,952	1,427,700
Interest on land sales	-	-	-	-	21,701	21,701
Other	-	90,479	-	-	963,284	1,053,763
Total Revenues	132,249,246	935,742	38	133,977	62,616,399	195,935,402
Expenditures						
Current:						
General government	21,305,599	-	-	-	1,724,702	23,030,301
Public works	5,383,039	-	-	-	-	5,383,039
Emergency services	10,817,712	-	-	-	15,194,261	26,011,973
Public services	4,148,711	-	-	-	23,134,410	27,283,121
Education	55,841,300	4,741,646	-	-	-	60,582,946
Debt service	-	337,688	33,009,272	133,977	4,500,563	37,981,500
Capital outlay	-	9,697,717	-	-	23,959,416	33,657,133
Total Expenditures	97,496,361	14,777,051	33,009,272	133,977	68,513,352	213,930,013
Excess (Deficiency) of Revenues Over Expenditures	34,752,885	(13,841,309)	(33,009,234)	-	(5,896,953)	(17,994,611)
Other Financing Sources (Uses)						
Proceeds from disposal of capital assets	17,821	-	-	-	-	17,821
Proceeds from bond issuance	-	-	31,690,000	-	21,200,000	52,890,000
Proceeds from issuance of notes payable	-	818,245	-	-	-	818,245
Proceeds from certificates of participation	-	-	-	-	13,105,000	13,105,000
Premium on issuance	-	-	5,090,765	-	4,038,005	9,128,770
Payment to escrow agent	-	-	(36,780,765)	-	(2,570,621)	(39,351,386)
Transfers in	960,854	1,126,243	35,521,179	-	27,872,435	65,480,711
Transfers out	(43,043,722)	(2,046,436)	(326,243)	-	(19,967,003)	(65,383,404)
Net Other Financing Sources (Uses)	(42,065,047)	(101,948)	35,194,936	-	43,677,816	36,705,757
Net Change in Fund Balances	(7,312,162)	(13,943,257)	2,185,702	-	37,780,863	18,711,146
Fund Balances, beginning	58,521,351	53,227,187	173,025	-	80,674,770	192,596,333
Fund Balances, ending	\$ 51,209,189	\$ 39,283,930	\$ 2,358,727	\$ -	\$ 118,455,633	\$ 211,307,479

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, 2017**

Net change in fund balances - total governmental funds		\$ 18,711,146
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 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 (\$34,813,261) exceeded depreciation (\$21,206,403) and loss on disposal (\$3,286,170).		
		10,320,688
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Increase in delinquent property taxes	\$ 614,080	
Decrease in delinquent ambulance revenue	(436,575)	
Decrease in deferred inflows of resources - loan receivables	7,300,000	
Increase in special assessments	192	
Increase in deferred land sales receivable	110,244	
	110,244	7,587,941
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:		
Increase in deferred charge on bonds	3,420,821	
Increase in unamortized bond premium	(5,504,390)	
Issuance of long-term debt	(66,813,245)	
Payments to refunding escrow agent for principal balances	34,275,000	
Payments on debt principal	23,184,566	
	23,184,566	(11,437,248)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Increase in accrued leave	(40,059)	
Increase in accrued interest payable	(805,187)	
Net increase in net pension liability and related deferred accounts	(8,655,835)	
	(8,655,835)	(9,501,081)
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.		
		2,637,292
Special item - reduction in FTA liability		3,031,370
Change in Net Position of Governmental Activities		\$ 21,350,108

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, 2017</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 99,850,648	\$ 99,850,648	\$ 100,455,770	\$ 605,122
Intergovernmental	28,677,726	28,677,726	24,868,493	(3,809,233)
Charges for services	5,813,500	5,813,500	6,457,716	644,216
Investment income	300,000	300,000	467,267	167,267
Total Revenues	134,641,874	134,641,874	132,249,246	(2,392,628)
Expenditures				
General government	25,433,339	23,447,325	21,305,599	2,141,726
Public works	5,877,420	5,627,308	5,383,039	244,269
Emergency services	13,023,967	11,766,679	10,817,712	948,967
Public services	9,815,352	4,405,860	4,148,711	257,149
Education	55,841,300	55,841,300	55,841,300	-
Total Expenditures	109,991,378	101,088,472	97,496,361	3,592,111
Excess of Revenues Over Expenditures	24,650,496	33,553,402	34,752,885	1,199,483
Other Financing Sources (Uses)				
Proceeds from disposal of capital assets	10,000	10,000	17,821	7,821
Transfers in	-	-	960,854	960,854
Transfers out	(45,925,367)	(47,553,054)	(43,043,722)	4,509,332
Net Other Financing Uses	(45,915,367)	(47,543,054)	(42,065,047)	5,478,007
Net Change in Fund Balance	<u>\$ (21,264,871)</u>	<u>\$ (13,989,652)</u>	(7,312,162)	<u>\$ 6,677,490</u>
Fund Balance, beginning			<u>58,521,351</u>	
Fund Balance, ending			<u>\$ 51,209,189</u>	

See accompanying notes to basic financial statements.

Matanuska-Susitna Borough, Alaska

**Proprietary Funds
Statement of Net Position**

<i>June 30, 2017</i>	Major Enterprise Funds		Total Enterprise Funds	Internal Service Funds
	Solid Waste	Port		
Assets and Deferred Outflows of Resources				
Current Assets				
Cash and investments	\$ 5,446,999	\$ -	\$ 5,446,999	\$ 25,544,378
Receivables:				
Accounts	663,926	-	663,926	-
Allowance for doubtful accounts	(459)	-	(459)	-
Interfund loans	-	-	-	76,877
Intergovernmental	19,964	-	19,964	-
Deposits with others	-	-	-	48,905
Total Current Assets	6,130,430	-	6,130,430	25,670,160
Noncurrent Assets				
Restricted cash - landfill closure	2,247,110	-	2,247,110	-
Interfund loans receivable - long-term	-	-	-	558,351
Property, plant and equipment:				
Buildings	8,129,593	7,948,617	16,078,210	-
Improvements other than buildings	1,852,730	-	1,852,730	-
Equipment	2,364,376	64,024	2,428,400	-
Landfill cells	8,818,800	-	8,818,800	-
Infrastructure	-	33,321,302	33,321,302	-
Total property, plant and equipment	21,165,499	41,333,943	62,499,442	-
Accumulated depreciation and amortization	(12,116,906)	(10,207,287)	(22,324,193)	-
Net property, plant and equipment	9,048,593	31,126,656	40,175,249	-
Total Noncurrent Assets	11,295,703	31,126,656	42,422,359	558,351
Total Assets	17,426,133	31,126,656	48,552,789	26,228,511
Deferred Outflows of Resources				
Pension related	489,934	105,743	595,677	-
Unamortized deferred loss on bonds	-	218,935	218,935	-
Total Deferred Outflows of Resources	489,934	324,678	814,612	-
Total Assets and Deferred Outflows of Resources	\$ 17,916,067	\$ 31,451,334	\$ 49,367,401	\$ 26,228,511

See accompanying notes to basic financial statements.

Matanuska-Susitna Borough, Alaska

Proprietary Funds

Statement of Net Position, continued

June 30, 2017	Major Enterprise Funds		Total Enterprise Funds	Internal Service Funds
	Solid Waste	Port		
Liabilities, Deferred Inflows of Resources and Net Position				
Current Liabilities				
Accounts payable	\$ 276,239	\$ 526,051	\$ 802,290	\$ 21,629
Accrued leave	118,915	45,580	164,495	-
Unearned revenue	2	-	2	-
Due to General Fund	-	4,575,731	4,575,731	-
Accrued interest payable	7,298	42,278	49,576	-
Current portion:				
General obligation bonds	-	540,000	540,000	-
Loans payable	220,390	-	220,390	19,476
Insurance claims incurred but not reported	-	-	-	1,646,211
Total Current Liabilities	622,844	5,729,640	6,352,484	1,687,316
Noncurrent Liabilities				
General obligation bonds payable, including unamortized premium of \$390,911	-	4,080,911	4,080,911	-
Interfund loan payable	-	4,943,488	4,943,488	-
Loans payable	5,736,332	-	5,736,332	235,152
Lease credits payable	-	1,318,724	1,318,724	-
Net pension liability	1,894,494	408,889	2,303,383	-
Landfill closure costs payable	4,882,885	-	4,882,885	-
Total Noncurrent Liabilities	12,513,711	10,752,012	23,265,723	235,152
Total Liabilities	13,136,555	16,481,652	29,618,207	1,922,468
Deferred Inflows of Resources - pension related	21,117	4,558	25,675	-
Net Position				
Net investment in capital assets	3,091,871	26,724,680	29,816,551	-
Unrestricted (deficit)	1,666,524	(11,759,556)	(10,093,032)	24,306,043
Total Net Position	4,758,395	14,965,124	19,723,519	24,306,043
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 17,916,067	\$ 31,451,334	\$ 49,367,401	\$ 26,228,511

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, 2017	Major Enterprise Funds		Total Enterprise Funds	Internal Service Funds
	Solid Waste	Port		
Operating Revenues				
Intragovernmental	\$ -	\$ -	\$ -	\$ 10,016,557
Charges for services	9,046,715	232,139	9,278,854	-
Interest on loans	-	-	-	820
Employee contributions	-	-	-	973,074
Total Operating Revenues	9,046,715	232,139	9,278,854	10,990,451
Operating Expenses				
Landfill operations	4,809,057	-	4,809,057	-
Transfer sites	2,029,040	-	2,029,040	-
Dock operations	-	1,368,299	1,368,299	-
Claims	-	-	-	6,487,412
Depreciation and amortization	850,594	1,114,715	1,965,309	-
Administrative fees	57,489	-	57,489	1,664,488
Premium	-	-	-	226,677
Total Operating Expenses	7,746,180	2,483,014	10,229,194	8,378,577
Operating Income (Loss)	1,300,535	(2,250,875)	(950,340)	2,611,874
Nonoperating Revenues (Expenses)				
Intergovernmental - State sources:				
PERS relief	15,641	10,741	26,382	-
Debt service reimbursement	-	709,913	709,913	-
Gain on disposal of capital assets	9,372	-	9,372	-
Interest income	8,879	-	8,879	26,238
Interest expense	(58,220)	(158,916)	(217,136)	-
Net Nonoperating Revenues (Expenses)	(24,328)	561,738	537,410	26,238
Income (Loss) Before Capital Contributions and Transfers				
Contributions and Transfers	1,276,207	(1,689,137)	(412,930)	2,638,112
Capital contributions	-	4,026	4,026	-
Transfers in	-	1,897,000	1,897,000	-
Transfers out	-	(1,993,487)	(1,993,487)	(820)
Change in Net Position	1,276,207	(1,781,598)	(505,391)	2,637,292
Net Position, beginning	3,482,188	16,746,722	20,228,910	21,668,751
Net Position, ending	\$ 4,758,395	\$ 14,965,124	\$ 19,723,519	\$ 24,306,043

See accompanying notes to basic financial statements.

Matanuska-Susitna Borough, Alaska

Proprietary Funds
Statement of Cash Flows

Year Ended June 30, 2017	Major Enterprise Funds		Total Enterprise Funds	Internal Service Funds
	Solid Waste	Port		
Cash Flows from (for) Operating Activities				
Receipts from customers	\$ 8,934,794	\$ 378,395	\$ 9,313,189	\$ -
Receipts from employees and other	-	-	-	973,074
Payments to suppliers	(4,168,547)	(2,854,677)	(7,023,224)	-
Payments to employees	(1,349,201)	(313,121)	(1,662,322)	-
Payments for interfund services (used) provided	(57,489)	-	(57,489)	10,016,557
Principal payments received on loans	-	-	-	66,589
Interest payments received on loans	-	-	-	820
Principal payments on loans payable	-	-	-	(19,188)
Payments for claims and services	-	-	-	(8,342,830)
Net cash flows from (for) operating activities	3,359,557	(2,789,403)	570,154	2,695,022
Cash Flows for Noncapital Financing Activities				
Transfers in	-	1,897,000	1,897,000	-
Transfers out	-	(1,993,487)	(1,993,487)	(820)
Net cash flows for noncapital financing activities	-	(96,487)	(96,487)	(820)
Cash Flows from (for) Capital and Related Financing Activities				
Purchases of property, plant and equipment	(49,476)	-	(49,476)	-
Proceeds from the sale of capital assets	10,352	-	10,352	-
Proceeds from issuance of loan	25,861	-	25,861	-
Capital contributions received	208,698	675,770	884,468	-
Proceeds from issuance of interfund loan	-	450,000	450,000	-
Principal and interest paid on bonds and loans	(275,958)	(709,913)	(985,871)	-
Debt service reimbursement	-	709,913	709,913	-
Increase (decrease) in due to General Fund	-	1,760,120	1,760,120	-
Net cash flows from (for) capital and related financing activities	(80,523)	2,885,890	2,805,367	-
Cash Flows from Investing Activities - interest income	8,879	-	8,879	26,238
Net Increase in Cash and Investments	3,287,913	-	3,287,913	2,720,440
Cash and Investments, beginning of year	4,406,196	-	4,406,196	22,823,938
Cash and Investments, end of year	\$ 7,694,109	\$ -	\$ 7,694,109	\$ 25,544,378
Reconciliation of Operating Income (Loss) to Net Cash Flows from (for) Operating Activities				
Operating income (loss)	\$ 1,300,535	\$ (2,250,875)	\$ (950,340)	\$ 2,611,874
Adjustments to reconcile operating income (loss) to net cash flows from (for) operating activities:				
Depreciation and amortization	850,594	1,114,715	1,965,309	-
Lease credits exercised	-	(3,873)	(3,873)	-
Noncash expense - PERS relief	15,641	10,741	26,382	-
(Increase) decrease in assets and deferred outflows of resources:				
Accounts receivable	(111,921)	150,129	38,208	-
Inventory	-	766	766	-
Prepays	804	-	804	-
Loans receivable	-	-	-	66,589
Deferred outflows of resources - pension related	(282,523)	(51,879)	(334,402)	-
Increase (decrease) in liabilities and deferred inflows of resources:				
Accounts payable	46,081	(1,834,859)	(1,788,778)	21,629
Accrued leave	17,558	(10,990)	6,568	-
Landfill closure costs payable	687,071	-	687,071	-
Loans payable	-	-	-	(19,188)
Insurance claims incurred but not reported	-	-	-	14,118
Net pension liability	819,736	92,677	912,413	-
Deferred inflows of resources - pension related	15,981	(5,955)	10,026	-
Net Cash Flows from (for) Operating Activities	\$ 3,359,557	\$ (2,789,403)	\$ 570,154	\$ 2,695,022

See accompanying notes to basic financial statements.

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

June 30, 2017

Assets

Cash and investments	\$ 275,850
Property taxes receivable:	
Real	85,092
Personal	10,545
Special assessments receivable	1,691,821
Total Assets	\$ 2,063,308

Liabilities

Accounts payable	\$ 7,987
Deposits	790,029
Taxes collected in advance	95,637
Notes payable - gas lines	924,095
Notes payable - road improvements	141,460
Notes payable - water	104,100
Total Liabilities	\$ 2,063,308

See accompanying notes to basic financial statements.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements June 30, 2017

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 St, 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 Basic Financial Statements, continued

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 Basic Financial Statements, continued

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 *School Buildings Debt Service Fund* accounts for activities relating to the issuance and servicing of general obligation debt associated with school facilities.

The *Fronteras School Debt Service Fund* accounts for activities relating to the servicing of a note payable to the U.S. Department of Agriculture and receipt of lease payments associated with the Fronteras Charter School.

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 accounts for self-insurance activities involving health, unemployment, workers' compensation, and property and casualty insurance.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

Fiduciary Fund Type

Agency Funds - The Borough reports on two Agency Funds. The Property Tax Agency Fund accounts for property taxes collected on behalf of other cities within the Borough. The Road, Gas Line and Community Water Agency Fund accounts for monies collected from property owners by the Borough for construction of a natural gas pipeline and community water distribution system and for the paving of roads.

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 Basic Financial Statements, continued

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 \$25,000 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 acquisition value. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the 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	15-40
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 of resources 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 Basic Financial Statements, continued

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 of resources, 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 of resources 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 Basic Financial Statements, continued

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, 2017 and 2016 follows:

	Unemployment Insurance	Health Insurance	Property and Casualty Insurance	Workers' Comp Insurance	Total
Balance, June 30, 2015	\$ 21,082	\$ 1,224,027	\$ 525,000	\$ 333,201	\$ 2,103,310
Claims expense	65,518	5,707,642	-	360,702	6,133,862
Claims paid	(86,600)	(5,684,037)	(350,928)	(483,514)	(6,605,079)
Balance, June 30, 2016	-	1,247,632	174,072	210,389	1,632,093
Claims expense	126,369	5,978,529	-	382,514	6,487,412
Claims paid	(126,639)	(5,871,068)	(174,072)	(301,785)	(6,473,294)
Balance, June 30, 2017	\$ -	\$ 1,355,093	-	\$ 291,118	\$ 1,646,211

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

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 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 \$1,646,211 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.

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Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

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, 2017.

	Pooled Cash And Investments	Other	Totals
Bank deposits	\$ 5,436,819	\$ 7,132,392	\$ 12,569,211
Investments	245,095,159	-	245,095,159
Total Cash and Investments	\$ 250,531,978	\$ 7,132,392	\$ 257,664,370

Reconciliation to the basic financial statements:

	Borough Accounts	School Accounts	Totals
Primary government cash and investments	\$ 168,734,105	\$ -	\$ 168,734,105
Restricted cash	67,277,626	-	67,277,626
Agency funds	275,850	-	275,850
School District	14,244,397	7,132,392	21,376,789
Total Cash and Investments	\$ 250,531,978	\$ 7,132,392	\$ 257,664,370

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 in securities with maturity dates exceeding five years.

Investment maturities in general investments at June 30, 2017 are as follows:

	Amount	Investment Maturity (in years)		
		Less than 1	1-5	More than 5
Investment Type				
U.S. government agencies - fair value	\$ 83,520,967	\$ 9,994,410	\$ 73,526,557	\$ -
Money market funds	14,124,155			
Pooled investments (AMLIP)	147,450,037			
Total Investments	\$ 245,095,159			

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 AA+ 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 Basic Financial Statements, continued

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.

Fair Value Measurement

The Borough categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Borough has the following recurring fair value measurements as of June 30, 2017:

U.S. government agencies securities of \$83,520,967 are valued by surveys of the dealer community, relevant trade data, benchmark quotes and spreads, as determined by observed market data (Level 2 inputs).

The Borough has investments in money market funds totaling \$14,124,155 that are not held at fair value, but instead recorded at amortized cost. As of June 30, 2017, the Borough's investment in AMLIP of \$147,450,037 is measured at net asset value. Management believes these values approximate fair value.

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.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

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, 2017, consisted of the following:

Due to the General Fund From

Port Enterprise Fund for advances for operating and capital costs	\$ 4,575,731
Nonmajor governmental funds for advances for operating and capital costs	557,780

Total Due To General Fund	\$ 5,133,511
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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 \$12,756 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.

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Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

Amounts distributed at June 30, 2017 were as follows:

Road Service Area 9 - Midway Road	\$	23,410
Road Service Area 14 - Fairview Road		13,755
Road Service Area 16 - South Colony		50,471
Road Service Area 19 - Lazy Mountain		277
Road Service Area 23 - North Colony		6,229
Road Service Area 25 - Bogard Road		46,786
Road Service Area 26 - Greater Butte Road		2,630
Road Service Area 28 - Gold Trail Road		28,203
Road Service Area 31 - Alpine Road		1,262

Total loans payable from Road Service Areas for ADEC Loan		173,023
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Loan payable from Talkeetna Water and Sewer for ADEC loan	\$	81,605
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Other advances to/from other funds, representing long-term loans at June 30, 2017 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	\$	108,000
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\$214,000 Service Area 36 - Talkeetna Water and Sewer revolving loan, due in annual installments of \$21,400, plus interest as approved by the Assembly, through 2026		192,600
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\$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		80,000
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Total loans payable to other funds with established payment terms		380,600
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Total Loans Payable To Revolving Loan Internal Service Funds	\$	635,228
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Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

Transfers to/from other funds for the year ended June 30, 2017 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	\$ 33,625,000
Port Enterprise Fund	1,897,000
Nonmajor governmental funds	7,521,722

Total transfers out of General Fund 43,043,722

From School Projects Capital Project Fund to:

School Buildings Debt Service Fund	1,896,179
General Fund	1,710
Nonmajor governmental funds	148,547

Total transfers out of School Projects Capital Project Fund 2,046,436

From School Buildings Debt Service Fund to

School Projects Capital Project Fund 326,243

From Nonmajor Governmental Funds to:

General Fund	958,324
School Projects Capital Project Fund	800,000
Other nonmajor governmental funds	18,208,679

Total transfers out of nonmajor governmental funds 19,967,003

From Port Enterprise Fund to nonmajor governmental funds 1,993,487

From Internal Service Fund to general fund 820

Total Transfers \$ 67,377,711

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Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

6. Capital Assets

Capital asset activity for the year ended June 30, 2017 follows:

Governmental Activities	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
<i>Capital assets not being depreciated:</i>				
Land and land improvements	\$ 19,339,501	\$ 722,753	\$ 716,453	\$ 19,345,801
Rights of way	78,057,148	1,377,197	-	79,434,345
Construction in progress	293,200,814	29,118,296	51,259,126	271,059,984
Total capital assets not being depreciated	390,597,463	31,218,246	51,975,579	369,840,130
<i>Capital assets being depreciated:</i>				
Buildings	671,481,325	41,701,408	4,870,404	708,312,329
Improvements other than buildings	33,957,424	4,636,789	675,352	37,918,861
Equipment	50,085,076	3,513,189	508,537	53,089,728
Infrastructure	220,317,668	5,002,755	1,774,080	223,546,343
Total capital assets being depreciated	975,841,493	54,854,141	7,828,373	1,022,867,261
Less accumulated depreciation for:				
Buildings	172,355,009	12,592,325	2,759,895	182,187,439
Improvements other than buildings	9,497,023	923,040	216,144	10,203,919
Equipment	31,969,287	3,235,890	508,537	34,696,640
Infrastructure	126,233,630	4,455,148	1,774,080	128,914,698
Total accumulated depreciation	340,054,949	21,206,403	5,258,656	356,002,696
Total capital assets being depreciated, net	635,786,544	33,647,738	2,569,717	666,864,565
Governmental Activities Capital Assets, net	\$ 1,026,384,007	\$ 64,865,984	\$ 54,545,296	\$ 1,036,704,695

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Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

Business-type Activities	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
<i>Capital assets not being depreciated:</i>				
Construction in progress	\$ 1,517,508	\$ -	\$ 1,517,508	\$ -
<i>Capital assets being depreciated:</i>				
Buildings	16,078,210	-	-	16,078,210
Improvements other than buildings	1,852,730	-	-	1,852,730
Equipment	2,381,930	72,178	25,708	2,428,400
Landfill cells	8,818,800	-	-	8,818,800
Infrastructure	31,826,496	1,494,806	-	33,321,302
Total capital assets being depreciated	60,958,166	1,566,984	25,708	62,499,442
Less accumulated depreciation for:				
Buildings	2,225,786	537,990	-	2,763,776
Improvements other than buildings	880,736	52,504	-	933,240
Equipment	1,364,957	137,557	24,728	1,477,786
Landfill cells	7,919,951	390,805	-	8,310,756
Infrastructure	7,992,182	846,453	-	8,838,635
Total accumulated depreciation	20,383,612	1,965,309	24,728	22,324,193
Total capital assets being depreciated, net	40,574,554	(398,325)	980	40,175,249
Business-Type Activities Capital Assets, net	\$ 42,092,062	\$ (398,325)	\$ 1,518,488	\$ 40,175,249

Depreciation expense was charged to the functions as follows for the year ended June 30, 2017:

	Depreciation
Governmental Activities	
General government	\$ 671,080
Public works	588,817
Public services	5,515,493
Emergency services	3,290,878
Education	11,140,135
Total Governmental Activities	\$ 21,206,403
Business-Type Activities	
Solid waste	\$ 850,594
Port	1,114,715
Total Business-Type Activities	\$ 1,965,309

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

Capital projects authorized or in progress are as follows:

	Project Authorization		Expended	Fund Balance Available
School projects	\$ 729,236,331	\$	702,214,263	\$ 39,283,930
Road service area repairs	167,225,866		144,700,342	18,289,949
Sewage facility	16,169,861		15,058,249	269,029
Fire protection	106,536,505		79,408,205	22,903,210
Sanitary landfills	37,768,230		24,539,088	1,411,967
Ambulance and emergency services	37,382,209		34,914,724	664,659
Roads and bridges	176,682,865		169,214,271	1,470,206
Borough facilities	68,761,766		67,235,339	760,020
Cultural and recreational	38,876,390		14,654,206	24,172,417
Port	62,803,838		60,492,861	2,359,688
Maintenance	1,149,094		1,111,719	-
Infrastructure	189,528,147		186,275,123	142,097
Miscellaneous	93,147,304		83,678,934	8,541,195
Pass-through grants	15,170,716		14,030,983	193,851
	\$ 1,740,439,122	\$	1,597,528,307	\$ 120,462,218

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 September 2015, the Borough entered into a sales agreement with the Philippines Red Cross 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 were used to help pay for required repairs of \$2,937,431 in 2016, in anticipation of the sale. The sale was finalized in 2016.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

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 of, 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 wanted 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 a \$12,319,299 liability as a governmental long-term debt. In 2017, the FTA revised the demand for repayment down to \$9,287,929. Payment terms have not yet been established.

8. Lease Receivable

In 2016, The Borough constructed the Fronteras Charter School facility, and entered into a long-term lease agreement with Matanuska-Susitna Borough School District (the District), the facility's tenant. The payment terms of the lease are intended to mirror the Borough's repayment terms of a \$6,900,000 note payable to the United States Department of Agriculture, issued in connection with construction of the facility. Please see Note 10 for details of the note payable.

The following summarizes the future minimum lease payments due to the Borough from the District as of June 30, 2017:

<i>Year Ending June 30:</i>	Principal	Interest	Total
2018	\$ 133,244	\$ 361,258	\$ 494,502
2019	150,489	242,811	393,300
2020	156,036	237,264	393,300
2021	161,787	231,513	393,300
2022	167,750	225,550	393,300
2023-2027	936,182	1,030,318	1,966,500
2028-2032	1,121,909	844,591	1,966,500
2033-2037	1,344,482	622,018	1,966,500
2038-2042	1,969,943	389,857	2,359,800
2043-2046	758,178	28,973	787,151
	\$ 6,900,000	\$ 4,214,153	\$ 11,114,153

9. Loan Receivable

In 2016, the Borough loaned \$800,000 to the District to finance the purchase of land and improvements for the Twindly Bridge Charter School. The terms of the agreement require the District to make payments to the Borough of \$400,000 in the years ending June 30, 2017 and 2018, respectively. The loan does not bear interest.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

10. Long-term Debt

Issuance of New Debt

General Obligation School Projects Bonds

In 2017, the Borough issued \$31,690,000 in 2016 Series A general obligation refunding bonds. The bonds were issued with a premium of \$5,090,765. Proceeds of \$36,780,765 were used to advance refund principal of \$11,700,000 and \$20,185,000 from the 2009 Series A and 2011 Series A general obligation bonds, respectively. The refunding resulted in a cash flow savings of \$3,680,597 and an economic gain of \$2,930,059. However, for accounting purposes, the transaction resulted in no recorded gain or loss.

General Obligation Parks and Recreation Bonds

In 2017, the Borough issued \$21,200,000 in 2017 Series A general obligation bonds. The bonds were issued with a premium of \$2,845,661.

Certificates of Participation

In 2017, the Borough issued \$5,700,000 in 2016 Series A Public Safety Building Lease certificate of participation notes. The notes were issued with a premium of \$519,467, and will be used to fund fire station and fleet maintenance facility capital costs.

In 2017, the Borough issued \$5,000,000 in 2016 Series B Public Safety Building Lease certificate of participation notes. The notes were issued with a premium of \$483,696, and will be used to fund fire station, emergency training, and warehouse facilities capital costs.

In 2017, the Borough issued \$2,405,000 in 2016 Series C Animal Control Building certificate of participation notes. The notes were issued with a premium \$189,181. Proceeds of \$2,570,621 were used to refund principal of \$2,390,000 from the 2008 Animal Control Building certificates of participation. The refunding resulted in a cash flow savings of \$144,029, and an economic gain of \$113,593. However, for accounting purposes, the transaction resulted in no recorded gain or loss.

