

Matanuska-Susitna Borough, Alaska

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2013

John Moosey
Borough Manager

Prepared by the Finance Department

Tammy E. Clayton, CPA
Finance Director

Elizabeth Hartley, CPA
Comptroller

INTRODUCTORY SECTION

Matanuska-Susitna Borough, Alaska

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MATANUSKA-SUSITNA BOROUGH

Department of Finance

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December 18, 2013

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

Transmittal of the CAFR

In accordance with Section 29.35.120 of Alaska Statutes, the Comprehensive Annual Financial Report of the Matanuska-Susitna Borough for the fiscal year ended June 30, 2013, 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, 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, 2013, 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, 2013, 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 93,801. The Borough is empowered to levy a property tax on both real and personal properties located within its boundaries. State of Alaska law mandates that second-class Boroughs provide certain services on an areawide basis to all taxpayers.

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

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

The Matanuska-Susitna Borough is financially accountable for a legally separate school district which is reported separately within the Matanuska-Susitna Borough's financial statements. Additional information on this legally separate entity can be found in Note (1) in the Notes to the Basic Financial Statements.

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

Economic Condition of the Matanuska-Susitna Borough

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

The Borough's economy began experiencing growth in the early 1990's. In looking back over the last 20 years, the population of the Borough grew 92%. Whereas, the population of the State only grew 23%. Just during the last decade, no other area of the state came close to the Borough's track record of population and employment growth.

The communities of the Borough were historically established to support farming and still continue to be the largest agricultural producer in the state. However, farming is now overshadowed by other economic players. There are a number of factors driving the Borough's dynamic economy. In brief, one of these factors is health care. Another major health facility was constructed during 2012. Southcentral Foundation constructed a new 84,000 square feet, \$40 million Native Primary Care Facility. When completed the number of permanent jobs increased from the current staff of 35 to 200 employees including healthcare professionals. Furthermore, the Mat-Su College has initiated new nursing courses and a new paramedic's curriculum that will provide a four year degree in paramedic medicine. In addition to the hospitals, several new medical facilities are being built or were built this past year. This includes a new Clinic and two new Medical Centers located between Palmer and Wasilla and a new Physical Therapy Center in Wasilla.

An ever growing sector in the Borough is the businesses in the Borough that provide expanded services to Borough residents as well as the rest of the state. New industry, professional businesses and a variety of new commercial buildings have moved into or expanded in the Borough including several new significant retail developments and 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. Twenty-six new commercial structures were completed this past year as well as six hundred, fifty-nine residences.

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

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

In addition to the continued development of the industrial district of Port MacKenzie, the Borough is working with the Alaska Railroad to construct a railspur. They completed a \$10 million environmental study to extend the Alaska Railroad 39 miles from Willow to Port Mackenzie. The Borough also previously acquired \$17.5 million to start construction on the rail loop in the Port District. In July 2010, \$35 million more was received for the next phase. This phase constructed 8.1 miles of rail embankment, purchased right-of-way for the remaining rail extension and engineered the route selected by the Environmental Impact Study. In July 2011, we received another \$30 million. These funds were utilized to continue the construction of another 6.5 miles of the rail embankment and to acquire additional right-of-ways. In July 2012, we received an additional \$23.5 million which was for a 4.8 mile section of the project. Additionally \$30 million was approved in a State bond package that will be issued in 2013. Those funds will be utilized to construct 6.1 miles with construction starting June 2013. For fiscal year 2014 the State granted \$25 million for the next phase of the project. This rail spur will greatly increase natural resource development within the Valley and rail freight transport through the Port.

Cash from all Borough funds as well as the operating cash of the School District is held in a central treasury and managed by the Borough Administration. Interest income on investments is allocated to participating funds based on its average cash balance. The Investment Policy approved by the Borough Assembly authorizes cash temporarily idle during the year to be

invested in the United States Treasury, its agencies and instrumentalities, Repurchase Agreements, fully collateralized Certificates of Deposit, bank or credit union accounts, provided the accounts are insured, money market mutual funds, provided they are comprised entirely of United States Treasury, its agencies or instrumentalities, taxable General Obligation Bonds of a Borough/County or State which has two ratings AA or higher and the Alaska Municipal League Investment Pool. The maturities at June 30, 2013 of the investments range from 45 days to twenty-six months, with an average maturity of thirteen months. The average yield this fiscal year was .20%.

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 Note (11) in the Notes to the Basic Financial Statements.

Relevant Financial Policies

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

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

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

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

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

Lastly, a practice has been established for the use of one-time revenues. Rather than utilize these one-time payments for operating expenditures, the funds 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. Again, when combined with the premium generated a total of \$15,280,000 is available for projects. These funds will be utilized for the acquisition, design, construction, major renovation and renewal of school capital improvement projects. The projects will be completed during fiscal years 2014, 2015 and 2016. The remaining \$98,390,000 will be issued in Fiscal Years 2014 and 2015.

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, will be issued in January 2014. Design will occur over the winter and construction will begin summer of 2014. They are expected to be complete summer 2015.

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 is expected to be complete by the end of fiscal year 2014. It is sited near Mat-Su Regional Medical Center.

Approved in the capital/grant budget was \$850,000 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 \$10 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.

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, 2012. This was the twenty-eighth consecutive year that the Borough has received this prestigious award. In order to be awarded a Certificate of Achievement, the Borough published an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

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

Respectfully submitted,



John M. Moosey
Borough Manager



Tammy E. Clayton, CPA
Director of Finance

Matanuska-Susitna Borough, Alaska

Principal Officials Mayor and Assembly

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

Larry DeVilbiss, Mayor
Ronald Arvin, Deputy Mayor

Warren Keogh
Noel W. Woods
Steve Colligan

Darcie K. Salmon
Jim Colver
Vern Halter



Borough Staff

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

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



Government Finance Officers Association

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

Presented to

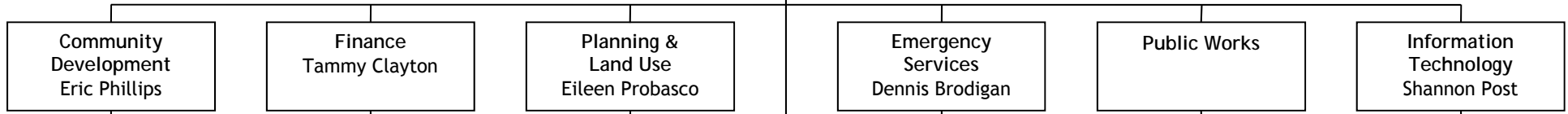
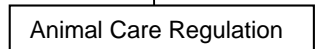
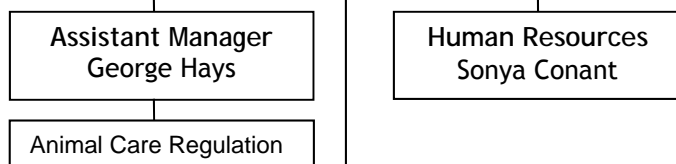
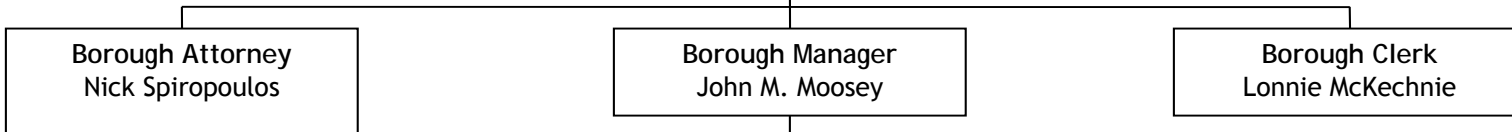
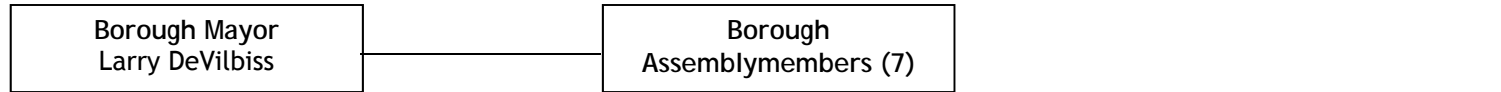
**Matanuska-Susitna Borough
Alaska**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

Matanuska-Susitna Borough Organization Chart Fiscal Year 2013



- Indoor Rec
- Outdoor Rec
- Libraries
- Community Enrichment
- Land & Resource Management

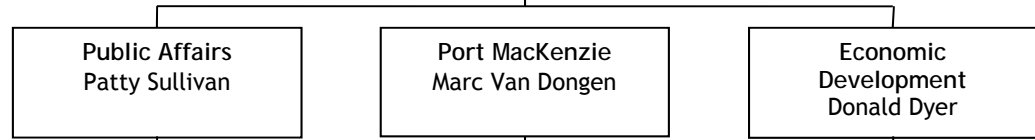
- Treasury & Debt Management
- Risk Management
- Accounting
- Revenue & Budget
- Assessment
- Purchasing

- Planning
- Platting
- Code Compliance
- Cultural Resources
- Water & Air Quality

- Emergency Medical Services
- Fire Service Areas Management

- Engineering
- Maintenance
- Project Management
- Solid Waste
- Road Service Areas

- Information Technology
- GIS
- Web Services
- Network Services
- Help Desk



- Emergency Public Information Officer
- Publications/Media
- Special Projects
- Outreach

- Wharfage/Dockage
- Ferry

- Strategic Planning
- Business Expansion
- Special Projects
- Marketing
- Outreach

XVI

FINANCIAL SECTION

Independent Auditor's Report



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3601 C Street, Suite 600
Anchorage, AK 99503

Independent Auditor's Report

Honorable Mayor and
Members of the Assembly
Matanuska-Susitna Borough

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of Matanuska-Susitna Borough, Alaska as of and for the year ended June 30, 2013, 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 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, aggregate discreetly presented component unit, each major fund, and the aggregate remaining fund information of Matanuska-Susitna Borough as of June 30, 2013, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2013 the Borough adopted the provisions of Governmental Accounting Standards Board (GASB) Statement number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and the provisions of GASB Statement number 65, *Items Previously Reported as Assets and Liabilities*. These provisions have been retrospectively applied to all periods presented in these financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-16 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, 2013 was conducted for the purpose of forming opinions on the financial statements that collectively comprise Matanuska-Susitna Borough's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, the Schedule of State Financial Assistance, and the combining and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards and the Schedule of State Financial Assistance are required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, respectively.

Other Matters, continued

Supplementary Information, continued

The Schedule of Expenditures of Federal Awards, the Schedule of State Financial Assistance and the combining and individual fund financial statements and schedules listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2013.

Matanuska-Susitna Borough's basic financial statements for the year ended June 30, 2012 (not presented herein), were audited by other auditors whose report thereon dated December 21, 2012, expressed 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 report of the other auditors dated December 21, 2012, stated that the combining and individual fund financial statements and schedules for the year ended June 30, 2012 were subjected to the auditing procedures applied in the audit of the 2012 basic financial statements and certain additional auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or to those basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and, in their opinion, were fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2012.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2013 on our consideration of the Matanuska-Susitna Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Matanuska-Susitna Borough's internal control over financial reporting and compliance.

BDO USA, LLP

Anchorage, Alaska
December 18, 2013

Management's Discussion and Analysis

Matanuska-Susitna Borough

Management's Discussion and Analysis

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, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on page VIII of this report.

Financial Highlights

- The assets and deferred outflows of the Matanuska-Susitna Borough exceeded its liabilities and deferred inflows at the close of the most recent year by \$700,299,567. Of this amount, \$154,367,069 (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, unrestricted fund balance for the General Fund was \$58,578,995. Of this amount, \$12,152,973 was unassigned and available for spending. The unassigned fund balance for the General Fund represented 10.44% of total General Fund expenditures and transfers.
- The Borough's total net position increased by \$57,358,792.
- As of the close of the current fiscal year, the Borough's governmental funds reported combined ending fund balances of \$271,393,183, an increase of \$2,809,048 in comparison to the prior year.
- The Borough's total outstanding debt increased by \$10,459,013 to a year-end balance of \$313,493,975. The primary reason was that new debt was issued in the amount of \$13.3 million for school construction projects and \$11.2 million for transportation systems. The Borough's long-term debt table can be found on pages 44-50 of the Notes to the Basic Financial Statements.
- In fiscal year 2005, the Borough established two enterprise funds in order to account for the Borough's sanitary landfill and Port MacKenzie activities. Current fiscal year activities of the two funds combined decreased the total Borough net position by \$465,140.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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 56 individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, the School Buildings Debt Service Fund, the School Capital Projects Fund, and the Infrastructure Capital Projects Fund. The other 52 governmental funds are combined and shown as Nonmajor Governmental Funds on the Governmental Fund Balance Sheet and Governmental Statement of

Matanuska-Susitna Borough

Management's Discussion and Analysis

Revenues, Expenditures, and Changes in Fund Balances. Individual fund information for the 52 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 19-22 of this report. Budgetary comparison statements for the General Fund with annual budgets are provided on pages 60-63 to demonstrate compliance with these budgets. The 36 special revenue funds with annual budgets are provided on pages 70-113.

Proprietary funds

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

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

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

Fiduciary funds

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

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

The basic fiduciary aggregated fund financial statements can be found on page 28 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Included in the notes to the financial statements is the required supplementary information. The notes to the financial statements can be found on pages 29-55 of this report.

Matanuska-Susitna Borough

Management's Discussion and Analysis

Other Information

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

Government-Wide Financial Analysis

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Borough, assets and deferred outflows exceeded liabilities and deferred outflows by \$700,299,567, at June 30, 2013 compared to \$642,940,775 (as restated, due to the implementation of GASB Nos. 63 and 65), at June 30, 2012. By far, the largest portion of the Borough's net position (78%) 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, 2013 and 2012
(in millions of dollars)

	Governmental Activities		Business-Type Activities		Total Activities	
	2013	2012	2013	2012	2013	2012
Assets and Deferred Outflows						
Current and other assets	\$ 327.3	\$ 313.7	\$ 2.7	\$ (3.7)	\$ 330.0	\$ 310.0
Capital assets	669.9	606.4	47.1	54.1	717.0	660.5
Deferred outflows	2.3	2.7	0.4	0.4	2.7	3.1
Total Assets and Deferred Outflows	\$ 999.5	\$ 922.8	\$ 50.2	\$ 50.8	\$ 1,049.7	\$ 973.6
Liabilities and Deferred Inflows						
Long-term debt outstanding	\$ 299.5	\$ 289.2	\$ 16.6	\$ 16.9	\$ 316.1	\$ 306.1
Other liabilities	28.7	20.0	0.8	0.7	29.5	20.7
Deferred inflows	3.8	3.9	-	-	3.8	3.9
Total Liabilities and Deferred Inflows	\$ 332.0	\$ 313.1	\$ 17.4	\$ 17.6	\$ 349.4	\$ 330.7

Matanuska-Susitna Borough

Management's Discussion and Analysis

	Governmental Activities		Business-Type Activities		Total Activities	
	2013	2012	2013	2012	2013	2012
Net Position						
Net investment in capital assets	\$ 508.7	\$ 457.1	\$ 36.2	\$ 42.7	\$ 544.9	\$ 499.8
Restricted	1.1	1.1	-	-	1.1	1.1
Unrestricted	157.7	151.5	(3.4)	(9.5)	154.3	142.0
Total Net Position	\$ 667.5	\$ 609.7	\$ 32.8	\$ 33.2	\$ 700.3	\$ 642.9

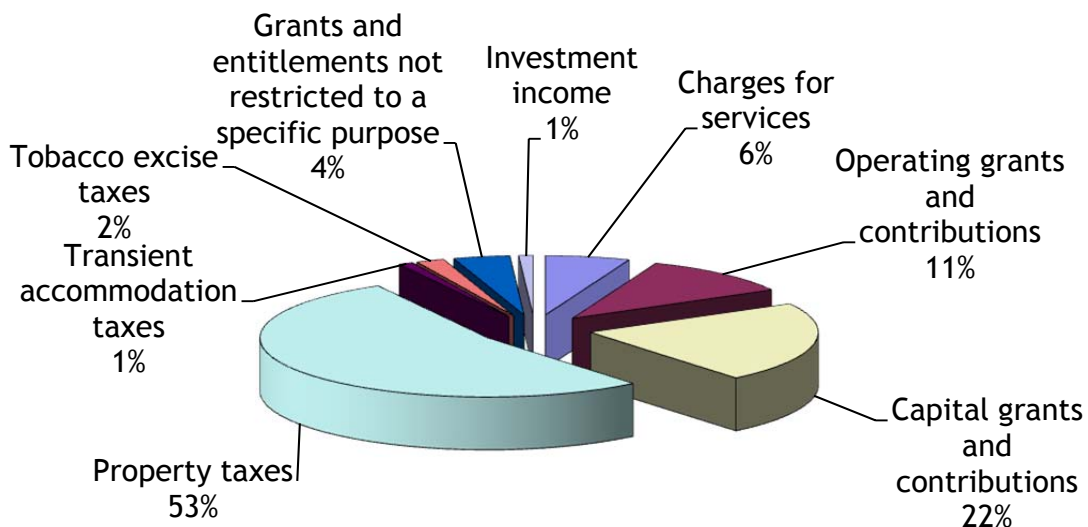
Changes in Net Position

During the current fiscal year, the Borough's total net position increased by \$57.4 million. This compares to an increase of \$38.3 million for the year ended June 30, 2012.

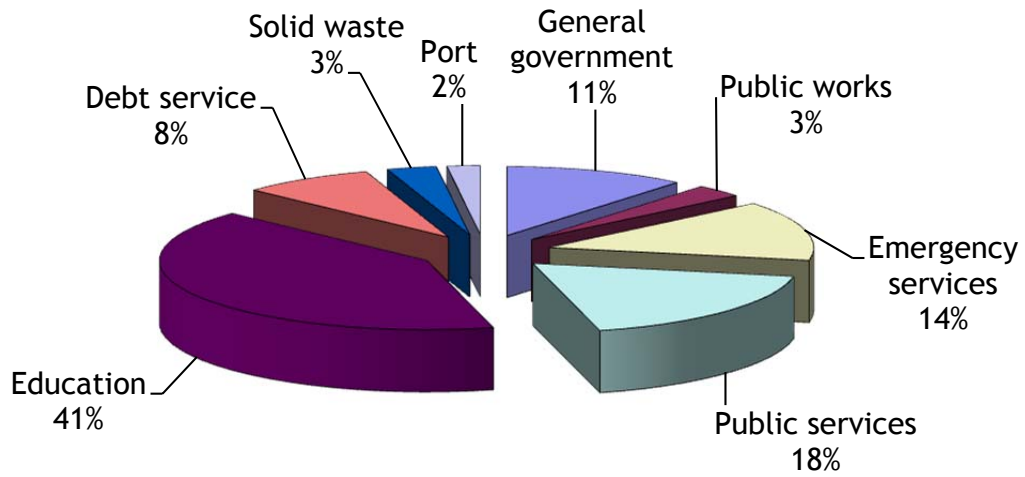
Revenues increased overall by \$26.8 million with the majority of this resulting from a increase in capital and operating grants and contributions revenues of \$18.4 million due largely to a increased amount of federal and state funding being provided for Borough capital projects. During fiscal year 2013, approximately 53% of the Borough's total revenues came from property taxes with the remainder being provided primarily by state and federal grants and charges for services provided.

Expenses increased overall by \$7.7 million from the prior year. During fiscal year 2013, approximately 41% of the Borough's total expenses went toward education with the remainder primarily providing emergency services, public services, and general government services.

Sources of Revenue for Fiscal Year 2013



Functional Expenses for Fiscal Year 2013



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Matanuska-Susitna Borough
Management's Discussion and Analysis

Changes in Matanuska-Susitna Borough's Net Position
For Years Ended June 30, 2013 and 2012
(in millions of dollars)

	Governmental Activities		Business-Type Activities		Total Activities	
	2013	2012	2013	2012	2013	2012
Revenues						
Program revenues:						
Charges for services	\$ 6.3	\$ 5.6	\$ 5.7	\$ 4.3	\$ 12.0	\$ 9.9
Operating grants and contributions	21.5	16.1	1.3	0.7	22.8	16.8
Capital grants and contributions	44.2	31.3	.7	1.2	44.9	32.5
General revenues:						
Property taxes	110.3	104.7	-	-	110.3	104.7
Transient accommodation taxes	1.1	1.1	-	-	1.1	1.1
Tobacco excise taxes	4.9	4.9	-	-	4.9	4.9
Other	10.8	10.2	0.2	0.1	11.0	10.3
Total revenues	\$ 199.1	\$ 173.9	\$ 7.9	\$ 6.3	\$ 207.0	\$ 180.2
Expenses						
General government	\$ 16.0	\$ 20.0	\$ -	\$ -	\$ 16.0	\$ 20.0
Public works	4.5	4.1	-	-	4.5	4.1
Emergency services	21.8	19.6	-	-	21.8	19.6
Public services	26.5	24.1	-	-	26.5	24.1
Education	60.9	58.3	-	-	60.9	58.3
Interest	11.6	9.2	-	-	11.6	9.2
Solid waste	-	-	4.8	4.8	4.8	4.8
Port	-	-	3.5	1.8	3.5	1.8
Total expenses	141.3	135.3	8.3	6.6	149.6	141.9
Excess before transfers, special items, and extraordinary items						
Excess before transfers, special items, and extraordinary items	57.8	38.6	(0.4)	(0.3)	57.4	38.3
Extraordinary items	-	-	-	-	-	-
Transfers	-	(0.1)	-	0.1	-	-
Special items	-	-	-	-	-	-
Increase in net position	57.8	38.5	(0.4)	(0.2)	57.4	38.3
Beginning net position, as restated						
Beginning net position, as restated	609.7	571.2	33.2	33.4	642.9	604.6
Ending Net Position	\$ 667.5	\$ 609.7	\$ 32.8	33.2	\$ 700.3	642.9

Matanuska-Susitna Borough

Management's Discussion and Analysis

Governmental activities

Revenues for the Borough's governmental activities increased by \$25.2 million from the prior year while expenses for governmental activities increased by \$5.7 million. Key elements to the increase in revenues and increase in expenses include the following:

- Capital and operating grants and contributions revenues increased by a total of \$18.3 million due largely to an increased amount of federal and state funding being provided for Borough capital projects.
- As a result of a growing population within the Borough, expenditures for education, public services, and emergency services increased by a total of \$7.2 million from the prior fiscal year.

Business-type activities

Revenues for the Borough's business-type activities increased by \$1.6 million from the prior year while expenses for business-type activities increased by \$1.7 million. The primary reason for the increase in revenues is that revenues from charges for services increased by \$1.4 million due to an increased use of the Central Landfill and Transfer Sites as well as a fee increase for the collection and disposal of solid waste that became effective August 1, 2012.

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 \$271,393,183, an increase of \$2,809,048 in comparison with the prior year. A portion of this amount is categorized as nonspendable to indicate it is inherently nonspendable because it has already been dedicated to liquidate prepaid expenses (\$697,934) or is already in the form of inventory (\$135,797).

A portion of the combined ending fund balance is categorized as restricted to indicate that there is an externally enforceable limitation on its use. Specifically, funds in the amount of \$1,084,439 are restricted due to lender imposed debt reserves for debt service and unused bond proceeds in the amounts of \$119,971,539 and \$11,440,690 are restricted for school construction projects and transportation system projects, respectively, as approved by the Borough voters.