Notes Payable

In 2016, the Borough obtained a \$6,900,000 loan from the U.S Department of Agriculture (USDA), to construct the Fronteras Spanish Immersion Charter School. The terms of the agreement require interest only payments of \$133,977 to be made on July 28, 2016 and July 28, 2017, with monthly principal and interest payments of \$32,775 for a period of 28 years at an interest rate of 3.625% starting after the final interest only payment. The District has committed to making direct payments on behalf of the Borough to the USDA. In 2017, the Borough drew down the remaining \$818,245 in loan proceeds, bringing the total loan balance outstanding and payable to the USDA to \$6,900,000 as of June 30, 2017.

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 \$25,861 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.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

ADEC Loan

The Borough has entered into two loan agreements with the Alaska Department of Environmental Conservation under the Alaska Clean Water Fund Loan Program. The loans are for a maximum of \$7,000,000 and \$5,000,000, respectively, and will be used to pay for Central Landfill Cell 4 design and construction, and septage and leachate treatment facility design, respectively. As of June 30, 2017 neither loan has been drawn against; accordingly, neither loan has been 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. In 2017, the FTA revised the demand for repayment down to \$9,287,929. Payment terms have not yet been established.

A summary of changes in long-term debt for the year ended June 30, 2017 follows:

Governmental Activities	Balance at July 1, 2016	Additions	Retirements	Balance at June 30, 2017	Due Within One Year
School projects bonds	\$ 285,285,000	\$ 31,690,000	\$ 52,550,000	\$ 264,425,000	\$ 21,505,000
Park and recreation bonds	1,465,000	21,200,000	265,000	22,400,000	975,000
Transportation bonds	28,005,000	-	1,150,000	26,855,000	1,180,000
Certificates of participation	10,885,000	13,105,000	3,405,000	20,585,000	1,455,000
ADEC salted sand building loan	187,392	-	14,369	173,023	14,584
ADEC Talkeetna community water upgrade loan	86,423	-	4,818	81,605	4,892
University of Alaska Fireweed building note payable	425,435	-	89,566	335,869	89,565
USDA note payable	6,081,755	818,245	-	6,900,000	133,244
FTA liability	12,319,299	-	3,031,370	9,287,929	-
Accrued leave **	2,769,611	2,458,100	2,418,041	2,809,670	2,809,670
Insurance claims incurred but not reported & claims payable	1,632,093	6,487,412	6,473,294	1,646,211	1,646,211
Net pension liability	30,066,193	14,818,346	-	44,884,539	-
	<u>379,208,201</u>	<u>\$ 90,577,103</u>	<u>\$ 69,401,458</u>	400,383,846	<u>\$ 29,813,166</u>
Plus unamortized bond premium	<u>30,910,711</u>			<u>36,415,101</u>	
	<u>\$ 410,118,912</u>			<u>\$ 436,798,947</u>	

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Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

Business-type Activities	Balance at July 1, 2016	Additions	Retirements	Balance at June 30, 2017	Due Within One Year
Port bonds	\$ 4,750,000	\$ -	\$ 520,000	\$ 4,230,000	\$ 540,000
ADEC solid waste loan - Cell 3 construction	2,561,417	-	125,012	2,436,405	126,887
ADEC solid waste loan - hazardous waste facility	632,237	-	48,480	583,757	49,207
ADEC solid waste loan - regional resource recovery and training facility	728,024	-	43,641	684,383	44,296
ADEC solid waste loan - Cell 2 closure*	2,226,316	25,861	-	2,252,177	-
Lease credits payable	1,322,597	-	3,873	1,318,724	-
Landfill closure and post-closure monitoring costs	4,195,814	687,071	-	4,882,885	-
Accrued leave **	157,927	105,620	99,052	164,495	164,495
Net pension liability	1,390,970	912,413	-	2,303,383	-
	17,965,302	<u>\$ 1,730,965</u>	<u>\$ 840,058</u>	18,856,209	<u>\$ 924,885</u>
Plus unamortized bond premium	<u>449,547</u>			<u>390,911</u>	
	<u>\$ 18,414,849</u>			<u>\$ 19,247,120</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 2018, management estimates all accrued leave will be used in FY18. 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, 2017, long-term debt in repayment status is comprised of the following individual issues:

General Obligation Bonds

School projects bonds:

\$31,690,000 2016 Series A School bonds, due in annual installments of \$910,000 to \$3,670,000, plus interest at 2.5% to 5.0% through July 1, 2030	\$ 31,690,000
\$55,195,000 2015 Series B School bonds, due in annual installments of \$1,870,000 to \$4,225,000, plus interest at 3% to 5.0% through November 1, 2034	51,905,000
\$37,350,000 2015 Series A School refunding bonds, due in annual installments of \$2,435,000 to \$5,915,000, plus interest at 2.5% to 5.0% through February 1, 2026	30,560,000
\$29,400,000 2014 Series B School bonds, due in annual installments of \$970,000 to \$2,190,000, plus interest at 1.5% to 5.0% through November 1, 2034	26,680,000
\$13,290,000 2013 Series A School bonds, due in annual installments of \$505,000 to \$995,000, plus interest at 4.0% to 5.0% through June 30, 2033	11,395,000

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

General Obligation Bonds, continued

School projects bonds, continued:

\$91,770,000 2012 Series A School bonds, due in annual installments of \$3,775,000 to \$6,640,000, plus interest at 3.0% to 5.0% through March 1, 2032	\$ 74,905,000
\$8,710,000 2012 Series B School refunding bonds, due in annual installments of \$380,000 to \$1,180,000, plus interest at 4.0% to 5.0% through March 1, 2024	2,800,000
\$33,785,000 2011 Series A School bonds, due in annual installments of \$1,405,000 to \$1,545,000, plus interest at 2.75% to 5.0% through June 30, 2021	5,890,000
\$19,030,000 2009 Series A School bonds, due in annual installments of \$805,000 to \$870,000, plus interest at 4.0% to 5.5% through June 30, 2020	2,510,000
\$33,505,000 2007 Series A School refunding bonds, due in annual installments of \$1,960,000 to \$5,360,000, plus interest at 4.0% to 5.0% through April 1, 2025	26,090,000
<hr/>	
Total school projects bonds	<hr/> 264,425,000

Park bonds:

\$21,200,000 2017 Series A Park bonds, due in annual installments of \$695,000 to \$1,435,000, plus interest at 2.0% to 5.0% through March 1, 2037	21,200,000
\$2,210,000 2007 Series B Park bonds, due in annual installments of \$280,000 to \$325,000, plus interest at 4.0% to 5.25% through April 1, 2021	1,200,000
<hr/>	
Total park bonds	<hr/> 22,400,000

Transportation bonds:

\$1,560,000 2015 Series C Transportation bonds, due in annual installments of \$60,000 to \$105,000, plus interest at 2.0% to 4.0% through November 1, 2034	1,455,000
\$17,840,000 2014 Series A Transportation bonds, due in annual installments of \$650,000 to \$1,350,000, plus interest at 2.0% to 5.0% through August 1, 2033	16,040,000
\$11,175,000 2012 Series D Transportation bonds, due in annual installments of \$470,000 to \$845,000, plus interest at 1.5% to 5.0% through April 1, 2032	9,360,000
<hr/>	
Total transportation bonds	<hr/> 26,855,000

Port bonds:

\$5,770,000 2012 Series C Port refunding bonds, due in annual installments of \$540,000 to \$675,000, plus interest at 3.0% to 5.0% through March 1, 2024	4,230,000
<hr/>	
Total General Obligation Bonds	<hr/> \$ 317,910,000

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

Certificates of Participation

\$8,585,000 2013 Public Safety Building Lease Certificates of Participation, due in annual installments of \$485,000 to \$745,000, plus interest at 2.5% to 5.0% through October 1, 2029	\$ 7,235,000
\$5,700,000 2016 Series A Public Safety Building Lease Certificates of Participation, due in annual installments of \$305,000 to \$540,000, plus interest at 2.0% to 5.0% through March 1, 2031	5,635,000
\$5,000,000 2016 Series B Public Safety Building Lease Certificates of Participation, due in annual installments of \$260,000 to \$475,000, plus interest at 2.0% to 5.0% through March 1, 2031	4,945,000
\$5,750,000 2008 Animal Control Building Certificates of Participation, due in March 1, 2018, plus interest of 4.8%	405,000
\$2,405,000 2016 Series C Animal Control Building Certificates of Participation, due in annual installments of \$435,000 to \$520,000, plus interest at 2.0% to 5.0% through March 1, 2023	2,365,000
Total Certificates Of Participation	\$ 20,585,000

ADEC Loans

\$2,805,926 ADEC loan for Landfill Cell 3 construction due in annual installments of \$126,887 to \$161,018, plus interest at 1.5% through July 1, 2034	\$ 2,436,405
\$105,000 ADEC loan for Talkeetna Community Water Upgrade due in annual installments of \$4,892 to \$6,025, plus interest at 1.5% through March 1, 2032	81,605
\$294,958 ADEC loan for Salted Sand Storage Building due in annual installments of \$14,584 to \$16,926, plus interest at 1.5% through August 8, 2027	173,023
\$995,155 ADEC loan for Hazardous Waste Facility, due in annual installments of \$49,207 to \$57,107, plus interest at 1.5% through August 31, 2027	583,757
\$936,743 ADEC loan for Regional Resource Recovery and Training Facility, due in annual installments of \$44,296 to \$53,755, plus interest at 1.5% through June 30, 2031	684,383
\$3,060,343 (maximum) loan for Central Landfill Cell 2A Closure, loan terms not yet established	2,252,177
Total ADEC Loans	\$ 6,211,350

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

Notes Payable

\$6,900,000 USDA note payable. Interest only payments of \$133,977 due July 28, 2016 and July 28, 2017. Monthly installments of \$32,775, including interest, due beginning August, 2017 through July, 2045	\$ 6,900,000
\$515,000 note payable to the University of Alaska, due in annual installments of \$67,174 to \$89,565, through March 1, 2021	335,869

Total Notes Payable **\$ 7,235,869**

The annual requirements to amortize long-term debt outstanding at June 30, 2017, exclusive of the accrued leave, landfill closure and post closure monitoring costs, insurance claims incurred but not reported, FTA liability, net pension liability, and the ADEC loan that is 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		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 25,115,000	\$ 14,934,193	\$ 19,476	\$ 3,820	\$ 222,809	\$ 361,258
2019	22,100,000	13,867,119	19,768	3,528	240,054	242,811
2020	20,675,000	12,943,831	20,066	3,230	245,601	237,264
2021	20,960,000	12,065,007	20,366	2,930	228,961	231,513
2022	20,510,000	11,100,656	20,672	2,624	167,750	225,550
2023-2027	102,015,000	41,635,429	108,105	8,375	936,182	1,030,318
2028-2032	93,725,000	19,612,532	46,175	1,583	1,121,909	844,591
2033-2037	29,165,000	2,638,576	-	-	1,344,482	622,018
2038-2042	-	-	-	-	1,611,210	355,290
2043-2046	-	-	-	-	1,116,911	63,546
	\$ 334,265,000	\$ 128,797,343	\$ 254,628	\$ 26,090	\$ 7,235,869	\$ 4,214,159

Business-type Activities

<i>Year Ending June 30:</i>	Port Bonds		ADEC Loans	
	Principal	Interest	Principal	Interest
2018	\$ 540,000	\$ 169,113	\$ 220,390	\$ 55,569
2019	565,000	147,513	223,696	52,263
2020	580,000	130,563	227,051	48,908
2021	605,000	107,361	230,457	45,501
2022	620,000	87,700	233,914	42,044
2023-2027	1,320,000	99,750	1,223,264	156,529
2028-2032	-	-	1,026,118	67,257
2033-2037	-	-	319,655	7,210
Loan not yet in repayment status	-	-	2,252,177	-
	\$ 4,230,000	\$ 742,000	\$ 5,956,722	\$ 475,281

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

The following summarizes the amounts available for payment of general long-term debt at June 30, 2017:

	Debt Service Funds
School general obligation bonds	\$ 2,358,727
Transportation bonds	773,142
Parks and recreation bonds	1,657,512
Certificates of participation	3,538,998
	\$ 8,328,379

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 But Unissued
October 2008, Transportation Bonds	\$ 15,000,000
October 2011, School Bonds	2,465,000
October 2013, Transportation Bonds	14,615,000
	\$ 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, 2017, the Borough was in compliance with these requirements.

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, 2017, based on landfill capacity used as of that date. In 2017 the Borough conducted a landfill closure review process which resulted in certain changes to the closure cost estimate. The \$4,882,885 reported as landfill closure and postclosure care liability at June 30, 2017 represents the cumulative amount reported to date based on the use of 23.5% of the estimated capacity of the landfill. The Borough will recognize the remaining estimated cost of closure and postclosure care of \$15,861,329 as the remaining capacity is filled. The Borough expects to close the landfill in the year 2050. Actual costs may change due to inflation, deflation, changes in technology, or changes in laws and regulations.

As of June 30, 2017, 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.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

Special Assessment Debt

From time to time, the Borough will issue non-recourse special assessment bonds to finance road, water 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, 2017 follows:

Gas line bonds	\$ 924,095
Road improvement bonds	141,460
Water project bonds	104,100
<hr/>	
Total	\$ 1,169,655

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 2017, defeased debt outstanding and under payment by the escrow agent is as follows. The 2009 A School Bonds, 2011 A School Bonds, and 2008 Animal Control Certificates of Participation bear call dates of July 1, 2019, April 1, 2021, and March 1, 2018, respectively.

<i>Date of Refunding</i>	<i>Issue Refunded</i>	<i>Amount Refunded</i>	<i>Amount Outstanding</i>
2017	2009 A School Bonds	\$ 11,700,000	\$ 11,700,000
2017	2011 A School Bonds	20,185,000	20,185,000
2017	2008 Animal Control Certificates of Participation	2,390,000	2,390,000
<hr/>			
Total Defeased Debt Outstanding			\$ 34,275,000

11. 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

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

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. During 2017, the Borough issued \$57,985,000 in State of Alaska Lease Revenue Refunding Bonds (Series 2016) to advance refund \$59,340,000 of the 2008 outstanding Lease Revenue Bonds. 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, 2017, including both principal and interest, was as follows:

2008 lease revenue bonds (unrefunded portion)	\$ 24,988,276
2015 lease revenue bonds	170,083,336
2016 lease revenue bonds	74,325,625
Total	\$ 269,397,237

12. Defined Benefit (DB) 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/drb/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 in the PERS Defined Contribution (DC) Plan described later in these notes.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

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 Retirement Management Board. As such, the Plan is considered to be in a special funding situation as defined by GASB, and management has recorded all pension related liabilities, deferred inflows/outflows, and disclosures on this basis.

The Borough recorded the related on-behalf contributions as revenue and expense or expenditures as prescribed by GAAP, pursuant to the relevant basis of accounting based on fund type.

It is important to note that the Alaska Legislature has the power and authority to change the aforementioned statute through the legislative process.

Employee Contribution Rates

Regular employees are required to contribute 6.75% of their annual covered salary (police and firefighters are required to contribute 7.50% 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. 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 change results in lower ARM Board Rates than previously adopted.

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. In the governmental fund financial statements, on-behalf contribution amounts have been recognized as additional revenues and expenditures. In the enterprise fund and government-wide financial statements, the on-behalf amounts reflect revenue and expense only during the measurement period in which the Plan recognizes the payments, resulting in a significant timing difference between the cash transfers and revenue and expense recognition.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

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. For FY17, the rate uses an 8% pension discount rate and a 4.30% healthcare discount rate.

The GASB Rate and the ARM Board Adopted Rate differ significantly as a direct result of variances in the actuarial methods and assumptions used.

Contribution rates for the year ended June 30, 2017 were determined in the June 30, 2014 actuarial valuation.

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate	GASB Rate
Pension	14.96%	20.34%	4.14%	24.49%
Postemployment healthcare (see Note 14)	7.04%	5.80%	-%	56.64%
Total Contribution Rates	22.00%	26.14%	4.14%	81.13%

In 2017, the Borough was credited with the following contributions to the pension plan.

	Measurement Period	
	Borough FY16	Borough FY17
Employer contributions (including DBUL)	\$ 2,309,530	\$ 2,667,192
Nonemployer contributions (on-behalf)	900,392	1,036,095
Total Contributions	\$ 3,209,922	\$ 3,703,287

In addition, employee contributions to the Plan totaled \$739,244 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, 2017, the Borough reported a liability for its proportionate share of the net pension liability (NPL) 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:

	2017
Borough proportionate share of NPL	\$ 47,187,922
State's proportionate share of the NPL associated with the Borough	5,944,748
Total Net Pension Liability	\$ 53,132,670

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation 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, 2017, the Borough's proportion was 0.84421 percent, which was an increase of 0.19561 from its proportion measured as of the prior measurement date.

For the year ended June 30, 2017, the Borough recognized pension expense of \$11,911,066 and on-behalf revenue of \$801,358 for support provided by the State. At June 30, 2017, 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	\$ 4,339	\$ (525,990)
Changes in assumptions	217,641	-
Net difference between projected and actual earnings on pension plan investments	4,638,346	-
Changes in proportion and differences between Borough contributions and proportionate share of contributions	4,675,729	-
Borough contributions subsequent to the measurement date	2,667,192	-
Total Deferred Outflows and Deferred Inflows of Resources Related to Pensions	\$ 12,203,247	\$ (525,990)

The \$2,667,192 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,

2018	\$ 4,765,840
2019	1,123,634
2020	1,896,169
2021	1,224,422

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

Actuarial Assumptions

The total pension liability for the measurement period ended June 30, 2016 (Borough fiscal year 2017) was determined by an actuarial valuation as of June 30, 2015, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2016. The actuarial assumptions used in the June 30, 2015 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2009 to June 30, 2013, resulting in changes in actuarial assumptions adopted by the Alaska Retirement Management Board to better reflect expected future experience.

Actuarial Cost Method	Entry Age Normal - Level Percentage of Payroll
Asset Valuation Method	Invested assets are reported at fair value.
Allocation Methodology	Amounts for FY16 were allocated to employers based on the projected present value of contributions for FY2017-FY2039. The liability is expected to go to zero at 2039.
Investment Return / Discount Rate	8.00% per year (geometric), compounded annually, net of expenses
Salary Scale	Inflation - 3.12% per year Productivity - 0.50% per year Peace Officer/Firefighter - graded by years of service from 9.66% to 4.92% All others - graded by age and years of service from 8.55% to 4.34%
Total Inflation	Measured by the consumer price index for urban and clerical workers for Anchorage and is assumed to increase 3.12% annually.
Mortality	Pre-termination - Based on the 2010-2013 actual mortality experience Post-termination - 96% of all rates of the RP-2000 table, 2000 base year projected to 2018 with projection scale BB

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Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

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>	Long-Term Expected Real Rate of Return
Domestic equity	5.35%
Global equity (non-US)	5.55%
Private equity	6.25%
Fixed income composite	0.80%
Real estate	3.65%
Alternative equity	4.70%

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.

Discount Rate Sensitivity

The following presents the Borough's proportionate share of the net pension liability calculated using the discount rate of 8.00%, 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%) or 1-percentage-point higher (9.00%) 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	0.84421%	\$ 60,775,653	\$ 47,187,922	\$ 35,727,296

Pension Plan Fiduciary Net Position

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

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

13. Defined Contribution (DC) Pension Plan

Employees hired after July 1, 2006 participate in PERS Tier IV, a defined contribution 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 Rate

Employees are required to contribute 8% of their annual covered salary. This amount goes directly to the individual's account.

Employer Contribution Rate

For the year ended June 30, 2017, the Borough was required to contribute 5% of covered salary into the Plan. In addition, during 2017, the State on-behalf contribution rate for OPEB was 0.00%.

The Borough and employee contributions to PERS for pensions for the year ended June 30, 2017 were \$599,113 and \$958,580, respectively. The Borough contribution amount was recognized as pension expense/expenditures.

14. Other Post-Employment Benefit (OPEB) Plans

Defined Benefit OPEB Plan

As part of its participation in the PERS DB Plan (Tiers I, II, III), the Borough participates in the Alaska Retiree Healthcare Trust (ARHCT). 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 8.75% of covered payroll into the OPEB plan. Employees do not contribute.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

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 and 2017, there were no on-behalf contributions to the OPEB Plan; however, on-behalf contributions to the OPEB Plan in 2016 were \$385,571.

<i>Year Ended June 30,</i>	Annual OPEB Costs	Borough Contributions	% of Costs Contributed
2017	\$ 1,255,174	\$ 1,255,174	100 %
2016	1,525,142	1,525,142	100 %
2015	1,612,476	1,612,476	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 ended June 30, 2017 were as follows:

	Other Tier IV	Police/Fire Tier IV
Retiree medical plan	1.18%	1.18%
Occupational death and disability benefits	0.17%	0.49%
Total Contribution Rates	1.35%	1.67%

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, 2016, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,049 per year for each full-time employee, and \$1.31 per hour for part-time employees.

Annual Postemployment Healthcare Cost

In 2017, the Borough contributed \$510,429 in DC OPEB costs. These amounts have been recognized as expense/expenditures.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

15. 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, 2017, the balance of the lease credits payable was \$1,318,724 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. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Borough expects such amounts, if any, to be nominal.

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.

16. 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 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 81 - Irrevocable Split-Interest Agreements - Effective for year-end June 30, 2018, with earlier application encouraged - This statement establishes recording and recognition criteria for governments who receive resources pursuant to an irrevocable split-interest agreement.

GASB 83 - Certain Asset Retirement Obligations - Effective for year-end June 30, 2019, with earlier application encouraged - This statement addresses accounting and financial reporting for certain asset retirement obligations that are legally enforceable liabilities associated with the retirement of a tangible capital asset.

GASB 84 - Fiduciary Activities - Effective for year-end June 30, 2020, with earlier application encouraged - This statement addresses criteria for identifying and reporting fiduciary activities.

GASB 85 - Omnibus - Effective for year-end June 30, 2018, with earlier application encouraged - This statement addresses practice issues that have been identified during implementation and application of certain GASB statements. Issues covered include blending of component units, goodwill, fair value measurement and application, and postemployment benefits.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

GASB 86 - *Certain Debt Extinguishment Issues* - Effective for year-end June 30, 2018, with earlier application encouraged - This statement addresses accounting and financial reporting for in-substance defeasance of debt when only existing resources are used, as well as accounting and financial reporting for prepaid insurance on extinguished debt.

GASB 87 - *Leases* - Effective for year-end June 30, 2021, with earlier application encouraged - This statement addresses accounting and financial reporting for certain lease assets and liabilities for leases that previously were classified as operating leases. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

Matanuska-Susitna Borough, Alaska
Public Employees Retirement System (PERS)
Schedule of the Borough's Information on the Net Pension Liability

<i>Years Ended June 30,</i>	Borough's Proportion of the Net Pension Liability	Borough's Proportionate Share of the Net Pension Liability	State of Alaska Proportionate Share of the Net Pension Liability	Total Net Pension Liability	Borough's Covered Payroll	Borough's Proportionate Share of the Net Pension Liability as a Percentage of Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2017	0.84421%	\$ 47,187,922	\$ 5,944,748	\$ 53,132,670	\$ 22,300,573	211.60%	59.55%
2016	0.64860%	31,457,163	8,425,442	39,882,605	21,010,045	149.72%	63.96%
2015	0.48137%	22,451,653	18,637,380	41,089,033	19,339,708	116.09%	62.37%
2014	*	*	*	*	*	*	*
2013	*	*	*	*	*	*	*
2012	*	*	*	*	*	*	*
2011	*	*	*	*	*	*	*
2010	*	*	*	*	*	*	*
2009	*	*	*	*	*	*	*
2008	*	*	*	*	*	*	*

* Information for these years is not available.

See accompanying notes to Required Supplementary Information.

Matanuska-Susitna Borough, Alaska
Public Employees Retirement System (PERS)
Schedule of the Borough's Contributions

<i>Years Ended June 30,</i>	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	Borough's Covered Payroll	Contributions as a Percentage of Covered Payroll
2017	\$ 2,667,192	\$ 2,667,192	\$ -	\$ 22,871,706	11.66%
2016	2,309,530	2,309,530	-	22,300,573	10.36%
2015	2,137,416	2,137,416	-	21,010,045	10.17%
2014	*	*	*	*	*
2013	*	*	*	*	*
2012	*	*	*	*	*
2011	*	*	*	*	*
2010	*	*	*	*	*
2009	*	*	*	*	*
2008	*	*	*	*	*

* Information for these years is not available.

See accompanying notes to Required Supplementary Information.

Matanuska-Susitna Borough, Alaska

Notes to Required Supplementary Information June 30, 2017

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

This table is presented based on the Plan measurement date. For June 30, 2017, the Plan measurement date is June 30, 2016.

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

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

There were no changes in allocation methodology.

2. Public Employees Retirement System - Schedule of the Borough's Contributions

This table is based on the Borough's contributions for each fiscal year presented. These contributions have been reported as a deferred outflow of resources on the Statement of Net Position.

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Matanuska-Susitna Borough, Alaska

Nonmajor Governmental Funds
Combining Balance Sheet

<i>June 30, 2017</i>	Special Revenue	Debt Service	Capital Projects	Totals
Assets				
Cash and investments	\$ 31,892,276	\$ 3,588,392	\$ 46,878,879	\$ 82,359,547
Prepaid items	53,368	-	23,132	76,500
Receivables:				
Intergovernmental	3,375	-	2,803,693	2,807,068
Property taxes, net of allowance	2,660,229	-	-	2,660,229
Land sales contracts, net	5,860	-	-	5,860
Interfund loan receivable	4,493,488	-	-	4,493,488
Other	260,088	-	-	260,088
Land sales contracts receivable, long term	297,553	-	-	297,553
Restricted cash	-	2,381,260	32,999,601	35,380,861
Total Assets	\$ 39,666,237	\$ 5,969,652	\$ 82,705,305	\$ 128,341,194
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts, contracts and retentions payable	\$ 777,954	\$ -	\$ 3,976,989	\$ 4,754,943
Due to General Fund	412,028	-	145,752	557,780
Deposits	90,289	-	5,909	96,198
Unearned revenue	-	-	1,160,022	1,160,022
Loans payable to other funds	635,228	-	-	635,228
Total Liabilities	1,915,499	-	5,288,672	7,204,171
Deferred Inflows of Resources				
Special assessments	6,266	-	-	6,266
Delinquent property taxes	2,377,571	-	-	2,377,571
Land sales receivables not yet due	297,553	-	-	297,553
Total Liabilities and Deferred Inflows of Resources	4,596,889	-	5,288,672	9,885,561
Fund Balances				
Nonspendable - prepaid items	53,368	-	23,132	76,500
Restricted:				
Debt service	-	2,381,260	-	2,381,260
Capital projects	-	-	32,999,601	32,999,601
Committed:				
Long-term loan receivable	4,493,488	-	-	4,493,488
Land management	1,197,899	-	-	1,197,899
Self-insurance	10,000	-	-	10,000
Accrued leave	30,000	-	-	30,000
Equipment	100,000	-	-	100,000
Assigned:				
Subsequent year expenditures	2,165,217	-	-	2,165,217
Subsequent year appropriations	702,000	-	-	702,000
Land management	2,001,410	-	-	2,001,410
Service areas	24,776,091	-	-	24,776,091
Debt service	-	3,588,392	-	3,588,392
Capital projects	-	-	44,393,900	44,393,900
Unassigned (deficits)	(460,125)	-	-	(460,125)
Total Fund Balances	35,069,348	5,969,652	77,416,633	118,455,633
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 39,666,237	\$ 5,969,652	\$ 82,705,305	\$ 128,341,194

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

<i>Year Ended June 30, 2017</i>	Special Revenue	Debt Service	Capital Projects	Totals
Revenues				
Property taxes	\$ 37,512,258	\$ -	\$ -	\$ 37,512,258
Intergovernmental	998,530	-	17,394,292	18,392,822
Charges for services	5,353,617	-	138,765	5,492,382
Investment income	54,261	3,381	176,310	233,952
Interest on land sales	21,701	-	-	21,701
Other	880,291	-	82,993	963,284
Total Revenues	44,820,658	3,381	17,792,360	62,616,399
Expenditures				
General government	581,648	-	1,143,054	1,724,702
Emergency services	12,573,501	-	2,620,760	15,194,261
Public services	13,826,145	-	9,308,265	23,134,410
Capital outlay	-	-	23,959,416	23,959,416
Debt service	4,927	4,495,636	-	4,500,563
Total Expenditures	26,986,221	4,495,636	37,031,495	68,513,352
Excess (Deficiency) of Revenues Over Expenditures				
	17,834,437	(4,492,255)	(19,239,135)	(5,896,953)
Other Financing Sources (Uses)				
Proceeds from bond issuance	-	1,556,706	19,643,294	21,200,000
Proceeds from issuance of certificates of participation	-	3,380,951	9,724,049	13,105,000
Premium on issuance	-	489,635	3,548,370	4,038,005
Payment to escrow agent	-	(2,570,621)	-	(2,570,621)
Transfers in	2,792,384	5,245,783	19,834,268	27,872,435
Transfers out	(18,108,682)	(247,329)	(1,610,992)	(19,967,003)
Net Other Financing Sources (Uses)	(15,316,298)	7,855,125	51,138,989	43,677,816
Net Change in Fund Balances	2,518,139	3,362,870	31,899,854	37,780,863
Fund Balances, beginning	32,551,209	2,606,782	45,516,779	80,674,770
Fund Balances, ending	\$ 35,069,348	\$ 5,969,652	\$ 77,416,633	\$ 118,455,633

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Matanuska-Susitna Borough, Alaska

General Fund
Balance Sheet

June 30,	2017	2016
Assets		
Cash and investments	\$ 41,818,178	\$ 53,543,858
Prepaid items	991,403	1,689,902
Receivables:		
Intergovernmental	4,851	26,143
Delinquent property taxes, including foreclosure costs, penalties and interest net of allowance for doubtful accounts of \$166,294 (\$162,922 in 2016)	8,828,091	8,150,709
Ambulance, net of allowance for doubtful accounts of \$1,090,239 (\$807,120 in 2016)	2,529,055	4,207,230
Excise taxes	1,206,558	1,494,888
Accrued interest	210,852	88,944
Interfund loan receivable	450,000	-
Other	3,757,034	519,535
Due from other funds	5,133,511	3,120,242
Inventory	245,514	400,389
Total Assets	\$ 65,175,047	\$ 73,241,840
Liabilities, Deferred Inflows of Resources and Fund Balance		
Liabilities		
Accounts payable	\$ 888,655	\$ 1,458,677
Accrued payroll and related liabilities	2,289,974	2,442,110
Other liabilities	72,685	84,389
Total Liabilities	3,251,314	3,985,176
Deferred Inflows of Resources		
Taxes collected in advance	813,271	808,363
Delinquent property taxes	7,927,557	7,516,659
Delinquent ambulance receivables	1,916,400	2,352,975
Delinquent foreclosure property sales	57,316	57,316
Total Liabilities and Deferred Inflows of Resources	13,965,858	14,720,489
Fund Balance		
Nonspendable:		
Prepaid items	991,403	1,689,902
Inventory	245,514	400,389
Long-term loan receivable	450,000	-
Committed:		
Self-insurance	150,000	150,000
Accrued leave	250,000	250,000
Assembly projects	57,217	57,217
Major repairs and renovations	29,248	29,248
Capital	500,000	500,000
Emergency response	1,200,000	1,200,000
Paving projects and calcium chloride	3,984,043	1,625,073
School site acquisition	1,898,798	200,000
Fund balance stabilization	25,000,000	25,000,000
Assigned - subsequent year expenditures	4,237,866	13,562,914
Unassigned	12,215,100	13,856,608
Total Fund Balance	51,209,189	58,521,351
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 65,175,047	\$ 73,241,840

Matanuska-Susitna Borough, Alaska

General Fund

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

Years Ended June 30,	2017			2016
	Budget	Actual	Variance	Actual
Revenues				
Taxes:				
Current year property tax levy	\$ 88,395,900	\$ 86,923,802	\$ (1,472,098)	\$ 83,462,584
Penalty and interest on taxes	950,000	996,648	46,648	1,145,794
Foreclosure costs	100,000	158,876	58,876	152,249
Recording and attorney fees	3,000	3,024	24	4,464
Vehicle taxes collected through State of Alaska	1,437,748	2,937,468	1,499,720	3,032,119
Excise taxes	7,809,000	8,229,211	420,211	8,286,431
Transient accommodations tax	1,155,000	1,206,741	51,741	1,205,702
Total taxes	99,850,648	100,455,770	605,122	97,289,343
Intergovernmental:				
State sources:				
Debt service reimbursement	22,768,726	17,764,283	(5,004,443)	22,673,550
Revenue sharing	2,745,000	2,751,236	6,236	4,069,569
PERS relief	-	786,213	786,213	984,367
In lieu of taxes	9,000	12,910	3,910	8,840
Other	-	181	181	1,345
Federal sources:				
In lieu of taxes	3,100,000	3,553,659	453,659	3,748,140
Other	55,000	11	(54,989)	86,376
Total intergovernmental	28,677,726	24,868,493	(3,809,233)	31,572,187
Charges for services:				
Ambulance	4,004,000	3,094,646	(909,354)	4,435,216
Engineering inspections	124,000	140,215	16,215	114,475
Planning and zoning	144,800	151,378	6,578	142,070
Ice arena	480,000	459,129	(20,871)	458,603
Community pool fees	610,000	667,607	57,607	624,878
Business licenses	250,000	464,100	214,100	245,500
Leases	-	400,000	400,000	-
Other	200,700	1,080,641	879,941	311,755
Total charges for services	5,813,500	6,457,716	644,216	6,332,497
Investment income	300,000	467,267	167,267	231,369
Total Revenues	134,641,874	132,249,246	(2,392,628)	135,425,396

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>	2017			2016
	Budget	Actual	Variance	Actual
Expenditures				
General government:				
Mayor	\$ 83,009	\$ 74,527	\$ 8,482	\$ 59,254
Assembly	470,227	361,683	108,544	376,873
Clerk	522,609	512,936	9,673	495,323
Administration	1,671,025	1,446,629	224,396	1,720,739
Elections	402,541	395,412	7,129	417,824
Records management	439,279	433,813	5,466	432,541
Finance	730,457	497,070	233,387	759,402
Budgeting	1,634,869	1,501,175	133,694	1,545,414
Accounting	1,758,615	1,631,583	127,032	1,815,667
Law	1,650,630	1,321,255	329,375	1,230,945
Human resources	688,283	606,919	81,364	525,964
Common contractual	1,631,304	1,300,682	330,622	1,325,906
Adj. and appeals/bid review board	14,354	1,899	12,455	1,881
Planning	2,774,729	2,448,766	325,963	2,531,800
Planning administration	431,042	411,064	19,978	416,770
Economic development	756,149	742,890	13,259	709,578
Pass-through to cities	60,000	100,000	(40,000)	396,338
Assessments	2,734,251	2,603,401	130,850	2,503,764
Information technology	5,428,452	5,394,570	33,882	4,853,622
Total general government	23,881,825	21,786,274	2,095,551	22,119,605
Less recovery of expenditures from other funds	(434,500)	(480,675)	46,175	(2,005,483)
Net general government	23,447,325	21,305,599	2,141,726	20,114,122
Public works:				
Public works administration	165,783	126,074	39,709	124,429
Maintenance	1,965,979	1,747,837	218,142	1,732,279
Project management and engineering	3,373,918	3,389,672	(15,754)	3,488,067
Public works operations	121,628	119,456	2,172	116,777
Total public works	5,627,308	5,383,039	244,269	5,461,552

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>	2017			2016
	Budget	Actual	Variance	Actual
Expenditures, continued				
Emergency services:				
Local emergency planning board	\$ 13,240	\$ 4,855	\$ 8,385	\$ 3,650
Rescue units	894,252	865,323	28,929	730,385
Ambulance operation	7,981,659	7,656,070	325,589	7,028,705
Emergency services building	243,563	119,441	124,122	109,933
Fleet maintenance	238,490	172,721	65,769	250,721
Telecommunications network	813,939	754,786	59,153	777,826
Rural ambulance	212,873	138,493	74,380	-
Emergency services administration	1,930,361	1,672,956	257,405	1,929,279
Total emergency services	12,328,377	11,384,645	943,732	10,830,499
Less recovery of expenditures from other funds	(561,698)	(566,933)	5,235	(975,912)
Net emergency services	11,766,679	10,817,712	948,967	9,854,587
Public services:				
Vehicle removal	27,500	20,413	7,087	19,667
Community services	141,212	97,197	44,015	72,579
Cultural resources	3,000	-	3,000	92,942
Parks and recreation	469,088	402,895	66,193	447,195
Ice arena	877,037	821,961	55,076	837,367
Outdoor ice rinks	1,300	802	498	369
Recreational services	308,825	314,641	(5,816)	305,133
Community pools	1,523,102	1,566,265	(43,163)	1,513,365
Community development administration	905,443	837,879	67,564	806,217
Road service administration	2,520,146	2,231,133	289,013	2,211,456
Recreation infrastructure maintenance	333,953	216,715	117,238	288,263
Total public services	7,110,606	6,509,901	600,705	6,594,553
Less recovery of expenditures from other funds	(2,704,746)	(2,361,190)	(343,556)	(2,554,849)
Net public services	4,405,860	4,148,711	257,149	4,039,704

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>	2017			2016
	Budget	Actual	Variance	Actual
Expenditures, continued				
Education - contributions to School District	\$ 55,841,300	\$ 55,841,300	\$ -	\$ 52,680,468
Total Expenditures	101,088,472	97,496,361	3,592,111	92,150,433
Excess of Revenues Over Expenditures	33,553,402	34,752,885	1,199,483	43,274,963
Other Financing Sources Sources (Uses)				
Proceeds from disposal of capital assets	10,000	17,821	7,821	39,442
Transfers in	-	960,854	960,854	269,424
Transfers out	(47,553,054)	(43,043,722)	4,509,332	(44,363,665)
Net Other Financing Sources (Uses)	(47,543,054)	(42,065,047)	5,478,007	(44,054,799)
Net Change in Fund Balance	<u>\$ (13,989,652)</u>	(7,312,162)	<u>\$ 6,677,490</u>	(779,836)
Fund Balance, beginning		<u>58,521,351</u>		<u>59,301,187</u>
Fund Balance, ending		<u>\$ 51,209,189</u>		<u>\$ 58,521,351</u>

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Matanuska-Susitna Borough, Alaska

Special Revenue Funds
Combining Balance Sheet

June 30,	Non-areawide Services and Service Areas	Land Management	Totals	
			2017	2016
Assets				
Cash and investments	\$ 27,604,197	\$ 4,288,079	\$ 31,892,276	\$ 28,456,752
Prepaid items	53,368	-	53,368	166,862
Receivables:				
Intergovernmental	3,375	-	3,375	757,562
Property taxes, net of allowance	2,660,229	-	2,660,229	2,350,083
Land sales contracts, net	-	5,860	5,860	3,619
Interfund loan receivable	-	4,493,488	4,493,488	4,493,488
Other	253,742	6,346	260,088	243,652
Land sales contracts receivable, long term	-	297,553	297,553	187,309
Total Assets	\$ 30,574,911	\$ 9,091,326	\$ 39,666,237	\$ 36,659,327
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 777,269	\$ 685	\$ 777,954	\$ 837,559
Deposits	20,265	70,024	90,289	69,024
Loans payable to other funds	635,228	-	635,228	701,816
Due to General Fund	412,028	-	412,028	111,682
Total Liabilities	1,844,790	70,709	1,915,499	1,740,346
Deferred Inflows of Resources				
Special assessments	6,266	-	6,266	6,074
Delinquent property taxes	2,377,571	-	2,377,571	2,174,389
Land sales receivables not yet due	-	297,553	297,553	187,309
Total Liabilities and Deferred Inflows of Resources	4,228,627	368,262	4,596,889	4,108,118
Fund Balances				
Nonspendable - prepaid items	53,368	-	53,368	166,862
Committed:				
Long-term loan receivable	-	4,493,488	4,493,488	4,493,488
Land management	-	1,197,899	1,197,899	797,295
Self-insurance	10,000	-	10,000	10,000
Accrued leave	20,000	10,000	30,000	30,000
Equipment	100,000	-	100,000	1,100,000
Assigned:				
Subsequent year expenditures	1,294,950	870,267	2,165,217	6,401,389
Subsequent year appropriations	552,000	150,000	702,000	685,000
Land management	-	2,001,410	2,001,410	-
Service areas	24,776,091	-	24,776,091	19,324,040
Unassigned (deficits)	(460,125)	-	(460,125)	(456,865)
Total Fund Balances	26,346,284	8,723,064	35,069,348	32,551,209
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 30,574,911	\$ 9,091,326	\$ 39,666,237	\$ 36,659,327

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

<i>Years Ended June 30,</i>	Non-areawide Services and Service Areas	Land Management	Totals	
			2017	2016
Revenues				
Property taxes	\$ 37,512,258	\$ -	\$ 37,512,258	\$ 35,245,870
Intergovernmental	976,644	21,886	998,530	1,045,210
Charges for services	2,935,695	2,417,922	5,353,617	4,969,375
Investment income	49,029	5,232	54,261	60,180
Interest on land sales	-	21,701	21,701	22,164
Other	868,890	11,401	880,291	725,063
Total Revenues	42,342,516	2,478,142	44,820,658	42,067,862
Expenditures				
General government	581,648	-	581,648	377,378
Emergency services	12,573,501	-	12,573,501	11,988,959
Public services	12,826,700	999,445	13,826,145	13,231,974
Debt service	4,927	-	4,927	4,708
Total Expenditures	25,986,776	999,445	26,986,221	25,603,019
Excess of Revenues Over Expenditures	16,355,740	1,478,697	17,834,437	16,464,843
Other Financing Sources (Uses)				
Transfers in	560,306	2,232,078	2,792,384	10,584
Transfers out	(17,193,682)	(915,000)	(18,108,682)	(14,937,856)
Proceeds from disposal of capital assets	-	-	-	37,195
Net Other Financing Sources (Uses)	(16,633,376)	1,317,078	(15,316,298)	(14,890,077)
Net Change in Fund Balances	(277,636)	2,795,775	2,518,139	1,574,766
Fund Balances, beginning	26,623,920	5,927,289	32,551,209	30,976,443
Fund Balances, ending	\$ 26,346,284	\$ 8,723,064	\$ 35,069,348	\$ 32,551,209

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

June 30, 2017	Non-areawide Services	Service Area 7 Talkeetna Flood Control	Service Area 36 Talkeetna Water and Sewer	Freedom Hills Sub-division	Garden Terrace Estates	Circle View/Stampede Estates	Enhanced 911 Service	Chase Trail	Service Area 69 Point MacKenzie	Fire Fleet Maintenance	Roads Outside Service Areas	Combined Fire Road Service Service Areas Areas		Totals
Assets														
Cash and investments	\$ 1,926,998	\$ 118,047	\$ 25	\$ 29,754	\$ 107,034	\$ 134,958	\$ 1,381,471	\$ 7,843	\$ 513,616	\$ 242,294	\$ 328	\$ 17,593,344	\$ 5,548,485	\$ 27,604,197
Receivables:														
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	3,375	-	3,375
Property taxes, net of allowance	298,288	633	-	-	-	1,445	-	10	63,579	-	-	979,802	1,316,472	2,660,229
Other	4,215	-	15,683	-	-	1,075	232,769	-	-	-	-	-	-	253,742
Prepaid items	16,006	-	640	-	-	-	27,425	-	-	-	-	9,297	-	53,368
Total Assets	\$ 2,245,507	\$ 118,680	\$ 16,348	\$ 29,754	\$ 107,034	\$ 137,478	\$ 1,641,665	\$ 7,853	\$ 577,195	\$ 242,294	\$ 328	\$ 18,585,818	\$ 6,864,957	\$ 30,574,911
Liabilities, Deferred Inflows of Resources and Fund Balances														
Liabilities														
Accounts payable	\$ 70,470	\$ -	\$ 31,003	\$ -	\$ -	\$ -	\$ 8,355	\$ -	\$ 36,324	\$ 891	\$ -	\$ 131,837	\$ 498,389	\$ 777,269
Due to General Fund	-	-	170,625	-	-	-	-	-	-	241,403	-	-	-	412,028
Loans payable to other funds	-	-	274,205	-	-	108,000	-	-	-	-	-	80,000	173,023	635,228
Other	-	-	-	-	-	-	-	-	-	-	-	-	20,265	20,265
Total Liabilities	70,470	-	475,833	-	-	108,000	8,355	-	36,324	242,294	-	211,837	691,677	1,844,790
Deferred Inflows of Resources														
Special assessments	-	-	-	-	-	6,266	-	-	-	-	-	-	-	6,266
Delinquent property taxes	266,744	165	-	-	-	1,445	-	10	63,579	-	-	858,359	1,187,269	2,377,571
Total Liabilities and Deferred Inflows of Resources	337,214	165	475,833	-	-	115,711	8,355	10	99,903	242,294	-	1,070,196	1,878,946	4,228,627
Fund Balances														
Nonspendable - prepaid items	16,006	-	640	-	-	-	27,425	-	-	-	-	9,297	-	53,368
Committed:														
Self-insurance	10,000	-	-	-	-	-	-	-	-	-	-	-	-	10,000
Accrued leave	20,000	-	-	-	-	-	-	-	-	-	-	-	-	20,000
Equipment	100,000	-	-	-	-	-	-	-	-	-	-	-	-	100,000
Assigned:														
Subsequent year expenditures	12,258	23,176	-	14,726	-	-	-	1,390	15,776	-	95	1,180,553	46,976	1,294,950
Subsequent year appropriations	-	-	-	-	-	-	-	-	-	-	-	180,000	372,000	552,000
Service areas	1,750,029	95,339	-	15,028	107,034	21,767	1,605,885	6,453	461,516	-	233	16,145,772	4,567,035	24,776,091
Unassigned (deficit)	-	-	(460,125)	-	-	-	-	-	-	-	-	-	-	(460,125)
Total Fund Balances (Deficit)	1,908,293	118,515	(459,485)	29,754	107,034	21,767	1,633,310	7,843	477,292	-	328	17,515,622	4,986,011	26,346,284
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,245,507	\$ 118,680	\$ 16,348	\$ 29,754	\$ 107,034	\$ 137,478	\$ 1,641,665	\$ 7,853	\$ 577,195	\$ 242,294	\$ 328	\$ 18,585,818	\$ 6,864,957	\$ 30,574,911

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

Year Ended June 30, 2017	Non-areawide Services	Service Area 7	Service Area 36	Freedom Hills	Garden Terrace Estates	Circle View/ Stampede Estates	Enhanced 911 Service	Chase Trail	Service Area 69 Point MacKenzie	Fire Fleet Maintenance	Grid Roller Maintenance	Roads Outside Service Areas	Combined		Totals
		Talkeetna Flood Control	Talkeetna Water and Sewer	Sub-division						Fire Service Areas	Road Service Areas				
Revenues															
Property taxes	\$ 3,791,847	\$ 30,355	\$ -	\$ -	\$ -	\$ 21,389	\$ -	\$ 600	\$ 20,265	\$ -	\$ -	\$ -	\$ 16,026,188	\$ 17,621,614	\$ 37,512,258
Intergovernmental	879,934	-	1,605	-	-	-	6,969	-	-	7,867	-	-	80,269	-	976,644
Charges for services	248,363	-	329,844	-	-	-	2,357,488	-	-	-	-	-	-	-	2,935,695
Investment income	2,748	186	-	53	192	211	2,238	14	934	236	-	-	33,045	9,172	49,029
Other	81,583	-	-	-	-	-	4,043	-	-	311,961	-	-	445,535	25,768	868,890
Total Revenues	5,004,475	30,541	331,449	53	192	21,600	2,370,738	614	21,199	320,064	-	-	16,585,037	17,656,554	42,342,516
Expenditures															
General government	581,648	-	-	-	-	-	-	-	-	-	-	-	-	-	581,648
Emergency services	2,166,292	-	-	-	-	-	1,207,006	-	-	300,751	-	-	8,899,452	-	12,573,501
Public services	1,543,555	672	350,786	-	-	-	-	-	68,494	-	761	-	-	10,862,432	12,826,700
Debt service	-	-	1,831	-	-	285	-	-	-	-	-	-	-	2,811	4,927
Total Expenditures	4,291,495	672	352,617	-	-	285	1,207,006	-	68,494	300,751	761	-	8,899,452	10,865,243	25,986,776
Excess (Deficiency) of Revenues Over Expenditures	712,980	29,869	(21,168)	53	192	21,315	1,163,732	614	(47,295)	19,313	(761)	-	7,685,585	6,791,311	16,355,740
Other Financing Sources (Uses)															
Transfers in	231	-	-	-	-	19,000	-	-	-	-	-	-	89,903	451,172	560,306
Transfers out	(684,635)	-	-	-	-	-	(1,000,000)	-	-	(19,313)	(1,170)	-	(9,308,184)	(6,180,380)	(17,193,682)
Net Other Financing Sources (Uses)	(684,404)	-	-	-	-	19,000	(1,000,000)	-	-	(19,313)	(1,170)	-	(9,218,281)	(5,729,208)	(16,633,376)
Net Change in Fund Balances	28,576	29,869	(21,168)	53	192	40,315	163,732	614	(47,295)	-	(1,931)	-	(1,532,696)	1,062,103	(277,636)
Fund Balances (Deficits), beginning	1,879,717	88,646	(438,317)	29,701	106,842	(18,548)	1,469,578	7,229	524,587	-	1,931	328	19,048,318	3,923,908	26,623,920
Fund Balances (Deficit), ending	\$ 1,908,293	\$ 118,515	\$ (459,485)	\$ 29,754	\$ 107,034	\$ 21,767	\$ 1,633,310	\$ 7,843	\$ 477,292	\$ -	\$ -	\$ 328	\$ 17,515,622	\$ 4,986,011	\$ 26,346,284

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

Years Ended June 30,	2017			2016
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 3,754,300	\$ 3,791,847	\$ 37,547	\$ 3,861,247
Intergovernmental:				
State PERS relief	-	93,447	93,447	114,446
Electric and telephone cooperative shared revenue	750,000	751,987	1,987	757,562
Library grants	33,000	34,500	1,500	33,250
Total intergovernmental	783,000	879,934	96,934	905,258
Charges for services:				
Animal care fees	162,750	219,125	56,375	232,574
User fees	22,600	29,238	6,638	28,013
Total charges for services	185,350	248,363	63,013	260,587
Investment income	500	2,748	2,248	2,429
Other	82,852	81,583	(1,269)	168,726
Total Revenues	4,806,002	5,004,475	198,473	5,198,247
Expenditures				
General government:				
Administration	89,500	89,500	-	88,000
Information technology	249,263	213,602	35,661	240,236
Economic development	335,903	278,546	57,357	49,142
Animal care board	4,550	-	4,550	-
Total general government	679,216	581,648	97,568	377,378
Emergency services - animal care	2,215,085	2,166,292	48,793	2,082,277
Public services:				
Vehicle removal	70,686	54,870	15,816	43,849
Libraries	1,594,515	1,488,351	106,164	1,508,351
Medical supplies	500	334	166	-
Total public services	1,665,701	1,543,555	122,146	1,552,200
Total Expenditures	4,560,002	4,291,495	268,507	4,011,855
Excess of Revenues Over Expenditures	246,000	712,980	466,980	1,186,392
Other Financing Sources (Uses)				
Transfers in	-	231	231	-
Transfers out	(851,635)	(684,635)	167,000	(643,000)
Net Other Financing Uses	(851,635)	(684,404)	167,231	(643,000)
Net Change in Fund Balance	\$ (605,635)	28,576	\$ 634,211	543,392
Fund Balance, beginning		1,879,717		1,336,325
Fund Balance, ending		\$ 1,908,293		\$ 1,879,717

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>	2017			2016
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 18,530	\$ 30,355	\$ 11,825	\$ 18,185
Investment income	100	186	86	159
Total Revenues	18,630	30,541	11,911	18,344
Expenditures				
Public services	22,917	672	22,245	431
Net Change in Fund Balance	<u>\$ (4,287)</u>	29,869	<u>\$ 34,156</u>	17,913
Fund Balance, beginning		<u>88,646</u>		<u>70,733</u>
Fund Balance, ending		<u>\$ 118,515</u>		<u>\$ 88,646</u>

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

Years Ended June 30,	2017			2016
	Budget	Actual	Variance	Actual
Revenues				
Charges for services - water and sewer	\$ 325,000	\$ 329,844	\$ 4,844	\$ 225,842
Intergovernmental - PERS relief	-	1,605	1,605	1,855
Total Revenues	325,000	331,449	6,449	227,697
Expenditures				
Public services	344,507	350,786	(6,279)	289,987
Debt service	1,831	1,831	-	1,383
Total Expenditures	346,338	352,617	(6,279)	291,370
Deficiency of Revenues Over Expenditures	(21,338)	(21,168)	170	(63,673)
Other Financing Uses				
Transfers out	-	-	-	(214,000)
Net Change in Fund Deficit	<u>\$ (21,338)</u>	(21,168)	<u>\$ 170</u>	(277,673)
Fund Deficit, beginning		<u>(438,317)</u>		<u>(160,644)</u>
Fund Deficit, ending		<u>\$ (459,485)</u>		<u>\$ (438,317)</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>	2017			2016
	Budget	Actual	Variance	Actual
Revenues				
Investment income	\$ 25	\$ 53	\$ 28	\$ 59
Expenditures				
Public services	15,000	-	15,000	-
Net Change in Fund Balance	<u>\$ (14,975)</u>	53	<u>\$ 15,028</u>	59
Fund Balance, beginning		<u>29,701</u>		<u>29,642</u>
Fund Balance, ending		<u>\$ 29,754</u>		<u>\$ 29,701</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>	2017			2016
	Budget	Actual	Variance	Actual
Revenues				
Investment income	\$ -	\$ 192	\$ 192	\$ 213
Net Change in Fund Balance	<u>\$ -</u>	192	<u>\$ 192</u>	213
Fund Balance, beginning		<u>106,842</u>		<u>106,629</u>
Fund Balance, ending		<u>\$ 107,034</u>		<u>\$ 106,842</u>

Matanuska-Susitna Borough, Alaska
Circle View/Stampede Estates Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance (Deficit) - Budget and Actual

<i>Years Ended June 30,</i>	2017			2016
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 22,790	\$ 21,389	\$ (1,401)	\$ 21,709
Investment income	-	211	211	184
Total Revenues	22,790	21,600	(1,190)	21,893
Expenditures				
Debt service	285	285	-	300
Public services	5,000	-	5,000	-
Total Expenditures	5,285	285	5,000	300
Excess of Revenues Over Expenditures	17,505	21,315	3,810	21,593
Other Financing Sources				
Transfers in	-	19,000	19,000	-
Net Change in Fund Deficit	<u>\$ 17,505</u>	40,315	<u>\$ 22,810</u>	21,593
Fund Deficit, beginning		<u>(18,548)</u>		<u>(40,141)</u>
Fund Balance (Deficit), ending		<u>\$ 21,767</u>		<u>\$ (18,548)</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>	2017			2016
	Budget	Actual	Variance	Actual
Revenues				
Intergovernmental - PERS relief	\$ -	\$ 6,969	\$ 6,969	\$ 8,303
Charges for services - telephone surcharge	2,300,000	2,357,488	57,488	2,375,531
Investment income	1,500	2,238	738	2,284
Other	-	4,043	4,043	-
Total Revenues	2,301,500	2,370,738	69,238	2,386,118
Expenditures				
Emergency services	1,301,528	1,207,006	94,522	1,199,443
Excess of Revenues Over Expenditures	999,972	1,163,732	163,760	1,186,675
Other Financing Uses				
Transfers out	(1,000,000)	(1,000,000)	-	(1,250,000)
Net Change in Fund Balance	<u>\$ (28)</u>	163,732	<u>\$ 163,760</u>	(63,325)
Fund Balance, beginning		<u>1,469,578</u>		<u>1,532,903</u>
Fund Balance, ending		<u>\$ 1,633,310</u>		<u>\$ 1,469,578</u>

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>	2017			2016
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 600	\$ 600	\$ -	\$ 480
Investment income	10	14	4	14
Total Revenues	610	614	4	494
Expenditures				
Public services	2,000	-	2,000	-
Net Change in Fund Balance	<u>\$ (1,390)</u>	614	<u>\$ 2,004</u>	494
Fund Balance, beginning		<u>7,229</u>		<u>6,735</u>
Fund Balance, ending		<u>\$ 7,843</u>		<u>\$ 7,229</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>	2017			2016
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 59,600	\$ 20,265	\$ (39,335)	\$ 42,067
Investment income	1,000	934	(66)	1,018
Total Revenues	60,600	21,199	(39,401)	43,085
Expenditures				
Public services	82,413	68,494	13,919	12,455
Net Change in Fund Balance	<u>\$ (21,813)</u>	(47,295)	<u>\$ (25,482)</u>	30,630
Fund Balance, beginning		<u>524,587</u>		<u>493,957</u>
Fund Balance, ending		<u>\$ 477,292</u>		<u>\$ 524,587</u>