A total of \$39,905,949 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. \$26,301,694 is shown as committed in accordance with the Borough's minimum fund balance/stabilization policy. The remaining \$13,604,255 of the committed fund balance is shown as committed for the Land Management Permanent Fund, school site acquisition, and

Matanuska-Susitna Borough

Management's Discussion and Analysis

various other limitations that have been imposed by the Matanuska-Susitna Borough Assembly through formal action.

Of the combined ending fund balance, \$86,271,239 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 \$11,885,596 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 \$58,578,995, nonspendable fund balance was \$670,637, committed fund balance was \$32,951,316, assigned fund balance was \$12,768,069, and unassigned fund balance was \$12,188,973. Total fund balance increased by \$4,546,552 from the prior year. The key factors include:

- An increase of \$1,141,679 in the School Site Acquisition Reserve from the prior year.
- An increase of \$1,254,594 in the Fund Balance Stabilization Reserve from the prior year.
- An increase of \$2,257,258 in the funds assigned for Subsequent Year Expenditures from the prior year.

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

At the end of the current fiscal year, ending total fund balance in the School Building Debt Service Fund was \$758,042, with the entire fund balance being assigned for debt service. Total fund balance decreased by \$246,855 from the prior year. The key factor in the decrease in fund balance was the Assembly adopted decrease in the Fiscal Year 2013 budget of \$246,857.

At the end of the current fiscal year, ending total fund balance in the School Building Capital Projects Fund was \$131,243,480, with unused bond proceeds in the amount of \$119,971,539 being restricted for school construction projects as approved by the Borough voters. The remainder of fund balance, in the amount of \$11,271,941, is assigned for school building capital projects. Total fund balance decreased by \$11,981,795 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 Infrastructure Capital Projects Fund was \$1,052,703 with the entire fund balance being assigned for infrastructure capital projects. Total fund balance increased by \$245,632 from the prior year. The key factor in the increase in fund balance was a \$316,000 transfer from the General Fund for the Hatcher Pass Development projects.

Proprietary funds

The Borough's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net positions of the solid waste and port enterprise funds were a deficit of (\$2,787,749) and a deficit of (\$590,658), respectively. The unrestricted net position of the internal service funds at the end of the year were \$13,457,122.

Matanuska-Susitna Borough

Management's Discussion and Analysis

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

At the end of the current fiscal year, ending total net position of the Solid Waste Enterprise Fund was \$8,546,975, with \$11,334,724 invested in capital assets, net of related debt, and an unrestricted net position deficit of \$2,787,749. The total net position increased by \$1,064,351 from the prior year.

At the end of the current fiscal year, the ending total net position of the Port Enterprise Fund were \$24,238,537, with \$24,829,195 invested in capital assets, net of related debt, and an unrestricted net position deficit of \$590,658. The total net position decreased by \$1,529,491 from the prior year.

General Fund Budgetary Highlights

At year end, there was a no difference between the total original budget and the total final amended budget.

There was a total difference between the final amended budget and actual results in the amount of \$15,078,132. Key factors include:

- An increase of \$2,174,451 in PERS Relief from the State of Alaska from the budgeted amount.
- An increase of \$469,194 in ambulance service charge revenue from the budgeted amount.
- An increase of \$304,901 in excise tax from the budgeted amount due to a higher than expected amount of tobacco purchases than was expected for the year.
- An increase of \$5,540,450 in recovery of expenditures from other funds for general government expenditures from the budgeted amount due to an increase in grant administration fees and General Fund employee wages being charged to other funds for grant administration and project management of various capital projects.
- An increase of \$859,428 in transfers into the General fund from the budgeted amount due to capital project funds lapsing and the capital contributions being returned to the General Fund.
- A decrease of \$752,526 in contributions to the School District from the budgeted amount due to the lapse of appropriations per MSB Code 3.04.110(C).

Capital Assets and Debt Administration

Capital Assets

The Borough's investment in capital assets for its governmental and business-like activities as of June 30, 2013 amounts to \$717,051,019 (net of accumulated depreciation), an increase of \$56,445,665 from the prior year. This investment in capital assets includes land, buildings, improvements other than buildings, equipment, construction in progress, infrastructure, and landfill cells.

Matanuska-Susitna Borough

Management's Discussion and Analysis

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

- Continuation of school construction projects. Primarily among the School Roof, Fire Alarm, Flooring Replacements, and Athletic Field Improvements at various schools increasing the construction in progress for governmental activities.
- Continuation of the construction of the South Central Rail Corridor, increasing the construction in progress for governmental activities.
- Completion of the Career Center/Vocational High School, the Wasilla High Remodel, and the Wasilla Middle School Cafeteria; decreasing the construction in progress for governmental activities and increasing buildings for governmental activities.
- Construction on the Port MacKenzie Ferry/Intermodal Facility was completed, decreasing the construction in progress for business-type activities and increasing buildings for business-like activities.

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

	Governmental Activities		Business-Type Activities		Total Activities	
	2013	2012	2013	2012	2013	2012
Land and land improvements	\$ 17.9	\$ 14.2	\$ -	\$ -	\$ 17.9	\$ 14.2
Buildings	332.1	308.1	9.5	1.9	341.6	310.0
Improvements other than buildings	21.8	16.5	1.0	1.0	22.8	17.5
Equipment	15.0	14.8	.9	0.7	15.9	15.5
Infrastructure	96.8	93.7	20.6	21.3	117.4	115.0
Construction in progress	186.4	159.1	11.4	25.7	197.8	184.8
Landfill cells	-	-	3.6	3.6	3.6	3.6
Total Capital Assets	\$ 670.0	\$ 606.4	\$ 47.0	\$ 54.2	\$ 717.0	\$ 660.6

Additional information on the Borough's capital assets can be found in on pages 41-44 of this report.

Long-term Debt

At the end of the current fiscal year, the Borough had total debt outstanding of \$313,493,975. Of this amount, \$276,610,000 was bonded and backed by the full faith and credit of the Borough. The Certificates of Participation had an outstanding balance of \$5,645,000. The remaining debt consists of ADEC loans, landfill closure costs, accrued leave, and insurance claims incurred but not reported.

Matanuska-Susitna Borough
Management's Discussion and Analysis

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

	Governmental Activities		Business-Type Activities		Total Activities	
	2013	2012	2013	2012	2013	2012
General obligation bonds	\$ 270.4	\$ 262.8	\$ 6.2	\$ 6.7	\$ 276.6	\$ 269.5
Certificates of participation	5.6	6.4	-	-	5.6	6.4
Other debt	21.3	17.3	10.0	9.8	31.3	27.1
Total Outstanding Debt	\$ 297.3	\$ 286.5	\$ 16.2	\$ 16.5	\$ 313.5	\$ 303.0

Additional information on the Borough's long-term debt can be found on pages 44-50 of this report.

Economic Factors and the Next Year's Budget and Rates

In setting the budgets for fiscal year 2014, the Borough considered a number of issues with Borough-wide impact, among them:

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

All of these factors were considered in preparing the Borough's budget for fiscal year 2014. As a result, the fiscal year 2014 budget includes an increase of .161 mills in the General Fund tax rate from the current rate of 9.691 mills to an approved rate of 9.852 mills. The Nonareawide mill rate increased by .031 mills in the fiscal year 2014 budget, going from the current rate of .489 mills to an approved rate of .520 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.

Basic Financial Statements

Matanuska-Susitna Borough, Alaska

Statement of Net Position

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	School District
<i>June 30, 2013</i>				
Assets and Deferred Outflows of Resources				
Assets:				
Cash and investments	\$ 145,714,842	\$ -	\$ 145,714,842	\$ 17,163,368
Prepaid items	697,934	-	697,934	885,846
Receivables:				
Intergovernmental	25,604,435	473,131	26,077,566	5,456,140
Property and excise taxes, net of allowance	12,614,271	-	12,614,271	-
Accounts, net of allowance	-	350,867	350,867	-
Ambulance, net of allowance	1,204,890	-	1,204,890	-
Land sales contracts, net of allowance	9,526	-	9,526	-
Other	620,198	-	620,198	1,031,576
Accrued interest	528,895	-	528,895	-
Due from Borough	475	-	475	1,352,343
Deposits	52,245	-	52,245	-
Inventory	135,797	765	136,562	1,283,375
Restricted cash	132,496,668	2,243,072	134,739,740	-
Internal balances	7,430,005	(7,430,005)	-	-
Land sales contracts receivable - long term	189,600	-	189,600	-
Ferry vessel	-	7,098,884	7,098,884	-
Capital assets, not being depreciated	204,256,574	11,421,646	215,678,220	-
Capital assets, net of accumulated depreciation	465,720,903	35,651,896	501,372,799	6,935,776
Deferred outflow - deferred loss on G.O. bonds	2,271,566	350,296	2,621,862	-
Total Assets and Deferred Outflows of Resources	\$ 999,548,824	\$ 50,160,552	\$ 1,049,709,376	\$ 34,108,424
Liabilities, Deferred Inflows of Resources and Net Position				
Liabilities:				
Accounts, contracts and retentions payable	\$ 19,018,523	\$ 540,882	\$ 19,559,405	\$ 2,321,359
Payable to component unit	1,352,343	-	1,352,343	-
Accrued payroll and related liabilities	1,688,372	-	1,688,372	6,670,802
Other liabilities	365,583	-	365,583	-
Deposits	78,024	-	78,024	-
Unearned revenue	2,330,562	1	2,330,563	950,969
Accrued interest payable	3,902,312	241,968	4,144,280	-
Noncurrent liabilities:				
Due within one year:				
Accrued leave	2,480,184	121,211	2,601,395	5,123,559
Bonds and certificates of participation	18,975,000	465,000	19,440,000	-
Loans payable	18,350	88,097	106,447	-
Insurance claims incurred but not reported	2,066,964	-	2,066,964	864,241
Due in more than one year:				
Bonds and certificates of participation, net of premium	275,672,433	6,360,457	282,032,890	-
Loans payable	311,347	4,346,365	4,657,712	-
Lease credits payable	-	1,334,216	1,334,216	-
Landfill closure costs payable	-	3,876,843	3,876,843	-
Total liabilities	328,259,997	17,375,040	345,635,037	15,930,930
Deferred inflows:				
Taxes collected in advance	558,023	-	558,023	-
Payment in lieu of taxes received in advance	3,216,749	-	3,216,749	-
Total liabilities and deferred inflows of resources	332,034,769	17,375,040	349,409,809	
Net position:				
Net investment in capital assets	508,684,140	36,163,919	544,848,059	6,935,776
Restricted:				
Debt service	1,084,439	-	1,084,439	-
Other	-	-	-	5,768
Unrestricted (deficit)	157,745,476	(3,378,407)	154,367,069	11,235,950
Total net position	667,514,055	32,785,512	700,299,567	18,177,494
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 999,548,824	\$ 50,160,552	\$ 1,049,709,376	\$ 34,108,424

See accompanying notes to basic financial statements.

Matanuska-Susitna Borough, Alaska

Statement of Activities

Year Ended June 30, 2013	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Fees, Fines, & Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Primary Government Business- Type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 15,984,170	\$ 526,033	\$ 1,309,040	\$ -	\$ (14,149,097)	\$ -	\$ (14,149,097)	
Public works	4,526,024	77,374	296,763	9,756,009	5,604,122	-	5,604,122	
Emergency services	21,757,841	3,915,237	520,058	560,898	(16,761,648)	-	(16,761,648)	
Public services	26,512,370	1,809,999	476,664	27,468,071	3,242,364	-	3,242,364	
Education	60,903,056	-	18,932,007	6,451,511	(35,519,538)	-	(35,519,538)	
Interest	11,621,596	-	-	-	(11,621,596)	-	(11,621,596)	
Total governmental activities	141,305,057	6,328,643	21,534,532	44,236,489	(69,205,393)	-	(69,205,393)	
Business-type activities:								
Solid waste	4,800,883	5,586,782	-	166,441	-	952,340	952,340	
Port	3,449,726	74,737	1,225,263	576,498	-	(1,573,228)	(1,573,228)	
Total business-type activities	8,250,609	5,661,519	1,225,263	742,939	-	(620,888)	(620,888)	
Total Primary Government	\$ 149,555,666	\$11,990,162	\$22,759,795	\$ 44,979,428	(69,205,393)	(620,888)	(69,826,281)	
Component Unit - School district	\$ -	\$ -	\$ -	\$ -				\$ (194,534,025)
General revenues:								
Taxes:								
Property taxes					110,238,571	-	110,238,571	-
Excise taxes					4,913,901	-	4,913,901	-
Transient accommodation taxes					1,099,803	-	1,099,803	-
Contributions from primary government					-	-	-	48,845,260
Grants and entitlements not restricted to a specific purpose					9,945,813	149,927	10,095,740	146,496,794
Investment income					483,938	4,477	488,415	-
Other					347,299	1,344	348,643	2,027,338
Total general revenues					127,029,325	155,748	127,185,073	197,369,392
Change in net position					57,823,932	(465,140)	57,358,792	2,835,367
Beginning net position, as restated					609,690,123	33,250,652	642,940,775	15,342,127
Ending net position					\$ 667,514,055	\$32,785,512	\$ 700,299,567	\$ 18,177,494

See accompanying notes to basic financial statements.

Matanuska-Susitna Borough, Alaska

Governmental Funds
Balance Sheet

	Major Funds					Nonmajor Funds	Total Governmental Funds
	General	School Buildings Debt Service	School Projects Capital Project	Infrastructure Capital Project			
<i>June 30, 2013</i>							
Assets							
Cash and investments	\$ 43,191,085	\$ 758,042	\$ 18,345,658	\$ -	\$ 68,144,362	\$ 130,439,147	
Prepaid items	534,840	-	-	-	163,094	697,934	
Receivables:							
Intergovernmental	189,530	-	2,938,250	11,177,694	11,298,961	25,604,435	
Property taxes, net of allowance	9,105,314	-	-	-	2,723,680	11,828,994	
Excise taxes	785,277	-	-	-	-	785,277	
Ambulance, net of allowance	1,204,890	-	-	-	-	1,204,890	
Land sales contracts, net of allowance	-	-	-	-	9,526	9,526	
Accrued interest	197,054	-	331,841	-	-	528,895	
Other	464,073	-	-	-	156,125	620,198	
Due from other funds	18,211,656	-	-	-	-	18,211,656	
Deposits	475	-	-	-	-	475	
Inventory	135,797	-	-	-	-	135,797	
Interfund note receivable	-	-	-	-	70,179	70,179	
Land sales contracts receivable, long term	-	-	-	-	189,600	189,600	
Restricted cash	-	-	119,971,539	-	12,525,129	132,496,668	
Total Assets	\$ 74,019,991	\$ 758,042	\$ 141,587,288	\$ 11,177,694	\$ 95,280,656	\$ 322,823,671	
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities:							
Accounts, contracts and retentions payable	\$ 792,810	\$ -	\$ 8,848,224	\$ 4,838,911	\$ 4,501,807	\$ 18,981,752	
Payable to component unit	-	-	1,352,343	-	-	1,352,343	
Accrued payroll and related liabilities	1,688,372	-	-	-	-	1,688,372	
Other liabilities	365,583	-	-	-	-	365,583	
Due to General Fund	-	-	-	5,286,080	5,565,750	10,851,830	
Deposits	-	-	-	-	78,024	78,024	
Unearned revenue	-	-	143,241	-	2,187,321	2,330,562	
Loans payable to other funds	-	-	-	-	562,614	562,614	
Total liabilities	2,846,765	-	10,343,808	10,124,991	12,895,516	36,211,080	
Deferred inflows:							
Taxes collected in advance	558,023	-	-	-	-	558,023	
Payment in lieu of taxes received in advance	3,216,749	-	-	-	-	3,216,749	
Delinquent property taxes	8,275,884	-	-	-	2,429,865	10,705,749	
Delinquent ambulance receivables	486,259	-	-	-	-	486,259	
Delinquent foreclosure property sales	57,316	-	-	-	-	57,316	
Land sales receivables not yet due	-	-	-	-	189,600	189,600	
Special assessments	-	-	-	-	5,712	5,712	
Total liabilities and deferred inflows of resources	15,440,996	-	10,343,808	10,124,991	15,520,693	51,430,488	
Fund balances:							
Nonspendable - prepaid items and inventory	670,637	-	-	-	163,094	833,731	
Restricted:							
Debt service	-	-	-	-	1,084,439	1,084,439	
School construction	-	-	119,971,539	-	-	119,971,539	
Transportation	-	-	-	-	11,440,690	11,440,690	
Committed:							
Land management	-	-	-	-	5,914,633	5,914,633	
Self-insurance	150,000	-	-	-	10,000	160,000	
Compensated absences	250,000	-	-	-	30,000	280,000	
Equipment	-	-	-	-	1,000,000	1,000,000	
Assembly projects	57,217	-	-	-	-	57,217	
Major repairs and renovations	879,248	-	-	-	-	879,248	
Capital	500,000	-	-	-	-	500,000	
Emergency response	500,000	-	-	-	-	500,000	
School site acquisition	4,313,157	-	-	-	-	4,313,157	
Fund balance stabilization	26,301,694	-	-	-	-	26,301,694	
Assigned:							
Subsequent year expenditures	12,703,069	-	-	-	4,925,080	17,628,149	
Subsequent year appropriations	65,000	-	-	-	942,500	1,007,500	
Land management	-	-	-	-	100,402	100,402	
Service areas	-	-	-	-	14,321,996	14,321,996	
Debt service	-	758,042	-	-	1,072,181	1,830,223	
Interfund note receivable, current portion	-	-	-	-	70,179	70,179	
Capital projects	-	-	11,271,941	1,052,703	38,988,146	51,312,790	
Unassigned (deficit)	12,188,973	-	-	-	(303,377)	11,885,596	
Total fund balances	58,578,995	758,042	131,243,480	1,052,703	79,759,963	271,393,183	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 74,019,991	\$ 758,042	\$ 141,587,288	\$ 11,177,694	\$ 95,280,656	\$ 322,823,671	

See accompanying notes to basic financial statements.

Matanuska-Susitna Borough, Alaska
Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Position
June 30, 2013

Total fund balances for governmental funds		\$ 271,393,183
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	\$ 17,853,256	
Construction in progress	186,403,318	
Buildings	475,264,327	
Improvements other than buildings	29,063,452	
Equipment	38,174,823	
Infrastructure	215,841,155	
Accumulated depreciation	<u>(292,622,854)</u>	
Total capital assets		669,977,477
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	10,705,749	
Special assessments receivable	5,712	
Ambulance receivables	486,259	
Land sales contracts receivable	<u>246,916</u>	
Total long-term assets		11,444,636
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.		
		13,457,122
Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and therefore are not reported as fund liabilities. These liabilities consist of:		
Bonds and certificates of participation	(276,055,000)	
Unamortized bond premium	(18,592,433)	
Deferred loss on bonds	2,271,566	
Accrued interest payable	(3,902,312)	
Compensated absences	<u>(2,480,184)</u>	
Total long term liabilities		<u>(298,758,363)</u>
Total net position of governmental activities		<u>\$ 667,514,055</u>

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, 2013	Major Funds					Total Governmental Funds
	General	School Buildings Debt Service	School Projects Capital Project	Infrastructure Capital Project	Nonmajor Funds	
Revenues:						
Taxes	\$ 84,763,024	\$ -	\$ -	\$ -	\$ 31,192,565	\$ 115,955,589
Intergovernmental	30,270,375	-	6,319,045	24,760,358	14,188,815	75,538,593
Charges for services	4,725,224	-	-	-	2,143,838	6,869,062
Investment income	282,740	-	224,394	-	66,278	573,412
Interest on land sales	-	-	-	-	25,332	25,332
Other	-	-	-	-	393,074	393,074
Total revenues	120,041,363	-	6,543,439	24,760,358	48,009,902	199,355,062
Expenditures:						
Current:						
General government	14,582,810	-	-	-	2,426,734	17,009,544
Public works	4,768,517	-	-	-	-	4,768,517
Emergency services	7,870,658	-	-	-	12,253,649	20,124,307
Public services	3,915,030	-	-	-	20,090,581	24,005,611
Education	49,045,260	-	4,486,868	-	-	53,532,128
Debt service	-	27,896,855	204,237	-	1,562,601	29,663,693
Capital outlay	-	-	28,952,254	24,830,726	22,329,725	76,112,705
Total expenditures	80,182,275	27,896,855	33,643,359	24,830,726	58,663,290	225,216,505
Excess (deficiency) of revenues over expenditures	39,859,088	(27,896,855)	(27,099,920)	(70,368)	(10,653,388)	(25,861,443)
Other financing sources (uses):						
Transfers in	859,828	27,650,000	-	316,000	26,057,021	54,882,849
Transfers out	(36,222,529)	-	(389,542)	-	(18,270,499)	(54,882,570)
Proceeds from disposal of capital assets	50,165	-	-	-	-	50,165
Bond issuance	-	-	13,290,000	-	11,175,000	24,465,000
Premium on bond issuance	-	-	2,217,667	-	1,937,380	4,155,047
Net other financing sources (uses)	(35,312,536)	27,650,000	15,118,125	316,000	20,898,902	28,670,491
Net change in fund balances	4,546,552	(246,855)	(11,981,795)	245,632	10,245,514	2,809,048
Beginning fund balances	54,032,443	1,004,897	143,225,275	807,071	69,514,449	268,584,135
Ending fund balances	\$ 58,578,995	\$ 758,042	\$ 131,243,480	\$ 1,052,703	\$ 79,759,963	\$ 271,393,183

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, 2013

Net change in fund balances - total governmental funds		\$ 2,809,048
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 (\$76,506,747) exceeded depreciation (\$12,945,731).		
		63,561,016
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	\$ 296,684	
Decrease in delinquent ambulance revenue	(464,370)	
Decrease in special assessments	(12)	
Decrease in deferred land sales revenue	<u>(126,200)</u>	
		(293,898)
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:		
Decrease in deferred loss on bonds	(462,197)	
Net increase in unamortized bond premium	(2,743,500)	
Issuance of long-term debt	(24,465,000)	
Payments on debt principal	<u>17,645,000</u>	
		(10,025,697)
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	(252,076)	
Increase in accrued interest payable	<u>(552,253)</u>	
		(804,329)
Internal service funds are used by management to charge the costs of health insurance to individual funds. Net income of these activities is reported with governmental activities.		
		<u>2,577,792</u>
Change in net position of governmental activities		<u>\$ 57,823,932</u>

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, 2013</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Taxes	\$ 85,068,690	\$ 85,068,690	\$ 84,763,024	\$ (305,666)
Intergovernmental	27,704,017	27,704,017	30,270,375	2,566,358
Charges for services	4,162,100	4,162,100	4,725,224	563,124
Investment income	223,000	223,000	282,740	59,740
Total revenues	117,157,807	117,157,807	120,041,363	2,883,556
Expenditures:				
General government	23,570,795	23,042,466	14,582,810	8,459,656
Public works	5,226,903	5,227,105	4,768,517	458,588
Emergency services	9,150,743	9,150,743	7,870,658	1,280,085
Public services	4,311,462	4,318,354	3,915,030	403,324
Education	49,797,786	49,797,786	49,045,260	752,526
Total expenditures	92,057,689	91,536,454	80,182,275	11,354,179
Excess of revenues over expenditures	25,100,118	25,621,353	39,859,088	14,237,735
Other financing sources (uses):				
Proceeds from disposal of capital assets	5,000	5,000	50,165	45,165
Transfers in	400	400	859,828	859,428
Transfers out	(35,637,098)	(36,158,333)	(36,222,529)	(64,196)
Net other financing sources (uses)	(35,631,698)	(36,152,933)	(35,312,536)	840,397
Net change in fund balance	\$ (10,531,580)	\$ (10,531,580)	4,546,552	\$ 15,078,132
Beginning fund balance			54,032,443	
Ending fund balance			\$ 58,578,995	

See accompanying notes to basic financial statements.

Matanuska-Susitna Borough, Alaska

Proprietary Funds
Statement of Net Position

<i>June 30, 2013</i>	Major Enterprise Funds		Total	Internal
	Solid	Port	Enterprise	Service
	Waste	Port	Funds	Funds
Assets and Deferred Outflows of Resources				
Current assets:				
Cash and investments	\$ -	\$ -	\$ -	\$ 15,275,695
Receivables:				
Accounts	350,867	-	350,867	-
Interfund loans	-	-	-	70,324
Intergovernmental	4,547	468,584	473,131	-
Deposits with others	-	-	-	52,245
Inventory	-	765	765	-
Total current assets	355,414	469,349	824,763	15,398,264
Noncurrent assets:				
Restricted cash - landfill closure	2,243,072	-	2,243,072	-
Interfund loans receivable - long-term	-	-	-	492,290
Ferry vessel	-	7,098,884	7,098,884	-
Property, plant and equipment:				
Buildings	2,411,634	7,948,617	10,360,251	-
Improvements other than buildings	1,734,469	-	1,734,469	-
Equipment	2,096,319	41,322	2,137,641	-
Landfill cells	4,519,944	-	4,519,944	-
Infrastructure	-	26,414,621	26,414,621	-
Construction in progress	8,424,157	2,997,489	11,421,646	-
Total property, plant and equipment	19,186,523	37,402,049	56,588,572	-
Accumulated depreciation and amortization	(3,417,337)	(6,097,693)	(9,515,030)	-
Net property, plant and equipment	15,769,186	31,304,356	47,073,542	-
Total noncurrent assets	18,012,258	38,403,240	56,415,498	492,290
Total assets	18,367,672	38,872,589	57,240,261	15,890,554
Deferred outflows of resources -				
deferred loss on bonds	-	350,296	350,296	-
Total Assets and Deferred Outflows of Resources	\$ 18,367,672	\$ 39,222,885	\$ 57,590,557	\$ 15,890,554

See accompanying notes to basic financial statements.

Matanuska-Susitna Borough, Alaska

Proprietary Funds
Statement of Net Position, continued

<i>June 30, 2013</i>	Major Enterprise Funds		Total Enterprise Funds	Internal Service Funds
	Solid Waste	Port		
Liabilities and Net Position				
Liabilities:				
Current liabilities:				
Accounts payable	\$ 251,698	\$ 289,184	\$ 540,882	\$ 36,771
Accrued leave	77,799	43,412	121,211	-
Unearned revenue	1	-	1	-
Due to General Fund	998,642	6,361,184	7,359,826	-
Accrued interest payable	181,252	60,716	241,968	-
Current portion:				
General obligation bonds	-	465,000	465,000	-
Interfund note payable	-	70,179	70,179	18,350
Loans payable	88,097	-	88,097	-
Insurance claims incurred but not reported	-	-	-	2,066,964
Total current liabilities	1,597,489	7,289,675	8,887,164	2,122,085
Noncurrent liabilities:				
General obligation bonds payable, including unamortized premium of \$625,457	-	6,360,457	6,360,457	-
Loans payable	4,346,365	-	4,346,365	311,347
Lease credits payable	-	1,334,216	1,334,216	-
Landfill closure costs payable	3,876,843	-	3,876,843	-
Total noncurrent liabilities	8,223,208	7,694,673	15,917,881	311,347
Total liabilities	9,820,697	14,984,348	24,805,045	2,433,432
Net position:				
Net investment in capital assets	11,334,724	24,829,195	36,163,919	-
Unrestricted (deficit)	(2,787,749)	(590,658)	(3,378,407)	13,457,122
Total net position	8,546,975	24,238,537	32,785,512	13,457,122
Total Liabilities and Net Position	\$ 18,367,672	\$ 39,222,885	\$ 57,590,557	\$ 15,890,554

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, 2013	Major Enterprise Funds		Total Enterprise Funds	Internal Service Funds
	Solid Waste	Port		
Operating revenues:				
Intragovernmental	\$ -	\$ -	\$ -	\$ 8,301,082
Charges for services	5,586,782	74,737	5,661,519	-
Interest on loans	-	-	-	279
Employee contributions	-	-	-	728,443
Other	-	-	-	16,518
Total operating revenues	5,586,782	74,737	5,661,519	9,046,322
Operating expenses:				
Landfill operations	2,714,920	-	2,714,920	-
Transfer sites	1,750,565	-	1,750,565	-
Dock operations	-	869,005	869,005	-
Ferry expenses	-	922,449	922,449	-
Claims	-	-	-	5,073,462
Depreciation and amortization	225,494	928,522	1,154,016	-
Administrative fees	50,089	22,000	72,089	1,242,675
Premium	-	-	-	169,495
Total operating expenses	4,741,068	2,741,976	7,483,044	6,485,632
Operating income (loss)	845,714	(2,667,239)	(1,821,525)	2,560,690
Nonoperating revenues (expenses):				
Investment income	4,477	-	4,477	17,381
Intergovernmental - State sources:				
PERS relief	106,856	43,071	149,927	-
Debt service reimbursement	-	750,263	750,263	-
Shoal study grant	-	475,000	475,000	-
Shoal study	-	(479,016)	(479,016)	-
Miscellaneous income	678	666	1,344	-
Interest expense	(59,815)	(228,734)	(288,549)	-
Net nonoperating revenues (expenses)	52,196	561,250	613,446	17,381
Income (loss) before capital contributions and transfers	897,910	(2,105,989)	(1,208,079)	2,578,071
Capital contributions	166,441	576,498	742,939	-
Transfers out	-	-	-	(279)
Change in net position	1,064,351	(1,529,491)	(465,140)	2,577,792
Beginning net position	7,482,624	25,768,028	33,250,652	10,879,330
Ending net position	\$ 8,546,975	\$ 24,238,537	\$ 32,785,512	\$ 13,457,122

See accompanying notes to basic financial statements.

Matanuska-Susitna Borough, Alaska

Proprietary Funds
Statement of Cash Flows

Year Ended June 30, 2013	Major Enterprise Funds		Total Enterprise Funds	Internal Service Funds
	Solid Waste	Port		
Cash Flows from Operating Activities				
Receipts from customers	\$ 5,481,672	\$ 75,403	\$ 5,557,075	\$ -
Receipts from employees and other	-	-	-	744,961
Payments to suppliers	(3,329,984)	(1,304,816)	(4,634,800)	-
Payments to employees	(870,863)	(220,562)	(1,091,425)	-
Loans made to other funds	-	-	-	(90,000)
Payments for interfund services (used) provided	(50,089)	(22,000)	(72,089)	8,301,082
Principal payments received on loans	-	-	-	74,663
Interest payments received on loans	-	-	-	279
Principal payments on loan payable	-	-	-	(18,080)
Payments for claims and services	-	-	-	(6,004,854)
Net cash flows from operating activities	1,230,736	(1,471,975)	(241,239)	3,008,051
Cash Flows from Noncapital Financing Activities				
Nonoperating grant - Shoal study	-	475,000	475,000	-
Shoal study expenses	-	(479,016)	(479,016)	-
Transfers out	-	-	-	(279)
Net cash flows from noncapital financing activities	-	(4,016)	(4,016)	(279)
Cash Flows from Capital and Related Financing Activities				
Purchases of property, plant and equipment	(550,816)	(586,733)	(1,137,549)	-
Capital contributions received	315,980	721,637	1,037,617	-
Principal and interest paid on interfund note	-	(173,573)	(173,573)	-
Principal and interest paid on bonds and loans	(145,596)	(707,351)	(852,947)	-
Debt service reimbursement	-	750,263	750,263	-
Increase (decrease) in due to General Fund	(850,304)	1,471,748	621,444	-
Net cash flows from capital and related financing activities	(1,230,736)	1,475,991	245,255	-
Cash Flows from Investing Activities				
Investment income received	4,477	-	4,477	17,381
Net increase in cash and investments	4,477	-	4,477	3,025,153
Cash and Investments at beginning of year	2,238,595	-	2,238,595	12,250,542
Cash and Investments at end of year	\$ 2,243,072	\$ -	\$ 2,243,072	\$ 15,275,695
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 845,714	\$(2,667,239)	\$(1,821,525)	\$ 2,560,690
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Miscellaneous nonoperating revenues	678	666	1,344	-
Depreciation and amortization	225,494	928,522	1,154,016	-
Lease credits exercised	-	(3,873)	(3,873)	-
Noncash expense - PERS relief	106,856	43,071	149,927	-
(Increase) decrease in assets:				
Accounts receivable	(105,789)	-	(105,789)	-
Loans receivable	-	-	-	(15,337)
Prepaid items	-	21,100	21,100	-
Increase (decrease) in liabilities:				
Accounts payable	(203,996)	218,558	14,562	7,852
Accrued leave	7,930	(12,779)	(4,849)	-
Landfill closure costs payable	353,848	-	353,848	-
Unearned revenue	1	(1)	-	-
Loans payable	-	-	-	(18,080)
Insurance claims incurred but not reported	-	-	-	472,926
Net cash flows from operating activities	\$ 1,230,736	\$(1,471,975)	\$(241,239)	\$ 3,008,051

See accompanying notes to basic financial statements.

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

June 30, 2013

Assets

Cash and investments	\$ 754,529
Property taxes receivable:	
Real	126,461
Personal	11,567
Special assessments receivable	1,279,528
Total Assets	\$ 2,172,085

Liabilities

Accounts payable	\$ 16,456
Deposits	346,952
Taxes collected in advance	143,621
Intergovernmental	10,258
Notes payable - gas lines	1,059,746
Notes payable - road improvements	319,930
Due to State of Alaska	275,122
Total Liabilities	\$ 2,172,085

See accompanying notes to basic financial statements.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements

June 30, 2013

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 financial accountable for the school district. The School District is required by Borough Code to submit an annual budget to the Matanuska-Susitna Borough Assembly (Assembly) for approval and is prohibited from incurring expenditures or obligations in excess of the maximum amount approved by the Assembly. The School District is fiscally dependent upon the Borough because the Assembly approves the total annual School District budget, levies the necessary taxes to pay the required local contribution, and approves the issuance of any bonded debt, and is ultimately responsible for payment of such bonded debt. The financial data of the School District is included in the Borough's financial statements and is accounted for as a discretely presented component unit.

The School District is reported in a separate column of the government-wide financial statements to emphasize that it is legally separate from the Borough. Copies of the School District's independent financial statements may be requested from the School District at 501 North Gulkana, Palmer, Alaska, 99645.

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

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information about the Borough and its component unit. These statements include the financial activities of the overall government, except for fiduciary activities. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are allocated administration fees and charges between the enterprise funds and the various other funds and departments. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely primarily on fees and charges to external parties.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Borough considers revenues to be available if they are collected within 60 days after year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to accrued leave are recorded only to the extent they have matured.

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

The Borough reports the following major funds:

Major Governmental Funds

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

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

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

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

Major Proprietary Funds

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

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

In addition, the Borough reports the following fund types:

Governmental Fund Types

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

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

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

Proprietary Fund Type

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

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements

Fiduciary Fund Type

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

Estimates

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

Budgets and Budgetary Accounting

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

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure are reported in the government-wide financial statements. Capital assets are defined by the Borough as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. In the case of the initial capitalization of infrastructure assets, the Borough chose to include all such items, regardless of their acquisition date.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the useful life of the asset are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

	Years
Buildings and improvements	30-40
System infrastructure	15-40
Machinery and equipment	5
Infrastructure	20-30

Prepaid Items

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

Inventories

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

Deferred Outflows of Resources

Deferred outflows consist of deferred charges (deferred loss) on debt refundings. These items are amortized over the shorter life of the refunded debt or the new debt. The amortization of the loss results in additional interest expense on an annual basis.

Unearned Grant Revenue

Amounts received from grantor agencies, which are restricted as to use and have not been expended for the intended use are shown as 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 they have "matured" such as upon employee resignation or retirement.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements

Long-Term Debt

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

Deferred Inflows of Resources

Deferred inflows, in the government-wide financial statements, are comprised primarily of revenues received in advance of the year in which they were budgeted. Specifically, this includes taxes received in advance of the levy or payment in lieu of tax received in advance of its appropriation year. In the governmental fund financial statements, deferred inflows also include those items that are measurable, but not yet available for revenue recognition under the modified accrual basis of accounting rules.

Fund Balances

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

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

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

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

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

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

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

Encumbrances

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

Risk Management

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

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

Self-Insurance Coverage

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

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

A schedule of the changes in the claims liability for the years ended June 30, 2012 and June 30, 2013 follows:

	Unemploy- ment Insurance	Health Insurance	Property and Casualty Insurance	Workers' Comp Insurance	Total
Balance at June 30, 2011	\$ 62,339	\$ 1,257,566	\$ 225,000	\$ 23,722	\$ 1,568,627
Claims expense	116,271	3,865,744	-	569,695	4,551,710
Claims paid	(149,691)	(3,816,746)	-	(530,943)	(4,497,380)
Balance at June 30, 2012	28,919	1,306,564	225,000	62,474	1,622,957
Claims expense	130,505	3,991,658	22,050	929,249	5,073,462
Claims paid	(122,653)	(4,058,733)	(22,050)	(389,248)	(4,592,684)
Balance at June 30, 2013	\$ 36,771	\$ 1,239,489	\$ 225,000	\$ 602,475	\$ 2,103,735

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements

Management estimates that all of this liability is due within one year. The Unemployment Insurance liability is payable quarterly, upon receipt of billing from the State of Alaska. This liability, in the amount of \$36,771, is included in the financial statements as accounts payable. All other funds liabilities are reported on the statement of net position as insurance claims incurred but not reported. This liability, in the amount of \$2,066,964 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.

Change in Accounting Principle

The Borough has adopted newly issued GASB pronouncements 63 and 65, resulting in a change in presentation of the government-wide and fund level financial statements. The new pronouncements require reporting two new categories of accounts. Certain items previously reported as assets are now categorized as deferred outflows. A deferred outflow represents the consumption of the government's net position or fund balance that is applicable to a future reporting period. Other items previously categorized as liabilities are now categorized as deferred inflows. A deferred inflow represents the acquisition of net position or fund balance that is applicable to a future reporting period. For example, revenues that have been earned but are not yet available in the governmental funds are now reported as deferred inflows. In the government-wide financial statements, the residual net of all of the accounts is now called net position. As discussed further in Note 10, these pronouncements have been retrospectively applied resulting in a restatement of opening net position.

Retirement Plan

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

2. Cash and Investments

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

Investments

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

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements

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, 2013.

	Pooled Cash And Investments	Other	Totals
Bank deposits	\$ (355,408)	\$ 1,173,279	\$ 817,871
Investments	297,554,608	-	297,554,608
	\$ 297,199,200	\$ 1,173,279	\$ 298,372,479

Reconciliation to the basic financial statements:

	Borough Accounts	School Accounts	Totals
Primary government cash and investments	\$ 145,714,842	\$ -	\$ 145,714,842
Restricted cash	134,739,740	-	134,739,740
Agency funds	754,529	-	754,529
School District	15,990,089	1,173,279	17,163,368
	\$ 297,199,200	\$ 1,173,279	\$ 298,372,479

Interest Rate Risk

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

Investment maturities in general investments at June 30, 2013 are as follows:

	Fair Value	Investment Maturity (in years)		
		Less than 1	1-5	More than 5
Investment Type				
U.S. government agencies	\$ 193,316,561	\$ 129,377,939	\$ 63,938,622	\$ -
Corporate fixed income	18,717,363	5,197,926	13,519,437	-
Repurchase agreement	27,371,338	27,371,338	-	-
Pooled investments (AMLIP)	58,149,346	58,149,346	-	-
Total Investments	\$ 297,554,608	\$ 220,096,549	\$ 77,458,059	\$ -

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements

Credit Risk

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

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

Custodial credit risk

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

3. Fund Balances

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

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

4. Property Taxes

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

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements

5. Interfund Balances and Activities

Balances due to/from other funds at June 30, 2013, consisted of the following:

Due to the General Fund from:

Port Enterprise Fund for advances for operating and capital costs	\$ 6,361,184
Solid Waste Enterprise Fund for advances for capital costs	998,642
Infrastructure Capital Projects Fund for advances for capital costs	5,286,080
Nonmajor governmental funds for advances for operating and capital costs	5,565,750
Total Due To General Fund	\$ 18,211,656

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

Under a similar arrangement in 2010, the Borough entered into a loan agreement with the Alaska Department of Environmental Conservation for Talkeetna Community Water Upgrades. Ordinances 09-166 and 10-012 authorized the Borough to enter into the loan which will be paid back by the Talkeetna Water and Sewer Special Revenue Fund. For administrative purposes, the loan was recorded in its entirety in the Service Area Operating Revolving Loan Fund with the associated interfund loan receivable from Talkeetna Water and Sewer Special Revenue Fund. Loan payments are due in twenty annual installments of \$4,541 to \$6,025, plus interest at 1.5% through March 1, 2032. Repayment terms to the Revolving Loan Fund will mirror those between ADEC and the Borough.

Amounts distributed at June 30, 2013 were as follows:

Road Service Area 9 - Midway Road	\$ 31,016
Road Service Area 14 - Fairview Road	18,224
Road Service Area 16 - South Colony	66,869
Road Service Area 19 - Lazy Mountain	367
Road Service Area 23 - North Colony	8,253
Road Service Area 25 - Bogard Road	61,987
Road Service Area 26 - Greater Butte Road	3,484
Road Service Area 28 - Gold Trail Road	37,366
Road Service Area 31 - Alpine Road	1,672
Total loans payable from Road Service Areas for ADEC Loan	229,238
Loan payable from Talkeetna Water and Sewer for ADEC loan	\$ 100,459

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements

Other advances to/from other funds, representing long-term loans at June 30, 2013 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	\$ 132,000
\$50,000 Service Area 36 - Talkeetna Water and Sewer revolving loan, due in annual installments of \$6,250, plus interest as approved by the Assembly, through 2014	6,250
\$30,000 Service Area 36 - Talkeetna Water and Sewer revolving loan, due in annual installments of \$6,000, plus interest as approved by the Assembly, through 2016	18,000
\$90,000 Fire Service Area 35 - Caswell revolving loan, due in annual installments of \$30,000, plus interest as approved by the Assembly, through 2015	60,000
\$25,000 Fire Service Area 35 - Willow revolving loan, due in annual installments of \$8,333, plus interest as approved by the Assembly, through 2015	16,667
Total loans payable to other funds with established payment terms	232,917
Total Loans Payable To Revolving Loan Internal Service Funds	\$ 562,614

Additionally, the Port Enterprise Fund has an outstanding interfund note payable to the Land Management Fund. The outstanding balance of the note is \$70,179 at June 30, 2013. This amount is due in 2014. The note bears interest at the prime rate.

Transfers to/from other funds for the year ended June 30, 2013 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.

June 30, 2013

From the General Fund to:

School Buildings Debt Service Fund	\$ 27,650,000
Nonmajor governmental funds	8,256,529
Infrastructure Capital Project Fund	316,000
Total transfers out of General Fund	36,222,529

From School Projects Capital Project Fund to:

General Fund	389,542
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Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements

From nonmajor governmental funds to:

General Fund	\$ 470,007
Other nonmajor governmental funds	17,800,492
Total transfers out of nonmajor governmental funds	18,270,499

From internal service funds to General Fund 279

Total Transfers **\$ 54,882,849**

6. Capital Assets

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

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Governmental activities				
<i>Capital assets not being depreciated:</i>				
Land and land improvements	\$ 14,175,499	\$ 3,677,757	-	\$ 17,853,256
Construction in progress	159,112,090	64,706,558	37,415,330	186,403,318
Total assets not being depreciated	173,287,589	68,384,315	37,415,330	204,256,574
<i>Capital assets being depreciated:</i>				
Buildings	443,395,897	31,868,430	-	475,264,327
Improvements other than buildings	23,150,741	5,912,711	-	29,063,452
Equipment	35,870,590	2,507,233	203,000	38,174,823
Infrastructure	210,591,767	5,249,388	-	215,841,155
Total assets being depreciated	713,008,995	45,537,762	203,000	758,343,757
Less accumulated depreciation for:				
Buildings	135,230,494	7,929,437	-	143,159,931
Improvements other than buildings	6,646,279	656,348	-	7,302,627
Equipment	21,080,673	2,273,678	203,000	23,151,351
Infrastructure	116,922,677	2,086,268	-	119,008,945
Total accumulated depreciation	279,880,123	12,945,731	203,000	292,622,854
Total capital assets being depreciated, net	433,128,872	32,592,031	-	465,720,903
Governmental Activity Capital Assets, Net	\$ 606,416,461	\$ 100,976,346	\$ 37,415,330	\$ 669,977,477

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Business-type activities				
<i>Capital assets not being depreciated:</i>				
Construction in progress	\$ 25,724,054	\$ 824,031	\$ 15,126,439	\$ 11,421,646
<i>Capital assets being depreciated:</i>				
Buildings	2,327,196	8,033,055	-	10,360,251
Improvements other than buildings	1,734,469	-	-	1,734,469
Equipment	1,829,623	308,018	-	2,137,641
Landfill cells	4,519,944	-	-	4,519,944
Infrastructure	26,414,621	-	-	26,414,621
Total assets being depreciated	36,825,853	8,341,073	-	45,166,926
Less accumulated depreciation for:				
Buildings	467,370	345,389	-	812,759
Improvements other than buildings	686,078	47,665	-	733,743
Equipment	1,167,387	39,125	-	1,206,512
Landfill cells	899,921	61,471	-	961,392
Infrastructure	5,140,258	660,366	-	5,800,624
Total accumulated depreciation	8,361,014	1,154,016	-	9,515,030
Total capital assets being depreciated, net	28,464,839	7,187,057	-	35,651,896
Business-Type Activity Capital Assets, Net	\$ 54,188,893	\$ 8,011,088	\$ 15,126,439	\$ 47,073,542

Depreciation expense was charged to the functions as follows:

<i>Year Ended June 30, 2013</i>	Depreciation
Governmental activities	
General government	\$ 341,746
Public works	117,495
Public service	2,992,851
Emergency services	2,122,711
Education	7,370,928
Total Governmental Activities	\$ 12,945,731
Business-type activities	
Solid waste	\$ 225,494
Port	928,522
Total Business-Type Activities	\$ 1,154,016

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements

Capital projects authorized or in progress are as follows:

	Project Authorization	Expended	Fund Balance Available	Required Future Financing
School projects	\$ 617,471,987	\$ 491,378,110	\$ 131,243,480	\$ -
Road service repair	131,576,093	96,776,280	18,146,086	-
Sewage facility	15,595,671	14,745,197	16,750	-
Fire protection	59,133,014	50,629,660	7,090,367	-
Sanitary landfills	27,951,119	18,882,957	1,400,976	-
Ambulance and emergency medical services	30,441,606	29,527,749	873,059	-
Roads and bridges	126,049,795	61,837,210	13,198,362	-
Borough facilities	60,293,570	55,566,551	2,178,579	-
Cultural and recreational	13,984,054	12,904,245	1,118,466	-
Port	60,958,651	48,395,656	2,092,891	-
Major maintenance	1,149,094	1,111,719	-	-
Infrastructure	147,697,524	69,151,317	1,052,703	-
Miscellaneous	78,265,586	69,763,850	7,808,264	-
Pass-through grants	11,814,600	10,419,900	-	49,796
	\$1,382,382,364	\$1,031,090,401	\$ 186,219,983	\$ 49,976

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 Authority Funding, along with some matching Borough funds. To date the Borough has been unsuccessful at securing a ferry landing site on the Anchorage side of Knik Arm. Without this critical element of the project, the Ferry cannot be operated under its intended purpose.