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

<i>Years Ended June 30,</i>	2017			2016
	Budget	Actual	Variance	Actual
Revenues				
Intergovernmental - PERS relief	\$ -	\$ 7,867	\$ 7,867	\$ -
Investment income	-	236	236	-
Other	311,961	311,961	-	-
Total Revenues	311,961	320,064	8,103	-
Expenditures				
Emergency services	311,961	300,751	11,210	-
Excess of Revenues Over Expenditures	-	19,313	19,313	-
Other Financing Uses				
Transfers out	-	(19,313)	(19,313)	-
Net Change in Fund Balance	<u>\$ -</u>	-	<u>\$ -</u>	-
Fund Balance, beginning		<u>-</u>		<u>-</u>
Fund Balance, ending		<u>\$ -</u>		<u>\$ -</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>	2017			2016
	Budget	Actual	Variance	Actual
Revenues				
Investment income	\$ -	\$ -	\$ -	\$ 15
Expenditures				
Public services	761	761	-	9,826
Deficiency of Revenues Over Expenditures	(761)	(761)	-	(9,811)
Other Financing Uses				
Transfers out	(1,170)	(1,170)	-	-
Net Change in Fund Balance	<u>\$ (1,931)</u>	(1,931)	<u>\$ -</u>	(9,811)
Fund Balance, beginning		<u>1,931</u>		<u>11,742</u>
Fund Balance, ending		<u>\$ -</u>		<u>\$ 1,931</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>	2017			2016
	Budget	Actual	Variance	Actual
Revenues				
Investment income	\$ -	\$ -	\$ -	\$ 1
Expenditures				
Public services - road service	233	-	233	-
Net Change in Fund Balance	<u>\$ (233)</u>	-	<u>\$ (233)</u>	1
Fund Balance, beginning		<u>328</u>		<u>327</u>
Fund Balance, ending		<u>\$ 328</u>		<u>\$ 328</u>

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

	Service Area								Totals
	130 Central Mat-Su	2 Butte	132 Greater Palmer Consolidated	4 Sutton	24 Talkeetna	136 West Lakes	35 Willow	135 Caswell	
<i>June 30, 2017</i>									
Assets									
Cash and investments	\$ 8,124,850	\$ 1,294,887	\$ 4,235,432	\$ 290,798	\$ 385,675	\$ 1,952,980	\$ 776,825	\$ 531,897	\$ 17,593,344
Receivables:									
Intergovernmental	-	3,375	-	-	-	-	-	-	3,375
Property taxes, net of allowance	447,899	75,878	142,557	21,912	21,757	167,213	53,992	48,594	979,802
Prepaid items	5,897	755	-	378	378	1,133	378	378	9,297
Total Assets	\$ 8,578,646	\$ 1,374,895	\$ 4,377,989	\$ 313,088	\$ 407,810	\$ 2,121,326	\$ 831,195	\$ 580,869	\$ 18,585,818
Liabilities, Deferred Inflows of Resources and Fund Balances									
Liabilities									
Accounts payable	\$ 68,172	\$ 4,802	\$ 2,692	\$ 4,153	\$ 4,754	\$ 29,682	\$ 9,495	\$ 8,087	\$ 131,837
Loans payable to other funds	-	-	-	-	-	-	80,000	-	80,000
Total Liabilities	68,172	4,802	2,692	4,153	4,754	29,682	89,495	8,087	211,837
Deferred Inflows of Resources									
Delinquent property taxes	388,257	67,216	138,577	18,549	18,629	143,247	43,099	40,785	858,359
Total Liabilities and Deferred Inflows of Resources	456,429	72,018	141,269	22,702	23,383	172,929	132,594	48,872	1,070,196
Fund Balances									
Nonspendable - prepaid items	5,897	755	-	378	378	1,133	378	378	9,297
Assigned:									
Subsequent year appropriations	180,000	-	-	-	-	-	-	-	180,000
Subsequent year expenditures	-	17,039	-	44,673	67,906	911,655	61,359	77,921	1,180,553
Service areas	7,936,320	1,285,083	4,236,720	245,335	316,143	1,035,609	636,864	453,698	16,145,772
Total Fund Balances	8,122,217	1,302,877	4,236,720	290,386	384,427	1,948,397	698,601	531,997	17,515,622
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 8,578,646	\$ 1,374,895	\$ 4,377,989	\$ 313,088	\$ 407,810	\$ 2,121,326	\$ 831,195	\$ 580,869	\$ 18,585,818

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

	Service Area									Totals
	130 Central Mat-Su	2 Butte	132 Greater Palmer Consolidated	4 Sutton	24 Talkeetna	136 West Lakes	35 Willow	135 Caswell		
<i>Year Ended June 30, 2017</i>										
Revenues										
Property taxes	\$ 9,588,160	\$ 869,375	\$ 1,225,075	\$ 223,441	\$ 344,294	\$ 2,647,399	\$ 816,488	\$ 311,956	\$ 16,026,188	
Intergovernmental - PERS relief	70,041	67	-	33	34	198	4,948	4,948	80,269	
Investment income	16,507	2,072	7,510	470	901	3,365	1,202	1,018	33,045	
Other	296,158	24,095	19,740	33,880	26,001	43,076	2,585	-	445,535	
Total Revenues	9,970,866	895,609	1,252,325	257,824	371,230	2,694,038	825,223	317,922	16,585,037	
Expenditures										
Emergency services:										
Administration	440,775	73,858	36,223	42,873	49,953	103,043	63,981	43,830	854,536	
Fire services	4,382,947	458,592	396,222	151,576	196,340	1,770,964	434,205	254,070	8,044,916	
Total Expenditures	4,823,722	532,450	432,445	194,449	246,293	1,874,007	498,186	297,900	8,899,452	
Excess of Revenues Over Expenditures	5,147,144	363,159	819,880	63,375	124,937	820,031	327,037	20,022	7,685,585	
Other Financing Sources (Uses)										
Transfers in	9,077	4,748	65,077	1,738	1,738	3,233	2,345	1,947	89,903	
Transfers out	(7,252,008)	(75,665)	(765,500)	(10,392)	(360,651)	(656,832)	(94,632)	(92,504)	(9,308,184)	
Net Other Financing Uses	(7,242,931)	(70,917)	(700,423)	(8,654)	(358,913)	(653,599)	(92,287)	(90,557)	(9,218,281)	
Net Change in Fund Balances	(2,095,787)	292,242	119,457	54,721	(233,976)	166,432	234,750	(70,535)	(1,532,696)	
Fund Balances, beginning	10,218,004	1,010,635	4,117,263	235,665	618,403	1,781,965	463,851	602,532	19,048,318	
Fund Balances, ending	\$ 8,122,217	\$ 1,302,877	\$ 4,236,720	\$ 290,386	\$ 384,427	\$ 1,948,397	\$ 698,601	\$ 531,997	\$ 17,515,622	

Matanuska-Susitna Borough, Alaska

Fire Service Area 130 - Central Mat-Su Special Revenue Fund

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

Years Ended June 30,	2017			2016
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 9,581,120	\$ 9,588,160	\$ 7,040	\$ 8,398,856
Intergovernmental - PERS relief	-	70,041	70,041	90,154
Investment income	10,000	16,507	6,507	18,701
Other	194,000	296,158	102,158	305,832
Total Revenues	9,785,120	9,970,866	185,746	8,813,543
Expenditures				
Emergency services:				
Administration	440,337	440,775	(438)	498,841
Fire services	6,763,644	4,382,947	2,380,697	4,342,727
Total Expenditures	7,203,981	4,823,722	2,380,259	4,841,568
Excess of Revenues Over Expenditures	2,581,139	5,147,144	2,566,005	3,971,975
Other Financing Sources (Uses)				
Transfers in	-	9,077	9,077	-
Transfers out	(7,252,008)	(7,252,008)	-	(2,279,990)
Net Other Financing Uses	(7,252,008)	(7,242,931)	9,077	(2,279,990)
Net Change in Fund Balance	<u>\$ (4,670,869)</u>	(2,095,787)	<u>\$ 2,575,082</u>	1,691,985
Fund Balance, beginning		<u>10,218,004</u>		<u>8,526,019</u>
Fund Balance, ending		<u>\$ 8,122,217</u>		<u>\$ 10,218,004</u>

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>	2017			2016
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 878,880	\$ 869,375	\$ (9,505)	\$ 841,296
Intergovernmental - PERS relief	-	67	67	1,139
Investment income	1,000	2,072	1,072	1,883
Other	13,000	24,095	11,095	320
Total Revenues	892,880	895,609	2,729	844,638
Expenditures				
Emergency services:				
Administration	74,475	73,858	617	60,847
Fire services	610,110	458,592	151,518	570,334
Total Expenditures	684,585	532,450	152,135	631,181
Excess of Revenues Over Expenditures	208,295	363,159	154,864	213,457
Other Financing Sources (Uses)				
Transfers in	-	4,748	4,748	(108,000)
Transfers out	(75,665)	(75,665)	-	16,350
Net Other Financing Uses	(75,665)	(70,917)	4,748	(91,650)
Net Change in Fund Balance	<u>\$ 132,630</u>	292,242	<u>\$ 159,612</u>	121,807
Fund Balance, beginning		<u>1,010,635</u>		<u>888,828</u>
Fund Balance, ending		<u>\$ 1,302,877</u>		<u>\$ 1,010,635</u>

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

Years Ended June 30,	2017			2016
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 1,219,670	\$ 1,225,075	\$ 5,405	\$ 1,132,987
Investment income	4,000	7,510	3,510	7,633
Other	-	19,740	19,740	1,632
Total Revenues	1,223,670	1,252,325	28,655	1,142,252
Expenditures				
Emergency services:				
Administration	35,243	36,223	(980)	31,427
Fire services	502,897	396,222	106,675	408,193
Total Expenditures	538,140	432,445	105,695	439,620
Excess of Revenues Over Expenditures	685,530	819,880	134,350	702,632
Other Financing Sources (Uses)				
Transfers in	-	65,077	65,077	-
Transfers out	(765,500)	(765,500)	-	(140,000)
Proceeds from disposal of capital assets	-	-	-	15,600
Net Other Financing Uses	(765,500)	(700,423)	65,077	(124,400)
Net Change in Fund Balance	<u>\$ (79,970)</u>	119,457	<u>\$ 199,427</u>	578,232
Fund Balance, beginning		<u>4,117,263</u>		<u>3,539,031</u>
Fund Balance, ending		<u>\$ 4,236,720</u>		<u>\$ 4,117,263</u>

Matanuska-Susitna Borough, Alaska

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

Years Ended June 30,	2017			2016
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 250,820	\$ 223,441	\$ (27,379)	\$ 232,573
Intergovernmental - PERS relief	-	33	33	250
Investment income	200	470	270	474
Other	-	33,880	33,880	5,000
Total Revenues	251,020	257,824	6,804	238,297
Expenditures				
Emergency services:				
Administration	41,341	42,873	(1,532)	25,666
Fire services	202,855	151,576	51,279	103,219
Total Expenditures	244,196	194,449	49,747	128,885
Excess of Revenues Over Expenditures	6,824	63,375	56,551	109,412
Other Financing Sources (Uses)				
Transfers in	-	1,738	1,738	-
Transfers out	(10,392)	(10,392)	-	(112,000)
Net Other Financing Uses	(10,392)	(8,654)	1,738	(112,000)
Net Change in Fund Balance	\$ (3,568)	54,721	\$ 58,289	(2,588)
Fund Balance, beginning		235,665		238,253
Fund Balance, ending		\$ 290,386		\$ 235,665

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>	2017			2016
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 351,150	\$ 344,294	\$ (6,856)	\$ 347,780
Intergovernmental - PERS relief	-	34	34	569
Investment income	700	901	201	1,183
Other	27,000	26,001	(999)	14,552
Total Revenues	378,850	371,230	(7,620)	364,084
Expenditures				
Emergency services:				
Administration	51,749	49,953	1,796	52,385
Fire services	340,639	196,340	144,299	229,048
Total Expenditures	392,388	246,293	146,095	281,433
Excess (Deficiency) of Revenues Over Expenditures	(13,538)	124,937	138,475	82,651
Other Financing Sources (Uses)				
Transfers in	-	1,738	1,738	4,394
Transfers out	(360,651)	(360,651)	-	(40,000)
Proceeds from disposal of capital assets	-	-	-	2,275
Net Other Financing Uses	(360,651)	(358,913)	1,738	(33,331)
Net Change in Fund Balance	<u>\$ (374,189)</u>	(233,976)	<u>\$ 140,213</u>	49,320
Fund Balance, beginning		<u>618,403</u>		<u>569,083</u>
Fund Balance, ending		<u>\$ 384,427</u>		<u>\$ 618,403</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>	2017			2016
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 2,673,170	\$ 2,647,399	\$ (25,771)	\$ 2,222,133
Intergovernmental - PERS relief	-	198	198	413
Investment income	2,000	3,365	1,365	3,576
Other	29,500	43,076	13,576	39,164
Total Revenues	2,704,670	2,694,038	(10,632)	2,265,286
Expenditures				
Emergency services:				
Administration	101,299	103,043	(1,744)	214,367
Fire services	1,951,296	1,770,964	180,332	1,471,034
Total Expenditures	2,052,595	1,874,007	178,588	1,685,401
Excess of Revenues Over Expenditures	652,075	820,031	167,956	579,885
Other Financing Sources (Uses)				
Transfers in	-	3,233	3,233	1,574
Transfers out	(656,832)	(656,832)	-	(606,111)
Proceeds from disposal of capital assets	-	-	-	2,970
Net Other Financing Uses	(656,832)	(653,599)	3,233	(601,567)
Net Change in Fund Balance	\$ (4,757)	166,432	\$ 171,189	(21,682)
Fund Balance, beginning		1,781,965		1,803,647
Fund Balance, ending		\$ 1,948,397		\$ 1,781,965

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

<i>Years Ended June 30,</i>	2017			2016
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 812,040	\$ 816,488	\$ 4,448	\$ 789,042
Intergovernmental - PERS relief	-	4,948	4,948	5,884
Investment income	500	1,202	702	989
Other	23,442	2,585	(20,857)	114,636
Total Revenues	835,982	825,223	(10,759)	910,551
Expenditures				
Emergency services:				
Administration	62,591	63,981	(1,390)	49,682
Fire services	499,525	434,205	65,320	394,414
Total emergency services	562,116	498,186	63,930	444,096
Debt service	200	-	200	-
Total Expenditures	562,316	498,186	64,130	444,096
Excess of Revenues Over Expenditures	273,666	327,037	53,371	466,455
Other Financing Sources (Uses)				
Transfers in	-	2,345	2,345	4,616
Transfers out	(94,632)	(94,632)	-	(283,110)
Net Other Financing Uses	(94,632)	(92,287)	2,345	(278,494)
Net Change in Fund Balance	<u>\$ 179,034</u>	234,750	<u>\$ 55,716</u>	187,961
Fund Balance, beginning		<u>463,851</u>		<u>275,890</u>
Fund Balance, ending		<u>\$ 698,601</u>		<u>\$ 463,851</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>	2017			2016
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 329,990	\$ 311,956	\$ (18,034)	\$ 328,732
Intergovernmental - PERS relief	-	4,948	4,948	5,813
Investment income	500	1,018	518	1,057
Other	10,000	-	(10,000)	53,207
Total Revenues	340,490	317,922	(22,568)	388,809
Expenditures				
Emergency services:				
Administration	45,424	43,830	1,594	22,372
Fire services	321,018	254,070	66,948	232,683
Total Expenditures	366,442	297,900	68,542	255,055
Excess (Deficiency) of Revenues Over Expenditures	(25,952)	20,022	45,974	133,754
Other Financing Sources (Uses)				
Transfers in	-	1,947	1,947	-
Transfers out	(92,504)	(92,504)	-	(1,092)
Net Other Financing Uses	(92,504)	(90,557)	1,947	(1,092)
Net Change in Fund Balance	\$ (118,456)	(70,535)	\$ 47,921	132,662
Fund Balance, beginning		602,532		469,870
Fund Balance, ending		\$ 531,997		\$ 602,532

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

	Service Area								
	9	14	15	16	17	19	20	21	23
<i>June 30, 2017</i>	Midway Road	Fairview Road	Caswell Lake	South Colony	Knik Road	Lazy Mountain	Greater Willow	Lake Road	North Colony
Assets									
Cash and investments	\$ 585,014	\$ 341,497	\$ 157,748	\$ 636,645	\$ 490,693	\$ 275,535	\$ 365,050	\$ 409,982	\$ 208,643
Receivables - property taxes, net of allowance	177,411	32,414	100,868	262,181	112,645	30,926	51,863	90,708	23,179
Total Assets	\$ 762,425	\$ 373,911	\$ 258,616	\$ 898,826	\$ 603,338	\$ 306,461	\$ 416,913	\$ 500,690	\$ 231,822
Liabilities, Deferred Inflows of Resources and Fund Balances									
Liabilities									
Accounts payable	\$ 31,349	\$ 28,955	\$ 35,954	\$ 49,039	\$ 62,508	\$ 7,828	\$ 35,516	\$ 11,551	\$ 7,759
Loans payable to other funds	23,410	13,755	-	50,471	-	277	-	-	6,229
Deposits	3,521	-	-	8,535	-	2,000	-	-	-
Total Liabilities	58,280	42,710	35,954	108,045	62,508	10,105	35,516	11,551	13,988
Deferred Inflows of Resources									
Delinquent property taxes	161,923	26,380	89,491	255,731	99,022	30,809	41,271	77,859	22,087
Total Liabilities and Deferred Inflows of Resources	220,203	69,090	125,445	363,776	161,530	40,914	76,787	89,410	36,075
Fund Balances									
Assigned:									
Subsequent year expenditures	-	-	-	-	-	-	-	-	13,481
Subsequent year appropriations	-	120,000	-	-	170,000	-	-	82,000	-
Service areas	542,222	184,821	133,171	535,050	271,808	265,547	340,126	329,280	182,266
Total Fund Balances	542,222	304,821	133,171	535,050	441,808	265,547	340,126	411,280	195,747
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 762,425	\$ 373,911	\$ 258,616	\$ 898,826	\$ 603,338	\$ 306,461	\$ 416,913	\$ 500,690	\$ 231,822

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, 2017</i>								
Assets								
Cash and investments	\$ 692,370	\$ 303,821	\$ 226,794	\$ 319,267	\$ 183,602	\$ 170,001	\$ 181,823	\$ 5,548,485
Receivables - property taxes, net of allowance	61,508	78,900	128,657	71,917	43,766	30,725	18,804	1,316,472
Total Assets	\$ 753,878	\$ 382,721	\$ 355,451	\$ 391,184	\$ 227,368	\$ 200,726	\$ 200,627	\$ 6,864,957
Liabilities, Deferred Inflows of Resources and Fund Balances								
Liabilities								
Accounts payable	\$ 46,390	\$ 32,145	\$ 45,417	\$ 48,141	\$ 35,060	\$ 9,268	\$ 11,509	\$ 498,389
Loans payable to other funds	46,786	2,630	-	28,203	-	-	1,262	173,023
Deposits	5,209	1,000	-	-	-	-	-	20,265
Total Liabilities	98,385	35,775	45,417	76,344	35,060	9,268	12,771	691,677
Deferred Inflows of Resources								
Delinquent property taxes	56,961	70,410	107,768	66,489	37,193	27,891	15,984	1,187,269
Total Liabilities and Deferred Inflows of Resources	155,346	106,185	153,185	142,833	72,253	37,159	28,755	1,878,946
Fund Balances								
Assigned:								
Subsequent year expenditures	-	-	-	-	-	-	33,495	46,976
Subsequent year appropriations	-	-	-	-	-	-	-	372,000
Service areas	598,532	276,536	202,266	248,351	155,115	163,567	138,377	4,567,035
Total Fund Balances	598,532	276,536	202,266	248,351	155,115	163,567	171,872	4,986,011
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 753,878	\$ 382,721	\$ 355,451	\$ 391,184	\$ 227,368	\$ 200,726	\$ 200,627	\$ 6,864,957

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, 2017</i>									
Revenues									
Property taxes	\$ 1,681,926	\$ 1,141,999	\$ 610,916	\$ 1,516,074	\$ 2,761,233	\$ 252,810	\$ 944,617	\$ 1,253,801	\$ 186,478
Investment income	827	613	260	1,114	736	426	611	628	351
Other	-	-	4,690	9,710	5,868	-	-	500	-
Total Revenues	1,682,753	1,142,612	615,866	1,526,898	2,767,837	253,236	945,228	1,254,929	186,829
Expenditures									
Public services:									
Administration	209,290	154,630	114,994	181,897	398,786	22,045	124,993	172,086	20,106
Road service	443,170	460,068	428,884	812,051	1,228,708	133,659	483,837	782,776	138,956
Total public services	652,460	614,698	543,878	993,948	1,627,494	155,704	608,830	954,862	159,062
Debt service	380	223	-	820	-	5	-	-	101
Total Expenditures	652,840	614,921	543,878	994,768	1,627,494	155,709	608,830	954,862	159,163
Excess of Revenues Over Expenditures	1,029,913	527,691	71,988	532,130	1,140,343	97,527	336,398	300,067	27,666
Other Financing Sources (Uses)									
Transfers in	74,780	33,826	-	163,503	54,976	-	24	44,835	-
Transfers out	(851,880)	(547,550)	(46,970)	(648,490)	(980,790)	(15,240)	(291,890)	(166,080)	-
Net Other Financing Sources (Uses)	(777,100)	(513,724)	(46,970)	(484,987)	(925,814)	(15,240)	(291,866)	(121,245)	-
Net Change in Fund Balances	252,813	13,967	25,018	47,143	214,529	82,287	44,532	178,822	27,666
Fund Balances, beginning	289,409	290,854	108,153	487,907	227,279	183,260	295,594	232,458	168,081
Fund Balances, ending	\$ 542,222	\$ 304,821	\$ 133,171	\$ 535,050	\$ 441,808	\$ 265,547	\$ 340,126	\$ 411,280	\$ 195,747

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, 2017</i>								
Revenues								
Property taxes	\$ 1,652,989	\$ 932,087	\$ 1,865,955	\$ 1,738,935	\$ 591,848	\$ 226,776	\$ 263,170	\$ 17,621,614
Investment income	1,014	459	576	655	304	298	300	9,172
Other	-	-	-	5,000	-	-	-	25,768
Total Revenues	1,654,003	932,546	1,866,531	1,744,590	592,152	227,074	263,470	17,656,554
Expenditures								
Public services:								
Administration	209,206	119,333	248,455	230,899	93,315	33,989	27,165	2,361,189
Road service	677,208	408,348	866,886	852,571	478,838	121,316	183,967	8,501,243
Total public services	886,414	527,681	1,115,341	1,083,470	572,153	155,305	211,132	10,862,432
Debt service	760	43	-	458	-	-	21	2,811
Total Expenditures	887,174	527,724	1,115,341	1,083,928	572,153	155,305	211,153	10,865,243
Excess of Revenues Over Expenditures	766,829	404,822	751,190	660,662	19,999	71,769	52,317	6,791,311
Other Financing Sources (Uses)								
Transfers in	412	7,956	55,976	3,415	10,625	-	844	451,172
Transfers out	(526,080)	(318,440)	(964,510)	(736,010)	-	(61,450)	(25,000)	(6,180,380)
Net Other Financing Sources (Uses)	(525,668)	(310,484)	(908,534)	(732,595)	10,625	(61,450)	(24,156)	(5,729,208)
Net Change in Fund Balances	241,161	94,338	(157,344)	(71,933)	30,624	10,319	28,161	1,062,103
Fund Balances, beginning	357,371	182,198	359,610	320,284	124,491	153,248	143,711	3,923,908
Fund Balances, ending	\$ 598,532	\$ 276,536	\$ 202,266	\$ 248,351	\$ 155,115	\$ 163,567	\$ 171,872	\$ 4,986,011

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

Years Ended June 30,	2017			2016
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 1,656,740	\$ 1,681,926	\$ 25,186	\$ 1,578,640
Investment income	400	827	427	678
Total Revenues	1,657,140	1,682,753	25,613	1,579,318
Expenditures				
Public services:				
Administration	239,742	209,290	30,452	224,968
Road service	565,127	443,170	121,957	321,157
Total public services	804,869	652,460	152,409	546,125
Debt service	380	380	-	409
Total Expenditures	805,249	652,840	152,409	546,534
Excess of Revenues Over Expenditures	851,891	1,029,913	178,022	1,032,784
Other Financing Sources (Uses)				
Transfers in	-	74,780	74,780	-
Transfers out	(851,880)	(851,880)	-	(1,044,500)
Net Other Financing Uses	(851,880)	(777,100)	74,780	(1,044,500)
Net Change in Fund Balance	\$ 11	252,813	\$ 252,802	(11,716)
Fund Balance, beginning		289,409		301,125
Fund Balance, ending		<u>\$ 542,222</u>		<u>\$ 289,409</u>

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>	2017			2016
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 1,128,940	\$ 1,141,999	\$ 13,059	\$ 1,028,376
Investment income	475	613	138	638
Other	-	-	-	3,360
Total Revenues	1,129,415	1,142,612	13,197	1,032,374
Expenditures				
Public services:				
Administration	177,129	154,630	22,499	149,040
Road service	514,510	460,068	54,442	464,671
Total public services	691,639	614,698	76,941	613,711
Debt service	223	223	-	241
Total Expenditures	691,862	614,921	76,941	613,952
Excess of Revenues Over Expenditures	437,553	527,691	90,138	418,422
Other Financing Sources (Uses)				
Transfers in	-	33,826	33,826	-
Transfers out	(547,550)	(547,550)	-	(380,610)
Net Other Financing Uses	(547,550)	(513,724)	33,826	(380,610)
Net Change in Fund Balance	<u>\$ (109,997)</u>	13,967	<u>\$ 123,964</u>	37,812
Fund Balance, beginning		<u>290,854</u>		<u>253,042</u>
Fund Balance, ending		<u>\$ 304,821</u>		<u>\$ 290,854</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>	2017			2016
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 637,420	\$ 610,916	\$ (26,504)	\$ 648,945
Investment income	250	260	10	204
Other	-	4,690	4,690	-
Total Revenues	637,670	615,866	(21,804)	649,149
Expenditures				
Public services:				
Administration	131,726	114,994	16,732	125,132
Road service	458,969	428,884	30,085	415,631
Total Expenditures	590,695	543,878	46,817	540,763
Excess of Revenues Over Expenditures	46,975	71,988	25,013	108,386
Other Financing Uses				
Transfers out	(46,970)	(46,970)	-	(42,200)
Net Change in Fund Balance	<u>\$ 5</u>	25,018	<u>\$ 25,013</u>	66,186
Fund Balance, beginning		<u>108,153</u>		<u>41,967</u>
Fund Balance, ending		<u>\$ 133,171</u>		<u>\$ 108,153</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

Years Ended June 30,	2017			2016
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 1,484,140	\$ 1,516,074	\$ 31,934	\$ 1,444,548
Investment income	1,000	1,114	114	1,052
Other	-	9,710	9,710	14,640
Total Revenues	1,485,140	1,526,898	41,758	1,460,240
Expenditures				
Public services:				
Administration	208,363	181,897	26,466	195,139
Road service	1,027,465	812,051	215,414	647,682
Total public services	1,235,828	993,948	241,880	842,821
Debt service	820	820	-	882
Total Expenditures	1,236,648	994,768	241,880	843,703
Excess of Revenues Over Expenditures	248,492	532,130	283,638	616,537
Other Financing Sources (Uses)				
Transfers in	-	163,503	163,503	-
Transfers out	(648,490)	(648,490)	-	(448,920)
Net Other Financing Uses	(648,490)	(484,987)	163,503	(448,920)
Net Change in Fund Balance	<u>\$ (399,998)</u>	47,143	<u>\$ 447,141</u>	167,617
Fund Balance, beginning		<u>487,907</u>		<u>320,290</u>
Fund Balance, ending		<u>\$ 535,050</u>		<u>\$ 487,907</u>

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>	2017			2016
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 2,711,820	\$ 2,761,233	\$ 49,413	\$ 2,576,830
Investment income	370	736	366	682
Other	-	5,868	5,868	-
Total Revenues	2,712,190	2,767,837	55,647	2,577,512
Expenditures				
Public services:				
Administration	456,810	398,786	58,024	421,134
Road service	1,274,583	1,228,708	45,875	1,167,616
Total Expenditures	1,731,393	1,627,494	103,899	1,588,750
Excess of Revenues Over Expenditures	980,797	1,140,343	159,546	988,762
Other Financing Sources (Uses)				
Transfers in	-	54,976	54,976	-
Transfers out	(980,790)	(980,790)	-	(1,038,510)
Net Other Financing Uses	(980,790)	(925,814)	54,976	(1,038,510)
Net Change in Fund Balance	<u>\$ 7</u>	214,529	<u>\$ 214,522</u>	(49,748)
Fund Balance, beginning		<u>227,279</u>		<u>277,027</u>
Fund Balance, ending		<u>\$ 441,808</u>		<u>\$ 227,279</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>	2017			2016
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 247,410	\$ 252,810	\$ 5,400	\$ 242,922
Investment income	200	426	226	348
Total Revenues	247,610	253,236	5,626	243,270
Expenditures				
Public services:				
Administration	25,253	22,045	3,208	24,201
Road service	207,103	133,659	73,444	130,972
Total public services	232,356	155,704	76,652	155,173
Debt service	5	5	-	5
Total Expenditures	232,361	155,709	76,652	155,178
Excess of Revenues Over Expenditures	15,249	97,527	82,278	88,092
Other Financing Uses				
Transfers out	(15,240)	(15,240)	-	(45,375)
Net Change in Fund Balance	<u>\$ 9</u>	82,287	<u>\$ 82,278</u>	42,717
Fund Balance, beginning		<u>183,260</u>		<u>140,543</u>
Fund Balance, ending		<u>\$ 265,547</u>		<u>\$ 183,260</u>

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>	2017			2016
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 924,300	\$ 944,617	\$ 20,317	\$ 932,893
Investment income	200	611	411	552
Total Revenues	924,500	945,228	20,728	933,445
Expenditures				
Public services:				
Administration	143,180	124,993	18,187	142,050
Road service	589,420	483,837	105,583	463,275
Total Expenditures	732,600	608,830	123,770	605,325
Excess of Revenues Over Expenditures	191,900	336,398	144,498	328,120
Other Financing Sources (Uses)				
Transfers in	-	24	24	-
Transfers out	(291,890)	(291,890)	-	(248,900)
Net Other Financing Uses	(291,890)	(291,866)	24	(248,900)
Net Change in Fund Balance	<u>\$ (99,990)</u>	44,532	<u>\$ 144,522</u>	79,220
Fund Balance, beginning		<u>295,594</u>		<u>216,374</u>
Fund Balance, ending		<u>\$ 340,126</u>		<u>\$ 295,594</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

<i>Years Ended June 30,</i>	2017			2016
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 1,252,330	\$ 1,253,801	\$ 1,471	\$ 1,262,164
Investment income	260	628	368	513
Other	-	500	500	6
Total Revenues	1,252,590	1,254,929	2,339	1,262,683
Expenditures				
Public services:				
Administration	197,125	172,086	25,039	199,559
Road service	989,379	782,776	206,603	834,555
Total Expenditures	1,186,504	954,862	231,642	1,034,114
Excess of Revenues Over Expenditures	66,086	300,067	233,981	228,569
Other Financing Sources (Uses)				
Transfers in	-	44,835	44,835	-
Transfers out	(166,080)	(166,080)	-	(173,930)
Net Other Financing Uses	(166,080)	(121,245)	44,835	(173,930)
Net Change in Fund Balance	\$ (99,994)	178,822	\$ 278,816	54,639
Fund Balance, beginning		232,458		177,819
Fund Balance, ending		\$ 411,280		\$ 232,458

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

Years Ended June 30,	2017			2016
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 184,310	\$ 186,478	\$ 2,168	\$ 177,873
Investment income	240	351	111	320
Total Revenues	184,550	186,829	2,279	178,193
Expenditures				
Public services:				
Administration	23,031	20,106	2,925	23,933
Road service	175,857	138,956	36,901	100,658
Total public services	198,888	159,062	39,826	124,591
Debt service	101	101	-	109
Total Expenditures	198,989	159,163	39,826	124,700
Excess (Deficiency) of Revenues Over Expenditures	(14,439)	27,666	42,105	53,493
Other Financing Uses				
Transfers out	-	-	-	(10,000)
Net Change in Fund Balance	\$ (14,439)	27,666	\$ 42,105	43,493
Fund Balance, beginning		168,081		124,588
Fund Balance, ending		\$ 195,747		\$ 168,081

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

Years Ended June 30,	2017			2016
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 1,637,970	\$ 1,652,989	\$ 15,019	\$ 1,586,812
Investment income	1,000	1,014	14	834
Total Revenues	1,638,970	1,654,003	15,033	1,587,646
Expenditures				
Public services:				
Administration	239,646	209,206	30,440	222,857
Road service	872,474	677,208	195,266	543,884
Total public services	1,112,120	886,414	225,706	766,741
Debt service	760	760	-	818
Total Expenditures	1,112,880	887,174	225,706	767,559
Excess of Revenues Over Expenditures	526,090	766,829	240,739	820,087
Other Financing Sources (Uses)				
Transfers in	-	412	412	-
Transfers out	(526,080)	(526,080)	-	(766,310)
Net Other Financing Uses	(526,080)	(525,668)	412	(766,310)
Net Change in Fund Balance	\$ 10	241,161	\$ 241,151	53,777
Fund Balance, beginning		357,371		303,594
Fund Balance, ending		\$ 598,532		\$ 357,371

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>	2017			2016
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 919,920	\$ 932,087	\$ 12,167	\$ 919,659
Investment income	200	459	259	370
Total Revenues	920,120	932,546	12,426	920,029
Expenditures				
Public services:				
Administration	136,696	119,333	17,363	135,481
Road service	464,934	408,348	56,586	336,191
Total public services	601,630	527,681	73,949	471,672
Debt service	43	43	-	46
Total Expenditures	601,673	527,724	73,949	471,718
Excess of Revenues Over Expenditures	318,447	404,822	86,375	448,311
Other Financing Sources (Uses)				
Transfers in	-	7,956	7,956	-
Transfers out	(318,440)	(318,440)	-	(409,280)
Net Other Financing Uses	(318,440)	(310,484)	7,956	(409,280)
Net Change in Fund Balance	\$ 7	94,338	\$ 94,331	39,031
Fund Balance, beginning		182,198		143,167
Fund Balance, ending		<u>\$ 276,536</u>		<u>\$ 182,198</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,	2017			2016
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 1,835,760	\$ 1,865,955	\$ 30,195	\$ 1,829,843
Investment income	75	576	501	707
Total Revenues	1,835,835	1,866,531	30,696	1,830,550
Expenditures				
Public services:				
Administration	284,606	248,455	36,151	268,825
Road service	890,708	866,886	23,822	814,413
Total Expenditures	1,175,314	1,115,341	59,973	1,083,238
Excess of Revenues Over Expenditures	660,521	751,190	90,669	747,312
Other Financing Sources (Uses)				
Transfers in	-	55,976	55,976	-
Transfers out	(964,510)	(964,510)	-	(620,750)
Net Other Financing Uses	(964,510)	(908,534)	55,976	(620,750)
Net Change in Fund Balance	\$ (303,989)	(157,344)	\$ 146,645	126,562
Fund Balance, beginning		359,610		233,048
Fund Balance, ending		\$ 202,266		\$ 359,610

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>	2017			2016
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 1,715,930	\$ 1,738,935	\$ 23,005	\$ 1,692,637
Investment income	700	655	(45)	699
Other	-	5,000	5,000	-
Total Revenues	1,716,630	1,744,590	27,960	1,693,336
Expenditures				
Public services:				
Administration	264,495	230,899	33,596	251,324
Road service	975,654	852,571	123,083	912,362
Total public services	1,240,149	1,083,470	156,679	1,163,686
Debt service	458	458	-	493
Total Expenditures	1,240,607	1,083,928	156,679	1,164,179
Excess of Revenues Over Expenditures	476,023	660,662	184,639	529,157
Other Financing Sources (Uses)				
Transfers in	-	3,415	3,415	-
Transfers out	(736,010)	(736,010)	-	(418,090)
Net Other Financing Uses	(736,010)	(732,595)	3,415	(418,090)
Net Change in Fund Balance	<u>\$ (259,987)</u>	(71,933)	<u>\$ 188,054</u>	111,067
Fund Balance, beginning		<u>320,284</u>		<u>209,217</u>
Fund Balance, ending		<u>\$ 248,351</u>		<u>\$ 320,284</u>

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,	2017			2016
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 603,360	\$ 591,848	\$ (11,512)	\$ 597,378
Investment income	400	304	(96)	274
Total Revenues	603,760	592,152	(11,608)	597,652
Expenditures				
Public services:				
Administration	106,892	93,315	13,577	103,122
Road service	505,534	478,838	26,696	456,855
Total Expenditures	612,426	572,153	40,273	559,977
Excess (Deficiency) of Revenues Over Expenditures	(8,666)	19,999	28,665	37,675
Other Financing Sources				
Transfers in	-	10,625	10,625	-
Net Change in Fund Balance	\$ (8,666)	30,624	\$ 39,290	37,675
Fund Balance, beginning		124,491		86,816
Fund Balance, ending		\$ 155,115		\$ 124,491

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>	2017			2016
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 225,220	\$ 226,776	\$ 1,556	\$ 223,684
Investment income	300	298	(2)	281
Total Revenues	225,520	227,074	1,554	223,965
Expenditures				
Public services:				
Administration	40,434	33,989	6,445	36,347
Road service	170,927	121,316	49,611	125,685
Total Expenditures	211,361	155,305	56,056	162,032
Excess of Revenues Over Expenditures	14,159	71,769	57,610	61,933
Other Financing Uses				
Transfers out	(74,150)	(61,450)	12,700	(18,690)
Net Change in Fund Balance	<u>\$ (59,991)</u>	10,319	<u>\$ 70,310</u>	43,243
Fund Balance, beginning		<u>153,248</u>		<u>110,005</u>
Fund Balance, ending		<u>\$ 163,567</u>		<u>\$ 153,248</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>	2017			2016
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 273,180	\$ 263,170	\$ (10,010)	\$ 265,579
Investment income	240	300	60	274
Total Revenues	273,420	263,470	(9,950)	265,853
Expenditures				
Public services:				
Administration	31,118	27,165	3,953	31,737
Road service	231,180	183,967	47,213	154,037
Total public services	262,298	211,132	51,166	185,774
Debt service	21	21	-	22
Total Expenditures	262,319	211,153	51,166	185,796
Excess of Revenues Over Expenditures	11,101	52,317	41,216	80,057
Other Financing Sources (Uses)				
Transfers in	-	844	844	-
Transfers out	(25,000)	(25,000)	-	(46,000)
Net Other Financing Sources (Uses)	(25,000)	(24,156)	844	(46,000)
Net Change in Fund Balance	<u>\$ (13,899)</u>	28,161	<u>\$ 42,060</u>	34,057
Fund Balance, beginning		<u>143,711</u>		<u>109,654</u>
Fund Balance, ending		<u>\$ 171,872</u>		<u>\$ 143,711</u>

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

<i>June 30,</i>	2017	2016
Assets		
Cash and investments	\$ 4,288,079	\$ 1,530,931
Interfund loan receivable	4,493,488	4,493,488
Other receivables	6,346	-
Land Sales Contracts Receivable		
Current	5,860	3,619
Delinquent	237,022	246,085
Unbilled	297,553	187,309
Total land sales contracts receivable	540,435	437,013
Less allowance for uncollectible contracts	(237,022)	(246,085)
Net Land Sales Contracts Receivable	303,413	190,928
Total Assets	\$ 9,091,326	\$ 6,215,347
Liabilities, Deferred Inflows of Resources and Fund Balance		
Liabilities		
Accounts payable	\$ 685	\$ 31,725
Deposits	70,024	69,024
Total Liabilities	70,709	100,749
Deferred Inflows of Resources		
Land sales receivables not yet due	297,553	187,309
Total Liabilities and Deferred Inflows of Resources	368,262	288,058
Fund Balance		
Committed:		
Long term loan receivable	4,493,488	4,493,488
Land management	1,197,899	797,295
Accrued leave	10,000	10,000
Assigned:		
Subsequent year expenditures	870,267	626,506
Subsequent year appropriations	150,000	-
Land management	2,001,410	-
Total Fund Balance	8,723,064	5,927,289
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 9,091,326	\$ 6,215,347

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>	2017			2016
	Budget	Actual	Variance	Actual
Revenues				
Land sales and leases	\$ 950,000	\$ 2,400,092	\$ 1,450,092	\$ 2,090,250
Management fees	10,000	10,400	400	9,525
User fees	8,000	7,430	(570)	7,640
Intergovernmental - PERS relief	-	21,886	21,886	25,572
Investment income	10,000	5,232	(4,768)	9,882
Interest on land sales	15,000	21,701	6,701	22,164
Other	1,500	11,401	9,901	3,988
Total Revenues	994,500	2,478,142	1,483,642	2,169,021
Expenditures				
Public services:				
Land management and development	1,127,663	864,975	262,688	767,058
Community development administration	353,765	134,470	219,295	155,524
Total Expenditures	1,481,428	999,445	481,983	922,582
Excess (Deficiency) of Revenues Over Expenditures	(486,928)	1,478,697	1,965,625	1,246,439
Other Financing Sources (Uses)				
Transfers in	-	2,232,078	2,232,078	-
Transfers out	(915,000)	(915,000)	-	(3,548,488)
Net Other Financing Sources (Uses)	(915,000)	1,317,078	2,232,078	(3,548,488)
Net Change in Fund Balance	\$ (1,401,928)	2,795,775	\$ 4,197,703	(2,302,049)
Fund Balance, beginning		5,927,289		8,229,338
Fund Balance, ending		\$ 8,723,064		\$ 5,927,289

Matanuska-Susitna Borough, Alaska

School Buildings Debt Service Fund

Balance Sheet

<i>June 30,</i>	2017	2016
Assets		
Cash and investments	\$ 819,395	\$ -
Restricted cash - debt retirement	1,539,332	173,025
Total Assets	\$ 2,358,727	\$ 173,025
Fund Balance		
Restricted - debt service	\$ 1,539,332	\$ 173,025
Assigned - debt service	819,395	-
Total Fund Balance	\$ 2,358,727	\$ 173,025

Matanuska-Susitna Borough, Alaska

School Buildings Debt Service Fund Statement of Revenues, Expenditures, and Changes in Fund Balance

<i>Years Ended June 30,</i>	2017	2016
Revenues		
Investment income	\$ 38	\$ -
Expenditures		
Redemption of principal	20,665,000	19,785,000
Interest	12,341,441	13,813,354
Other	2,831	-
Total Expenditures	33,009,272	33,598,354
Deficiency of Revenues Over Expenditures	(33,009,234)	(33,598,354)
Other Financing Sources (Uses)		
Proceeds from bond issuance	31,690,000	-
Premium on bond issuance	5,090,765	-
Payment to refunded bond escrow agent	(36,780,765)	-
Transfers in	35,521,179	33,460,489
Transfers out	(326,243)	-
Net Other Financing Sources	35,194,936	33,460,489
Net Change in Fund Balance	2,185,702	(137,865)
Fund Balance, beginning	173,025	310,890
Fund Balance, ending	\$ 2,358,727	\$ 173,025

Matanuska-Susitna Borough, Alaska
Fronteras School Debt Service Fund
Balance Sheet

<i>June 30,</i>	2017	2016
Assets		
Lease receivable, long term	\$ 11,114,153	\$ 11,248,130
Total Assets	\$ 11,114,153	\$ 11,248,130
Deferred Inflows of Resources		
Lease receivable not yet due	\$ 11,114,153	\$ 11,248,130
Total Deferred Inflows of Resources	\$ 11,114,153	\$ 11,248,130

Matanuska-Susitna Borough, Alaska
Fronteras School Debt Service Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance

<i>Years Ended June 30,</i>	2017	2016
Revenues		
Lease interest	\$ 133,977	\$ -
Expenditures		
Interest	133,977	-
Net Change in Fund Balance	-	-
Fund Balance, beginning	-	-
Fund Balance, ending	\$ -	\$ -

Matanuska-Susitna Borough, Alaska

Nonmajor Debt Service Funds

Combining Balance Sheet

	Public Safety Building	Public Safety Building	New in FY17 Public Safety Building	Public Safety Building	Parks and Recreation	Animal Control	Transpor- tation System	Totals
<i>June 30, 2017</i>	61	51	62	73				
Assets								
Cash and investments	\$ 42,670	\$ 184,271	\$ 559,829	\$ 345,719	\$ 1,657,512	\$ 25,249	\$ 773,142	\$ 3,588,392
Restricted cash - debt retirement	-	765,211	500,801	568,359	-	546,889	-	2,381,260
Total Assets	\$ 42,670	\$ 949,482	\$ 1,060,630	\$ 914,078	\$ 1,657,512	\$ 572,138	\$ 773,142	\$ 5,969,652
Fund Balances								
Restricted - debt service	\$ -	\$ 765,211	\$ 500,801	\$ 568,359	\$ -	\$ 546,889	\$ -	\$ 2,381,260
Assigned - debt service	42,670	184,271	559,829	345,719	1,657,512	25,249	773,142	3,588,392
Total Fund Balances	\$ 42,670	\$ 949,482	\$ 1,060,630	\$ 914,078	\$ 1,657,512	\$ 572,138	\$ 773,142	\$ 5,969,652

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

<i>Year Ended June 30, 2017</i>	Fireweed Building	Circle View	Public Safety Building 61	Public Safety Building 51	Public Safety Building 62	New in FY17 Public Safety Building 62	Public Safety Building 73	Parks and Recreation	Animal Control	Transportation System	Totals
Revenues -											
Investment income	\$ -	\$ -	\$ -	\$ 766	\$ -	\$ 801	\$ 909	\$ -	\$ 905	\$ -	\$ 3,381
Expenditures											
Redemption of principal	89,565	-	-	465,000	-	55,000	65,000	265,000	430,000	1,150,000	2,519,565
Interest	-	-	-	298,125	-	50,171	55,681	73,600	129,219	1,231,475	1,838,271
Other	-	-	-	-	-	-	-	137,800	-	-	137,800
Total Expenditures	89,565	-	-	763,125	-	105,171	120,681	476,400	559,219	2,381,475	4,495,636
Deficiency of Revenues Over Expenditures	(89,565)	-	-	(762,359)	-	(104,370)	(119,772)	(476,400)	(558,314)	(2,381,475)	(4,492,255)
Other Financing Sources (Uses)											
Proceeds from bond issuance	-	-	-	-	-	-	-	1,556,706	-	-	1,556,706
Proceeds from issuance of certificates of participation	-	-	-	-	-	457,141	518,810	-	2,405,000	-	3,380,951
Premium on issuance	-	-	-	-	-	42,859	48,640	208,955	189,181	-	489,635
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	(2,570,621)	-	(2,570,621)
Transfers in	89,565	19,000	-	702,001	-	665,000	466,400	340,000	565,000	2,398,817	5,245,783
Transfers out	-	(19,000)	-	-	(185,000)	-	-	-	(43,329)	-	(247,329)
Net Other Financing Sources (Uses)	89,565	-	-	702,001	(185,000)	1,165,000	1,033,850	2,105,661	545,231	2,398,817	7,855,125
Net Change in Fund Balances	-	-	-	(60,358)	(185,000)	1,060,630	914,078	1,629,261	(13,083)	17,342	3,362,870
Fund Balances, beginning	-	-	42,670	1,009,840	185,000	-	-	28,251	585,221	755,800	2,606,782
Fund Balances, ending	\$ -	\$ -	\$ 42,670	\$ 949,482	\$ -	\$ 1,060,630	\$ 914,078	\$ 1,657,512	\$ 572,138	\$ 773,142	\$ 5,969,652

Matanuska-Susitna Borough, Alaska

School Projects Capital Project Fund

Balance Sheet

<i>June 30,</i>	2017	2016
Assets		
Cash and investments	\$ 12,745,608	\$ 10,453,059
Prepaid items	101,697	24,000
Receivables:		
Intergovernmental	80,661	3,373,856
Loan receivable, current	400,000	400,000
Loan receivable, long term	-	400,000
Other	-	98,083
Restricted cash	28,110,323	42,897,166
Total Assets	\$ 41,438,289	\$ 57,646,164
Liabilities, Deferred Inflows of Resources and Fund Balance		
Liabilities		
Accounts, contracts and retentions payable	\$ 1,195,952	\$ 2,919,313
Payable to School District	473,690	558,709
Deposits	5,447	5,447
Unearned revenue	79,270	135,508
Total Liabilities	1,754,359	3,618,977
Deferred Inflows of Resources		
Loan receivable not yet due	400,000	800,000
Total Liabilities and Deferred Inflows of Resources	2,154,359	4,418,977
Fund Balance		
Nonspendable - prepaid items	101,697	24,000
Restricted for school construction	28,110,323	42,897,166
Assigned for capital projects	11,071,910	10,306,021
Total Fund Balance	39,283,930	53,227,187
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 41,438,289	\$ 57,646,164

Matanuska-Susitna Borough, Alaska

School Projects Capital Project Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance

<i>Years Ended June 30,</i>	2017	2016
Revenues		
Intergovernmental	\$ 252,797	\$ 1,794,614
Investment income	592,466	61,308
Other	-	18,024
Contributions	90,479	6,048
Total Revenues	935,742	1,879,994
Expenditures		
Education	4,741,646	1,093,139
Debt service	337,688	542,828
Capital outlay	9,697,717	60,039,758
Total Expenditures	14,777,051	61,675,725
Deficiency of Revenues Over Expenditures	(13,841,309)	(59,795,731)
Other Financing Sources (Uses)		
Transfers in	1,126,243	1,088,474
Transfers out	(2,046,436)	(10,489)
Proceeds from issuance of note payable	818,245	6,081,755
Net Other Financing Sources (Uses)	(101,948)	7,159,740
Net Change in Fund Balance	(13,943,257)	(52,635,991)
Fund Balance, beginning	53,227,187	105,863,178
Fund Balance, ending	\$ 39,283,930	\$ 53,227,187

Matanuska-Susitna Borough, Alaska

Nonmajor Capital Project Funds
Combining Balance Sheet

June 30, 2017	Fire Protection	Road Service Area Repairs	Sewage Facility	Ambulance and Emergency Services	Roads and Bridges	Borough Facilities	Cultural and Recreational	Misc- ellaneous	Infrastructure	Pass- through Grants	Prison Infrastructure	Totals
Assets												
Cash and investments	\$ 13,575,730	\$ 19,215,929	\$ 232,384	\$ 581,553	\$ 312,886	\$ 764,201	\$ 2,439,941	\$ 8,534,782	\$ -	\$ 1,221,473	\$ -	\$ 46,878,879
Receivables -												
Intergovernmental	138,655	652,904	45,506	390,830	996,361	-	-	206,775	288,911	83,751	-	2,803,693
Prepaid items	-	-	-	-	5,389	-	7,743	-	-	-	10,000	23,132
Restricted cash	10,187,351	-	-	-	897,047	3,657	21,911,546	-	-	-	-	32,999,601
Total Assets	\$ 23,901,736	\$ 19,868,833	\$ 277,890	\$ 972,383	\$ 2,211,683	\$ 767,858	\$ 24,359,230	\$ 8,741,557	\$ 288,911	\$ 1,305,224	\$ 10,000	\$ 82,705,305
Liabilities and Fund Balances												
Liabilities												
Accounts, contracts and retentions payable	\$ 959,732	\$ 1,578,884	\$ -	\$ 307,724	\$ 741,477	\$ 7,838	\$ 181,995	\$ 199,339	\$ -	\$ -	\$ -	\$ 3,976,989
Deposits	29	-	-	-	-	-	4,818	-	1,062	-	-	5,909
Unearned revenue	38,765	-	8,861	-	-	-	-	1,023	-	1,111,373	-	1,160,022
Due to General Fund	-	-	-	-	-	-	-	-	145,752	-	-	145,752
Total Liabilities	998,526	1,578,884	8,861	307,724	741,477	7,838	186,813	200,362	146,814	1,111,373	-	5,288,672
Fund Balances												
Nonspendable - prepaid items	-	-	-	-	5,389	-	7,743	-	-	-	10,000	23,132
Restricted - capital projects	10,187,351	-	-	-	897,047	3,657	21,911,546	-	-	-	-	32,999,601
Assigned - capital projects	12,715,859	18,289,949	269,029	664,659	567,770	756,363	2,253,128	8,541,195	142,097	193,851	-	44,393,900
Total Fund Balances	22,903,210	18,289,949	269,029	664,659	1,470,206	760,020	24,172,417	8,541,195	142,097	193,851	10,000	77,416,633
Total Liabilities and Fund Balances	\$ 23,901,736	\$ 19,868,833	\$ 277,890	\$ 972,383	\$ 2,211,683	\$ 767,858	\$ 24,359,230	\$ 8,741,557	\$ 288,911	\$ 1,305,224	\$ 10,000	\$ 82,705,305

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

<i>Year Ended June 30, 2017</i>	Fire Protection	Road Service Area Repairs	Sewage Facility	Ambulance and Emergency Services	Roads and Bridges	Borough Facilities	Cultural and Recreational	Misc- ellaneous	Infrastructure	Pass- through Grants	Prison Infrastructure	Totals
Revenues												
Intergovernmental	\$ 1,020,672	\$ 2,529,867	\$ 56,646	\$ 831,394	\$ 7,490,073	\$ 47,070	\$ 60,504	\$ 455,176	\$ 4,209,803	\$ 693,087	\$ -	\$ 17,394,292
Charges for services	-	-	-	-	-	-	-	-	138,765	-	-	138,765
Investment income	16,662	-	-	-	106,206	8	53,434	-	-	-	-	176,310
Other	-	-	-	36,038	-	-	27,277	-	9,678	-	10,000	82,993
Total Revenues	\$ 1,037,334	\$ 2,529,867	\$ 56,646	\$ 867,432	\$ 7,596,279	\$ 47,078	\$ 141,215	\$ 455,176	\$ 4,358,246	\$ 693,087	\$ 10,000	\$ 17,792,360
Expenditures												
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 76,159	\$ -	\$ 1,066,895	\$ -	\$ -	\$ -	\$ 1,143,054
Emergency services	1,332,072	-	-	495,855	-	-	-	792,833	-	-	-	2,620,760
Public services	-	6,434,749	-	-	215,730	61,254	266,717	1,455,584	61,504	812,727	-	9,308,265
Capital outlay	5,220,836	2,030,791	90,770	1,175,005	9,491,739	934,036	255,273	391,772	4,369,194	-	-	23,959,416
Total Expenditures	6,552,908	8,465,540	90,770	1,670,860	9,707,469	1,071,449	521,990	3,707,084	4,430,698	812,727	-	37,031,495
Deficiency of Revenues Over Expenditures	(5,515,574)	(5,935,673)	(34,124)	(803,428)	(2,111,190)	(1,024,371)	(380,775)	(3,251,908)	(72,452)	(119,640)	10,000	(19,239,135)
Other Financing Sources (Uses)												
Proceeds from bond issuance	-	-	-	-	-	-	19,643,294	-	-	-	-	19,643,294
Proceeds from certificates of participation	9,724,049	-	-	-	-	-	-	-	-	-	-	9,724,049
Premium on issuance	911,664	-	-	-	-	-	2,636,706	-	-	-	-	3,548,370
Transfers in	8,041,786	7,137,426	-	690,174	70,000	971,987	200,000	2,574,895	-	148,000	-	19,834,268
Transfers out	(74,592)	(935,860)	(1,760)	(190,916)	(105,217)	(285)	(33)	(271,832)	(277)	(30,220)	-	(1,610,992)
Net Other Financing Sources (Uses)	18,602,907	6,201,566	(1,760)	499,258	(35,217)	971,702	22,479,967	2,303,063	(277)	117,780	-	51,138,989
Net Change in Fund Balances	13,087,333	265,893	(35,884)	(304,170)	(2,146,407)	(52,669)	22,099,192	(948,845)	(72,729)	(1,860)	10,000	31,899,854
Fund Balances, beginning	9,815,877	18,024,056	304,913	968,829	3,616,613	812,689	2,073,225	9,490,040	214,826	195,711	-	45,516,779
Fund Balances, ending	\$ 22,903,210	\$ 18,289,949	\$ 269,029	\$ 664,659	\$ 1,470,206	\$ 760,020	\$ 24,172,417	\$ 8,541,195	\$ 142,097	\$ 193,851	\$ 10,000	\$ 77,416,633