The vessel has an approximate construction cost of \$74 million according to Department of Defense. The storage and maintenance cost were approximately \$56,000 per month during Fiscal Year 2013 and have subsequently been reduced to approximately \$15,000 per month. Given the ongoing storage and maintenance cost, coupled with no landing site to put the Ferry into use, the Borough is investigating its options. If the Ferry is not placed in service for passenger traffic, is sold, or is otherwise disposed, the Borough could be required to pay back some portion or all of those costs funded by the Federal Transit administration, estimated at approximately \$6 million.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements

As noted above, the Borough took title to the Ferry during the fiscal year 2013; however, because it has not been placed into service as a capital asset, the Borough has recorded it in the Port Enterprise Fund as an Other Asset - Ferry Vessel, pending final disposition or resolution, which remains unclear at this time. The Ferry has been 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. No liability, impairment, or other adjustments have been recorded in these financial statements.

8. Long-term Debt

Issuance of New Debt

General Obligation School Bonds

On October 4, 2011, the voters of the Borough approved a bond proposition authorizing the issuance of \$214,045,000 aggregate principal amount of general obligation bonds of the Borough for school construction projects. In April, 2012, the Borough issued \$91,770,000 of general obligation school bonds. In March, 2013, the Borough issued an additional \$13,290,000 of general obligation school bonds. The 2012 bonds were issued at a premium of \$9,414,383 and the 2013 bonds were issued with a premium of \$2,217,668. After the issuance of these bonds, \$98,390,000 principal amount of general obligation bonds remain authorized and unissued.

On October 4, 2011, the voters of the Borough further approved a bond proposition authorizing the issuance of \$32,165,000 million aggregate principal general obligation bonds for transportation systems. In December 2012 the Borough issued \$11,175,000 of general obligation transportation system bonds. The bonds were issued with a premium of \$1,937,380. After the issuance of these bonds \$19,265,000 principal amount of the general obligation bonds remain authorized and unissued.

Other Debt Information

ADEC Loan

In 2008, the Borough entered into a loan agreement with the Alaska Department of Environmental Conservation under the Alaska Clean Water Fund Loan Program. The loan will be paid back over twenty years and bears interest at 1.5% with the interest accrual beginning one year following the date of the first draw. The loan is for a maximum of \$3,500,000 and is being used to pay for the landfill expansion project (specifically, Cell 3 construction). The Borough did not draw down funds during the current year. The total loan balance at June 30, 2013 was \$2,805,926. Repayment amortization is yet to be determined. This loan is recorded in the Solid Waste Enterprise Fund.

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Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements

A summary of changes in long-term debt for the year ended June 30, 2013 follows:

	Balance at July 1, 2012	Additions	Retirements	Balance at June 30, 2013	Due Within One Year
Governmental activities					
School projects bonds	\$ 260,410,000	\$ 13,290,000	\$ 16,675,000	\$ 257,025,000	\$ 17,515,000
Park and recreation bonds	2,435,000	-	225,000	2,210,000	240,000
Transportation bonds	-	11,175,000	-	11,175,000	440,000
Certificates of participation	6,390,000	-	745,000	5,645,000	780,000
ADEC salted sand building loan	242,777	-	13,539	229,238	13,741
ADEC Talkeetna community water upgrade loan	105,000	-	4,541	100,459	4,609
Accrued leave **	2,228,108	2,502,214	2,250,138	2,480,184	2,480,184
Insurance claims incurred but not reported & claims payable	1,594,038	4,942,957	4,470,031	2,066,964	2,066,964
	<u>\$ 273,404,923</u>	<u>\$ 31,910,171</u>	<u>\$ 24,383,249</u>	280,931,845	<u>\$ 23,540,498</u>
Plus unamortized bond premium				18,592,433	
Less deferred loss on refunding				<u>(2,271,566)</u>	
				<u>\$ 297,252,712</u>	

	Balance at July 1, 2012	Additions	Retirements	Balance at June 30, 2013	Due Within One Year
Business-type activities					
Port bonds	\$ 6,665,000	\$ -	\$ 465,000	\$ 6,200,000	\$ 465,000
ADEC solid waste loan - Cell 3 construction *	2,805,926	-	-	2,805,926	-
ADEC solid waste loan - hazardous waste facility	819,098	-	45,677	773,421	46,362
ADEC solid waste loan - regional resource recovery and training facility	936,743	-	81,628	855,115	41,735
Lease credits payable	1,338,089	-	3,873	1,334,216	-
Landfill closure and post-closure monitoring costs	3,522,995	353,848	-	3,876,843	-
Accrued leave **	126,060	112,568	117,417	121,211	121,211
	<u>\$ 16,213,911</u>	<u>\$ 466,416</u>	<u>\$ 713,595</u>	15,966,732	<u>\$ 674,308</u>
Plus unamortized bond premium				625,457	
Less deferred loss on refunding				<u>(350,926)</u>	
				<u>\$ 16,241,263</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 2014, management estimates that \$3,303,000 worth of accrued leave will be used in FY14. Therefore the entire balance of accrued leave is reported as due within one year.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements

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

At June 30, 2013, long-term debt in repayment status is comprised of the following individual issues:

General Obligation Bonds

School projects bonds:

\$13,290,000 2013 Series A School bonds, due in annual installments of \$485,000 to \$995,000, plus interest at 3.0% to 5.0% through March 1, 2033	\$ 13,290,000
\$91,770,000 2012 Series A School bonds, due in annual installments of \$3,165,000 to \$6,640,000, plus interest at 2.0% to 5.0% through March 2032	88,380,000
\$8,710,000 2012 Series B School refunding bonds, due in annual installments of \$380,000 to \$2,480,000, plus interest at 3.0% to 5.0% through March 1, 2024	8,710,000
\$33,785,000 2011 Series A School bonds, due in annual installments of \$1,260,000 to \$2,490,000, plus interest at 2.0% to 5.0% through April 1, 2031	31,370,000
\$19,030,000 2009 Series A School bonds, due in annual installments of \$685,000 to \$1,465,000, plus interest at 4.0% to 5.5% through April 1, 2030	17,120,000
\$33,505,000 2007 Series A School refunding bonds, due in annual installments of \$1,960,000 to \$5,360,000, starting 2016 plus interest at 4.0% to 5.00% through April 1, 2025	33,505,000
\$20,500,000 2006 Series A School bonds, due in annual installments of \$940,000 to \$1,575,000, plus interest at 4.0% to 4.75% through February 1, 2026	15,900,000
\$19,200,000 2006 Series B School bonds, due in annual installments of \$875,000 to \$1,480,000, plus interest at 4.0% to 4.75% through February 1, 2026	14,915,000
\$27,095,000 2005 Series A School bonds, due in annual installments of \$1,210,000 to \$1,255,000, plus interest at 3.75% to 4.0% through April 1, 2015	2,465,000
\$44,575,000 2004 Series D School refunding bonds, due in annual installments of \$845,000 to \$6,880,000, plus interest at 3.75% to 5.0% through April 1, 2020	27,320,000
\$15,895,000 2004 Series A School bonds, due in final installment of \$745,000, plus interest at 3.75% on April 1, 2014	745,000

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements

General Obligation Bonds, continued

School projects bonds, continued:

\$6,305,000 2004 Series B School bonds, due in final installment of \$295,000, plus interest at 4.00% on April 1, 2014 \$ 295,000

\$36,745,000 1999 Series A School bonds, due in final installment of \$3,010,000, plus interest at 5.5% on March 1, 2014 3,010,000

Total school projects bonds 257,025,000

Park bonds

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

Transportation bonds

\$11,175,000 2012 Series D Transportation bonds, due in annual installments of \$440,000 to \$845,000, starting 2014 plus interest at 1.25% to 5.00% through April 1, 2032 11,175,000

Port bonds

\$9,810,000 2004 Series C Port bonds, due in final installment of \$455,000, plus interest at 4.0% on April 1, 2014 455,000

\$5,770,000 2012 Series C Port refunding bonds, due in annual installments of \$10,000 to \$675,000, plus interest at 2.0% to 5.0% through March 1, 2024 5,745,000

Total port bonds 6,200,000

Total General Obligation Bonds \$ 276,610,000

Certificates of participation

\$5,235,000 2000 Public Safety Building Lease Certificates of Participation, due in annual installments of \$440,000 to \$490,000, plus interest at 5.75% through March 1, 2016 \$ 1,395,000

\$5,750,000 2008 Animal Control Building Certificates of Participation, due in annual installments of \$340,000 to \$535,000, plus interest at 4.0% to 5.75% through March 1, 2023 4,250,000

Total Certificates Of Participation \$ 5,645,000

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements

ADEC loans

\$105,000 ADEC loan for Talkeetna Community Water Upgrade due in annual installment of \$4,609 to \$6,025 plus interest at 1.5% through March 1, 2032	\$ 100,459
\$294,958 ADEC loan for Salted Sand Storage Building due in annual installments of \$13,741 to \$16,926, plus interest at 1.5% through August 8, 2027	229,238
\$995,155 ADEC loan for Hazardous Materials Facility, due in annual installments of \$46,362 to \$57,107, plus interest at 1.5% through August 31, 2027	773,421
\$936,743 ADEC loan for Regional Resource Recovery and Training Facility, due in annual installments of \$41,375 to \$53,755, plus interest at 1.5% through June 30, 2031	855,115
Total ADEC Loans	\$ 1,958,233

The annual requirements to amortize long-term debt outstanding at June 30, 2013, exclusive of the compensated absences, landfill closure and post closure monitoring costs, insurance claims incurred but not reported, and the ADEC loans that are not yet in repayment status are as follows:

Governmental activities

<i>Year Ended June 30:</i>	General Obligation Bonds and Certificates of Participation		ADEC Loans	
	Principal	Interest	Principal	Interest
2014	\$ 18,975,000	\$ 12,304,418	\$ 18,350	\$ 4,946
2015	18,350,000	11,528,506	18,626	4,670
2016	18,960,000	10,853,683	18,905	4,390
2017	19,235,000	10,045,885	19,188	4,107
2018	20,100,000	9,160,584	19,476	3,820
2019-2023	76,135,000	34,524,846	101,854	14,626
2024-2028	61,885,000	18,416,331	109,726	6,754
2029-2033	42,415,000	5,001,510	23,572	890
	\$ 276,055,000	\$ 111,835,763	\$ 329,697	\$ 44,203

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements

Business-type activities

<i>Year Ended June 30:</i>	Port Bonds		ADEC Loans	
	Principal	Interest	Principal	Interest
2014	\$ 465,000	\$ 242,863	\$ 88,097	\$ 24,429
2015	485,000	224,463	89,418	23,107
2016	500,000	209,913	90,670	21,765
2017	520,000	189,913	92,121	20,404
2018	540,000	169,113	93,503	19,023
2019-2023	3,015,000	539,138	488,977	73,650
2024-2028	675,000	33,750	526,767	35,859
2029-2031	-	-	158,893	4,790
	\$ 6,200,000	\$ 1,609,153	\$ 1,628,536	\$ 223,027

The following summarizes the amounts available for payment of general long-term debt at June 30, 2013:

	Debt Service Funds
School general obligation bonds	\$ 758,042
Transportation bonds	244,757
Parks and recreation bonds	36,451
Certificates of participation	1,875,412
	\$ 2,914,662

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

There is no legal debt margin for municipalities in the State of Alaska. In 1983, the Borough Assembly adopted an ordinance limiting outstanding general obligation debt to 7% of the Borough's assessed value. At June 30, 2013, the Borough was in compliance.

Landfill Closure and Post Closure Care Cost

State and federal laws and regulations require the Borough to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date the landfill stops accepting waste, the Borough reports a portion of these closure and postclosure care costs as a long-term liability at June 30, 2013, based on landfill capacity used as of that date. The \$3,876,843 reported as landfill closure and postclosure care liability at June 30, 2013 represents the cumulative amount reported to date based on the use of 21.27% of the estimated capacity of the landfill. The Borough will recognize the remaining estimated cost of closure and postclosure care of \$14,350,230 as the remaining capacity is filled. The Borough expects to close the landfill in the year 2070. Actual costs may change due to inflation, deflation, changes in technology, or changes in laws and regulations.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements

As of June 30, 2013, the Borough is required to provide financial assurances for closure and postclosure care of the landfill in accordance with state and federal regulations. There are a number of allowable mechanisms available. The Borough has decided to use the "Local Government Test" financial assurance mechanism to be in compliance with the April 1997 regulations. Future inflation costs and additional costs that might arise from changes in closure and postclosure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future landfill users, taxpayers or both.

Special Assessment Debt

From time to time, the Borough will issue non-recourse special assessment bonds to finance road or gas line improvements in local improvement districts within the Borough. Repayment of the bonds is through special assessments levied against the property in the local improvement districts that benefit from the project. The bonds are special obligations of the local improvement districts and are payable solely from the assessments. As such, the Borough is not obligated in any manner for the special assessment debt and is acting solely as agent on behalf of the local improvement districts. The balance of special assessment bonds payable at June 30, 2013 follows:

Gas line bonds	\$ 1,059,746
Road improvement bonds	319,930
<hr/>	
Total	\$ 1,379,676

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 2013, defeased debt outstanding and under payment by the escrow agent is as follows:

<i>Date of Refunding</i>	<i>Issue Refunded</i>	<i>Amount Refunded</i>	<i>Amount Outstanding</i>
2012	2004 A School Bonds	\$ 3,325,000	\$ 3,325,000
2012	2004 B School Bonds	3,020,000	3,020,000
2012	2005 A School Bonds	2,680,000	2,680,000
2012	2004 C Port Bonds	5,905,000	5,905,000
2007	2004 A School Bonds	6,315,000	6,315,000
2007	2004 B School Bonds	745,000	745,000
2007	2005 B School Bonds	13,705,000	13,705,000
<hr/>			
Total Defeased Debt Outstanding			\$ 35,695,000

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements

9. Goose Creek Correctional Facility - 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 2013, the Borough has recorded the construction related activities in an Agency fund as it has been acting in an agency capacity during the construction phase. During 2013, construction was completed and the state has taken occupancy of the facility, to include all maintenance and operations. At June 30, 2013, the Borough has removed the construction related agency fund liability and all that remains is a small amount of unspent bond proceeds. Immediately following year end, these unspent funds were paid to the bond trustee for debt service. 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.

10. Change in Accounting Principles - Adoption of GASB Pronouncements - Restatement

The Borough has adopted newly issued GASB pronouncement numbers 63 and 65, resulting in a change in presentation for the government-wide financial statements. The new pronouncements require, among other things, that debt issuance costs be recognized as an expense in the year incurred, rather than capitalizing and amortizing these costs over the life of the debt. Retroactive restatement of net position is required in the year of adoption.

The beginning net position in the Governmental Activities has been restated as follows:

2013 beginning net position, as previously presented	\$ 612,248,877
Restatement; write off unamortized debt issuance costs	(2,558,754)
<hr/>	
2013 beginning net position, as restated	\$ 609,690,123

11. Defined Benefit Pension Plan

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

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements

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

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

Conversion to Cost Sharing

In April 2008, the Alaska Legislature passed legislation which converted the existing Public Employees Retirement System (PERS) from an agent-multiple employer plan to a cost-sharing plan with an effective date of July 1, 2008. Under the cost-sharing arrangement, the State of Alaska Division of Retirement and Benefits no longer tracks individual employer assets and liabilities. Rather, all plan costs and past service liabilities are shared among all participating employers.

That same year, the State of Alaska passed additional legislation which statutorily capped the employer contribution, established a state funded “on-behalf” contribution, and required that employer contributions be calculated against all PERS eligible wages, including wages attributable to the defined contribution plan described later in these footnotes.

Employee Contribution Rates

Regular employees are required to contribute 6.75% of their annual covered salary (2.97% for pension and 3.78% for healthcare). Police and firefighters are required to contribute 7.5% of their annual covered salary (3.29% for pension and 4.21% for healthcare).

Employer and Other Contribution Rates

There are three contribution rates associated with the pension and healthcare contributions and related liabilities:

Contractual Rate: This is the required funding rate for participating employers. The contractual rate is statutorily capped at 22% of eligible wages, subject to a wage floor, and other termination events. This 22% rate includes all PERS participating wages, including those wages attributable to employees in the defined contribution plan.

ARM Board Adopted Rate: This is the rate formally adopted by the Alaska Retirement Management Board. This rate is actuarially determined to calculate annual funding requirements of the Plan, without regard to the statutory rate cap. There are no constraints or restrictions on the actuarial cost method or other assumptions used in this valuation, other than those established and agreed to by the ARM Board.

Current legislation provides that the State of Alaska will contribute the difference between the ARM Board adopted rate and the contractual (statutory) rate. These additional contributions are recognized by each employer as an on-behalf payment and are reflected as revenue and expense/expenditure within the financial statements.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements

GASB 43 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. For FY13, the rate uses an 8.00% pension discount rate and a 6.88% healthcare discount rate. Additionally, the GASB 43 rate disregards all future Medicare Part D payments.

The GASB 43 rate differs significantly from the ARM Board adopted rate as a direct result of differences in the actuarial valuation methodology and assumptions.

Contribution rates for the year ended June 30, 2013 were determined as part of the June 30, 2010 actuarial valuation and are as follows:

<i>June 30, 2013</i>	Contractual Rate	ARM Board Adopted Rate	GASB 43 Rate
Pension	9.67%	15.75%	24.95%
Postemployment healthcare	12.33%	20.09%	39.93%
Total contribution rate	22.00%	35.84%	64.88%

Annual Pension and Postemployment Healthcare Cost

The Borough is required to contribute 22% of covered payroll, subject to a wage floor. In addition, the State of Alaska contributed approximately 13.84% of covered payroll to the Plan. In accordance with the provisions of GASB Statement Number 24, the Borough has recorded the State on-behalf payment in the amount of \$2,712,690 as revenue and expense/expenditures in these financial statements. However, because the Borough is not statutorily obligated for these payments, this amount is excluded from pension and OPEB cost as described here.

<i>Year Ended June 30,</i>	Annual Pension Cost	Annual OPEB Total Benefit Cost	Annual Total Benefit Cost (TBC)	Borough Contributions	% of TBC Contributed
2013	\$ 1,634,619	\$ 2,084,267	\$3,718,886	\$ 3,718,886	100%
2012	1,557,753	1,896,941	3,454,694	3,454,694	100%
2011	1,211,721	2,183,407	3,395,128	3,395,128	100%

12. Defined Contribution Pension Plan

Employees hired after July 1, 2006 participate in PERS Tier IV, a defined contribution plan. The Plan 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 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.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements

Employee Contribution Rates

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

Employer Contribution Rates

The Borough is required to contribute the following amounts based on covered salary:

<i>June 30, 2013</i>	Other Tier IV	Police/Fire Tier IV
Individual account	5.00%	5.00%
Retiree medical plan	0.48%	0.48%
Occupational death and disability benefits	0.14%	0.99%
	5.62%	6.47%

In addition, the employer must contribute to 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, 2012, for actual remittance, this amount is calculated as a flat rate for each full time or part-time employee per pay period and approximates \$1,848 per year for each full-time employee, and \$1.18 per hour for part-time employees.

Employees are immediately vested in their own contributions and vest 25% per year in employer contributions. The Borough and employee contributions to PERS including the HRA contribution for the year ended June 30, 2013 were \$522,600 and \$485,324, respectively.

13. Contingencies

Lease Credits Payable

On May 16, 2007, a lawsuit was filed by NPI LLC, relating to two contracts at Port McKenzie. The case was aggressively defended with several motions for partial summary judgment being filed. In July 2010, the case was settled for \$1,100,000 payable in cash plus \$1,375,000 in future lease credits awarded to the contractor. In 2011, the balance of the cash payment was paid in full and the lease credits payable were recorded in the Port Enterprise Fund. The lease credits are valid for lease waivers, wharfage, and other services and will expire April 2031. At June 30, 2013, the balance of the lease credits payable was \$1,334,216 and is recorded as a long-term payable in the Port Enterprise Fund.

Other

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

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements

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

14. Subsequent Events

On August 20, 2013, the Assembly adopted Ordinance Serial No. 13-106. This ordinance is to authorize the issuance of Certificates of Participation (COP's) in an amount not to exceed \$9,250,000. The proceeds will be for building and equipping a new Public Safety Building. 46% of the debt service payments will be paid by Wasilla Lakes Fire Service Area and 54% will be paid by the General Fund. In October 2013, the COP's were issued in the actual amount of \$8,585,000.

On August 6, 2013, the Assembly adopted Ordinance Serial No. 13-107 to authorize the issuance of Areawide General Obligation Bonds for transportation systems. Voters approved the ordinance during the regular election held October 1, 2013, subject to the receipt of state matching funds. If matching funds are obtained, it is anticipated that the bonds will be issued in 2014.

On December 3, 2013, the Assembly adopted Ordinance Serial No. 13-148 to authorize the issuance of General Obligation Bonds in an amount not to exceed \$19,265,000. The proceeds will be used for Transportation Systems Projects. This is Phase 11 of the authorization approved by the voters in October 2011.

15. New Accounting Pronouncements

The Governmental Accounting Standards Board has passed several new accounting standards with upcoming implementation dates. Management has not fully evaluated the potential effects of these statements, but believes that GASB Statement 68 will result in the biggest reporting change. Actual impacts have not yet been determined:

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

GASB 67 - Financial Reporting for Pension Plans - Effective for year-end June 30, 2014 - This statement changes the reporting and disclosure requirements for government Pension Plans. This statement modifies the Plan-side reporting.

GASB 68 - Accounting and Financial Reporting for Pensions - Effective for year-end June 30, 2015 - This statement changes the reporting and disclosure requirements for governments that participate in pension plans. This statement modifies the participating employer side reporting in connection with the Plan side reporting at GASB 67.

GASB 69 - Government Combinations and Disposals of Government Operations - Effective for year-end June 30, 2015 - This statement contains certain disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and effects of these transactions.

GASB 70 - Accounting and Financial Reporting for Nonexchange Financial Guarantees - Effective for year-end June 30, 2014 - This statement contains reporting requirements when a government financially guarantees the obligations of another government, non-profit, or private entity without receiving equal value in exchange.