Matanuska-Susitna Borough, Alaska

Capital Project Funds

Project Length of Construction Projects

<i>Beginning of Projects to June 30, 2017</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	\$ 729,236,331	\$ 106,536,505	\$ 167,225,866	\$ 16,169,861	\$ 37,768,230	\$ 37,382,209	\$ 176,682,865	\$ 68,761,766
Revenues and Other Financing Sources								
Intergovernmental	\$ 68,599,230	\$ 16,955,804	\$ 53,635,802	\$ 14,462,235	\$ 8,717,496	\$ 18,827,166	\$ 129,031,507	\$ 25,680,605
LID bonds/other debt	6,900,000	10,635,713	186,095	-	-	-	-	515,000
Other	635,539,760	13,313,813	1,029,713	100,000	225,091	503,946	34,422,963	8,706,831
Transfers from other funds	30,459,203	61,406,085	108,138,681	765,043	17,008,468	16,248,271	7,230,007	33,092,923
Total Revenues and Other Financing Sources	\$ 741,498,193	\$ 102,311,415	\$ 162,990,291	\$ 15,327,278	\$ 25,951,055	\$ 35,579,383	\$ 170,684,477	\$ 67,995,359
Expenditures and Other Financing Uses								
Capital projects	\$ 697,647,950	\$ 76,393,949	\$ 142,731,454	\$ 14,995,575	\$ 24,124,718	\$ 34,150,159	\$ 168,908,900	\$ 65,220,251
Transfers to other funds	4,566,313	3,014,256	1,968,888	62,674	414,370	764,565	305,371	2,015,088
Total Expenditures and Other Financing Uses	\$ 702,214,263	\$ 79,408,205	\$ 144,700,342	\$ 15,058,249	\$ 24,539,088	\$ 34,914,724	\$ 169,214,271	\$ 67,235,339

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

<i>Beginning of Projects to June 30, 2017</i>	Cultural and Recreational	Port	Pass- Through Grants	Miscellaneous	Infra- structure	Maintenance	Totals
Total Project Authorizations	\$ 38,876,390	\$ 62,803,838	\$ 15,170,716	\$ 93,147,304	\$ 189,528,147	\$ 1,149,094	\$ 1,740,439,122
Revenues and Other Financing Sources							
Intergovernmental	\$ 2,896,878	\$ 34,337,345	\$ 11,842,941	\$ 30,877,068	\$ 183,506,659	\$ -	\$ 599,370,736
LID bonds/other debt	22,280,000	-	-	-	-	-	40,516,808
Other	4,560,918	13,507,570	14,387	1,299,491	649,561	-	713,874,044
Transfers from other funds	9,088,827	15,007,634	2,367,506	60,043,570	2,261,000	1,111,719	364,228,937
Total Revenues and Other Financing Sources	\$ 38,826,623	\$ 62,852,549	\$ 14,224,834	\$ 92,220,129	\$ 186,417,220	\$ 1,111,719	\$ 1,717,990,525
Expenditures and Other Financing Uses							
Capital projects	\$ 14,348,718	\$ 57,064,924	\$ 13,964,670	\$ 77,848,065	\$ 186,274,721	\$ 1,070,827	\$ 1,574,744,881
Transfers to other funds	305,488	3,427,937	66,313	5,830,869	402	40,892	22,783,426
Total Expenditures and Other Financing Uses	\$ 14,654,206	\$ 60,492,861	\$ 14,030,983	\$ 83,678,934	\$ 186,275,123	\$ 1,111,719	\$ 1,597,528,307

Matanuska-Susitna Borough, Alaska

Solid Waste Enterprise Fund
Statement of Net Position

June 30,	2017	2016
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 5,446,999	\$ 2,163,124
Receivables:		
Accounts	663,926	558,214
Allowance for doubtful accounts	(459)	(6,668)
Intergovernmental	19,964	228,662
Prepaid items	-	804
Total Current Assets	6,130,430	2,944,136
Noncurrent Assets		
Restricted cash - landfill closure	2,247,110	2,243,072
Property, plant and equipment:		
Buildings	8,129,593	8,129,593
Improvements other than buildings	1,852,730	1,852,730
Equipment	2,364,376	2,340,608
Landfill cells	8,818,800	8,818,800
Total property, plant and equipment	21,165,499	21,141,731
Accumulated depreciation and amortization	(12,116,906)	(11,291,040)
Net property, plant and equipment	9,048,593	9,850,691
Total Noncurrent Assets	11,295,703	12,093,763
Total Assets	17,426,133	15,037,899
Deferred Outflows of Resources - pension related	489,934	207,411
Total Assets and Deferred Outflows of Resources	\$ 17,916,067	\$ 15,245,310
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Accounts payable	\$ 276,239	\$ 230,158
Accrued leave	118,915	101,357
Accrued interest payable	7,298	7,903
Unearned revenue	2	2
Current portion of loans payable	220,390	217,133
Total Current Liabilities	622,844	556,553
Noncurrent Liabilities		
Net pension liability	1,894,494	1,074,758
Loans payable	5,736,332	5,930,861
Landfill closure costs payable	4,882,885	4,195,814
Total Noncurrent Liabilities	12,513,711	11,201,433
Total Liabilities	13,136,555	11,757,986
Deferred Inflows of Resources - pension related	21,117	5,136
Net Position		
Net investment in capital assets	3,091,871	3,702,697
Unrestricted (deficit)	1,666,524	(220,509)
Total Net Position	4,758,395	3,482,188
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 17,916,067	\$ 15,245,310

Matanuska-Susitna Borough, Alaska

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

Years Ended June 30,	2017	2016
Operating Revenues		
Charges for services	\$ 9,046,715	\$ 8,606,426
Operating Expenses		
Public service:		
Landfill operations	4,809,057	6,738,412
Transfer sites	2,029,040	1,870,208
Depreciation and amortization	850,594	843,013
Allocated administrative and billing expenses	57,489	53,103
Total Operating Expenses	7,746,180	9,504,736
Operating Income (Loss)	1,300,535	(898,310)
Nonoperating Revenues (Expenses)		
Intergovernmental - PERS relief	15,641	42,567
Interest expense	(58,220)	(61,437)
Interest income	8,879	106
Gain (loss) on disposal of capital assets	9,372	(69,195)
Net Nonoperating Revenues (Expenses)	(24,328)	(87,959)
Income (Loss) Before Capital Contributions	1,276,207	(986,269)
Capital contributions	-	9,415
Change in Net Position	1,276,207	(976,854)
Net Position, beginning	3,482,188	4,459,042
Net Position, ending	\$ 4,758,395	\$ 3,482,188

Matanuska-Susitna Borough, Alaska

Solid Waste Enterprise Fund
Statement of Cash Flows

Years Ended June 30,	2017	2016
Cash Flows from Operating Activities		
Receipts from customers	\$ 8,934,794	\$ 8,680,276
Payments to suppliers	(4,168,547)	(5,940,828)
Payments to employees	(1,349,201)	(1,750,640)
Payments for interfund services used	(57,489)	(53,103)
Net cash flows from operating activities	3,359,557	935,705
Cash Flows from (for) Capital and Related Financing Activities		
Purchases of property, plant and equipment	(49,476)	(119,473)
Proceeds from the sale of capital assets	10,352	33,380
Proceeds from issuance of loan	25,861	2,088,082
Principal and interest paid on loans	(275,958)	(275,958)
Capital contributions received	208,698	142,476
Decrease in due to General Fund	-	(641,194)
Net cash flows from (for) capital and related financing activities	(80,523)	1,227,313
Cash Flows from Investing Activities - interest income	8,879	106
Net Increase in Cash and Investments	3,287,913	2,163,124
Cash and Investments, beginning of year	4,406,196	2,243,072
Cash and Investments, end of year	\$ 7,694,109	\$ 4,406,196
Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities		
Operating income (loss)	\$ 1,300,535	\$ (898,310)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:		
Depreciation and amortization	850,594	843,013
Noncash expense - PERS relief	15,641	42,567
Landfill closure costs in construction in progress	-	834,045
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable and related allowance	(111,921)	73,850
Prepays	804	(804)
Deferred outflows of resources - pension related	(282,523)	(131,220)
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	46,081	(233,627)
Accrued leave	17,558	4,065
Net pension liability	819,736	348,333
Landfill closure costs payable	687,071	132,584
Deferred inflows of resources - pension related	15,981	(78,791)
Net Cash Flows from Operating Activities	\$ 3,359,557	\$ 935,705

Matanuska-Susitna Borough, Alaska

Port Enterprise Fund
Statement of Net Position

June 30,	2017	2016
Assets and Deferred Outflows of Resources		
Current Assets		
Receivables:		
Intergovernmental	\$ -	\$ 671,744
Accounts	-	150,129
Inventory	-	766
Total Current Assets	-	822,639
Noncurrent Assets		
Property, plant and equipment:		
Buildings	7,948,617	7,948,617
Equipment	64,024	41,322
Infrastructure	33,321,302	31,826,496
Construction in progress	-	1,517,508
Total property, plant and equipment	41,333,943	41,333,943
Accumulated depreciation	(10,207,287)	(9,092,572)
Net property, plant and equipment	31,126,656	32,241,371
Total Assets	31,126,656	33,064,010
Deferred Outflows of Resources		
Unamortized deferred loss on bonds	218,935	251,775
Pension related	105,743	53,864
Total Deferred Outflows of Resources	324,678	305,639
Total Assets and Deferred Outflows of Resources	\$ 31,451,334	\$ 33,369,649
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 526,051	\$ 2,360,911
Accrued leave	45,580	56,570
Due to General Fund	4,575,731	2,815,611
Accrued interest payable	42,278	47,478
Current portion of general obligation bonds	540,000	520,000
Total Current Liabilities	5,729,640	5,800,570
Noncurrent Liabilities		
Net pension liability	408,889	316,212
Lease credits payable	1,318,724	1,322,597
General obligation bonds, including unamortized premium of \$390,911 (\$449,547 in 2016)	4,080,911	4,679,547
Interfund loan payable	4,943,488	4,493,488
Total Noncurrent Liabilities	10,752,012	10,811,844
Total Liabilities	16,481,652	16,612,414
Deferred Inflows of Resources - pension related	4,558	10,513
Net Position		
Net Investment in capital assets	26,724,680	27,293,599
Unrestricted (deficit)	(11,759,556)	(10,546,877)
Total Net Position	14,965,124	16,746,722
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 31,451,334	\$ 33,369,649

Matanuska-Susitna Borough, Alaska

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

<i>Years Ended June 30,</i>	2017	2016
Operating Revenues		
Charges for services	\$ 232,139	\$ 292,936
Operating Expenses		
Dock operations	1,368,299	3,130,009
Depreciation	1,114,715	1,061,707
Ferry expenses	-	347,875
Total Operating Expenses	2,483,014	4,539,591
Operating Loss	(2,250,875)	(4,246,655)
Nonoperating Revenues (Expenses)		
Intergovernmental - State sources:		
PERS relief	10,741	17,035
Debt service reimbursement	709,913	709,463
Interest income	-	468
Interest expense	(158,916)	(179,116)
Net Nonoperating Revenues (Expenses)	561,738	547,850
Loss Before Capital Contributions, Transfers, and Extraordinary Items	(1,689,137)	(3,698,805)
Capital contributions	4,026	1,829,446
Transfers in	1,897,000	5,394,593
Transfers out	(1,993,487)	(2,807,045)
Extraordinary item - Ferry engine repairs	-	(2,937,431)
Change in Net Position	(1,781,598)	(2,219,242)
Net Position, beginning	16,746,722	18,965,964
Net Position, ending	\$ 14,965,124	\$ 16,746,722

Matanuska-Susitna Borough, Alaska

Port Enterprise Fund
Statement of Cash Flows

Years Ended June 30,	2017	2016
Cash Flows for Operating Activities		
Receipts from customers	\$ 378,395	\$ 138,934
Payments to suppliers	(2,854,677)	(2,663,237)
Payments to employees	(313,121)	(278,509)
Net cash flows for operating activities	(2,789,403)	(2,802,812)
Cash Flows from (for) Noncapital Financing Activities		
Transfers in	1,897,000	5,394,593
Transfers out	(1,993,487)	(2,807,045)
Net cash flows from noncapital financing activities	(96,487)	2,587,548
Cash Flows from Capital and Related Financing Activities		
Purchases of property, plant and equipment	-	-
Capital contributions received	675,770	1,998,144
Proceeds from issuance of interfund loan	450,000	4,493,488
Ferry repairs	-	(2,937,431)
Proceeds from disposal of noncurrent assets	-	1,500,000
Principal and interest paid on bonds	(709,913)	(709,913)
Debt service reimbursement	709,913	709,463
Increase (decrease) in due to General Fund	1,760,120	(4,838,955)
Net cash flows from capital and related financing activities	2,885,890	214,796
Cash Flows from Investing Activities - interest income	-	468
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	\$ (2,250,875)	\$ (4,246,655)
Adjustments to reconcile operating loss to net cash flows for operating activities:		
Depreciation	1,114,715	1,061,707
Lease credits exercised	(3,873)	(3,873)
Noncash expense - PERS relief	10,741	17,035
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable	150,129	(150,129)
Inventory	766	-
Deferred outflows of resources - pension related	(51,879)	(28,684)
Increase (decrease) in liabilities and deferred inflows of resources:		
Net pension liability	92,677	76,143
Accounts payable	(1,834,859)	466,932
Accrued leave	(10,990)	21,935
Deferred inflows of resources - pension related	(5,955)	(17,223)
Net Cash Flows for Operating Activities	\$ (2,789,403)	\$ (2,802,812)
Supplemental Disclosure of Non-cash Capital and Related Financing Activities		
Accounts payable for capital outlays	\$ -	\$ 1,463,685
Capital contributions	\$ -	\$ 671,744

Matanuska-Susitna Borough, Alaska

Internal Service Funds
Combining Statement of Net Position

<i>June 30, 2017</i>	Revolving Loan	Self- Insurance	Totals
Assets			
Current Assets			
Cash and investments	\$ 871,400	\$ 24,672,978	\$ 25,544,378
Interfund loans receivable	76,877	-	76,877
Deposits with others	-	48,905	48,905
Total Current Assets	948,277	24,721,883	25,670,160
Interfund Loans Receivable, long-term	558,351	-	558,351
Total Assets	\$ 1,506,628	\$ 24,721,883	\$ 26,228,511
Liabilities and Net Position			
Liabilities			
Current Liabilities			
Accounts payable	\$ -	\$ 21,629	\$ 21,629
Insurance claims incurred but not reported	-	1,646,211	1,646,211
Current portion of loans payable	19,476	-	19,476
Total Current Liabilities	19,476	1,667,840	1,687,316
Noncurrent Liabilities - loans payable	235,152	-	235,152
Total Liabilities	254,628	1,667,840	1,922,468
Net Position			
Unrestricted	1,252,000	23,054,043	24,306,043
Total Liabilities and Net Position	\$ 1,506,628	\$ 24,721,883	\$ 26,228,511

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

<i>Year Ended June 30, 2017</i>	Revolving Loan	Self- Insurance	Totals
Operating Revenues			
Intragovernmental	\$ -	\$ 10,016,557	\$ 10,016,557
Interest on loans	820	-	820
Employee contributions	-	973,074	973,074
Total Operating Revenues	820	10,989,631	10,990,451
Operating Expenses			
Claims	-	6,487,412	6,487,412
Administrative fees	-	1,664,488	1,664,488
Premium	-	226,677	226,677
Total Operating Expenses	-	8,378,577	8,378,577
Operating Income	820	2,611,054	2,611,874
Nonoperating Revenue - interest income	-	26,238	26,238
Income Before Transfers	820	2,637,292	2,638,112
Transfers out	(820)	-	(820)
Change in Net Position	-	2,637,292	2,637,292
Net Position, beginning	1,252,000	20,416,751	21,668,751
Net Position, ending	\$ 1,252,000	\$ 23,054,043	\$ 24,306,043

Matanuska-Susitna Borough, Alaska

Internal Service Funds
Combining Statement of Cash Flows

<i>Year Ended June 30, 2017</i>	Revolving Loan	Self- Insurance	Totals
Cash Flows from Operating Activities			
Principal payments received on loans	\$ 66,589	\$ -	\$ 66,589
Interest payments received on loans	820	-	820
Principal payments on loans payable	(19,188)	-	(19,188)
Internal activity - payments from other funds	-	10,016,557	10,016,557
Receipts from employees and other	-	973,074	973,074
Payments for claims and services	-	(8,342,830)	(8,342,830)
Net cash flows from operating activities	48,221	2,646,801	2,695,022
Cash Flows for Noncapital Financing Activities			
Transfers out	(820)	-	(820)
Cash Flows from Investing Activities			
Investment income	-	26,238	26,238
Net Increase in Cash and Investments	47,401	2,673,039	2,720,440
Cash and Investments, beginning of year	823,999	21,999,939	22,823,938
Cash and Investments, end of year	\$ 871,400	\$ 24,672,978	\$ 25,544,378
Reconciliation of Operating Income to Net Cash Flows from Operating Activities			
Operating income	\$ 820	\$ 2,611,054	\$ 2,611,874
Adjustments to reconcile operating income to net cash flows from operating activities:			
Decrease in assets - loans receivable	66,589	-	66,589
Increase (decrease) in liabilities:			
Accounts payable	-	21,629	21,629
Loans payable	(19,188)	-	(19,188)
Insurance claims incurred but not reported	-	14,118	14,118
Net Cash Flows from Operating Activities	\$ 48,221	\$ 2,646,801	\$ 2,695,022

Matanuska-Susitna Borough, Alaska

Revolving Loan Internal Service Funds
Combining Statement of Net Position

<i>June 30, 2017</i>	Service Area Operating	Fire Capital Equipment	Road Service Areas	Totals
Assets				
Current Assets				
Cash and investments	\$ 27,950	\$ 320,000	\$ 523,450	\$ 871,400
Interfund loans receivable	32,292	30,000	14,585	76,877
Total Current Assets	60,242	350,000	538,035	948,277
Interfund Loans Receivable, long-term	349,913	50,000	158,438	558,351
Total Assets	\$ 410,155	\$ 400,000	\$ 696,473	\$ 1,506,628
Liabilities and Net Position				
Liabilities				
Current liabilities - current portion of loans payable	\$ 4,892	\$ -	\$ 14,584	\$ 19,476
Noncurrent liability - loans payable	76,713	-	158,439	235,152
Total Liabilities	81,605	-	173,023	254,628
Net Position				
Unrestricted	328,550	400,000	523,450	1,252,000
Total Liabilities and Net Position	\$ 410,155	\$ 400,000	\$ 696,473	\$ 1,506,628

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

<i>Year Ended June 30, 2017</i>	Service Area Operating	Fire Capital Equipment	Road Service Areas	Totals
Operating Revenues				
Interest on loans	\$ 820	\$ -	\$ -	\$ 820
Transfers out	(820)	-	-	(820)
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, 2017</i>	Service Area Operating	Fire Capital Equipment	Road Service Areas	Totals
Cash Flows from Operating Activities				
Principal payments received on loans	\$ 32,220	\$ 20,000	\$ 14,369	\$ 66,589
Interest payments received on loans	820	-	-	820
Principal payments on loans payable	(4,819)	-	(14,369)	(19,188)
Net cash flows from operating activities	28,221	20,000	-	48,221
Cash Flows for Noncapital Financing Activities				
Transfers out	(820)	-	-	(820)
Net Increase in Cash and Investments	27,401	20,000	-	47,401
Cash and Investments, beginning of year	549	300,000	523,450	823,999
Cash and Investments, end of year	\$ 27,950	\$ 320,000	\$ 523,450	\$ 871,400
Reconciliation of Operating Income to Net Cash				
Flows from Operating Activities				
Operating income	\$ 820	\$ -	\$ -	\$ 820
Adjustments to reconcile operating income to net cash flows from operating activities:				
Decrease in loans receivable	32,220	20,000	14,369	66,589
Decrease in loans payable	(4,819)	-	(14,369)	(19,188)
Net Cash Flows from Operating Activities	\$ 28,221	\$ 20,000	\$ -	\$ 48,221

Matanuska-Susitna Borough, Alaska

Self-Insurance Internal Service Funds
Combining Statement of Net Position

<i>June 30, 2017</i>	Unemploy- ment Insurance	Health Insurance	Property and Casualty Insurance	Workers' Comp Insurance	Totals
Assets					
Current Assets					
Cash and investments	\$ 342,416	\$ 15,099,132	\$ 1,500,000	\$ 7,731,430	\$ 24,672,978
Deposits with others	-	-	-	48,905	48,905
Total Current Assets	\$ 342,416	\$ 15,099,132	\$ 1,500,000	\$ 7,780,335	\$ 24,721,883
Liabilities and Net Position					
Current Liabilities					
Accounts payable	\$ 21,629	\$ -	\$ -	\$ -	\$ 21,629
Insurance claims incurred but not reported	-	1,355,093	-	291,118	1,646,211
Total Current Liabilities	\$ 21,629	\$ 1,355,093	\$ -	\$ 291,118	\$ 1,667,840
Net Position					
Unrestricted	320,787	13,744,039	1,500,000	7,489,217	23,054,043
Total Liabilities and Net Position	\$ 342,416	\$ 15,099,132	\$ 1,500,000	\$ 7,780,335	\$ 24,721,883

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

<i>Year Ended June 30, 2017</i>	Unemploy- ment Insurance	Health Insurance	Property and Casualty Insurance	Workers' Comp Insurance	Totals
Operating Revenues					
Intragovernmental	\$ 155,130	\$ 7,531,568	\$ (73,338)	\$ 2,403,197	\$ 10,016,557
Employee contributions	-	973,074	-	-	973,074
Total Operating Revenues	155,130	8,504,642	(73,338)	2,403,197	10,989,631
Operating Expenses					
Claims	126,369	5,978,529	-	382,514	6,487,412
Administrative fees	-	1,613,928	-	50,560	1,664,488
Premium	-	-	-	226,677	226,677
Total Operating Expenses	126,369	7,592,457	-	659,751	8,378,577
Operating Income (Loss)	28,761	912,185	(73,338)	1,743,446	2,611,054
Nonoperating Revenue -					
investment income	-	26,238	-	-	26,238
Change in Net Position	28,761	938,423	(73,338)	1,743,446	2,637,292
Net Position, beginning	292,026	12,805,616	1,573,338	5,745,771	20,416,751
Net Position, ending	\$ 320,787	\$ 13,744,039	\$ 1,500,000	\$ 7,489,217	\$ 23,054,043

Matanuska-Susitna Borough, Alaska

Self-Insurance Internal Service Funds
Combining Statement of Cash Flows

<i>Year Ended June 30, 2017</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	\$ 155,130	\$ 7,531,568	\$ (73,338)	\$ 2,403,197	\$ 10,016,557
Receipts from employees and other	-	973,074	-	-	973,074
Payments for claims and services	(104,740)	(7,484,996)	(174,072)	(579,022)	(8,342,830)
Net cash flows from (for) operating activities	50,390	1,019,646	(247,410)	1,824,175	2,646,801
Cash Flows from Investing Activities					
Investment income	-	26,238	-	-	26,238
Net Increase (Decrease) in Cash and Investments	50,390	1,045,884	(247,410)	1,824,175	2,673,039
Cash and Investments, beginning of year	292,026	14,053,248	1,747,410	5,907,255	21,999,939
Cash and Investments, end of year	\$ 342,416	\$ 15,099,132	\$ 1,500,000	\$ 7,731,430	\$ 24,672,978
Reconciliation of Operating Income (Loss) to Net Cash Flows from (for) Operating Activities					
Operating income (loss)	\$ 28,761	\$ 912,185	\$ (73,338)	\$ 1,743,446	\$ 2,611,054
Adjustments to reconcile operating income (loss) to net cash flows from (for) operating activities:					
Increase (decrease) in liabilities:					
Accounts payable	21,629	-	-	-	21,629
Insurance claims incurred but not reported	-	107,461	(174,072)	80,729	14,118
Net Cash Flows from (for) Operating Activities	\$ 50,390	\$ 1,019,646	\$ (247,410)	\$ 1,824,175	\$ 2,646,801

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Matanuska-Susitna Borough, Alaska

Agency Funds

Combining Statement of Changes in Assets and Liabilities

Year Ended June 30, 2017	Property Tax Agency			
	Balance at July 1, 2016	Additions	Deletions	Balance at June 30, 2017
Assets				
Cash and investments	\$ 16,234	\$ 3,191,586	\$ 3,200,152	\$ 7,668
Property taxes receivable:				
Real	109,355	1,832,170	1,856,433	85,092
Personal	10,464	18,865	18,784	10,545
Total Assets	\$ 136,053	\$ 5,042,621	\$ 5,075,369	\$ 103,305
Liabilities				
Accounts payable	\$ 6,940	\$ 2,565,883	\$ 2,565,155	\$ 7,668
Taxes collected in advance	119,819	1,816,578	1,840,760	95,637
Intergovernmental	9,294	3,174,498	3,183,792	-
Total Liabilities	\$ 136,053	\$ 7,556,959	\$ 7,589,707	\$ 103,305
Road, Gas Line and Community Water Agency				
Year Ended June 30, 2017	Balance at July 1, 2016	Additions	Deletions	Balance at June 30, 2017
Assets				
Cash and investments	\$ 247,306	\$ 856,032	\$ 835,156	\$ 268,182
Other receivable	328	73,250	73,578	-
Special assessments receivable	1,853,061	175,052	336,292	1,691,821
Total Assets	\$ 2,100,695	\$ 1,104,334	\$ 1,245,026	\$ 1,960,003
Liabilities				
Accounts payable	\$ 1,053	\$ 170,844	\$ 171,578	\$ 319
Deposits	703,783	195,037	108,791	790,029
Notes payable - gas lines	1,130,599	167,001	373,505	924,095
Notes payable - road improvements	121,460	69,000	49,000	141,460
Notes payable - water	143,800	-	39,700	104,100
Total Liabilities	\$ 2,100,695	\$ 601,882	\$ 742,574	\$ 1,960,003

Matanuska-Susitna Borough, Alaska

Agency Funds

Combining Statement of Changes in Assets and Liabilities, continued

Year Ended June 30, 2017	Totals			Balance at June 30, 2017
	Balance at July 1, 2016	Additions	Deletions	
Assets				
Cash and investments	\$ 263,540	\$ 4,047,618	\$ 4,035,308	\$ 275,850
Property taxes receivable:				
Real	109,355	2,007,222	1,856,433	85,092
Personal	10,464	18,865	18,784	10,545
Other receivable	328	73,250	73,578	-
Special assessments receivable	1,853,061	175,052	336,292	1,691,821
Total Assets	\$ 2,236,748	\$ 6,322,007	\$ 6,320,395	\$ 2,063,308
Liabilities				
Accounts payable	\$ 7,993	\$ 2,736,727	\$ 2,736,733	\$ 7,987
Deposits	703,783	195,037	108,791	790,029
Taxes collected in advance	119,819	1,816,578	1,840,760	95,637
Intergovernmental	9,294	3,174,498	3,183,792	-
Notes payable - gas lines	1,130,599	167,001	373,505	924,095
Notes payable - road improvements	121,460	69,000	49,000	141,460
Notes payable - water	143,800	-	39,700	104,100
Total Liabilities	\$ 2,236,748	\$ 8,158,841	\$ 8,332,281	\$ 2,063,308

Matanuska-Susitna Borough, Alaska
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Award Amount	Passed Through to Subrecipients	Total Federal Expenditures
Department of Agriculture					
Cooperative Forestry Assistance - Direct	10.664		\$ 1,084,000	\$ -	\$ 879
Passed through State of Alaska, Department of Natural Resources:					
FY16 Butte VFA	10.664	13DG11100106-771	9,000	-	9,000
FY16 Caswell VFA	10.664	13DG11100106-771	9,763	-	9,763
FY16 Willow VFA	10.664	13DG11100106-771	9,763	-	9,763
FY17 Sutton VFA	10.664	14DG11100106-800	7,347	-	7,274
Total Passed through the State of Alaska Department of Natural Resources				-	35,800
Rural Utility Services	10.760		45,506	-	45,506
Community Facilities Loans and Grants Cluster - Rural Development Community Loan Program	10.766		6,900,000	-	818,245
Total Department of Agriculture				-	900,430
Department of Commerce					
Passed through State of Alaska, Department of Fish and Game - Pacific Coast Salmon Recovery Treaty Program	11.438	NA15NMF4380231	355,000	-	1,036
Department of Homeland Security					
Passed through State of Alaska, Department of Military and Veterans Affairs:					
Homeland Security Grant Program - 2015	97.067	EMW-2015-SS-00026-S01	51,278	-	19,322
Homeland Security Grant Program - 2016	97.067	EMW-2016-SS-0002	49,895	-	14,895
Total CFDA 97.067				-	34,217
Emergency Management Performance Grant	97.042	EMW-2016-EP-00001-S01	96,492	-	90,554
Disaster Grants - Public Assistance (Presidentially Declared Disasters) 2012 Flood	97.036	FEMA-DR-4094-AK	2,532,775	-	362,287
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2011-FF-00676	490,067	-	128,848
Total Passed through State of Alaska, Department of Military and Veterans Affairs:				-	615,906
Passed through State of Alaska, Department of Natural Resources Fire Management Assistance Grant	97.046	FEMA-5084-FM-DR-AK	70,965	-	70,965
Total Department of Homeland Security				-	686,871

Matanuska-Susitna Borough, Alaska

Schedule of Expenditures of Federal Awards, continued
Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Award Amount	Passed Through to Subrecipients	Total Federal Expenditures
Department of the Interior					
Payments in Lieu of Taxes	15.226		\$ 3,553,659	\$ -	\$ 3,553,659
Coastal - Matsu Wetlands Hydrology	15.630		55,000	-	10,000
Fish and Wildlife Management Assistance					
Fish Passage Restoration	15.608		764,000	-	174,227
Mat-Su Fish Passage 2020	15.608		946,000	-	382,821
Total CFDA 15.608				-	557,048
Passed through State of Alaska, Department of Natural Resources - Historic Preservation Fund Grants-In-Aid - Cottonwood Creek Archaeological - Nat Reg Nom	15.904	15014	26,060	-	1,866
Total Department of the Interior				-	4,122,573
Department of Transportation					
Passed through the State of Alaska, Department of Transportation and Public Facilities - Airport Improvement Program - Conduct Regional Aviation System Plan Study	20.106	N/A	437,000	-	208,873
Highway Planning and Construction Cluster: Passed through the State of Alaska, Department of Transportation and Public Facilities - Highway Planning and Construction - Update of the MSB Long Range Transportation Plan	20.205	ACSPR-2000(37) & 0001(542)	795,000	-	125,950
Passed through the State of Alaska, Department of Natural Resources - Recreational Trails Program - Jim Creek Motorized Recreation Trails	20.219	1079521400	99,729	-	60,504
Total Highway Planning and Construction Cluster				-	186,454
Total Department of Transportation				-	395,327
Department of Environmental Protection					
Passed through the State of Alaska, Department of Environmental Conservation - Performance Partnership Grants - Stormwater Analysis on Cottonwood Creek	66.605	BG-00J84603	30,000	-	28,376
Brownfields Assessment and Cleanup Cooperative Agreements	66.818		550,000	-	65,559
Total Department of Environmental Protection				-	93,935
Department of Health and Human Services					
Public Health Emergency Preparedness - 2016	93.069		27,682	-	14,040
Public Health Emergency Preparedness - 2017	93.069		61,580	-	61,329
Total Department of Health and Human Services				-	75,369
Total Expenditures of Federal Awards				\$ -	\$ 6,275,541

Matanuska-Susitna Borough, Alaska
Schedule of State Financial Assistance
Year Ended June 30, 2017

State Grantor / Pass-Through Grantor Program Title	Grant Number	Award Amount	State Share of Expenditures
Department of Commerce, Community and Economic Development			
Major Programs:			
Alaska DCCED - Revenue Sharing	FY17	\$ 6,809,836	\$ 3,165,163
Port MacKenzie Rail Extension	13-DC-630	23,500,000	492,054
South Big Lake Road Realignment	13-RR-016	4,704,775	380,600
Road Bond Package State Match	13-DC-632	32,200,000	5,537,709
Port MacKenzie Rail Extension - Bonds	13-GO-010	30,000,000	1,595,525
Bogard Road Extension East	13-GO-009	13,500,000	1,145,558
Parks Highway Connectors	11-DC-289	2,000,000	839,061
Rail Extension to Port MacKenzie	15-DC-104	13,000,000	1,655,408
Fisheries and Fish Protection	14-DC-080	2,500,000	421,522
Horseshoe Lake Roads Upgrade	11-DC-274	700,000	313,772
Warm Storage Fire Station -Four Mile Road	14-DC-098	388,000	375,721
Total Major Programs			<u>15,922,093</u>
Nonmajor Programs:			
Bogard Road Extension East	14-DC-076	8,200,000	100,509
Bogard Road Extension East	15-DC-099	7,000,000	153,088
Gateway Visitor Center Phase 2	15-DC-101	1,235,000	39,670
AK State 50% Match for Transportation School Access Bonds	15-DC-105	1,600,000	1,295
Substandard Roads and Bridges	15-DC-106	1,370,000	6,202
Willow-Warm Stor Fire St Const in Nancy Lakes Area	15-DC-496	600,000	201,630
Substandard Roads and Bridges	14-DC-095	2,500,000	7,629
New Generator & Switchgear for Swanson Elementary	11-DC-287	50,000	8,993
Bodenburg Creek Bridge Replacements and Rprs	12-DC-394	1,000,000	172,400
Sutton Elem School Equipment and Upgrades	13-DC-038	65,500	1,522
Wasilla Middle School Outdoor Recreation Facility	13-DC-063	75,000	7,774
School Library & Technology Upgrades	13-DC-122	99,000	1,099
Houston High School Lighting	13-DC-174	115,000	11,669
Midnight Sun Security System & Facility Equipment	13-DM-091	25,000	2,825
Birchtree Library	13-DM-126	30,000	8,124
Talkeetna Public Library & Comm Resource Ctr	13-DC-532	2,800,000	7,401
Meadow Lakes RSA 27 N Gunflint Trail Upgrade	14-DC-082	150,000	93
Port MacKenzie Cathodic Protection	14-DC-085	2,500,000	4,027
Rail Extension to Port MacKenzie	14-DC-086	25,000,000	293,571
River Management	14-DC-087	2,500,000	173,245
School District Cyber Centers	14-DC-089	500,000	21,659
School District STEM Initiative	14-DC-091	750,000	57,557
Self-Contained Breathing Apparatus Upgrade	14-DC-092	140,000	29,712
Sitze Road Drainage Improvements	14-DC-094	125,000	14,145
West Lakes Fire Service Area Station 7-3	14-DC-099	2,700,000	230,251
MSB School District Expand Air Force JROTC Program	14-RR-014	705,059	178,783

Matanuska-Susitna Borough, Alaska
Schedule of State Financial Assistance, continued
Year Ended June 30, 2017

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:			
Oilwell Road Upgrade	15-DC-103	\$ 630,000	\$ 51,212
Joe Redington Sr Jr/Sr High School Utilities Extension	15-DC-102	900,000	(89,001)
Gtr Butte RSA Road Repairs, Upgrades & Maintenance	15-DC-397	40,000	19,710
District Warehouse Improvements	13-DM-067	20,000	19,000
Amer Charter Academy Science Equip & Supplies	13-DM-204	45,000	21,404
Butte Elem Portable Labs/Ipads	14-DM-029	35,000	1,391
Willow Fire Service Area Fire Station Addition Construction	14-DC-102	100,000	11,800
West Lakes Fire Service Area Station 7-3	15-DC-109	2,337,000	6,912
Big Lake Service Area Roads Upgrade	13-DM-125	30,000	28,020
Greater Butte Svs Area Roads Upgrade	13-DM-130	30,000	19,983
Talkeetna Service Area Roads Upgrade	13-DM-134	30,000	3,250
Trapper Creek Service Area Roads Upgrade	13-DM-135	30,000	4,500
Willow Service Area Roads Upgrade	13-DM-136	30,000	28,500
Fairview RSA Road Repairs, Upgrades & Maintenance	15-DC-387	40,000	40,000
Talkeetna Water Dist and Wastewater Systems Equipment & Supplies (MEAP)	FY17	20,000	11,140
Passed through City of Palmer - Bogard Waterline Extension Project	14-DC-125	3,395,000	<u>128,022</u>
Total Nonmajor Programs			<u>2,040,716</u>
Total Department of Commerce, Community and Economic Development			<u>17,962,809</u>
Department of Education and Early Development			
Major Program -			
FY17 Debt Retirement Program	N/A	17,764,283	17,764,283
Nonmajor Programs:			
Big Lake Library	N/A	6,900	6,900
Sutton Library	N/A	6,900	6,900
Talkeetna Library	N/A	6,900	6,900
Trapper Creek Library	N/A	6,900	6,900
Willow Library	N/A	6,900	<u>6,900</u>
Total Nonmajor Programs			<u>34,500</u>
Total Department of Education and Early Development			<u>17,798,783</u>
Department of Health and Social Services			
Nonmajor Program - Human Services Community			
Matching Grant FY17	605-231-1704	279,160	<u>279,160</u>
Department of Revenue			
Major Program - Electric & Telephone Shared Revenue			
	FY17	751,987	751,987
Nonmajor Program - Fisheries Bus Share Tax			
	FY17	181	<u>181</u>
Total Department of Revenue			<u>752,168</u>

Matanuska-Susitna Borough, Alaska
Schedule of State Financial Assistance, continued
Year Ended June 30, 2017

State Grantor/Pass-Through Grantor Program Title	Grant Number	Award Amount	State Share of Expend- itures
Department of Transportation and Public Facilities			
Major Program - 2004 Series C Port Bond	N/A	\$709,913	<u>\$709,913</u>
Nonmajor Programs:			
So Clapp Rd Improvement & KGB Realignment	N/A	2,853,438	44,513
Trunk Road Connector Project	N/A	300,000	<u>561</u>
Total Department of Transportation and Public Facilities			<u>754,987</u>
Department of Military and Veterans Affairs			
Nonmajor Programs:			
FY17 Local Emergency Planning Committee	20LEPC-GY17	13,756	13,393
Passed through U.S. Department of Homeland Security:			
Mat Su Valley Flooding-September 2012-FEMA(25%)	DR-4094-AK	844,258	120,763
2015 Sockeye Fire Disaster	AK-15-249	77,239	<u>77,239</u>
Total Department of Military and Veterans Affairs			<u>211,395</u>
Department of Natural Resources			
Nonmajor Programs:			
Moose Creek Fire - FY17	2016-IT-003	3,741	3,741
Soberanes Fire - FY17	2016-IT-002	25,322	25,322
McHugh Creek Fire - FY17	2016-IT-001	6,975	<u>6,975</u>
Total Department of Natural Resources			<u>36,038</u>
Department of Administration			
Major Program - PERS Relief	FY17	1,036,095	<u>1,036,095</u>
Total State Financial Assistance			<u>\$ 38,831,435</u>

Matanuska-Susitna Borough, Alaska

Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance Year Ended June 30, 2017

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, 2017. 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 Title 2 U.S. Code of Federal Regulation Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 the Uniform Guidance, 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 \$1,036,095 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 FY2017.

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.

4. Indirect Cost Rate

The Borough has elected to not use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

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	165-170
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	171-175
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.	10-14	176-180
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.	15-16	181-182
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.	17-19	183-185

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011*</u>	<u>2012*</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental activities										
Net investment in capital assets	\$ 294,404,626	\$ 358,980,408	\$ 389,804,017	\$ 382,358,825	\$ 457,114,641	\$ 508,684,140	\$ 586,832,955	\$ 655,967,658	\$ 711,672,450	\$ 717,083,106
Restricted	75,227,801	74,897,428	76,147,545	1,087,682	1,085,976	1,084,439	1,848,836	6,927,928	5,088,112	65,030,516
Unrestricted (deficit)	55,324,817	51,392,992	55,367,352	189,689,534	154,048,260	157,782,247	154,221,875	127,774,151	131,390,966	87,388,014
Total governmental activities net position	\$ 424,957,244	\$ 485,270,828	\$ 521,318,914	\$ 573,136,041	\$ 612,248,877	\$ 667,550,826	\$ 742,903,666	\$ 790,669,737	\$ 848,151,528	\$ 869,501,636
Business-type activities										
Net investment in capital assets	\$ 32,968,152	\$ 32,734,626	\$ 36,507,656	\$ 41,544,009	\$ 42,661,168	\$ 36,163,919	\$ 31,191,467	\$ 33,602,838	\$ 30,996,296	\$ 29,816,551
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted (deficit)	(2,790,599)	(2,043,598)	(4,500,251)	(8,145,505)	(9,410,516)	(3,378,407)	(7,339,896)	(10,177,832)	(10,767,386)	(10,093,032)
Total business-type activities net position	\$ 30,177,553	\$ 30,691,028	\$ 32,007,405	\$ 33,398,504	\$ 33,250,652	\$ 32,785,512	\$ 23,851,571	\$ 23,425,006	\$ 20,228,910	\$ 19,723,519
Primary government										
Net investment in capital assets	\$ 327,372,778	\$ 391,715,034	\$ 426,311,673	\$ 423,902,834	\$ 499,775,809	\$ 544,848,059	\$ 618,024,422	\$ 689,570,496	\$ 742,668,746	\$ 746,899,657
Restricted	75,227,801	74,897,428	76,147,545	1,087,682	1,085,976	1,084,439	1,848,836	6,927,928	5,088,112	65,030,516
Unrestricted (deficit)	52,534,218	49,349,394	50,867,101	181,544,029	144,637,744	154,403,840	146,881,979	117,596,319	120,623,580	77,294,982
Total primary government net position	\$ 455,134,797	\$ 515,961,856	\$ 553,326,319	\$ 606,534,545	\$ 645,499,529	\$ 700,336,338	\$ 766,755,237	\$ 814,094,743	\$ 868,380,438	\$ 889,225,155

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)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities:										
General government	\$ 17,783,066	18,417,947	21,609,559	18,348,693	19,309,310	15,966,207	20,704,665	21,492,676	24,261,580	26,668,270
Public works	3,250,207	3,971,267	3,888,031	3,600,452	4,115,712	4,212,583	4,276,429	13,967,990	12,934,880	5,414,122
Emergency services	16,595,807	15,760,106	17,038,974	18,214,176	19,608,706	22,058,588	20,545,881	23,826,995	28,733,622	31,433,684
Public services	23,159,984	22,448,088	21,204,922	21,086,908	24,115,247	26,506,256	28,059,904	41,185,883	29,676,676	33,680,511
Education	47,407,612	50,384,218	50,612,473	55,239,633	58,291,435	60,903,056	73,489,025	61,590,136	64,367,590	64,823,081
Interest	7,991,327	7,868,206	8,223,394	8,464,045	9,199,614	11,621,596	12,361,995	14,776,978	12,741,667	13,633,306
Total governmental activities expenses	116,188,003	118,849,832	122,577,353	124,953,907	134,640,024	141,268,286	159,437,899	176,840,658	172,716,015	175,652,974
Business-type activities:										
Solid waste	4,041,099	4,514,113	4,879,075	4,674,968	4,826,419	4,800,883	5,404,454	5,969,325	8,801,323	7,795,028
Port	1,619,559	1,605,330	1,854,603	1,698,154	1,833,823	3,449,726	2,333,191	2,256,226	4,718,707	2,641,930
Total business-type activities expenses	5,660,658	6,119,443	6,733,678	6,373,122	6,660,242	8,250,609	7,737,645	8,225,551	13,520,030	10,436,958
Total primary government expenses	\$ 121,848,661	124,969,275	129,311,031	131,327,029	141,300,266	149,518,895	167,175,544	185,066,209	186,236,045	186,089,932
Program Revenues (see Schedule 3)										
Governmental activities:										
Fees, fines, and charges for services:										
General government	\$ 412,218	640,864	384,406	602,252	424,821	526,033	528,579	585,129	456,938	1,966,442
Public works	337,856	111,002	69,291	62,032	60,634	77,374	59,317	186,843	114,475	140,215
Emergency services	2,768,108	3,525,227	3,383,052	3,688,584	3,642,523	3,915,237	4,810,309	7,430,769	7,226,326	5,234,684
Public services										4,304,319
Education	2,393,456	2,324,651	1,233,744	1,822,252	1,499,207	1,809,999	3,193,367	2,390,785	3,525,098	-
Interest	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	31,750	32,139	32,044	12,312,812	16,098,041	21,534,532	22,293,350	21,644,248	24,270,603	16,009,319
Capital grants and other contributions	18,175,331	30,456,461	17,717,288	32,873,329	31,327,802	44,236,489	83,419,592	77,432,954	55,623,908	17,647,089
Total governmental activities program revenues	24,118,719	37,090,344	22,819,825	51,361,261	53,053,028	72,099,664	114,304,514	109,670,728	91,217,348	45,302,068
Business-type activities:										
Fees, fines, and charges for services:										
Solid waste	3,595,172	3,319,903	3,398,656	3,510,305	4,268,602	5,586,782	5,598,895	6,746,489	8,606,426	9,046,715
Port	51,151	640,144	52,368	51,333	24,505	74,737	22,851	102,134	292,936	232,139
Operating grants and contributions	751,588	754,870	755,120	752,450	754,613	1,225,263	707,350	773,840	769,065	736,295
Capital grants and other contributions	574,338	979,938	2,910,702	4,797,253	1,245,246	742,939	1,013,727	2,705,520	1,838,861	4,026
Total business-type activities program revenues	4,972,249	5,694,855	7,116,846	9,111,341	6,292,966	7,629,721	7,342,823	10,327,983	11,507,288	10,019,175
Total primary government program revenues	\$ 29,090,968	42,785,199	29,936,671	60,472,602	59,345,994	79,729,385	121,647,337	119,998,711	102,724,636	55,321,243
Net (Expenses)/Revenue										
Governmental activities	\$ (92,069,284)	(81,759,488)	(99,757,528)	(73,592,646)	(81,586,996)	(69,168,622)	(45,133,385)	(67,169,930)	(81,498,667)	(130,350,906)
Business-type activities	(688,409)	(424,588)	383,168	2,738,219	(367,276)	(620,888)	(759,876)	2,102,432	(2,012,742)	(417,783)
Total primary government net expense	\$ (92,757,693)	(82,184,076)	(99,374,360)	(70,854,427)	(81,954,272)	(69,789,510)	(45,893,261)	(65,067,498)	(83,511,409)	(130,768,689)

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 92,538,831	100,265,473	104,151,614	107,145,689	104,693,752	110,238,571	114,243,341	116,399,253	122,362,726	129,146,156
Excise taxes	4,528,494	4,688,563	4,901,735	4,927,058	4,871,649	4,913,901	7,326,269	7,548,977	8,286,431	8,229,211
Transient accommodation taxes	1,038,308	1,037,673	1,285,834	957,362	1,084,282	1,099,803	1,113,368	1,117,249	1,205,702	1,206,741
Grants and entitlements not restricted to a specific purpose	18,018,590	20,979,431	19,974,453	11,269,679	9,413,627	9,945,813	8,132,177	11,532,940	8,597,526	7,082,528
Investment income	7,323,727	3,269,398	877,430	619,682	443,957	483,938	1,306,079	1,043,112	366,486	1,454,758
Other	419,868	509,602	504,237	426,584	292,565	347,299	721,061	704,245	749,135	1,453,763
Extraordinary items	-	10,000,000	4,979,518	-	-	-	(12,319,299.00)	-	(2,587,548.00)	-
Transfers	(1,175,000)	(659,930)	(869,207)	63,719	(100,000)	-	-	(1,354,373)	-	96,487
Special items	-	1,982,862	-	-	-	-	-	-	-	3,031,370
Total governmental activities	122,692,818	142,073,072	135,805,614	125,409,773	120,699,832	127,029,325	120,522,996	136,991,403	138,980,458	151,701,014
Business-type activities:										
Grants and entitlements not restricted to a specific purpose	54,532	124,116	56,006	84,909	111,833	149,927	132,341	-	-	-
Investment income	90,018	37,555	7,996	6,018	3,576	4,477	-	-	574	8,879
Other	10	-	-	672	4,015	1,344	460	108,775	-	-
Extraordinary items	-	-	-	(1,375,000)	-	-	(2,598,884.00)	(3,000,000.00)	(2,937,431.00)	-
Transfers	1,175,000	659,930	869,207	(63,719)	100,000	-	-	1,354,373	2,587,548	(96,487)
Special items	-	116,462	-	-	-	-	-	-	-	-
Total business-type activities	1,319,560	938,063	933,209	(1,347,120)	219,424	155,748	(2,466,083)	(1,536,852)	(349,309)	(87,608)
Total primary government	\$ 124,012,378	143,011,135	136,738,823	124,062,653	120,919,256	127,185,073	118,056,913	135,454,551	138,631,149	151,613,406
Change in Net Position										
Governmental activities	\$ 30,623,534	60,313,584	36,048,086	51,817,127	39,112,836	57,860,703	75,389,611	69,821,473	57,481,791	21,350,108
Business-type activities	631,151	513,475	1,316,377	1,391,099	(147,852)	(465,140)	(3,225,959)	565,580	(2,362,051)	(505,391)
Total primary government	\$ 31,254,685	60,827,059	37,364,463	53,208,226	38,964,984	57,395,563	72,163,652	70,387,053	55,119,740	20,844,717

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Function/Program										
Governmental activities:										
General government	\$ 793,235	1,795,781	459,992	989,981	1,427,941	1,835,073	1,824,014	1,531,324	1,304,323	2,352,097
Public works	671,629	1,597,735	1,207,832	1,672,553	7,871,216	10,130,146	5,234,620	31,935,911	35,498,579	2,756,713
Emergency services	7,701,696	5,279,540	4,984,630	6,367,187	5,359,587	4,996,193	6,989,455	10,487,098	8,896,045	7,310,331
Public services	12,268,078	27,833,504	15,758,097	25,187,846	21,172,198	29,754,735	67,048,190	42,025,535	21,050,237	17,417,743
Education	2,684,081	583,784	409,274	17,143,694	17,222,086	25,383,518	33,208,235	23,690,860	24,468,164	15,465,184
Interest	-	-	-	-	-	-	-	-	-	-
Subtotal governmental activities	<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>	<u>91,217,348</u>	<u>45,302,068</u>
Business-type activities:										
Solid waste	3,602,790	3,319,903	4,925,464	4,721,503	4,442,028	5,753,223	6,554,145	7,292,457	8,658,408	9,062,356
Port	1,369,459	2,374,952	2,191,382	4,389,838	1,850,938	1,876,498	788,678	2,969,549	2,848,880	956,819
Subtotal business-type activities	<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>	<u>11,507,288</u>	<u>10,019,175</u>
Total primary government	\$ <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>	<u>102,724,636</u>	<u>55,321,243</u>

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011*</u>	<u>2012*</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Fund										
Reserved	\$ 214,933	\$ 334,433	\$ 370,359							
Unreserved	<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	2,090,291	1,686,917
Restricted				-	-	-	-		-	-
Committed				35,963,397	30,555,043	32,922,316	31,293,075	31,536,947	29,011,538	33,069,306
Assigned				13,255,252	10,445,811	12,703,069	13,383,261	11,907,107	13,562,914	4,237,866
Unassigned				15,135,905	12,277,156	12,418,295	14,294,595	14,498,345	13,856,608	12,215,100
Total general fund	<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>	<u>58,521,351</u>	<u>51,209,189</u>
All Other Governmental Funds										
Reserved	\$ 41,031,714	\$ 22,074,484	\$ 15,664,470							
Unreserved, reported in:										
Special revenue funds	12,339,189	16,283,563	19,986,155							
Debt service funds	373,413	881,904	340,155							
Capital projects funds	<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	391,023	178,197
Restricted				1,087,550	131,923,349	132,496,668	124,092,473	116,689,273	50,892,523	65,030,516
Committed				6,881,400	6,689,183	6,954,633	7,024,812	7,726,329	6,430,783	5,831,387
Assigned				100,523,387	75,850,146	73,504,267	78,158,604	70,779,374	76,828,637	89,518,315
Unassigned (deficit)				(182,245)	(227,590)	(303,377)	(180,108)	(201,255)	(467,984)	(460,125)
Total all other governmental funds	<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>	<u>134,074,982</u>	<u>160,098,290</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)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Taxes										
Property	\$ 91,308,732	99,905,339	105,234,713	107,616,264	103,712,415	109,941,885	113,979,370	116,997,572	123,043,080	128,532,076
Transient accommodations	1,038,308	1,037,673	1,285,834	957,362	1,084,282	1,099,803	1,113,369	1,117,249	1,205,702	1,206,741
Excise	4,528,494	4,688,563	4,901,735	4,723,063	5,075,644	4,913,901	7,326,269	7,548,977	8,286,431	8,229,211
Intergovernmental	34,195,182	50,554,373	37,670,530	56,442,470	56,583,156	75,538,593	114,234,610	117,684,505	87,801,977	43,514,112
Charges for services	5,926,147	6,270,066	5,660,812	5,898,919	5,411,508	6,869,062	8,340,514	9,055,915	11,691,184	11,950,098
Investment income	6,953,114	3,086,763	773,087	542,742	389,963	573,412	876,148	996,637	364,710	1,427,700
Interest on land sales	96,192	81,397	79,502	59,575	42,442	25,332	16,009	12,060	22,164	21,701
Other revenues	2,458,760	1,660,498	562,521	457,206	548,879	393,074	743,758	1,415,641	799,151	1,053,763
Total revenues	146,504,929	167,284,672	156,168,734	176,697,601	172,848,289	199,355,062	246,630,047	254,828,556	233,214,399	195,935,402
Expenses										
General government	17,496,266	18,885,357	21,300,784	19,646,372	19,853,424	17,009,544	20,975,235	26,339,550	21,834,903	23,030,301
Public works	3,193,543	3,856,964	3,891,504	3,626,363	4,177,386	4,460,596	4,779,986	7,024,663	6,170,341	5,383,039
Emergency services	15,164,406	14,223,772	15,474,541	16,533,229	18,147,836	20,431,796	18,499,252	22,542,115	22,199,305	26,011,973
Public services	20,360,389	19,914,633	18,332,933	18,551,909	21,755,463	24,006,043	26,361,372	28,220,165	26,434,763	27,283,121
Education	42,150,523	44,918,971	44,451,135	48,601,849	51,177,721	53,532,128	55,565,878	52,764,262	53,773,607	60,582,946
Debt service										
Interest	8,733,002	8,283,862	8,043,372	8,261,914	9,742,827	12,018,693	12,675,315	20,165,000	16,242,549	14,313,689
Principal	9,015,000	10,325,000	10,800,000	11,915,000	13,560,000	17,645,000	18,975,000	14,688,308	22,564,565	23,667,811
Capital outlay	31,737,382	66,452,509	33,947,380	43,987,644	40,718,502	76,112,705	152,317,206	161,810,925	130,600,411	33,657,133
Total expenditures	147,850,511	186,861,068	156,241,649	171,124,280	179,133,159	225,216,505	310,149,244	333,554,988	299,820,444	213,930,013
Excess of revenues over (under) expenditures	(1,345,582)	(19,576,396)	(72,915)	5,573,321	(6,284,870)	(25,861,443)	(63,519,197)	(78,726,432)	(66,606,045)	(17,994,611)
Other Financing Sources (Uses)										
Proceeds from disposal of capital assets	6,061	13,944	-	12,921	10,756	50,165	34,370	26,427	76,637	17,821
Transfers in	35,915,180	34,455,025	35,943,357	40,209,920	51,837,142	54,882,849	54,523,841	53,740,727	56,742,020	65,480,711
Transfers out	(37,058,626)	(35,095,150)	(36,008,867)	(40,045,435)	(51,936,582)	(54,882,570)	(54,523,375)	(55,094,747)	(59,329,253)	(65,383,404)
Bond issuance	5,750,000	19,030,000	-	33,785,000	100,480,000	24,465,000	47,240,000	94,105,000	-	52,890,000
Premium on bond issuance	50,785	859,426	-	1,069,678	10,691,728	4,155,047	5,302,804	12,793,446	-	7,936,426
COP Issuance	-	-	-	-	-	-	8,585,000	-	-	13,105,000
Note Issuance	-	-	-	-	-	-	-	-	6,596,755	818,245
Premium on COP issuance	-	-	-	-	-	-	331,126	-	-	1,192,344
Payment to refunded debt escrow agent	-	-	-	-	(9,906,439)	-	-	(41,095,954)	-	(39,351,386)
Total other financing sources (uses)	4,663,400	19,263,245	(65,510)	35,032,084	101,176,605	28,670,491	61,493,766	64,474,899	4,086,159	36,705,757
Extraordinary items	-	10,000,000	4,979,518	-	-	-	-	-	-	-
Net change in fund balances	\$ 3,317,818	9,686,849	4,841,093	40,605,405	94,891,735	2,809,048	(2,025,431)	(14,251,533)	(62,519,886)	18,711,146
Debt service as a percentage of noncapital expenditures	11.59%	11.97%	11.90%	12.07%	12.24%	14.54%	14.90%	15.36%	16.98%	15.46%

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
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
2016	11,241,555,014	55,738,480	2,031,032,480	9,266,261,014	9.984	10,985,826,830	84.35
2017	11,827,850,040	57,210,951	2,149,070,847	9,735,990,144	9.984	11,715,012,530	83.11

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
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	-
2016	9.984	0.517	3.00	-	3.00	3.43	4.82	1.07	-
2017	10.332	0.548	3.00	-	3.00	3.43	4.59	0.91	-

Fiscal Year	Overlapping Rates								
	9	14	15	16	17	19	20	21	23
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
2016	2.78	1.858	4.10	1.50	2.92	2.51	3.50	2.57	4.59
2017	2.78	1.850	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
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
2016	2.04	1.73	3.45	3.48	2.00	3.01	4.41	3.68
2017	2.04	1.73	3.45	3.48	1.99	3.12	4.41	3.68

Overlapping Rates

Fiscal Year	33*	34*	35	69	130	131	132	135	136*
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
2016	-	-	2.75	9.12	1.99	3.24	0.94	3.21	1.88
2017	-	-	2.75	9.40	2.15	3.24	0.96	3.21	2.20

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

Taxpayer	2017			2008		
	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	\$ 99,232,100	1	1.02 %	\$ 110,692,282	1	1.39 %
Enstar Natural Gas	6,234,300	2	0.06	41,830,600	2	0.53
Fred Meyer Stores, Inc.	45,312,300	3	0.47	37,181,365	3	0.47
Alaska Hotel Properties, Inc.	40,853,700	4	0.42	25,553,000	5	0.32
GCI Cable/Alaska Wireless	28,607,100	5	0.29	19,539,700	8	0.25
Cook Inlet Region, Inc.	27,766,100	6	0.29	17,884,800	9	0.22
Wal-Mart Stores, Inc.	20,018,900	7	0.21	31,774,395	4	0.40
Global Finance & Investments S.A./Gary Lundgren	24,926,000	8	0.26	15,276,900	10	0.19
Legacy, LLC	18,481,200	9	0.19	-		
DBC, LLC/Target	18,329,100	10	0.19			
Alaska Pipeline Co.	-		0	23,289,500	6	0.29
Lowe's HIW Inc.	-		0	22,796,835	7	0.29
Total	\$ 329,760,800		3.40 %	\$ 345,819,377		4.35 %

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	Percentag e of Net Levy
2008	97,208,979	5,841,939	91,367,040	87,627,539	95.91	3,646,949	91,274,488	99.90
2009	107,223,469	6,790,265	100,433,204	96,318,045	95.90	3,974,491	100,292,536	99.86
2010	108,123,032	7,386,682	100,736,350	97,109,667	96.40	3,416,721	100,526,388	99.79
2011	110,203,515	7,743,976	102,459,539	98,954,998	96.58	3,165,008	102,120,006	99.67
2012	114,442,314	8,325,740	106,116,574	101,881,857	96.01	3,646,721	105,528,578	99.45
2013	114,904,572	8,834,593	106,069,979	102,321,617	96.47	2,950,188	105,271,805	99.25
2014	118,906,810	8,920,224	109,986,586	106,109,708	96.48	2,691,436	108,801,144	98.92
2015	121,650,445	9,906,339	111,744,106	108,285,996	96.91	1,841,744	110,127,740	98.55
2016	130,590,976	11,295,573	119,295,403	116,527,024	97.68	762,846	117,289,870	98.32
2017	138,589,875	12,166,401	126,423,474	122,648,889	97.01	-	122,648,889	97.01

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

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

Fiscal Year	Governmental Activities					Business-type Activities			Total Primary Government	Percentage of Personal Income*	Per Capita*
	General Obligation Bonds	Certificates of Participation	Notes Payable	Unamortized bond premium	Capital Leases	General Obligation Bonds	Notes Payable	Unamortized bond premium			
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	8.33	3,997
2016	314,755,000	10,885,000	6,781,005	30,910,711	-	4,750,000	6,147,994	449,547	374,679,257	8.00	3,740
2017	313,680,000	20,585,000	7,490,497	36,415,101	-	4,230,000	5,956,722	390,911	388,748,231	N/A	3,789

Notes: Details regarding the Borough's outstanding debt can be found in the notes to the financial statements. *See Schedule 15 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

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

<u>Net General Bonded Debt Outstanding</u>					
<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Debt Service Monies Available</u>	<u>Total</u>	<u>Percentage of Total Taxable Assessed Value of Property*</u>	<u>Per Capita**</u>
2008	176,855,561	291,064	176,564,497	2.31	2,205
2009	186,024,271	791,345	185,232,926	2.33	2,245
2010	174,821,302	291,195	174,530,107	2.16	2,070
2011	197,396,324	1,016,788	196,379,536	2.39	2,207
2012	286,043,027	1,038,091	285,004,936	3.40	3,108
2013	295,827,890	1,041,305	294,786,585	3.45	3,143
2014	328,608,261	1,106,592	327,501,669	3.76	3,409
2015	375,089,573	1,100,905	373,988,668	4.15	3,814
2016	350,865,258	957,077	349,908,181	3.78	3,493
2017	354,716,012	3,920,592	350,795,420	3.60	3,419

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 15 for personal income and population data.