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Non Major Funds

Matanuska-Susitna Borough, Alaska

Nonmajor Governmental Funds
Combining Balance Sheet

<i>June 30, 2013</i>	Special Revenue	Debt Service	Capital Projects	Totals
Assets				
Cash and investments	\$ 27,502,195	\$ 1,072,181	\$ 39,569,986	\$ 68,144,362
Prepaid items	161,997	-	1,097	163,094
Receivables:				
Intergovernmental	803,052	-	10,495,909	11,298,961
Property taxes	2,723,680	-	-	2,723,680
Land sales contracts, net	9,526	-	-	9,526
Other	151,671	-	4,454	156,125
Interfund note receivable	70,179	-	-	70,179
Land sales contracts receivable, long term	189,600	-	-	189,600
Restricted cash	-	1,084,439	11,440,690	12,525,129
Total Assets	\$ 31,611,900	\$ 2,156,620	\$ 61,512,136	\$ 95,280,656
Liabilities, Deferred Inflows and Fund Balances				
Liabilities:				
Accounts, contracts and retentions payable	\$ 1,103,388	\$ -	\$ 3,398,419	\$ 4,501,807
Due to General Fund	69,287	-	5,496,463	5,565,750
Deposits	78,024	-	-	78,024
Unearned revenue	-	-	2,187,321	2,187,321
Loans payable to other funds	562,614	-	-	562,614
Total liabilities	1,813,313	-	11,082,203	12,895,516
Deferred inflows:				
Delinquent property taxes	2,429,865	-	-	2,429,865
Special assessments	5,712	-	-	5,712
Land sales receivables not yet due	189,600	-	-	189,600
Total liabilities and deferred inflows	4,438,490	-	11,082,203	15,520,693
Fund balances:				
Nonspendable - prepaid items	161,997	-	1,097	163,094
Restricted:				
Debt service	-	1,084,439	-	1,084,439
Transportation	-	-	11,440,690	11,440,690
Committed:				
Land management	5,914,633	-	-	5,914,633
Self insurance	10,000	-	-	10,000
Compensated absences	30,000	-	-	30,000
Equipment	1,000,000	-	-	1,000,000
Assigned:				
Subsequent year expenditures	4,925,080	-	-	4,925,080
Subsequent year appropriations	942,500	-	-	942,500
Land management	100,402	-	-	100,402
Service areas	14,321,996	-	-	14,321,996
Debt service	-	1,072,181	-	1,072,181
Capital projects	-	-	38,988,146	38,988,146
Interfund note receivable, net of current portion	70,179	-	-	70,179
Unassigned (deficits)	(303,377)	-	-	(303,377)
Total fund balances	27,173,410	2,156,620	50,429,933	79,759,963
Total Liabilities, Deferred Inflows and Fund Balances	\$ 31,611,900	\$ 2,156,620	\$ 61,512,136	\$ 95,280,656

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

<i>Year Ended June 30, 2013</i>	Special Revenue	Debt Service	Capital Projects	Totals
Revenues:				
Property taxes	\$ 31,192,565	\$ -	\$ -	\$ 31,192,565
Intergovernmental	1,209,970	-	12,978,845	14,188,815
Charges for services	2,143,838	-	-	2,143,838
Investment income	66,091	187	-	66,278
Interest on land sales	25,332	-	-	25,332
Other	347,299	-	45,775	393,074
Total revenues	34,985,095	187	13,024,620	48,009,902
Expenditures:				
General government	700,510	-	1,726,224	2,426,734
Emergency services	9,583,398	-	2,670,251	12,253,649
Public services	11,028,977	-	9,061,604	20,090,581
Debt service	5,419	1,557,182	-	1,562,601
Capital outlay	-	-	22,329,725	22,329,725
Total expenditures	21,318,304	1,557,182	35,787,804	58,663,290
Excess (deficiency) of revenues over expenditures	13,666,791	(1,556,995)	(22,763,184)	(10,653,388)
Other financing sources (uses):				
Bond issuance	-	-	11,175,000	11,175,000
Premium on bond issuance	-	-	1,937,380	1,937,380
Transfers in	107,230	2,118,609	23,831,182	26,057,021
Transfers out	(17,689,647)	-	(580,852)	(18,270,499)
Net other financing sources (uses)	(17,582,417)	2,118,609	36,362,710	20,898,902
Net change in fund balances	(3,915,626)	561,614	13,599,526	10,245,514
Beginning fund balances	31,089,036	1,595,006	36,830,407	69,514,449
Ending fund balances	\$ 27,173,410	\$ 2,156,620	\$ 50,429,933	\$ 79,759,963

General Fund

Matanuska-Susitna Borough, Alaska

General Fund
Balance Sheet

<i>June 30,</i>	2013	2012
Assets		
Cash and investments	\$ 43,191,085	\$ 42,870,172
Prepaid items	534,840	606,182
Receivables:		
Intergovernmental	189,530	690,082
Delinquent property taxes, including foreclosure costs, penalties and interest net of allowance for doubtful accounts of \$152,554 (\$145,789 in 2012)	9,105,314	9,065,694
Ambulance, net of allowance for doubtful accounts of \$301,223 (\$317,965 in 2012)	1,204,890	1,271,860
Excise taxes	785,277	727,924
Accrued interest	197,054	236,108
Other	464,073	449,541
Due from other funds	18,211,656	13,557,776
Deposits	475	632
Inventory	135,797	148,251
Total Assets	\$ 74,019,991	\$ 69,624,222
Liabilities, Deferred Inflows and Fund Balance		
Liabilities:		
Accounts payable	\$ 792,810	\$ 857,182
Accrued payroll and related liabilities	1,688,372	1,650,727
Other liabilities	365,583	309,776
Total liabilities	2,846,765	2,817,685
Deferred inflows:		
Taxes collected in advance	558,023	608,492
Payment in lieu of taxes received in advance	3,216,749	3,289,109
Delinquent property taxes	8,275,884	7,868,547
Delinquent ambulance receivables	486,259	950,630
Delinquent foreclosure property sales	57,316	57,316
Total liabilities and deferred inflows	15,440,996	15,591,779
Fund balances:		
Nonspendable:		
Prepaid items	534,840	606,182
Inventory	135,797	148,251
Committed:		
Self insurance	150,000	150,000
Compensated absences	250,000	250,000
Assembly projects	57,217	57,217
Major repairs and renovations	879,248	879,248
Capital	500,000	500,000
Emergency response	500,000	500,000
School site acquisition	4,313,157	3,171,478
Fund balance stabilization	26,301,694	25,047,100
Assigned:		
Subsequent year appropriations	65,000	-
Subsequent year expenditures	12,703,069	10,445,811
Unassigned	12,188,973	12,277,156
Total fund balance	58,578,995	54,032,443
Total Liabilities, Deferred Inflows and Fund Balance	\$ 74,019,991	\$ 69,624,222

Matanuska-Susitna Borough, Alaska

General Fund

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

Years Ended June 30,	2013			2012
	Budget	Actual	Variance	Actual
Revenues:				
Taxes:				
Current year property tax levy	\$ 75,589,000	\$ 74,909,082	\$ (679,918)	\$ 70,461,678
Penalty and interest on taxes	900,000	1,025,646	125,646	986,079
Foreclosure costs	75,000	157,216	82,216	101,834
Recording and attorney fees	7,000	6,482	(518)	5,283
Vehicle taxes collected through State of Alaska	2,883,690	2,650,894	(232,796)	2,861,448
Excise taxes	4,609,000	4,913,901	304,901	5,075,644
Transient accommodations tax	1,005,000	1,099,803	94,803	1,084,282
Total taxes	85,068,690	84,763,024	(305,666)	80,576,248
Intergovernmental:				
State sources:				
Debt service reimbursement	18,931,817	18,932,007	190	14,105,641
Municipal assistance	5,450,000	5,769,785	319,785	5,372,533
PERS relief	-	2,174,451	2,174,451	1,671,951
In lieu of taxes	7,000	9,055	2,055	7,805
Other	200	65	(135)	110
Federal sources:				
In lieu of taxes	3,250,000	3,289,009	39,009	3,217,410
Other	65,000	96,003	31,003	81,162
Total intergovernmental	27,704,017	30,270,375	2,566,358	24,456,612
Charges for services:				
Ambulance	2,781,000	3,250,194	469,194	2,083,069
Engineering inspections	51,000	77,374	26,374	60,636
Computer access fees	100	125	25	25
Planning and zoning	87,100	88,899	1,799	104,760
Ice arena	400,000	410,999	10,999	380,224
Community pool fees	480,000	510,664	30,664	479,067
Business licenses	200,000	246,048	46,048	122,750
Other	162,900	140,921	(21,979)	186,530
Total charges for services	4,162,100	4,725,224	563,124	3,417,061
Investment income	223,000	282,740	59,740	236,838
Total revenues	117,157,807	120,041,363	2,883,556	108,686,759

Matanuska-Susitna Borough, Alaska

General Fund

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

Years Ended June 30,	2013			2012
	Budget	Actual	Variance	Actual
Expenditures:				
General government:				
Mayor	\$ 73,667	\$ 70,496	\$ 3,171	\$ 70,828
Assembly	441,440	368,350	73,090	415,984
Clerk	533,796	512,155	21,641	473,141
Administration	1,550,537	1,286,687	263,850	1,300,245
Elections	407,746	356,143	51,603	316,678
Records management	390,347	361,583	28,764	344,472
Finance	1,063,486	607,453	456,033	687,179
Budgeting	1,522,703	1,517,556	5,147	1,343,814
Accounting	2,147,227	2,100,119	47,108	1,859,511
Law	1,155,198	1,059,249	95,949	1,024,155
Human resources	751,612	674,748	76,864	645,868
Common contractual	1,971,500	1,210,319	761,181	952,076
Purchasing	858,112	786,491	71,621	777,247
Code compliance	2,797	-	2,797	385,722
Labor relations/ethics board/senior citizens' advisory board	550	-	550	35
Adj. and appeals/bid review board	17,500	4,979	12,521	1,331
Planning	2,607,089	2,540,571	66,518	1,963,768
Planning administration	371,466	332,650	38,816	536,613
Economic development	740,694	737,499	3,195	612,355
Pass-through to cities	250,000	250,000	-	171,955
Assessments	2,838,356	2,692,588	145,768	2,535,808
Information technology	4,332,443	3,639,424	693,019	3,595,554
Total general government	24,028,266	21,109,060	2,919,206	20,014,339
Less recovery of expenditures from other funds	(985,800)	(6,526,250)	5,540,450	(3,016,312)
Net general government	23,042,466	14,582,810	8,459,656	16,998,027
Public works:				
Public works administration	233,346	213,999	19,347	189,413
Maintenance	2,233,184	1,994,870	238,314	1,652,144
Project management and engineering	2,620,439	2,463,861	156,578	2,217,906
Public works operations	140,136	95,787	44,349	117,923
Total public works	5,227,105	4,768,517	458,588	4,177,386

Matanuska-Susitna Borough, Alaska

General Fund

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

Years Ended June 30,	2013			2012
	Budget	Actual	Variance	Actual
Expenditures, continued:				
Emergency services:				
Emergency medical services board	\$ 950	\$ -	\$ 950	\$ -
Local emergency planning board	5,350	76	5,274	38
Rescue units	710,118	553,217	156,901	496,564
Ambulance services	5,942,033	5,241,568	700,465	4,659,033
Emergency services building	181,204	76,172	105,032	76,808
Telecommunications network	1,243,892	1,055,393	188,499	877,138
Emergency services administration	2,060,427	1,872,590	187,837	2,014,409
Total emergency services	10,143,974	8,799,016	1,344,958	8,123,990
Less recovery of expenditures from other funds	(993,231)	(928,358)	(64,873)	(888,432)
Net emergency services	9,150,743	7,870,658	1,280,085	7,235,558
Public services:				
Community services	72,823	51,551	21,272	49,227
Cultural resources	261,019	252,073	8,946	261,573
Parks and recreation	603,562	540,667	62,895	518,707
Trails management	214,071	173,108	40,963	181,240
Ice arena	792,342	789,627	2,715	769,566
Outdoor ice rinks	3,135	2,585	550	823
Recreational services	257,612	220,867	36,745	115,158
Community pools	1,550,842	1,435,175	115,667	1,402,493
Community development administration	554,971	474,140	80,831	282,851
Road service administration	1,812,603	1,612,474	200,129	1,541,229
Community enrichment	26,160	24,135	2,025	25,303
Recreation infrastructure maintenance	101,648	61,515	40,133	63,870
Total public services	6,250,788	5,637,917	612,871	5,212,040
Less recovery of expenditures from other funds	(1,932,434)	(1,722,887)	(209,547)	(1,666,986)
Net public services	4,318,354	3,915,030	403,324	3,545,054

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>	2013			2012
	Budget	Actual	Variance	Actual
Expenditures, continued:				
Education - contributions to School District	\$ 49,797,786	\$ 49,045,260	\$ 752,526	\$ 48,048,419
Total expenditures	91,536,454	80,182,275	11,354,179	80,004,444
Excess of revenues over expenditures	25,621,353	39,859,088	14,237,735	28,682,315
Other financing sources (uses):				
Proceeds from disposal of capital assets	5,000	50,165	45,165	10,756
Transfers in	400	859,828	859,428	192,548
Transfers out	(36,158,333)	(36,222,529)	(64,196)	(39,817,618)
Net other financing sources (uses)	(36,152,933)	(35,312,536)	840,397	(39,614,314)
Net change in fund balance	\$ (10,531,580)	4,546,552	\$ 15,078,132	(10,931,999)
Beginning fund balance		54,032,443		64,964,442
Ending fund balance		\$ 58,578,995		\$ 54,032,443

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Special Revenue Fund

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Matanuska-Susitna Borough, Alaska

Special Revenue Funds
Combining Balance Sheet

June 30,	Nonareawide Services and Service Areas	Land Management	Totals	
			2013	2012
Assets				
Cash and investments	\$ 20,532,538	\$ 6,969,657	\$ 27,502,195	\$ 30,979,782
Prepaid items	161,997	-	161,997	246,425
Receivables:				
Intergovernmental	803,052	-	803,052	761,705
Property taxes	2,723,680	-	2,723,680	2,771,235
Land sales contracts, net	-	9,526	9,526	17,414
Other	151,671	-	151,671	161,087
Interfund note receivable	-	70,179	70,179	236,079
Land sales contracts receivable, long term	-	189,600	189,600	315,800
Total Assets	\$ 24,372,938	\$ 7,238,962	\$ 31,611,900	\$ 35,489,527
Liabilities, Deferred Inflows and Fund Balances				
Liabilities:				
Accounts payable	\$ 1,027,357	\$ 76,031	\$ 1,103,388	\$ 861,786
Deposits	-	78,024	78,024	64,598
Loans payable to other funds	562,614	-	562,614	547,277
Due to General Fund	69,287	-	69,287	64,128
Total liabilities	1,659,258	154,055	1,813,313	1,537,789
Deferred inflows:				
Special assessments	5,712	-	5,712	5,724
Delinquent property taxes	2,429,865	-	2,429,865	2,541,178
Land sales receivables not yet due	-	189,600	189,600	315,800
Total liabilities and deferred inflows	4,094,835	343,655	4,438,490	4,400,491
Fund balances:				
Nonspendable:				
Interfund note receivable	-	-	-	70,179
Prepaid items	161,997	-	161,997	246,425
Committed:				
Land management	-	5,914,633	5,914,633	5,649,183
Self insurance	10,000	-	10,000	10,000
Compensated absences	20,000	10,000	30,000	30,000
Equipment	1,000,000	-	1,000,000	1,000,000
Assigned:				
Subsequent year expenditures	4,124,987	800,093	4,925,080	3,885,141
Subsequent year appropriations	942,500	-	942,500	6,337,840
Land management	-	100,402	100,402	542,835
Service areas	14,321,996	-	14,321,996	13,379,123
Interfund note receivable, current portion	-	70,179	70,179	165,900
Unassigned (deficits)	(303,377)	-	(303,377)	(227,590)
Total fund balances	20,278,103	6,895,307	27,173,410	31,089,036
Total Liabilities, Deferred Inflows and Fund Balances	\$ 24,372,938	\$ 7,238,962	\$ 31,611,900	\$ 35,489,527

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

<i>Years Ended June 30,</i>	Nonareawide Services and Service Areas		Land Management		Totals	
					2013	2012
Revenues:						
Property taxes	\$ 31,192,565	\$ -	\$ 31,192,565	\$ 29,296,093		
Intergovernmental	1,186,328	23,642	1,209,970	1,055,056		
Charges for services	1,359,543	784,295	2,143,838	1,994,447		
Investment income	44,839	21,252	66,091	61,145		
Interest on land sales	-	25,332	25,332	42,442		
Other	345,189	2,110	347,299	292,565		
Total revenues	34,128,464	856,631	34,985,095	32,741,748		
Expenditures:						
General government	700,510	-	700,510	511,059		
Emergency services	9,583,398	-	9,583,398	8,718,887		
Public services	10,589,048	439,929	11,028,977	10,005,186		
Debt service	5,419	-	5,419	4,401		
Total expenditures	20,878,375	439,929	21,318,304	19,239,533		
Excess of revenues over expenditures	13,250,089	416,702	13,666,791	13,502,215		
Other financing sources (uses):						
Transfers in	105,744	1,486	107,230	139,055		
Transfers out	(17,406,243)	(283,404)	(17,689,647)	(11,734,175)		
Net other financing sources (uses)	(17,300,499)	(281,918)	(17,582,417)	(11,595,120)		
Net change in fund balances	(4,050,410)	134,784	(3,915,626)	1,907,095		
Beginning fund balances	24,328,513	6,760,523	31,089,036	29,181,941		
Ending fund balances	\$ 20,278,103	\$ 6,895,307	\$ 27,173,410	\$ 31,089,036		

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

<i>June 30, 2013</i>	Non-areawide Services	Service Area 7 Talkeetna Flood Control	Service Area 36 Talkeetna Water and Sewer	Freedom Hills Sub-division	Garden Terrace Estates	Circle View/ Stampede Estates	Enhanced 911 Service	Chase Trail	Service Area 69 Point MacKenzie	Grid Roller Maintenance	Roads Outside Service Areas	Combined Fire Service Areas Road Service Areas		Totals
Assets														
Cash and investments	\$ 4,670	\$ 55,562	\$ 25	\$ 33,707	\$ 195,131	\$ 55,134	\$ 1,606,945	\$ 5,780	\$ 391,127	\$ 32,371	\$ 326	\$ 12,446,314	\$ 5,705,446	\$ 20,532,538
Prepaid items	15,948	-	840	-	-	-	133,157	-	-	-	-	12,052	-	161,997
Receivables:														
Intergovernmental	789,158	-	-	-	-	-	-	-	-	-	-	13,894	-	803,052
Property taxes	299,729	186	-	-	1,227	-	-	10	-	-	-	985,863	1,436,665	2,723,680
Other	-	-	33,856	-	-	3,704	114,111	-	-	-	-	-	-	151,671
Total Assets	\$ 1,109,505	\$ 55,748	\$ 34,721	\$ 33,707	\$ 196,358	\$ 58,838	\$ 1,854,213	\$ 5,790	\$ 391,127	\$ 32,371	\$ 326	\$ 13,458,123	\$ 7,142,111	\$ 24,372,938
Liabilities, Deferred Inflows and Fund Balances														
Liabilities:														
Accounts payable	\$ 57,271	\$ -	\$ 25,415	\$ -	\$ -	\$ -	\$ 1,570	\$ -	\$ -	\$ -	\$ -	\$ 196,820	\$ 746,281	\$ 1,027,357
Due to General Fund	-	-	69,287	-	-	-	-	-	-	-	-	-	-	69,287
Loans payable to other funds	-	-	124,709	-	-	132,000	-	-	-	-	-	76,667	229,238	562,614
Total liabilities	57,271	-	219,411	-	-	132,000	1,570	-	-	-	-	273,487	975,519	1,659,258
Deferred inflows:														
Special assessments	-	-	-	-	-	5,712	-	-	-	-	-	-	-	5,712
Delinquent property taxes	268,350	477	-	-	600	434	-	10	-	-	-	871,852	1,288,142	2,429,865
Total liabilities and deferred inflows	268,350	477	219,411	-	600	138,146	1,570	10	-	-	-	1,145,339	2,263,661	4,094,835
Fund balances:														
Nonspendable - prepaid items	15,948	-	840	-	-	-	133,157	-	-	-	-	12,052	-	161,997
Committed:														
Self-insurance	10,000	-	-	-	-	-	-	-	-	-	-	-	-	10,000
Compensated absences	20,000	-	-	-	-	-	-	-	-	-	-	-	-	20,000
Equipment	-	-	-	-	-	-	1,000,000	-	-	-	-	-	-	1,000,000
Assigned:														
Subsequent year expenditures	269,743	6,882	38,539	9,960	48,320	-	678,187	2,010	14,647	4,950	94	3,045,495	6,160	4,124,987
Subsequent year appropriations	-	-	-	-	-	-	-	-	-	-	-	80,000	862,500	942,500
Service areas	468,193	48,389	-	23,747	147,438	-	41,299	3,770	376,480	27,421	232	9,175,237	4,009,790	14,321,996
Unassigned (deficits)	-	-	(224,069)	-	-	(79,308)	-	-	-	-	-	-	-	(303,377)
Total fund balances (deficits)	783,884	55,271	(184,690)	33,707	195,758	(79,308)	1,852,643	5,780	391,127	32,371	326	12,312,784	4,878,450	20,278,103
Total Liabilities, Deferred Inflows and Fund Balances	\$ 1,109,505	\$ 55,748	\$ 34,721	\$ 33,707	\$ 196,358	\$ 58,838	\$ 1,854,213	\$ 5,790	\$ 391,127	\$ 32,371	\$ 326	\$ 13,458,123	\$ 7,142,111	\$ 24,372,938

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

Year Ended June 30, 2013	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	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	\$ 3,344,379	\$ 15,286	\$ -	\$ -	\$ 34,380	\$ 17,048	\$ -	\$ 460	\$ 63,928	\$ -	\$ -	\$ 12,455,473	\$ 15,261,611	\$ 31,192,565
Intergovernmental	1,018,814	-	3,587	-	-	-	27,078	-	-	-	-	136,849	-	1,186,328
Charges for services	257,013	-	205,496	-	-	-	897,034	-	-	-	-	-	-	1,359,543
Investment income	-	97	-	67	383	99	3,529	11	739	70	1	24,116	15,727	44,839
Other	129,262	-	-	-	-	-	-	-	-	-	-	210,927	5,000	345,189
Total revenues	4,749,468	15,383	209,083	67	34,763	17,147	927,641	471	64,667	70	1	12,827,365	15,282,338	34,128,464
Expenditures:														
General government	700,510	-	-	-	-	-	-	-	-	-	-	-	-	700,510
Emergency services	1,954,084	-	-	-	-	-	721,441	-	-	-	-	6,907,873	-	9,583,398
Public services	1,358,065	1,352	264,017	-	1,309	1,000	-	-	22,197	5,216	-	-	8,935,892	10,589,048
Debt service	-	-	1,555	-	-	221	-	-	-	-	-	-	3,643	5,419
Total expenditures	4,012,659	1,352	265,572	-	1,309	1,221	721,441	-	22,197	5,216	-	6,907,873	8,939,535	20,878,375
Excess (deficiency) of revenues over expenditures	736,809	14,031	(56,489)	67	33,454	15,926	206,200	471	42,470	(5,146)	1	5,919,492	6,342,803	13,250,089
Other financing sources (uses):														
Transfers in	20,202	-	-	-	-	-	-	-	-	-	-	85,542	-	105,744
Transfers out	(657,187)	-	-	-	-	-	(500,000)	-	-	-	-	(5,324,056)	(10,925,000)	(17,406,243)
Net other financing sources (uses)	(636,985)	-	-	-	-	-	(500,000)	-	-	-	-	(5,238,514)	(10,925,000)	(17,300,499)
Net change in fund balances	99,824	14,031	(56,489)	67	33,454	15,926	(293,800)	471	42,470	(5,146)	1	680,978	(4,582,197)	(4,050,410)
Beginning fund balances (deficits)	684,060	41,240	(128,201)	33,640	162,304	(95,234)	2,146,443	5,309	348,657	37,517	325	11,631,806	9,460,647	24,328,513
Ending fund balances (deficits)	\$ 783,884	\$ 55,271	\$ (184,690)	\$ 33,707	\$ 195,758	\$ (79,308)	\$ 1,852,643	\$ 5,780	\$ 391,127	\$ 32,371	\$ 326	12,312,784	\$ 4,878,450	\$ 20,278,103

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

Years Ended June 30,	2013			2012
	Budget	Actual	Variance	Actual
Revenues:				
Property taxes	\$ 3,338,000	\$ 3,344,379	\$ 6,379	\$ 2,899,683
Intergovernmental:				
State PERS relief	-	197,156	197,156	127,289
Electric and telephone cooperative shared revenue	750,000	789,158	39,158	739,228
Library grants	32,000	32,500	500	32,500
Total intergovernmental	782,000	1,018,814	236,814	899,017
Charges for services:				
Animal care fees	205,200	232,380	27,180	243,364
User fees	20,300	24,633	4,333	22,536
Total charges for services	225,500	257,013	31,513	265,900
Investment income	290	-	(290)	25
Other	113,739	129,262	15,523	92,344
Total revenues	4,459,529	4,749,468	289,939	4,156,969
Expenditures:				
General government:				
Administration	86,000	85,000	1,000	85,000
Information technology	269,442	257,672	11,770	219,692
Economic development	378,855	355,228	23,627	205,552
Animal care board	4,550	2,610	1,940	815
Common contractual	2,000	-	2,000	-
Total general government	740,847	700,510	40,337	511,059
Emergency services - animal care	2,042,960	1,954,084	88,876	1,839,737
Public services:				
Vehicle removal	43,009	21,569	21,440	27,390
Libraries	1,359,763	1,336,496	23,267	1,216,457
Total public services	1,402,772	1,358,065	44,707	1,243,847
Total expenditures	4,186,579	4,012,659	173,920	3,594,643
Excess of revenues over expenditures	272,950	736,809	463,859	562,326
Other financing sources (uses):				
Transfers in	-	20,202	20,202	-
Transfers out	(657,187)	(657,187)	-	(714,000)
Net other financing sources (uses)	(657,187)	(636,985)	20,202	(714,000)
Net change in fund balance	\$ (384,237)	99,824	\$ 484,061	(151,674)
Beginning fund balance		684,060		835,734
Ending fund balance		\$ 783,884		\$ 684,060

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>	2013			2012
	Budget	Actual	Variance	Actual
Revenues:				
Property taxes	\$ 16,280	\$ 15,286	\$ (994)	\$ 15,372
Investment income	50	97	47	54
Total revenues	16,330	15,383	(947)	15,426
Expenditures - public services	22,698	1,352	21,346	551
Net change in fund balance	<u>\$ (6,368)</u>	14,031	<u>\$ 20,399</u>	14,875
Beginning fund balance		41,240		26,365
Ending fund balance		<u>\$ 55,271</u>		<u>\$ 41,240</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

<i>Years Ended June 30,</i>	2013			2012
	Budget	Actual	Variance	Actual
Revenues:				
Charges for services - water and sewer	\$ 330,400	\$ 205,496	\$ (124,904)	\$ 203,160
Investment income	40	-	(40)	2
Intergovernmental - PERS relief	-	3,587	3,587	2,716
Total revenues	330,440	209,083	(121,357)	205,878
Expenditures:				
Public services	308,570	264,017	44,553	264,104
Debt service	1,599	1,555	44	149
Total expenditures	310,169	265,572	44,597	264,253
Excess (deficiency) of revenues over expenditures	20,271	(56,489)	(76,760)	(58,375)
Other financing uses - transfers out	-	-	-	(2,052)
Net change in deficit	<u>\$ 20,271</u>	<u>(56,489)</u>	<u>\$ (76,760)</u>	<u>(60,427)</u>
Beginning deficit		<u>(128,201)</u>		<u>(67,774)</u>
Ending deficit		<u>\$ (184,690)</u>		<u>\$ (128,201)</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>	2013			2012
	Budget	Actual	Variance	Actual
Revenues - investment income	\$ 40	\$ 67	\$ 27	\$ 54
Expenditures - public services	10,000	-	10,000	-
Net change in fund balance	<u>\$ (9,960)</u>	67	<u>\$ 10,027</u>	54
Beginning fund balance		<u>33,640</u>		<u>33,586</u>
Ending fund balance		<u>\$ 33,707</u>		<u>\$ 33,640</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>	2013			2012
	Budget	Actual	Variance	Actual
Revenues:				
Property taxes	\$ 33,560	\$ 34,380	\$ 820	\$ 80,224
Investment income	160	383	223	261
Total revenues	33,720	34,763	1,043	80,485
Expenditures - public services - water service	81,350	1,309	80,041	56,504
Net change in fund balance	\$ (47,630)	33,454	\$ 81,084	23,981
Beginning fund balance		162,304		138,323
Ending fund balance		\$ 195,758		\$ 162,304

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

<i>Years Ended June 30,</i>	2013			2012
	Budget	Actual	Variance	Actual
Revenues:				
Property taxes	\$ 16,990	\$ 17,048	\$ 58	\$ 16,324
Charges for services - special assessments	-	-	-	198
Investment income	40	99	59	63
Total revenues	17,030	17,147	117	16,585
Expenditures:				
Public services	1,000	1,000	-	2,500
Debt service	373	221	152	389
Total expenditures	1,373	1,221	152	2,889
Net change in deficit	<u>\$ 15,657</u>	15,926	<u>\$ 269</u>	13,696
Beginning deficit		<u>(95,234)</u>		<u>(108,930)</u>
Ending deficit		<u>\$ (79,308)</u>		<u>\$ (95,234)</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>	2013			2012
	Budget	Actual	Variance	Actual
Revenues:				
Intergovernmental - PERS relief	\$ -	\$ 27,078	\$ 27,078	\$ 16,772
Telephone surcharge	900,000	897,034	(2,966)	897,409
Investment income	2,400	3,529	1,129	2,996
Total revenues	902,400	927,641	25,241	917,177
Expenditures - emergency services	890,363	721,441	168,922	699,816
Excess of revenues over expenditures	12,037	206,200	194,163	217,361
Other financing uses - transfers out	(500,000)	(500,000)	-	-
Net change in fund balance	<u>\$ (487,963)</u>	<u>(293,800)</u>	<u>\$ 194,163</u>	217,361
Beginning fund balance		<u>2,146,443</u>		<u>1,929,082</u>
Ending fund balance		<u>\$ 1,852,643</u>		<u>\$ 2,146,443</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>	2013			2012
	Budget	Actual	Variance	Actual
Revenues:				
Property taxes	\$ 460	\$ 460	\$ -	\$ 151
Investment income	30	11	(19)	22
Total revenues	490	471	(19)	173
Expenditures - public services	2,495	-	2,495	179
Excess (deficiency) of revenues over expenditures	(2,005)	471	2,476	(6)
Other financing uses - transfers out	-	-	-	(16,400)
Net change in fund balance	\$ (2,005)	471	\$ 2,476	(16,406)
Beginning fund balance		5,309		21,715
Ending fund balance		\$ 5,780		\$ 5,309

Matanuska-Susitna Borough, Alaska

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

Years Ended June 30,	2013			2012
	Budget	Actual	Variance	Actual
Revenues:				
Property taxes	\$ 61,700	\$ 63,928	\$ 2,228	\$ 59,975
Investment income	370	739	369	517
Total revenues	62,070	64,667	2,597	60,492
Expenditures - public services	67,243	22,197	45,046	10,105
Net change in fund balance	\$ (5,173)	42,470	\$ 47,643	50,387
Beginning fund balance		<u>348,657</u>		<u>298,270</u>
Ending fund balance		<u>\$ 391,127</u>		<u>\$ 348,657</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>	2013			2012
	Budget	Actual	Variance	Actual
Revenues:				
Investment income	\$ 50	\$ 70	\$ 20	\$ 63
Other	10,000	-	(10,000)	-
Total revenues	10,050	70	(9,980)	63
Expenditures - public services	13,500	5,216	8,284	2,566
Net change in fund balance	<u>\$ (3,450)</u>	<u>(5,146)</u>	<u>\$ (1,696)</u>	<u>(2,503)</u>
Beginning fund balance		<u>37,517</u>		<u>40,020</u>
Ending fund balance		<u>\$ 32,371</u>		<u>\$ 37,517</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>	2013			2012
	Budget	Actual	Variance	Actual
Revenues - investment income	\$ -	\$ 1	\$ 1	\$ 2
Expenditures - public services - road service	231	-	231	1,408
Net change in fund balance	<u>\$ (231)</u>	1	<u>\$ 232</u>	(1,406)
Beginning fund balance		<u>325</u>		<u>1,731</u>
Ending fund balance		<u>\$ 326</u>		<u>\$ 325</u>

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

	Service Area									Totals
	130 Wasilla- Lakes	2 Butte	132 Greater Palmer Consolidated	4 Sutton	24 Talkeetna	136 West Lakes	35 Willow	135 Caswell		
<i>June 30, 2013</i>										
Assets										
Cash and investments	\$ 5,972,668	\$ 955,640	\$ 3,048,147	\$ 243,961	\$ 374,236	\$ 1,018,179	\$ 489,217	\$ 344,266	\$ 12,446,314	
Prepaid items	-	12,052	-	-	-	-	-	-	12,052	
Receivables:										
Intergovernmental	4,654	4,620	-	-	-	4,620	-	-	13,894	
Property taxes	491,495	73,211	191,218	21,044	13,073	136,637	22,685	36,500	985,863	
Total Assets	\$ 6,468,817	\$ 1,045,523	\$ 3,239,365	\$ 265,005	\$ 387,309	\$ 1,159,436	\$ 511,902	\$ 380,766	\$ 13,458,123	
Liabilities, Deferred Inflows and Fund Balances										
Liabilities:										
Accounts payable	\$ 132,837	\$ 8,726	\$ 360	\$ 1,671	\$ 2,420	\$ 39,709	\$ 8,318	\$ 2,779	\$ 196,820	
Loans payable to other funds	-	-	-	-	-	-	16,667	60,000	76,667	
Total liabilities	132,837	8,726	360	1,671	2,420	39,709	24,985	62,779	273,487	
Deferred inflows -										
Delinquent property taxes	429,621	61,145	184,290	17,168	9,161	121,921	17,827	30,719	871,852	
Total liabilities and deferred inflows	562,458	69,871	184,650	18,839	11,581	161,630	42,812	93,498	1,145,339	
Fund balances:										
Nonspendable - prepaid items	-	12,052	-	-	-	-	-	-	12,052	
Assigned:										
Subsequent year expenditures	1,837,886	366,413	109,282	183,846	103,490	331,847	96,396	16,335	3,045,495	
Subsequent year appropriations	-	33,000	17,000	-	-	-	-	30,000	80,000	
Service areas	4,068,473	564,187	2,928,433	62,320	272,238	665,959	372,694	240,933	9,175,237	
Total fund balances	5,906,359	975,652	3,054,715	246,166	375,728	997,806	469,090	287,268	12,312,784	
Total Liabilities, Deferred Inflows and Fund Balances	\$ 6,468,817	\$ 1,045,523	\$ 3,239,365	\$ 265,005	\$ 387,309	\$ 1,159,436	\$ 511,902	\$ 380,766	\$ 13,458,123	

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

	Service Area								Totals
	130 Wasilla- Lakes	2 Butte	132 Greater Palmer Consolidated	4 Sutton	24 Talkeetna	136 West Lakes	35 Willow	135 Caswell	
<i>Year Ended June 30, 2013</i>									
Revenues:									
Property taxes	\$ 7,730,390	\$ 739,126	\$ 995,024	\$ 202,112	\$ 303,871	\$ 1,865,457	\$ 354,407	\$ 265,086	\$ 12,455,473
Intergovernmental - PERS relief	129,512	1,542	-	384	769	3,874	384	384	136,849
Investment income	11,686	1,608	5,946	510	611	2,264	935	556	24,116
Other	153,687	5,007	376	5,441	13,224	32,812	311	69	210,927
Total revenues	8,025,275	747,283	1,001,346	208,447	318,475	1,904,407	356,037	266,095	12,827,365
Expenditures - emergency services:									
Administration	466,336	74,998	22,791	36,106	50,966	177,384	56,752	16,291	901,624
Fire services	3,410,599	372,375	339,537	102,731	138,774	1,207,374	251,884	182,975	6,006,249
Total expenditures	3,876,935	447,373	362,328	138,837	189,740	1,384,758	308,636	199,266	6,907,873
Excess of revenues over expenditures	4,148,340	299,910	639,018	69,610	128,735	519,649	47,401	66,829	5,919,492
Other financing sources (uses):									
Transfers in	10,468	3,103	12,776	-	2,845	56,350	-	-	85,542
Transfers out	(3,895,352)	(2,222)	(500,000)	(91,717)	-	(832,500)	(1,319)	(946)	(5,324,056)
Net other financing sources (uses)	(3,884,884)	881	(487,224)	(91,717)	2,845	(776,150)	(1,319)	(946)	(5,238,514)
Net change in fund balances	263,456	300,791	151,794	(22,107)	131,580	(256,501)	46,082	65,883	680,978
Beginning fund balances	5,642,903	674,861	2,902,921	268,273	244,148	1,254,307	423,008	221,385	11,631,806
Ending fund balances	\$ 5,906,359	\$ 975,652	\$ 3,054,715	\$ 246,166	\$ 375,728	\$ 997,806	\$ 469,090	\$ 287,268	\$ 12,312,784

Matanuska-Susitna Borough, Alaska

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

<i>Years Ended June 30,</i>	2013			2012
	Budget	Actual	Variance	Actual
Revenues:				
Property taxes	\$ 7,619,660	\$ 7,730,390	\$ 110,730	\$ 7,504,418
Intergovernmental - PERS relief	-	129,512	129,512	99,927
Investment income	6,300	11,686	5,386	8,900
Other	102,500	153,687	51,187	143,977
Total revenues	7,728,460	8,025,275	296,815	7,757,222
Expenditures - emergency services:				
Administration	495,791	466,336	29,455	440,899
Fire services	5,246,925	3,410,599	1,836,326	3,114,991
Total expenditures	5,742,716	3,876,935	1,865,781	3,555,890
Excess of revenues over expenditures	1,985,744	4,148,340	2,162,596	4,201,332
Other financing sources (uses):				
Transfers in	-	10,468	10,468	9,024
Transfers out	(3,895,352)	(3,895,352)	-	(3,897,842)
Net other financing sources (uses)	(3,895,352)	(3,884,884)	10,468	(3,888,818)
Net change in fund balance	<u>\$ (1,909,608)</u>	263,456	<u>\$ 2,173,064</u>	312,514
Beginning fund balance		<u>5,642,903</u>		<u>5,330,389</u>
Ending fund balance		<u>\$ 5,906,359</u>		<u>\$ 5,642,903</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>	2013			2012
	Budget	Actual	Variance	Actual
Revenues:				
Property taxes	\$ 731,180	\$ 739,126	\$ 7,946	\$ 712,510
Intergovernmental - PERS relief	-	1,542	1,542	4,729
Investment income	770	1,608	838	831
Other	-	5,007	5,007	-
Total revenues	731,950	747,283	15,333	718,070
Expenditures - emergency services:				
Administration	83,671	74,998	8,673	74,294
Fire services	494,116	372,375	121,741	343,874
Total expenditures	577,787	447,373	130,414	418,168
Excess of revenues over expenditures	154,163	299,910	145,747	299,902
Other financing sources (uses):				
Transfers in	-	3,103	3,103	19,211
Transfers out	(2,222)	(2,222)	-	(43,711)
Net other financing sources (uses)	(2,222)	881	3,103	(24,500)
Net change in fund balance	<u>\$ 151,941</u>	300,791	<u>\$ 148,850</u>	275,402
Beginning fund balance		<u>674,861</u>		<u>399,459</u>
Ending fund balance		<u>\$ 975,652</u>		<u>\$ 674,861</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

<i>Years Ended June 30,</i>	2013			2012
	Budget	Actual	Variance	Actual
Revenues:				
Property taxes	\$ 946,830	\$ 995,024	\$ 48,194	\$ 966,979
Investment income	3,400	5,946	2,546	4,518
Other	-	376	376	-
Total revenues	950,230	1,001,346	51,116	971,497
Expenditures - emergency services:				
Administration	25,474	22,791	2,683	25,156
Fire services	402,497	339,537	62,960	339,382
Total expenditures	427,971	362,328	65,643	364,538
Excess of revenues over expenditures	522,259	639,018	116,759	606,959
Other financing sources (uses):				
Transfers in	-	12,776	12,776	-
Transfers out	(500,000)	(500,000)	-	(457,250)
Net other financing sources (uses)	(500,000)	(487,224)	12,776	(457,250)
Net change in fund balance	<u>\$ 22,259</u>	151,794	<u>\$ 129,535</u>	149,709
Beginning fund balance		<u>2,902,921</u>		<u>2,753,212</u>
Ending fund balance		<u>\$ 3,054,715</u>		<u>\$ 2,902,921</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

<i>Years Ended June 30,</i>	2013			2012
	Budget	Actual	Variance	Actual
Revenues:				
Property taxes	\$ 207,010	\$ 202,112	\$ (4,898)	\$ 181,978
Intergovernmental - PERS relief	-	384	384	527
Investment income	290	510	220	368
Other	5,000	5,441	441	7,500
Total revenues	212,300	208,447	(3,853)	190,373
Expenditures - emergency services:				
Administration	40,251	36,106	4,145	35,999
Fire services	164,670	102,731	61,939	80,833
Total expenditures	204,921	138,837	66,084	116,832
Excess of revenues over expenditures	7,379	69,610	62,231	73,541
Other financing sources (uses):				
Transfers in	-	-	-	7,050
Transfers out	(91,717)	(91,717)	-	(6,411)
Net other financing sources (uses)	(91,717)	(91,717)	-	639
Net change in fund balance	<u>\$ (84,338)</u>	<u>(22,107)</u>	<u>\$ 62,231</u>	74,180
Beginning fund balance		<u>268,273</u>		<u>194,093</u>
Ending fund balance		<u>\$ 246,166</u>		<u>\$ 268,273</u>

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>	2013			2012
	Budget	Actual	Variance	Actual
Revenues:				
Property taxes	\$ 302,580	\$ 303,871	\$ 1,291	\$ 270,749
Intergovernmental - PERS relief	-	769	769	791
Investment income	240	611	371	365
Other	13,000	13,224	224	13,050
Total revenues	315,820	318,475	2,655	284,955
Expenditures - emergency services:				
Administration	54,747	50,966	3,781	49,427
Fire services	245,361	138,774	106,587	119,067
Total expenditures	300,108	189,740	110,368	168,494
Excess of revenues over expenditures	15,712	128,735	113,023	116,461
Other financing sources (uses):				
Transfers in	-	2,845	2,845	-
Transfers out	-	-	-	(99,209)
Net other financing sources (uses)	-	2,845	2,845	(99,209)
Net change in fund balance	<u>\$ 15,712</u>	131,580	<u>\$ 115,868</u>	17,252
Beginning fund balance		<u>244,148</u>		<u>226,896</u>
Ending fund balance		<u>\$ 375,728</u>		<u>\$ 244,148</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>	2013			2012
	Budget	Actual	Variance	Actual
Revenues:				
Property taxes	\$ 1,853,260	\$ 1,865,457	\$ 12,197	\$ 1,709,026
Intergovernmental - PERS relief	-	3,874	3,874	4,760
Investment income	1,600	2,264	664	1,925
Other	23,000	32,812	9,812	33,062
Total revenues	1,877,860	1,904,407	26,547	1,748,773
Expenditures - emergency services:				
Administration	193,304	177,384	15,920	164,109
Fire services	1,491,647	1,207,374	284,273	1,024,674
Total expenditures	1,684,951	1,384,758	300,193	1,188,783
Excess of revenues over expenditures	192,909	519,649	326,740	559,990
Other financing sources (uses):				
Transfers in	-	56,350	56,350	78,572
Transfers out	(832,500)	(832,500)	-	(532,850)
Net other financing sources (uses)	(832,500)	(776,150)	56,350	(454,278)
Net change in fund balance	<u>\$ (639,591)</u>	<u>(256,501)</u>	<u>\$ 383,090</u>	105,712
Beginning fund balance		<u>1,254,307</u>		<u>1,148,595</u>
Ending fund balance		<u>\$ 997,806</u>		<u>\$ 1,254,307</u>

Matanuska-Susitna Borough, Alaska

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

<i>Years Ended June 30,</i>	2013			2012
	Budget	Actual	Variance	Actual
Revenues:				
Property taxes	\$ 359,830	\$ 354,407	\$ (5,423)	\$ 325,092
Intergovernmental - PERS relief	-	384	384	791
Investment income	560	935	375	704
Other	-	311	311	443
Total revenues	360,390	356,037	(4,353)	327,030
Expenditures - emergency services:				
Administration	56,758	56,752	6	56,298
Fire services	348,779	251,884	96,895	255,855
Total expenditures	405,537	308,636	96,901	312,153
Excess (deficiency) of revenues over expenditures	(45,147)	47,401	92,548	14,877
Other financing uses - transfers out	(1,319)	(1,319)	-	(26,492)
Net change in fund balance	\$ (46,466)	46,082	\$ 92,548	(11,615)
Beginning fund balance		423,008		434,623
Ending fund balance		\$ 469,090		\$ 423,008

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>	2013			2012
	Budget	Actual	Variance	Actual
Revenues:				
Property taxes	\$ 265,390	\$ 265,086	\$ (304)	\$ 241,434
Intergovernmental - PERS relief	-	384	384	260
Investment income	260	556	296	361
Other	-	69	69	-
Total revenues	265,650	266,095	445	242,055
Expenditures:				
Emergency services:				
Administration	18,732	16,291	2,441	17,413
Fire services	209,870	182,975	26,895	37,063
Total emergency services	228,602	199,266	29,336	54,476
Debt service	-	-	-	22
Total expenditures	228,602	199,266	29,336	54,498
Excess of revenues over expenditures	37,048	66,829	29,781	187,557
Other financing uses - transfers out	(946)	(946)	-	(200,493)
Net change in fund balance	<u>\$ 36,102</u>	65,883	<u>\$ 29,781</u>	(12,936)
Beginning fund balance		<u>221,385</u>		<u>234,321</u>
Ending fund balance		<u>\$ 287,268</u>		<u>\$ 221,385</u>