MATANUSKA-SUSITNA BOROUGH
Direct and Overlapping Debt
As of June 30, 2017

Governmental Unit	Debt Outstanding	Percentage Applicable to the Governmental Unit	Share of Direct and Overlapping Debt
Education Debt	\$ 264,425,000	100%	\$ 264,425,000
Certificates of Participations-Public Safety Building	17,815,000	100%	17,815,000
Certificates of Participations-Animal Care Facility	2,770,000	100%	2,770,000
Notes Payable-Ak Clean Water Fund Loans	254,628	100%	254,628
Notes Payable-USDA	6,900,000	100%	6,900,000
Notes Payable-University of Alaska	335,869	100%	335,869
Parks and Recreation	22,400,000	100%	22,400,000
Transportation	26,855,000	100%	26,855,000
	<u>341,755,497</u>		<u>341,755,497</u>
Unamortized bond premiums	36,415,101	100%	36,415,101
Total	\$ <u>378,170,598</u>		\$ <u>378,170,598</u>
Cities Within the Borough, (Palmer and Wasilla) General Obligation Bonds as of June 30, 2016			
Palmer Ice Rink	\$ 109,550	100%	109,550
Wasilla Road Improvements	817,487	100%	817,487
Total	\$ <u>927,037</u>		\$ <u>927,037</u>
Net Direct and Overlapping Debt			\$ <u>379,097,635</u>

Note 1: The laws of the State of Alaska do not establish a debt limit.

MATANUSKA-SUSITNA BOROUGH
General Obligation Debt
As of June 30, 2017

Total Direct Debt	\$	378,170,598
Total Overlapping Debt		927,037
Total Direct and Overlapping Debt		<u>379,097,635</u>
FY2017 Certified Taxable Assessed Value		9,735,990,144
FY2017 Estimated Borough Population*		102,598
Ratio of:		
Direct Debt to FY2017 Certified Taxable Assessed Value		3.88%
Direct and Overlapping Debt to FY2017 Certified Taxable Assessed Value		3.89%
Per Capita:		
FY2017 Certified Taxable Assessed Value	\$	94,895
Direct Debt		3,686
Direct and Overlapping Debt		3,695
Debt Amortization:		
Within 5 years		33%
Within 10 years		64%

Source -

*Alaska Department of Labor, Research and Analysis Division

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

Legal Debt Margin Calculation for Fiscal Year 2017

Total taxable assessed value	9,735,990,144
Debt Limit (7% of total taxable assessed value)	681,519,310
Total debt applicable to limit	<u>317,910,000</u>
Legal debt margin	<u>363,609,310</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>	* <u>2016</u>	<u>2017</u>
Debt Limit	\$ 536,050,094	\$ 557,026,517	\$ 565,029,122	\$ 574,678,482	\$ 586,881,965	\$ 597,314,502	\$ 625,791,775	\$ 630,285,403	\$ 648,638,271	\$ 681,519,310
Total debt applicable to limit	<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>	<u>319,505,000</u>	<u>317,910,000</u>
Legal debt margin	<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>	<u>\$ 329,133,271</u>	<u>\$ 363,609,310</u>
Total debt applicable to the as a percentage of debt limit	32%	32%	30%	33%	46%	50%	48%	53%	49%	47%

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.

*2014 and 2015 are restated

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
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	4,706,391	46,554	17,757	8.6
2016	100,178	4,683,902	44,880	18,745	8.1
2017	102,598	N/A	N/A	18,935	8.2

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	2017		2008	
	Employees	Rank	Employees	Rank
Trade, Transportation, and Utilities	4,938	1	4,513	1
Educational and Health Services	4,393	2	3,020	2
Local Government	3,423	3	2,554	3
Leisure and Hospitality	2,860	4	2,333	4
Construction	2,090	5	1,648	5
State Government	1,518	6	1,058	6
Professional and Business Services	1,219	7	929	7
Other Services	852	8	626	10
Financial Activities	774	9	728	8
Information	489	10	646	9
Manufacturing	286	11	281	11
Federal Government	233	12	207	12
Natural Resources and Mining	163	13	116	13
Unclassified Employers	48	14	26	14
Total	23,286		18,685	

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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General government	123.520	131.520	132.500	136.280	148.550	149.700	145.590	141.000	141.850	141.900
Public works	50.000	51.000	52.000	51.000	54.000	54.000	54.010	63.000	66.010	66.000
Emergency services	46.980	50.730	49.750	50.650	45.000	49.850	51.850	62.850	71.850	71.500
Public services	41.530	41.690	41.690	36.590	36.690	36.940	37.290	36.090	34.490	32.990
Total	<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>	<u>314.200</u>	<u>312.390</u>

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

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

<u>Function/Program</u>	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government										
Planning										
Comprehensive and special land use district plans in process	13	11	11	4	4	4	3	3	2	1
Finance										
Number of purchasing solicitations processed	166	170	150	158	202	156	168	163	138	134
Number of vendor/employee payments processed	28,580	26,057	26,493	27,387	27,665	27,386	27,474	27,824	28,708	28,575
Collections of delinquent land lease accounts (in dollars)	58,552	64,578	87,263	156,842	100,463	114,934	61,108	82,719	73,410	80,473
Real property assessments	73,947	74,588	74,990	75,321	75,540	75,913	76,283	76,744	77,334	77,670
Property sales analyzed for assessment purposes	2,762	2,911	2,453	1,503	1,560	1,628	3,413	4,560	4,766	4,709
Code Compliance										
Code violation complaints received	428	230	265	578	237	246	373	339	330	314
Public works										
Road maintenance (monthly average)										
Citizen requests for repairs requiring action	164	165	141	158	333	285	225	148	180	217
Surveying and right-of-way										
Platting actions	164	99	88	65	77	98	92	130	158	148
Utility permits issued	441	378	275	323	293	335	358	526	481	392
Driveway permits issued	538	371	291	483	553	615	608	634	716	537
Construction permits issued	46	24	33	23	12	49	55	47	36	32
Encroachment permits issued	15	32	36	11	3	19	21	64	32	20
Solid waste disposal										
Loads hauled from transfer sites to Central Landfill	1,501	1,368	1,490	1,415	1,349	1,444	1,532	1,421	1,198	1,121
Refuse collected through community clean-up efforts (in tons)	198	158	192	205	63	122	80	181	194	241
Abandoned vehicles removed	334	381	366	529	130	137	115	48	98	121
Hazardous waste processed (in pounds)	618,180	589,078	625,000	102,672	85,664	136,533	156,735	149,227	162,266	486,933
Emergency services										
Ambulance Runs	5,558	4,890	4,894	5,380	5,971	6,314	7,972	8,272	8,268	7,904
Animal Shelter										
Animals lodged at shelter	3,502	3,377	3,494	3,994	3,786	3,219	3,159	2,581	2,822	3,164
Animals adopted to new homes	1,273	1,405	1,534	1,645	1,457	1,364	1,266	1,220	1,371	1,643
Animals adopted by local rescue groups	231	134	216	402	455	462	420	258	269	151
Animals euthanized at shelter	1,336	1,123	832	1,000	675	469	568	393	543	577
Public services										
Land and resource management (cumulative unless otherwise noted)										
Trails dedicated (in miles)	2,092	2,092	2,098	2,140	2,141	2,209	2,209	2,209	2,215	2,224
Asset management plans completed for Borough owned land (in acres)	20,332	20,332	20,332	164,018	164,018	164,018	164,018	164,018	164,018	164,562
Land classifications (in acres)	190,691	190,691	208,465	352,165	361,320	361,428	361,846	362,266	362,878	364,158
Parcels sold (annually)	29	36	43	17	9	28	37	43	53	60
Community enrichment and development										
Community enrichment class varieties offered	47	68	69	79	52	44	35	32	37	34
Total contact hours with public	1,035	830	1,302	1,464	1,280	794	673	445	497	838
Libraries										
Participants in summer reading program	2,848	2,446	3,820	2,865	2,552	2,982	2,693	2,095	2,465	2,662
Participants in pre-school story time	3,345	2,672	3,382	3,683	3,511	2,464	2,470	2,252	2,411	3,189
Volunteer hours utilized	1,866	1,839	2,311	3,193	2,649	3,466	1,808	1,954	1,764	1,812
Pools										
Participants in swim lesson programs (quarterly average)	538	747	696	708	650	711	1,220	1,061	1,234	1,464

N/A - Not available

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

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

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

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General government										
Administration and related buildings	3	3	3	3	3	3	3	3	2	2
Public works										
Utility trailers	6	6	6	6	11	11	11	11	11	12
Paving and Heavy Equipment	-	-	-	-	-	-	-	-	5	5
Paved roads (miles)	261	270	279	287	291	295	303	308	315	326
Bridges	23	23	23	23	23	23	23	26	27	27
Public works and related buildings	1	1	1	1	1	3	3	4	4	4
Emergency services										
Ambulances	22	27	28	27	30	30	29	31	31	29
Fire pumper/tankers	54	57	57	61	64	67	68	69	69	79
Tractors, forklifts, and related equipment	2	3	6	8	12	12	12	12	12	12
Utility/Rescue trailers	5	10	12	14	16	16	17	19	19	22
Rescue vehicles	24	25	26	29	29	31	31	31	31	31
Trucks and utility vehicles	61	64	74	75	80	81	81	85	85	83
Rescue boats	1	1	2	2	2	2	2	3	3	5
ATVs and snowmobiles	8	20	23	26	29	29	30	31	31	33
Public safety and related buildings	27	27	27	29	30	32	33	36	36	38
Public services										
Tractors, forklifts, and related equipment	17	17	17	17	20	23	22	22	23	23
Utility trailers	5	5	5	5	5	7	8	9	12	12
Trucks and utility vehicles	16	23	25	26	29	31	34	30	29	29
ATVs and snowmobiles	7	7	7	8	8	8	8	11	15	15
Riverboats	1	1	1	1	1	1	1	1	1	1
Community buildings (libraries, ice arenas, etc.)	12	12	13	13	13	14	14	14	15	15
Education										
Schools and related buildings	47	47	48	51	52	53	55	56	57	57

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
Palmer, Alaska

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, 2017, 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 December 27, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 Matanuska-Susitna Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of Matanuska-Susitna Borough's internal control.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

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
December 27, 2017



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Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Honorable Mayor and
Members of the Assembly
Matanuska-Susitna Borough
Palmer, Alaska

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 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, 2017. 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 \$17,878,139 in federal awards which is not included in Matanuska-Susitna Borough's Schedule of Expenditures of Federal Awards during the year ended June 30, 2017. 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 Uniform Guidance.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2017.

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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BDO USA, LLP

Anchorage, Alaska
December 27, 2017



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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
Palmer, Alaska

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, 2017. 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 \$202,736,275 in state awards which is not included in Matanuska-Susitna Borough's Schedule of State Financial Assistance during the year ended June 30, 2017. 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, 2017.

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
December 27, 2017

Matanuska-Susitna Borough, Alaska

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2017**

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? yes X no

Federal Financial Assistance

Internal control over major federal programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes X no

Identification of major federal programs:

<i>CFDA Number</i>	<i>Name of Federal Program or Cluster</i>	<i>Agency</i>
15.226	Payment in Lieu of Taxes	Department of the Interior

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? yes X no

State Financial Assistance

Internal control over major state programs:

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

Type of auditor's report issued on compliance for major 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, 2017

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

There were no findings related to the financial statements which are required to be reported in accordance with *Government Auditing Standards*.

Section III - Federal Award Findings and Questioned Costs

There were no findings and questioned costs for federal awards (as defined in 2 CFR 200.516(a)) 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, 2017

Government Auditing Standards Findings

Finding 2016-001 *Closing of Books and Records - Significant Deficiency*

Condition: The auditors identified several journal entries after the start of the audit. Several other entries that were required to complete the closing of the books and records were recorded by management after the initial audit fieldwork was completed.

Status: This Finding was corrected in FY17.

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.

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Matanuska-Susitna Borough, Alaska

**Department of Health and Social Services
Human Services Community Matching Grants
605-231-1704**

**Schedule of Revenues and Expenditures - Budget and Actual
Grant Period Ended June 30, 2017**

	Total	Budget	Variance
	Expenditures		
Revenues			
State of Alaska	\$ 279,160	\$ 279,160	\$ -
Matanuska-Susitna Borough	119,640	119,640	-
Total Revenues	398,800	398,800	-
Expenditures - other costs	\$ 398,800	\$ 398,800	\$ -

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

Statement of Net Position

<i>June 30, 2017</i>	<i>Governmental Activities</i>
Assets and Deferred Outflows of Resources	
Assets	
Cash and investments	\$ 21,376,789
Accounts receivable:	
Federal and state grants	5,721,961
Other	960,523
Receivable from the Borough	473,690
Inventory	2,454,518
Prepaid items	1,015,015
Capital assets not being depreciated	119,632
Capital assets, net of accumulated depreciation	19,728,508
Total Assets	51,850,636
Deferred Outflows of Resources - pension related	46,025,751
Total Assets and Deferred Outflows of Resources	\$ 97,876,387
Liabilities, Deferred Inflows of Resources and Net Position	
Liabilities	
Accounts payable	\$ 6,033,286
Accrued payroll and related liabilities	7,083,817
Unearned revenue	1,050,234
Insurance claims incurred but not reported	1,029,221
Noncurrent liabilities:	
Capital lease payable- due within one year	612,876
Capital lease payable - due in more than one year	6,766,756
Accrued leave - due within one year	3,559,126
Net pension liability - due in more than one year	201,819,072
Total Liabilities	227,954,388
Deferred Inflows of Resources - pension related	3,447,885
Net Position	
Net investment in capital assets	12,468,508
Restricted	1,610,912
Unrestricted (deficit)	(147,605,306)
Total Net Position	(133,525,886)
Total Liabilities, Deferred Inflows of Resources of Resources and Net Position	\$ 97,876,387

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

Statement of Activities

<i>Year Ended June 30, 2017</i>			Program Revenues		Net (Expense)
	Expenses	Charges for Services	Operating Grants and Contri- butions	Revenue and Changes in Net Position	
Governmental Activities					
Instruction	\$ 129,211,154	\$ -	\$ 16,716,057	\$ (112,495,097)	
Special education instruction	50,200,983	-	5,078,142	(45,122,841)	
Special education support services - students	20,122,446	-	2,813,812	(17,308,634)	
Support services - students	13,950,916	-	1,711,902	(12,239,014)	
Support services - instruction	14,075,318	-	3,401,873	(10,673,445)	
School administration	12,271,585	-	1,492,327	(10,779,258)	
School administration support services	13,400,426	-	184,463	(13,215,963)	
District administration	2,666,430	-	603,625	(2,062,805)	
District administration support services	14,864,925	-	738,749	(14,126,176)	
Operations and maintenance of plant	28,816,558	-	522,075	(28,294,483)	
Student activities	4,283,203	-	317,468	(3,965,735)	
Student transportation - student activities	809,345	-	-	(809,345)	
Student transportation - to and from school	18,046,667	-	15,478,656	(2,568,011)	
Community services	23,994	-	21,653	(2,341)	
Food services	7,103,926	1,115,178	5,473,418	(515,330)	
Construction and facilities acquisition	1,945,688	-	625	(1,945,063)	
Total Governmental Activities	\$ 331,793,564	\$ 1,115,178	\$ 54,554,845	(276,123,541)	
General Revenues					
Borough contribution				55,841,300	
State grants and entitlements not restricted to a specific purpose				170,159,334	
E-rate				1,349,403	
Medicaid reimbursement				1,090,092	
Out of district reimbursement				1,854,746	
Other				685,839	
Total General Revenues				230,980,714	
Change in net position				(45,142,827)	
Net Position, beginning of year				(88,383,059)	
Net Position, end of year				\$ (133,525,886)	

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

Governmental Funds
Balance Sheet

	Major Funds					Total Govern- mental Funds
	General	Title I-A Basic Special Revenue Fund	Capital Improvement Projects Capital Project	Nonmajor Funds	Total	
Assets						
Cash and investments	\$ 12,155,860	\$ -	\$ 3,292,159	\$ 2,024,898	\$ 17,472,917	
Accounts receivable:						
Federal and state grants	-	2,371,741	-	3,350,220	5,721,961	
Other	960,523	-	-	473,690	1,434,213	
Inventory	1,574,574	-	-	879,944	2,454,518	
Prepaid items	1,013,015	-	-	-	1,013,015	
Due from other funds	8,620,471	-	-	-	8,620,471	
Total Assets	\$ 24,324,443	\$ 2,371,741	\$ 3,292,159	\$ 6,728,752	\$ 36,717,095	
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 5,457,921	\$ 70	\$ 238,236	\$ 324,199	\$ 6,020,426	
Accrued payroll and related liabilities	7,083,817	-	-	-	7,083,817	
Unearned revenue	-	-	-	1,048,731	1,048,731	
Due to other funds	-	2,371,671	-	3,692,756	6,064,427	
Total Liabilities	12,541,738	2,371,741	238,236	5,065,686	20,217,401	
Fund Balances						
Nonspendable	2,587,589	-	-	879,944	3,467,533	
Restricted	1,606,630	-	-	4,282	1,610,912	
Committed	-	-	3,053,923	-	3,053,923	
Assigned	500,000	-	-	1,010,450	1,510,450	
Unassigned	7,088,486	-	-	(231,610)	6,856,876	
Total Fund Balances	11,782,705	-	3,053,923	1,663,066	16,499,694	
Total Liabilities and Fund Balances	\$ 24,324,443	\$ 2,371,741	\$ 3,292,159	\$ 6,728,752	\$ 36,717,095	

Matanuska-Susitna Borough School District
(A Component Unit of the Matanuska-Susitna Borough)
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2017

Total fund balances of governmental funds		\$ 16,499,694
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.		
Land	\$ 119,632	
Buildings	8,100,000	
Furnishings and equipment	23,963,139	
Accumulated depreciation	<u>(12,334,631)</u>	
Total capital assets		<u>19,848,140</u>
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	(3,559,126)	
Capital lease payable	(7,379,632)	
Net pension liability	<u>(201,819,072)</u>	
Total long-term liabilities		<u>(212,757,830)</u>
Certain changes in net pension liabilities are deferred rather than recognized immediately. These are amortized over time.		
Deferred outflows of resources related to pensions	46,025,751	
Deferred inflows of resources related to pensions	<u>(3,447,885)</u>	
Total deferred pension items		<u>42,577,866</u>
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>306,244</u>
Net Position of Governmental Activities		<u>\$ (133,525,886)</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

	Major Funds				Total Governmen- tal Funds
	General	Title I-A Basic Special Revenue Fund	Capital Improvement Projects Capital Project	Nonmajor Funds	
<i>Year Ended June 30, 2017</i>					
Revenues					
Local sources:					
Borough appropriation	\$ 55,841,300	\$ -	\$ -	\$ -	\$ 55,841,300
Other local	2,540,585	-	-	1,461,573	4,002,158
Borough capital projects	-	-	-	3,327,942	3,327,942
State of Alaska	186,402,314	-	-	16,457,713	202,860,027
Federal sources:					
E-rate	1,349,403	-	-	-	1,349,403
Medicaid reimbursement	1,090,092	-	-	-	1,090,092
Direct grants	-	-	-	804,092	804,092
Grants passed through the State of Alaska	-	3,945,780	-	12,914,880	16,860,660
Grants passed through intermediate agencies	-	-	-	309,802	309,802
Total Revenues	247,223,694	3,945,780	-	35,276,002	286,445,476
Expenditures					
Current:					
Instruction	104,833,810	3,343,509	22,344	2,560,273	110,759,936
Special education instruction	40,109,476	-	-	2,102,795	42,212,271
Special education support services - students	15,820,580	-	-	1,419,603	17,240,183
Support services - students	10,045,393	188,491	-	365,266	10,599,150
Support services - instruction	10,129,465	-	-	2,446,323	12,575,788
School administration	9,973,301	239,535	-	-	10,212,836
School administration support services	11,344,458	-	-	-	11,344,458
District administration	1,827,810	-	-	453,241	2,281,051
District administration support services	12,094,122	174,245	-	391,162	12,659,529
Operations and maintenance of plant	25,805,958	-	-	325,589	26,131,547
Student activities	3,763,633	-	-	6,446	3,770,079
Student transportation - to and from school	-	-	-	18,040,165	-
Student transportation - student activities	809,345	-	-	-	809,345
Community services	-	-	-	23,151	23,151
Food services	6,859	-	-	7,097,070	7,103,929
Construction and facilities acquisition	400,000	-	2,630,862	3,152,101	6,182,963
Total Expenditures	246,964,210	3,945,780	2,653,206	38,383,185	291,946,381
Excess (deficiency) of revenues over expenditures	259,484	-	(2,653,206)	(3,107,183)	(5,500,905)
Other Financing Sources (Uses)					
Transfers in	-	-	850,000	2,342,212	3,192,212
Transfers out	(3,192,212)	-	-	-	(3,192,212)
Net Other Financing Sources (Uses)	(3,192,212)	-	850,000	2,342,212	-
Net change in fund balances	(2,932,728)	-	(1,803,206)	(764,971)	(5,500,905)
Fund Balances, beginning of year	14,715,433	-	4,857,129	2,428,037	22,000,599
Fund Balances, end of year	\$ 11,782,705	\$ 3,053,923	\$ 1,663,066	\$ 16,499,694	\$ 16,499,694

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, 2017

Net change in fund balances - total governmental funds	\$ (5,500,905)
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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	\$ 3,027,152	
Depreciation expense	<u>(2,598,929)</u>	
		428,223

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 activities.

(2,569)

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	3,327,942	
Expenditures	<u>(3,327,942)</u>	
		-

Repayment of the principal of long-term debt consumes current financial resources of governmental funds. However, this does effect net position. This amount is the principal payments on long-term debt

320,368

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 of resources.

(40,597,026)

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.

209,082

Change in Net Position of Governmental Activities	<u>\$ (45,142,827)</u>
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Matanuska-Susitna Borough School District
(A Component Unit of the Matanuska-Susitna Borough)

Proprietary Funds
Statement of Net Position

	Governmental Activities	
	Nonmajor Enterprise Funds	Internal Service Fund
<i>June 30, 2017</i>		
Assets		
Current:		
Cash and investments	\$ 305,747	\$ 3,598,125
Prepaid items	2,000	-
Total Assets	\$ 307,747	\$ 3,598,125
Liabilities and Net Position		
Current Liabilities		
Accounts payable	\$ -	\$ 12,860
Due to other funds	-	2,556,044
Unearned revenue	1,503	-
Insurance claims incurred but not reported	-	1,029,221
Total Current Liabilities	1,503	3,598,125
Net Position - unrestricted	306,244	-
Total Liabilities and Net Position	\$ 307,747	\$ 3,598,125

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, 2017</i>		
Operating Revenues		
Interfund charges	\$ -	\$ 2,005,272
Sales	10,710	-
Total Operating Revenues	10,710	2,005,272
Operating Expenses		
Claims expense	-	1,608,467
Instruction	13,279	-
General and administrative	-	397,063
Total Operating Expenses	13,279	2,005,530
Operating income (loss)	(2,569)	(258)
Non Operating Revenue - interest income	-	258
Change in net position	(2,569)	-
Net Position, beginning of year	308,813	-
Net Position, end of year	\$ 306,244	\$ -

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

Proprietary Funds
Statement of Cash Flows

<i>Year Ended June 30, 2017</i>	Governmental Activities	
	Nonmajor Enterprise Funds	Internal Service Fund
Cash Flows from Operating Activities		
Receipts from interfund charges	\$ -	\$ 2,757,828
Receipts from customers and users	10,710	-
Payments to suppliers	(13,279)	(1,659,684)
Net cash flows from operating activities	(2,569)	1,098,144
Cash Flows from Investing Activities		
Interest received	-	258
Net increase in cash and cash equivalents	(2,569)	1,098,402
Cash and Cash Equivalents, beginning of year	308,316	2,499,723
Cash and Cash Equivalents, end of year	\$ 305,747	\$ 3,598,125
Reconciliation of Operating Loss to Net Cash Flows for Operating Activities		
Operating income (loss)	\$ (2,569)	\$ (258)
Adjustments to reconcile operating loss to net cash flows for operating activities:		
Decrease in accounts receivable	-	41,853
Increase in due to other funds	-	710,703
Increase in accounts payable	-	1,575
Increase in insurance claims incurred but not reported	-	344,271
Total adjustments	-	1,098,402
Net Cash Flows from Operating Activities	\$ (2,569)	\$ 1,098,144

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

Student Activities Agency Fund
Statement of Fiduciary Assets and Liabilities

Year Ended June 30, 2017

Assets

Cash and investments	\$ 1,944,642
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Liabilities

Due to student activities and community schools	\$ 1,944,642
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