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

	Service Area								
	9 Midway Road	14 Fairview Road	15 Caswell Lake	16 South Colony	17 Knik Road	19 Lazy Mountain	20 Greater Willow	21 Big Lake Road	23 North Colony
<i>June 30, 2013</i>									
Assets									
Cash and investments	\$ 360,079	\$ 375,130	\$ 197,898	\$ 602,427	\$ 666,154	\$ 160,417	\$ 203,954	\$ 279,165	\$ 107,198
Receivables - property taxes	197,707	33,863	85,046	371,199	114,127	35,539	53,271	69,158	30,592
Total Assets	\$ 557,786	\$ 408,993	\$ 282,944	\$ 973,626	\$ 780,281	\$ 195,956	\$ 257,225	\$ 348,323	\$ 137,790
Liabilities, Deferred Inflows and Fund Balances									
Liabilities:									
Accounts payable	\$ 22,411	\$ 55,748	\$ 34,379	\$ 51,729	\$ 76,869	\$ 31,612	\$ 40,473	\$ 65,018	\$ 8,395
Loans payable to other funds	31,016	18,224	-	66,869	-	367	-	-	8,253
Total liabilities	53,427	73,972	34,379	118,598	76,869	31,979	40,473	65,018	16,648
Deferred inflows -									
Delinquent property taxes	186,959	27,138	75,428	361,459	94,760	33,660	40,752	60,706	29,685
Total liabilities and deferred inflows	240,386	101,110	109,807	480,057	171,629	65,639	81,225	125,724	46,333
Fund balances - assigned:									
Subsequent year expenditures	-	-	-	-	-	-	-	-	-
Subsequent year appropriations	150,000	-	-	200,000	-	50,000	12,500	150,000	-
Service areas	167,400	307,883	173,137	293,569	608,652	80,317	163,500	72,599	91,457
Total fund balances	317,400	307,883	173,137	493,569	608,652	130,317	176,000	222,599	91,457
Total Liabilities, Deferred Inflows and Fund Balances	\$ 557,786	\$ 408,993	\$ 282,944	\$ 973,626	\$ 780,281	\$ 195,956	\$ 257,225	\$ 348,323	\$ 137,790

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, 2013</i>								
Assets								
Cash and investments	\$ 775,884	\$ 396,480	\$ 458,413	\$ 650,776	\$ 208,599	\$ 133,897	\$ 128,975	\$ 5,705,446
Receivables - property taxes	78,535	78,230	106,519	100,339	29,326	27,144	26,070	1,436,665
Total Assets	\$ 854,419	\$ 474,710	\$ 564,932	\$ 751,115	\$ 237,925	\$ 161,041	\$ 155,045	\$ 7,142,111
Liabilities, Deferred Inflows and Fund Balances								
Liabilities:								
Accounts payable	\$ 52,151	\$ 15,563	\$ 58,548	\$ 125,017	\$ 37,938	\$ 37,887	\$ 32,543	\$ 746,281
Loans payable to other funds	61,987	3,484	-	37,366	-	-	1,672	229,238
Total liabilities	114,138	19,047	58,548	162,383	37,938	37,887	34,215	975,519
Deferred inflows -								
Delinquent property taxes	67,501	64,670	90,598	85,473	23,329	23,920	22,104	1,288,142
Total liabilities and deferred inflows	181,639	83,717	149,146	247,856	61,267	61,807	56,319	2,263,661
Fund balances - assigned:								
Subsequent year expenditures	-	-	-	-	6,160	-	-	6,160
Subsequent year appropriations	-	150,000	-	-	80,000	-	70,000	862,500
Service areas	672,780	240,993	415,786	503,259	90,498	99,234	28,726	4,009,790
Total fund balances	672,780	390,993	415,786	503,259	176,658	99,234	98,726	4,878,450
Total Liabilities, Deferred Inflows and Fund Balances	\$ 854,419	\$ 474,710	\$ 564,932	\$ 751,115	\$ 237,925	\$ 161,041	\$ 155,045	\$ 7,142,111

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, 2013</i>									
Revenues:									
Property taxes	\$ 1,488,566	\$ 801,048	\$ 565,226	\$ 1,285,109	\$ 2,276,319	\$ 237,403	\$ 841,146	\$ 1,126,894	\$ 159,817
Investment income	1,690	777	309	2,009	1,352	537	523	969	245
Miscellaneous income	-	-	-	-	-	-	5,000	-	-
Total revenues	1,490,256	801,825	565,535	1,287,118	2,277,671	237,940	846,669	1,127,863	160,062
Expenditures:									
Public services:									
Administration	174,029	80,525	89,332	138,528	239,887	23,147	100,487	149,504	19,442
Road service	365,811	372,446	356,195	694,389	1,038,480	130,823	391,250	705,804	98,425
Total public services	539,840	452,971	445,527	832,917	1,278,367	153,970	491,737	855,308	117,867
Debt service	493	290	-	1,062	-	6	-	-	131
Total expenditures	540,333	453,261	445,527	833,979	1,278,367	153,976	491,737	855,308	117,998
Excess of revenues over expenditures	949,923	348,564	120,008	453,139	999,304	83,964	354,932	272,555	42,064
Other financing uses - transfers out	(1,925,000)	(420,000)	(50,000)	(1,250,000)	(1,025,000)	(325,000)	(475,000)	(725,000)	(75,000)
Net change in fund balances	(975,077)	(71,436)	70,008	(796,861)	(25,696)	(241,036)	(120,068)	(452,445)	(32,936)
Beginning fund balances	1,292,477	379,319	103,129	1,290,430	634,348	371,353	296,068	675,044	124,393
Ending fund balances	\$ 317,400	\$ 307,883	\$ 173,137	\$ 493,569	\$ 608,652	\$ 130,317	\$ 176,000	\$ 222,599	\$ 91,457

Matanuska-Susitna Borough, Alaska

Road Service Areas Special Revenue Funds

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

Year Ended June 30, 2013	Service Area, continued							Totals
	25	26	27	28	29	30	31	
	Bogard Road	Greater Butte Road	Meadow Lakes Road	Gold Trail Road	Greater Talkeetna Road	Trapper Creek Road	Alpine Road	
Revenues:								
Property taxes	\$ 1,443,718	\$ 868,345	\$ 1,693,148	\$ 1,499,963	\$ 511,799	\$ 210,312	\$ 252,798	\$ 15,261,611
Investment income	1,972	1,282	1,611	1,506	392	234	319	15,727
Miscellaneous income	-	-	-	-	-	-	-	5,000
Total revenues	1,445,690	869,627	1,694,759	1,501,469	512,191	210,546	253,117	15,282,338
Expenditures:								
Public services:								
Administration	143,319	93,019	192,930	160,780	68,872	20,674	28,411	1,722,886
Road service	652,145	271,472	588,634	805,667	421,441	161,313	158,711	7,213,006
Total public services	795,464	364,491	781,564	966,447	490,313	181,987	187,122	8,935,892
Debt service	985	55	-	594	-	-	27	3,643
Total expenditures	796,449	364,546	781,564	967,041	490,313	181,987	187,149	8,939,535
Excess of revenues over expenditures	649,241	505,081	913,195	534,428	21,878	28,559	65,968	6,342,803
Other financing uses - transfers out	(1,075,000)	(980,000)	(1,625,000)	(800,000)	-	(25,000)	(150,000)	(10,925,000)
Net change in fund balances	(425,759)	(474,919)	(711,805)	(265,572)	21,878	3,559	(84,032)	(4,582,197)
Beginning fund balances	1,098,539	865,912	1,127,591	768,831	154,780	95,675	182,758	9,460,647
Ending fund balances	\$ 672,780	\$ 390,993	\$ 415,786	\$ 503,259	\$ 176,658	\$ 99,234	\$ 98,726	\$ 4,878,450

Matanuska-Susitna Borough, Alaska

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

<i>Years Ended June 30,</i>	2013			2012
	Budget	Actual	Variance	Actual
Revenues:				
Property taxes	\$ 1,463,820	\$ 1,488,566	\$ 24,746	\$ 1,392,022
Investment income	1,200	1,690	490	1,990
Total revenues	1,465,020	1,490,256	25,236	1,394,012
Expenditures:				
Public services:				
Administration	195,195	174,029	21,166	144,969
Road service	439,493	365,811	73,682	279,911
Total public services	634,688	539,840	94,848	424,880
Debt service	500	493	7	520
Total expenditures	635,188	540,333	94,855	425,400
Excess of revenues over expenditures	829,832	949,923	120,091	968,612
Other financing uses - transfers out	(1,925,000)	(1,925,000)	-	(800,000)
Net change in fund balance	\$ (1,095,168)	(975,077)	\$ 120,091	168,612
Beginning fund balance		1,292,477		1,123,865
Ending fund balance		\$ 317,400		\$ 1,292,477

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>	2013			2012
	Budget	Actual	Variance	Actual
Revenues:				
Property taxes	\$ 783,950	\$ 801,048	\$ 17,098	\$ 731,505
Investment income	430	777	347	623
Total revenues	784,380	801,825	17,445	732,128
Expenditures:				
Public services:				
Administration	90,322	80,525	9,797	76,890
Road service	421,024	372,446	48,578	290,631
Total public services	511,346	452,971	58,375	367,521
Debt service	290	290	-	305
Total expenditures	511,636	453,261	58,375	367,826
Excess of revenues over expenditures	272,744	348,564	75,820	364,302
Other financing sources (uses):				
Transfers in	-	-	-	12,087
Transfers out	(420,000)	(420,000)	-	(330,000)
Net other financing sources (uses)	(420,000)	(420,000)	-	(317,913)
Net change in fund balance	<u>\$ (147,256)</u>	<u>(71,436)</u>	<u>\$ 75,820</u>	46,389
Beginning fund balance		<u>379,319</u>		<u>332,930</u>
Ending fund balance		<u>\$ 307,883</u>		<u>\$ 379,319</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>	2013			2012
	Budget	Actual	Variance	Actual
Revenues:				
Property taxes	\$ 578,440	\$ 565,226	\$ (13,214)	\$ 512,124
Investment income	360	309	(51)	326
Total revenues	578,800	565,535	(13,265)	512,450
Expenditures - public services:				
Administration	100,197	89,332	10,865	85,391
Road service	420,232	356,195	64,037	368,786
Total expenditures	520,429	445,527	74,902	454,177
Excess of revenues over expenditures	58,371	120,008	61,637	58,273
Other financing sources (uses):				
Transfers in	-	-	-	108
Transfers out	(50,000)	(50,000)	-	(220,000)
Net other financing sources (uses)	(50,000)	(50,000)	-	(219,892)
Net change in fund balance	<u>\$ 8,371</u>	<u>70,008</u>	<u>\$ 61,637</u>	<u>(161,619)</u>
Beginning fund balance		<u>103,129</u>		<u>264,748</u>
Ending fund balance		<u>\$ 173,137</u>		<u>\$ 103,129</u>

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

<i>Years Ended June 30,</i>	2013			2012
	Budget	Actual	Variance	Actual
Revenues:				
Property taxes	\$ 1,247,600	\$ 1,285,109	\$ 37,509	\$ 1,258,824
Investment income	1,600	2,009	409	2,130
Total revenues	1,249,200	1,287,118	37,918	1,260,954
Expenditures:				
Public services:				
Administration	155,377	138,528	16,849	135,076
Road service	923,817	694,389	229,428	636,168
Total public services	1,079,194	832,917	246,277	771,244
Debt service	1,070	1,062	8	1,121
Total expenditures	1,080,264	833,979	246,285	772,365
Excess of revenues over expenditures	168,936	453,139	284,203	488,589
Other financing uses - transfers out	(1,250,000)	(1,250,000)	-	(340,000)
Net change in fund balance	\$ (1,081,064)	(796,861)	\$ 284,203	148,589
Beginning fund balance		1,290,430		1,141,841
Ending fund balance		\$ 493,569		\$ 1,290,430

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>	2013			2012
	Budget	Actual	Variance	Actual
Revenues:				
Property taxes	\$ 2,276,160	\$ 2,276,319	\$ 159	\$ 2,093,445
Investment income	720	1,352	632	1,266
Total revenues	2,276,880	2,277,671	791	2,094,711
Expenditures - public services:				
Administration	269,063	239,887	29,176	266,785
Road service	1,268,019	1,038,480	229,539	906,642
Total expenditures	1,537,082	1,278,367	258,715	1,173,427
Excess of revenues over expenditures	739,798	999,304	259,506	921,284
Other financing sources (uses):				
Transfers in	-	-	-	8,408
Transfers out	(1,025,000)	(1,025,000)	-	(810,000)
Net other financing sources (uses)	(1,025,000)	(1,025,000)	-	(801,592)
Net change in fund balance	<u>\$ (285,202)</u>	<u>(25,696)</u>	<u>\$ 259,506</u>	119,692
Beginning fund balance		<u>634,348</u>		<u>514,656</u>
Ending fund balance		<u>\$ 608,652</u>		<u>\$ 634,348</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>	2013			2012
	Budget	Actual	Variance	Actual
Revenues:				
Property taxes	\$ 229,880	\$ 237,403	\$ 7,523	\$ 230,475
Investment income	360	537	177	565
Total revenues	230,240	237,940	7,700	231,040
Expenditures:				
Public services:				
Administration	25,962	23,147	2,815	23,155
Road service	143,633	130,823	12,810	90,002
Total public services	169,595	153,970	15,625	113,157
Debt service	10	6	4	6
Total expenditures	169,605	153,976	15,629	113,163
Excess of revenues over expenditures	60,635	83,964	23,329	117,877
Other financing uses - transfers out	(325,000)	(325,000)	-	(70,000)
Net change in fund balance	<u>\$ (264,365)</u>	<u>(241,036)</u>	<u>\$ 23,329</u>	47,877
Beginning fund balance		<u>371,353</u>		<u>323,476</u>
Ending fund balance		<u>\$ 130,317</u>		<u>\$ 371,353</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>	2013			2012
	Budget	Actual	Variance	Actual
Revenues:				
Property taxes	\$ 842,500	\$ 841,146	\$ (1,354)	\$ 774,606
Investment income	330	523	193	511
Other	-	5,000	5,000	-
Total revenues	842,830	846,669	3,839	775,117
Expenditures - public services:				
Administration	112,709	100,487	12,222	88,376
Road service	489,684	391,250	98,434	401,624
Total expenditures	602,393	491,737	110,656	490,000
Excess of revenues over expenditures	240,437	354,932	114,495	285,117
Other financing sources (uses):				
Transfers in	-	-	-	836
Transfers out	(475,000)	(475,000)	-	(295,000)
Net other financing sources (uses)	(475,000)	(475,000)	-	(294,164)
Net change in fund balance	<u>\$ (234,563)</u>	<u>(120,068)</u>	<u>\$ 114,495</u>	<u>(9,047)</u>
Beginning fund balance		<u>296,068</u>		<u>305,115</u>
Ending fund balance		<u>\$ 176,000</u>		<u>\$ 296,068</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>	2013			2012
	Budget	Actual	Variance	Actual
Revenues:				
Property taxes	\$ 1,122,370	\$ 1,126,894	\$ 4,524	\$ 1,112,427
Investment income	910	969	59	1,157
Total revenues	1,123,280	1,127,863	4,583	1,113,584
Expenditures - public services:				
Administration	167,687	149,504	18,183	142,686
Road service	731,343	705,804	25,539	552,989
Total expenditures	899,030	855,308	43,722	695,675
Excess of revenues over expenditures	224,250	272,555	48,305	417,909
Other financing uses - transfers out	(725,000)	(725,000)	-	(476,000)
Net change in fund balance	\$ (500,750)	(452,445)	\$ 48,305	(58,091)
Beginning fund balance		675,044		733,135
Ending fund balance		\$ 222,599		\$ 675,044

Matanuska-Susitna Borough, Alaska

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

<i>Years Ended June 30,</i>	2013			2012
	Budget	Actual	Variance	Actual
Revenues:				
Property taxes	\$ 160,920	\$ 159,817	\$ (1,103)	\$ 140,346
Investment income	120	245	125	203
Total revenues	161,040	160,062	(978)	140,549
Expenditures:				
Public services:				
Administration	21,807	19,442	2,365	17,170
Road service	120,764	98,425	22,339	82,240
Total public services	142,571	117,867	24,704	99,410
Debt service	140	131	9	138
Total expenditures	142,711	117,998	24,713	99,548
Excess of revenues over expenditures	18,329	42,064	23,735	41,001
Other financing uses - transfers out	(75,000)	(75,000)	-	(18,000)
Net change in fund balance	<u>\$ (56,671)</u>	<u>(32,936)</u>	<u>\$ 23,735</u>	23,001
Beginning fund balance		<u>124,393</u>		<u>101,392</u>
Ending fund balance		<u>\$ 91,457</u>		<u>\$ 124,393</u>

Matanuska-Susitna Borough, Alaska

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

<i>Years Ended June 30,</i>	2013			2012
	Budget	Actual	Variance	Actual
Revenues:				
Property taxes	\$ 1,419,390	\$ 1,443,718	\$ 24,328	\$ 1,360,492
Investment income	970	1,972	1,002	1,678
Total revenues	1,420,360	1,445,690	25,330	1,362,170
Expenditures:				
Public services:				
Administration	160,750	143,319	17,431	142,078
Road service	901,005	652,145	248,860	486,038
Total public services	1,061,755	795,464	266,291	628,116
Debt service	1,100	985	115	1,039
Total expenditures	1,062,855	796,449	266,406	629,155
Excess of revenues over expenditures	357,505	649,241	291,736	733,015
Other financing uses - transfers out	(1,075,000)	(1,075,000)	-	(440,000)
Net change in fund balance	\$ (717,495)	(425,759)	\$ 291,736	293,015
Beginning fund balance		1,098,539		805,524
Ending fund balance		\$ 672,780		\$ 1,098,539

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>	2013			2012
	Budget	Actual	Variance	Actual
Revenues:				
Property taxes	\$ 854,030	\$ 868,345	\$ 14,315	\$ 809,031
Investment income	830	1,282	452	1,317
Total revenues	854,860	869,627	14,767	810,348
Expenditures:				
Public services:				
Administration	104,332	93,019	11,313	90,284
Road service	440,853	271,472	169,381	237,125
Total public services	545,185	364,491	180,694	327,409
Debt service	60	55	5	58
Total expenditures	545,245	364,546	180,699	327,467
Excess of revenues over expenditures	309,615	505,081	195,466	482,881
Other financing uses - transfers out	(980,000)	(980,000)	-	(360,000)
Net change in fund balance	<u>\$ (670,385)</u>	<u>(474,919)</u>	<u>\$ 195,466</u>	122,881
Beginning fund balance		<u>865,912</u>		<u>743,031</u>
Ending fund balance		<u>\$ 390,993</u>		<u>\$ 865,912</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

<i>Years Ended June 30,</i>	2013			2012
	Budget	Actual	Variance	Actual
Revenues:				
Property taxes	\$ 1,686,380	\$ 1,693,148	\$ 6,768	\$ 1,555,287
Investment income	1,100	1,611	511	1,694
Total revenues	1,687,480	1,694,759	7,279	1,556,981
Expenditures - public services:				
Administration	216,394	192,930	23,464	173,708
Road service	781,106	588,634	192,472	572,217
Total expenditures	997,500	781,564	215,936	745,925
Excess of revenues over expenditures	689,980	913,195	223,215	811,056
Other financing sources (uses):				
Transfers in	-	-	-	207
Transfers out	(1,625,000)	(1,625,000)	-	(630,000)
Net other financing sources (uses)	(1,625,000)	(1,625,000)	-	(629,793)
Net change in fund balance	\$ (935,020)	(711,805)	\$ 223,215	181,263
Beginning fund balance		1,127,591		946,328
Ending fund balance		\$ 415,786		\$ 1,127,591

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>	2013			2012
	Budget	Actual	Variance	Actual
Revenues:				
Property taxes	\$ 1,480,430	\$ 1,499,963	\$ 19,533	\$ 1,468,589
Investment income	790	1,506	716	1,223
Total revenues	1,481,220	1,501,469	20,249	1,469,812
Expenditures:				
Public services:				
Administration	180,335	160,780	19,555	161,656
Road service	970,337	805,667	164,670	704,590
Total public services	1,150,672	966,447	184,225	866,246
Debt service	600	594	6	626
Total expenditures	1,151,272	967,041	184,231	866,872
Excess of revenues over expenditures	329,948	534,428	204,480	602,940
Other financing sources (uses):				
Transfers in	-	-	-	599
Transfers out	(800,000)	(800,000)	-	(430,000)
Net other financing sources (uses)	(800,000)	(800,000)	-	(429,401)
Net change in fund balance	\$ (470,052)	(265,572)	\$ 204,480	173,539
Beginning fund balance		768,831		595,292
Ending fund balance		\$ 503,259		\$ 768,831

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,	2013			2012
	Budget	Actual	Variance	Actual
Revenues:				
Property taxes	\$ 513,030	\$ 511,799	\$ (1,231)	\$ 454,331
Investment income	290	392	102	324
Total revenues	513,320	512,191	(1,129)	454,655
Expenditures - public services:				
Administration	77,249	68,872	8,377	70,955
Road service	440,887	421,441	19,446	390,796
Total expenditures	518,136	490,313	27,823	461,751
Excess (deficiency) of revenues over expenditures	(4,816)	21,878	26,694	(7,096)
Other financing sources (uses):				
Transfers in	-	-	-	2,305
Transfers out	-	-	-	(35,000)
Net other financing sources (uses)	-	-	-	(32,695)
Net change in fund balance	<u>\$ (4,816)</u>	21,878	<u>\$ 26,694</u>	(39,791)
Beginning fund balance		<u>154,780</u>		<u>194,571</u>
Ending fund balance		<u>\$ 176,658</u>		<u>\$ 154,780</u>

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>	2013			2012
	Budget	Actual	Variance	Actual
Revenues:				
Property taxes	\$ 215,650	\$ 210,312	\$ (5,338)	\$ 183,722
Investment income	150	234	84	172
Total revenues	215,800	210,546	(5,254)	183,894
Expenditures - public services:				
Administration	23,189	20,674	2,515	20,571
Road service	164,587	161,313	3,274	110,066
Total expenditures	187,776	181,987	5,789	130,637
Excess of revenues over expenditures	28,024	28,559	535	53,257
Other financing uses - transfers out	(25,000)	(25,000)	-	(65,000)
Net change in fund balance	<u>\$ 3,024</u>	<u>3,559</u>	<u>\$ 535</u>	<u>(11,743)</u>
Beginning fund balance		<u>95,675</u>		<u>107,418</u>
Ending fund balance		<u>\$ 99,234</u>		<u>\$ 95,675</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>	2013			2012
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Property taxes	\$ 255,950	\$ 252,798	\$ (3,152)	\$ 234,952
Investment income	190	319	129	289
Total revenues	256,140	253,117	(3,023)	235,241
Expenditures:				
Public services:				
Administration	31,866	28,411	3,455	27,238
Road service	177,421	158,711	18,710	130,452
Total public services	209,287	187,122	22,165	157,690
Debt service	30	27	3	28
Total expenditures	209,317	187,149	22,168	157,718
Excess of revenues over expenditures	46,823	65,968	19,145	77,523
Other financing sources (uses):				
Transfers in	-	-	-	121
Transfers out	(150,000)	(150,000)	-	(60,000)
Net other financing sources (uses)	(150,000)	(150,000)	-	(59,879)
Net change in fund balance	<u>\$ (103,177)</u>	<u>(84,032)</u>	<u>\$ 19,145</u>	17,644
Beginning fund balance		<u>182,758</u>		<u>165,114</u>
Ending fund balance		<u>\$ 98,726</u>		<u>\$ 182,758</u>

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

<i>June 30,</i>	2013	2012
Assets		
Cash and investments	\$ 6,969,657	\$ 6,623,152
Land sales contracts receivable:		
Current	9,526	17,414
Delinquent	260,218	233,313
Unbilled	189,600	315,800
Total land sales contracts receivable	459,344	566,527
Less allowance for uncollectible contracts	(260,218)	(233,313)
Net land sales contracts receivable	199,126	333,214
Interfund note receivable from Port Enterprise Fund	70,179	236,079
Total Assets	\$ 7,238,962	\$ 7,192,445
Liabilities, Deferred Inflows and Fund Balance		
Liabilities:		
Accounts payable	\$ 76,031	\$ 51,524
Deposits	78,024	64,598
Total liabilities	154,055	116,122
Deferred inflows - land sales receivables not yet due	189,600	315,800
Total liabilities and deferred inflows	343,655	431,922
Fund balance:		
Nonspendable:		
Interfund note receivable	-	70,179
Committed:		
Land management	5,914,633	5,649,183
Compensated absences	10,000	10,000
Assigned:		
Subsequent year expenditures	800,093	322,426
Land management	100,402	542,835
Interfund note receivable, current portion	70,179	165,900
Total fund balance	6,895,307	6,760,523
Total Liabilities, Deferred Inflows and Fund Balance	\$ 7,238,962	\$ 7,192,445

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>	2013			2012
	Budget	Actual	Variance	Actual
Revenues:				
Intergovernmental - PERS relief	\$ -	\$ 23,642	\$ 23,642	\$ 24,766
Land sales and leases	918,604	775,542	(143,062)	619,470
Management fees	8,000	5,425	(2,575)	5,425
User fees	3,000	3,328	328	2,885
Investment income	16,500	21,252	4,752	23,646
Interest on land sales	45,000	25,332	(19,668)	42,442
Other	2,000	2,110	110	2,189
Total revenues	993,104	856,631	(136,473)	720,823
Expenditures - public services:				
Land management and development	679,813	337,864	341,949	377,266
Community development administration	237,313	102,065	135,248	147,480
Total expenditures	917,126	439,929	477,197	524,746
Less recovery of expenditures from other funds	-	-	-	(8,589)
Net expenditures	917,126	439,929	477,197	516,157
Excess of revenues over expenditures	75,978	416,702	340,724	204,666
Other financing sources (uses):				
Transfers in	-	1,486	1,486	527
Transfers out	(283,404)	(283,404)	-	(358,465)
Net other financing sources (uses)	(283,404)	(281,918)	1,486	(357,938)
Net change in fund balance	\$ (207,426)	134,784	\$ 342,210	(153,272)
Beginning fund balance		6,760,523		6,913,795
Ending fund balance		\$ 6,895,307		\$ 6,760,523

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Debt Service Funds

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

<i>June 30,</i>	2013	2012
Assets		
Cash and investments	\$ 758,042	\$ 1,004,897
Fund Balance		
Fund balance - assigned - debt service	\$ 758,042	\$ 1,004,897

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

<i>Years Ended June 30,</i>	2013	2012
Expenditures:		
Redemption of principal	\$ 16,675,000	\$ 12,635,000
Interest	11,221,855	8,374,184
Bond issuance costs	-	78,444
Total expenditures	27,896,855	21,087,628
Deficiency of revenues over expenditures	(27,896,855)	(21,087,628)
Other financing sources (uses):		
Transfers in	27,650,000	21,024,787
Bond issuance	-	8,710,000
Premium on bond issuance	-	1,277,345
Payment to refunded bond escrow agent	-	(9,906,439)
Net other financing sources (uses)	27,650,000	21,105,693
Net change in fund balance	(246,855)	18,065
Beginning fund balance	1,004,897	986,832
Ending fund balance	\$ 758,042	\$ 1,004,897

Matanuska-Susitna Borough, Alaska

Nonmajor Debt Service Funds

Combining Balance Sheet

<i>June 30, 2013</i>	Public Safety Building 61	Public Safety Building 51	Public Safety Building 62	Parks and Recreation	Animal Control	Transpor- tation System	Totals
Assets							
Cash and investments	\$ 42,139	\$ 544,000	\$ 185,000	\$ 36,451	\$ 19,834	\$ 244,757	\$ 1,072,181
Restricted cash - debt retirement	518,723	-	-	-	565,716	-	1,084,439
Total Assets	\$ 560,862	\$ 544,000	\$ 185,000	\$ 36,451	\$ 585,550	\$ 244,757	\$ 2,156,620
Fund Balances							
Fund balances:							
Restricted - debt service	\$ 518,723	\$ -	\$ -	\$ -	\$ 565,716	\$ -	\$ 1,084,439
Assigned - debt service	42,139	544,000	185,000	36,451	19,834	244,757	1,072,181
Total Fund Balances	\$ 560,862	\$ 544,000	\$ 185,000	\$ 36,451	\$ 585,550	\$ 244,757	\$ 2,156,620

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

<i>Year Ended June 30, 2013</i>	Public Safety Building 61	Public Safety Building 51	Public Safety Building 62	Parks and Recreation	Animal Control	Transpor- tation System	Totals
Revenues - investment income	\$ 152	\$ -	\$ -	\$ -	\$ 35	\$ -	\$ 187
Expenditures:							
Redemption of principal	415,000	-	-	225,000	330,000	-	970,000
Interest	104,075	-	-	114,200	235,055	133,852	587,182
Total expenditures	519,075	-	-	339,200	565,055	133,852	1,557,182
Deficiency of revenues over expenditures	(518,923)	-	-	(339,200)	(565,020)	(133,852)	(1,556,995)
Other financing sources - transfers in	520,000	130,000	185,000	340,000	565,000	378,609	2,118,609
Net change in fund balances	1,077	130,000	185,000	800	(20)	244,757	561,614
Beginning fund balances	559,785	414,000	-	35,651	585,570	-	1,595,006
Ending fund balances	\$ 560,862	\$ 544,000	\$ 185,000	\$ 36,451	\$ 585,550	\$ 244,757	\$ 2,156,620

Capital Project Funds

Matanuska-Susitna Borough, Alaska
School Projects Capital Project Fund
Balance Sheet

<i>June 30,</i>	2013	2012
Assets		
Cash and investments	\$ 18,345,658	\$ 15,163,273
Receivables:		
Intergovernmental	2,938,250	1,011,219
Accrued interest	331,841	280,164
Total receivables	3,270,091	1,291,383
Restricted cash	119,971,539	130,837,373
Total Assets	\$ 141,587,288	\$ 147,292,029
Liabilities and Fund Balance		
Liabilities:		
Accounts, contracts and retentions payable	\$ 8,848,224	\$ 4,050,557
Payable to School District	1,352,343	-
Unearned revenue	143,241	16,197
Total liabilities	10,343,808	4,066,754
Fund balance:		
Restricted for school construction	119,971,539	130,837,373
Assigned for capital projects	11,271,941	12,387,902
Total fund balance	131,243,480	143,225,275
Total Liabilities and Fund Balance	\$ 141,587,288	\$ 147,292,029

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

<i>Years Ended June 30,</i>	2013	2012
Revenues:		
Intergovernmental	\$ 6,319,045	\$ 3,109,452
Investment income	224,394	91,928
Total revenues	6,543,439	3,201,380
Expenditures:		
Education	4,486,868	3,129,302
Debt service	204,237	787,052
Capital outlay	28,952,254	10,421,741
Total expenditures	33,643,359	14,338,095
Deficiency of revenues over expenditures	(27,099,920)	(11,136,715)
Other financing sources (uses):		
Transfers in	-	1,572,965
Transfers out	(389,542)	(25,315)
Bond issuance	13,290,000	91,770,000
Premium on bond issuance	2,217,667	9,414,383
Net other financing sources (uses)	15,118,125	102,732,033
Net change in fund balance	(11,981,795)	91,595,318
Beginning fund balance	143,225,275	51,629,957
Ending fund balance	\$ 131,243,480	\$ 143,225,275

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

<i>June 30,</i>	2013	2012
Assets		
Receivables - intergovernmental	\$ 11,177,694	\$ 5,469,351
Liabilities and Fund Balance		
Liabilities:		
Accounts, contracts and retentions payable	\$ 4,838,911	\$ 2,141,827
Due to General Fund	5,286,080	2,520,453
Total liabilities	10,124,991	4,662,280
Fund balance - assigned for capital projects	1,052,703	807,071
Total Liabilities and Fund Balance	\$ 11,177,694	\$ 5,469,351

Matanuska-Susitna Borough, Alaska

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

<i>Years Ended June 30,</i>	2013	2012
Revenues - intergovernmental	\$ 24,760,358	\$ 15,981,650
Expenditures:		
Public services	-	16,338
Capital outlay	24,830,726	16,182,040
Total expenditures	24,830,726	16,198,378
Deficiency of revenues over expenditures	(70,368)	(216,728)
Other financing sources - transfers in	316,000	750,000
Net change in fund balance	245,632	533,272
Beginning fund balance	807,071	273,799
Ending fund balance	\$ 1,052,703	\$ 807,071

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Matanuska-Susitna Borough, Alaska

Nonmajor Capital Project Funds
Combining Balance Sheet

<i>June 30, 2013</i>	Sewage Facility	Fire Protection	Road Service Area Repairs	Ambulance and Emergency Services	Roads and Bridges	Borough Facilities	Cultural and Recreational	Misc- ellaneous	Pass- through Grants	Totals
Assets										
Cash and investments	\$ 16,750	\$ 7,231,480	\$ 18,222,036	\$ 902,763	\$ -	\$ 2,458,482	\$ 1,223,266	\$ 8,142,093	\$ 1,373,116	\$ 39,569,986
Receivables:										
Intergovernmental	-	32,409	1,161,004	20,432	8,563,455	140,000	-	557,025	21,584	10,495,909
Other	-	-	-	4,454	-	-	-	-	-	4,454
Prepaid items	-	1,097	-	-	-	-	-	-	-	1,097
Restricted cash	-	-	-	-	11,440,690	-	-	-	-	11,440,690
Total Assets	\$ 16,750	\$ 7,264,986	\$ 19,383,040	\$ 927,649	\$ 20,004,145	\$ 2,598,482	\$ 1,223,266	\$ 8,699,118	\$ 1,394,700	\$ 61,512,136
Liabilities and Fund Balances										
Liabilities:										
Accounts, contracts and retentions payable	\$ -	\$ 136,884	\$ 843,466	\$ 54,590	\$ 1,309,320	\$ 419,903	\$ 104,800	\$ 529,456	\$ -	\$ 3,398,419
Due to General Fund	-	-	-	-	5,496,463	-	-	-	-	5,496,463
Unearned revenue	-	37,735	393,488	-	-	-	-	361,398	1,394,700	2,187,321
Total liabilities	-	174,619	1,236,954	54,590	6,805,783	419,903	104,800	890,854	1,394,700	11,082,203
Fund balances:										
Nonspendable - prepaid items	-	1,097	-	-	-	-	-	-	-	1,097
Restricted - transportation	-	-	-	-	11,440,690	-	-	-	-	11,440,690
Assigned - capital projects	16,750	7,089,270	18,146,086	873,059	1,757,672	2,178,579	1,118,466	7,808,264	-	38,988,146
Total fund balances	16,750	7,090,367	18,146,086	873,059	13,198,362	2,178,579	1,118,466	7,808,264	-	50,429,933
Total Liabilities and Fund Balances	\$ 16,750	\$ 7,264,986	\$ 19,383,040	\$ 927,649	\$ 20,004,145	\$ 2,598,482	\$ 1,223,266	\$ 8,699,118	\$ 1,394,700	\$ 61,512,136

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

<i>Year Ended June 30, 2013</i>	Sewage Facility	Fire Protection	Road Service Area Repairs	Ambulance and Emergency Services	Roads and Bridges	Borough Facilities	Cultural and Recreational	Major Maint- enance	Misc- ellaneous	Pass- through Grants	Totals
Revenues:											
Intergovernmental	\$ 259,022	\$ 419,335	\$ 2,842,144	\$ 141,563	\$ 6,634,494	\$ 206,626	\$ 50,550	\$ -	\$ 1,506,651	\$ 918,460	\$ 12,978,845
Other	-	-	-	-	20,349	-	3,545	-	7,494	14,387	45,775
Total revenues	259,022	419,335	2,842,144	141,563	6,654,843	206,626	54,095	-	1,514,145	932,847	13,024,620
Expenditures:											
General government	-	-	-	-	-	-	-	-	1,726,224	-	1,726,224
Emergency services	-	1,020,483	-	1,563,544	-	-	-	-	86,224	-	2,670,251
Public services	-	-	5,216,683	-	210,043	2,200	497,193	-	1,835,502	1,299,983	9,061,604
Capital outlay	290,014	3,582,029	2,774,638	351,562	8,395,388	5,854,627	645,770	-	435,697	-	22,329,725
Total expenditures	290,014	4,602,512	7,991,321	1,915,106	8,605,431	5,856,827	1,142,963	-	4,083,647	1,299,983	35,787,804
Excess (deficiency) of revenues over expenditures	(30,992)	(4,183,177)	(5,149,177)	(1,773,543)	(1,950,588)	(5,650,201)	(1,088,868)	-	(2,569,502)	(367,136)	(22,763,184)
Other financing sources (uses):											
Bond issuance	-	-	-	-	11,175,000	-	-	-	-	-	11,175,000
Premium on bond issuance	-	-	-	-	1,937,380	-	-	-	-	-	1,937,380
Transfers in	-	4,898,704	12,538,401	1,275,000	1,103,410	960,000	390,000	-	2,535,667	130,000	23,831,182
Transfers out	-	(82,697)	-	(49,030)	(82,195)	(40,161)	(1,503)	(3)	(324,892)	(371)	(580,852)
Net other financing sources (uses)	-	4,816,007	12,538,401	1,225,970	14,133,595	919,839	388,497	(3)	2,210,775	129,629	36,362,710
Net change in fund balances	(30,992)	632,830	7,389,224	(547,573)	12,183,007	(4,730,362)	(700,371)	(3)	(358,727)	(237,507)	13,599,526
Beginning fund balances	47,742	6,457,537	10,756,862	1,420,632	1,015,355	6,908,941	1,818,837	3	8,166,991	237,507	36,830,407
Ending fund balances	\$ 16,750	\$ 7,090,367	\$ 18,146,086	\$ 873,059	\$ 13,198,362	\$ 2,178,579	\$ 1,118,466	\$ -	\$ 7,808,264	\$ -	\$ 50,429,933

Matanuska-Susitna Borough, Alaska

Capital Projects

Project Length of Construction Projects

<i>Beginning of Projects to June 30, 2013</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	\$ 617,471,987	\$ 59,133,014	\$ 131,576,093	\$ 15,595,671	\$ 27,951,119	\$ 30,441,606	\$ 126,049,795	\$ 60,293,570
Revenues and other financing sources:								
Intergovernmental	\$ 57,876,413	\$ 11,807,795	\$ 35,741,707	\$ 14,210,904	\$ 7,431,954	\$ 16,158,995	\$ 56,285,925	\$ 20,847,278
LID bonds	-	-	186,095	-	-	-	-	-
Other	537,065,691	5,145,459	969,713	100,000	-	822,356	13,164,640	8,356,224
Transfers from other funds	27,679,486	40,766,773	78,024,851	451,043	12,851,979	13,419,457	5,585,007	28,541,628
Total Revenues and Other Financing Sources	\$ 622,621,590	\$ 57,720,027	\$ 114,922,366	\$ 14,761,947	\$ 20,283,933	\$ 30,400,808	\$ 75,035,572	\$ 57,745,130
Expenditures and other financing uses:								
Capital projects	\$ 488,892,146	\$ 49,530,976	\$ 95,744,329	\$ 14,684,472	\$ 18,476,353	\$ 29,097,971	\$ 61,656,220	\$ 53,696,129
Transfers to other funds	2,485,964	1,098,684	1,031,951	60,725	406,604	429,778	180,990	1,870,422
Total Expenditures and Other Financing Uses	\$ 491,378,110	\$ 50,629,660	\$ 96,776,280	\$ 14,745,197	\$ 18,882,957	\$ 29,527,749	\$ 61,837,210	\$ 55,566,551

Matanuska-Susitna Borough, Alaska

Capital Projects

Project Length of Construction Projects, continued

<i>Beginning of Projects to June 30, 2013</i>	Cultural and Recreational	Port	Pass- Through Grants	Miscellaneous	Infra- structure	Maintenance	Totals
Total Project Authorizations	\$ 13,984,054	\$ 60,958,651	\$ 11,814,600	\$ 78,265,586	\$ 147,697,524	\$ 1,149,094	\$ 1,382,382,364
Revenues and other financing sources:							
Intergovernmental	\$ 2,770,498	\$ 30,285,842	\$ 8,793,959	\$ 29,185,730	\$ 68,563,020	\$ -	\$ 359,960,020
LID bonds	-	-	-	-	-	-	186,095
Other	4,474,078	13,257,570	14,388	1,299,491	-	-	584,669,610
Transfers from other funds	6,778,135	6,945,136	1,611,553	47,086,893	1,641,000	1,111,719	272,494,660
Total Revenues and Other Financing Sources	\$ 14,022,711	\$ 50,488,548	\$ 10,419,900	\$ 77,572,114	\$ 70,204,020	\$ 1,111,719	\$ 1,217,310,385
Expenditures and other financing uses:							
Capital projects	\$ 12,665,539	\$ 47,143,713	\$ 10,383,807	\$ 66,744,839	\$ 69,151,317	\$ 1,070,827	\$ 1,018,938,638
Transfers to other funds	238,706	1,251,943	36,093	3,019,011	-	40,892	12,151,763
Total Expenditures and Other Financing Uses	\$ 12,904,245	\$ 48,395,656	\$ 10,419,900	\$ 69,763,850	\$ 69,151,317	\$ 1,111,719	\$ 1,031,090,401

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Enterprise Funds

Matanuska-Susitna Borough, Alaska

Solid Waste Enterprise Fund
Statement of Net Position

<i>June 30,</i>	2013	2012
Assets		
Current assets:		
Receivables:		
Accounts	\$ 350,867	\$ 245,078
Intergovernmental	4,547	154,086
Total current assets	355,414	399,164
Noncurrent assets:		
Restricted cash - landfill closure	2,243,072	2,238,595
Property, plant and equipment:		
Buildings	2,411,634	2,319,227
Improvements other than buildings	1,734,469	1,734,469
Equipment	2,096,319	1,788,301
Landfill cells	4,519,944	4,519,944
Construction in progress	8,424,157	8,273,766
Total property, plant and equipment	19,186,523	18,635,707
Accumulated depreciation and amortization	(3,417,337)	(3,191,843)
Net property, plant and equipment	15,769,186	15,443,864
Total noncurrent assets	18,012,258	17,682,459
Total Assets	\$ 18,367,672	\$ 18,081,623
Liabilities and Net Position		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 251,698	\$ 455,694
Accrued leave	77,799	69,869
Accrued interest payable	181,252	139,728
Unearned revenue	1	-
Due to General Fund	998,642	1,848,946
Current portion of loans payable	88,097	127,305
Total current liabilities	1,597,489	2,641,542
Noncurrent liabilities:		
Loans payable	4,346,365	4,434,462
Landfill closure costs payable	3,876,843	3,522,995
Total noncurrent liabilities	8,223,208	7,957,457
Total liabilities	9,820,697	10,598,999
Net position:		
Net investment in capital assets	11,334,724	10,882,097
Unrestricted (deficit)	(2,787,749)	(3,399,473)
Total net position	8,546,975	7,482,624
Total Liabilities and Net Position	\$ 18,367,672	\$ 18,081,623

Matanuska-Susitna Borough, Alaska

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

<i>Years Ended June 30,</i>	2013	2012
Operating revenues - charges for services	\$ 5,586,782	\$ 4,268,602
Operating expenses - public service:		
Landfill operations	2,714,920	2,717,962
Transfer sites	1,750,565	1,666,683
Depreciation and amortization	225,494	336,418
Allocated administrative and billing expenses	50,089	50,717
Total operating expenses	4,741,068	4,771,780
Operating income (loss)	845,714	(503,178)
Nonoperating revenues (expenses):		
Investment income	4,477	3,576
Intergovernmental - PERS relief	106,856	83,454
Interest expense	(59,815)	(54,639)
Miscellaneous income	678	4,015
Net nonoperating revenues (expenses)	52,196	36,406
Income (loss) before capital contributions	897,910	(466,772)
Capital contributions	166,441	173,426
Change in net position	1,064,351	(293,346)
Beginning net position	7,482,624	7,775,970
Ending net position	\$ 8,546,975	\$ 7,482,624

Matanuska-Susitna Borough, Alaska

Solid Waste Enterprise Fund

Statement of Cash Flows

<i>Years Ended June 30,</i>	2013	2012
Cash Flows from Operating Activities		
Receipts from customers	\$ 5,481,672	\$ 4,240,616
Payments to suppliers	(3,329,984)	(2,281,662)
Payments to employees	(870,863)	(1,496,042)
Payments for interfund services used	(50,089)	(50,717)
Net cash flows from operating activities	1,230,736	412,195
Cash Flows from Capital and Related Financing Activities		
Purchases of property, plant and equipment	(550,816)	(576,277)
Principal and interest paid on loans	(145,596)	(57,964)
Capital contributions received	315,980	1,897,454
Increase (decrease) in due to General Fund	(850,304)	(1,675,408)
Net cash flows from capital and related financing activities	(1,230,736)	(412,195)
Cash Flows from Investing Activities		
Investment income received	4,477	3,576
Net increase in cash and investments	4,477	3,576
Cash and Investments at beginning of year	2,238,595	2,235,019
Cash and Investments at end of year	\$ 2,243,072	\$ 2,238,595
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 845,714	\$ (503,178)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:		
Miscellaneous nonoperating revenue	678	4,015
Depreciation and amortization	225,494	336,418
Noncash expense - PERS relief	106,856	83,454
(Increase) decrease in assets - accounts receivable	(105,789)	(23,120)
Increase (decrease) in liabilities:		
Accounts payable	(203,996)	197,527
Accrued leave	7,930	3,845
Unearned revenue	1	(8,881)
Landfill closure costs payable	353,848	322,115
Net cash flows from operating activities	\$ 1,230,736	\$ 412,195

Matanuska-Susitna Borough, Alaska

Port Enterprise Fund
Statement of Net Position

<i>June 30,</i>	2013	2012
Assets and Deferred Outflows		
Current assets:		
Intergovernmental accounts receivable	\$ 468,584	\$ 613,723
Prepaid items	-	21,100
Inventory	765	765
Total current assets	469,349	635,588
Noncurrent assets:		
Ferry vessel	7,098,884	-
Property, plant and equipment:		
Buildings	7,948,617	7,969
Equipment	41,322	41,322
Infrastructure	26,414,621	26,414,621
Construction in progress	2,997,489	17,450,288
Total property, plant and equipment	37,402,049	43,914,200
Accumulated depreciation	(6,097,693)	(5,169,171)
Net property, plant and equipment	31,304,356	38,745,029
Total assets	38,872,589	39,380,617
Deferred outflow - unamortized deferred loss on bonds	350,296	383,136
Total Assets and Deferred Outflows	\$ 39,222,885	\$ 39,763,753
Liabilities and Net Position		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 289,184	\$ 70,626
Accrued leave	43,412	56,191
Unearned revenue	-	1
Due to General Fund	6,361,184	4,889,436
Accrued interest payable	60,716	56,209
Current portion of general obligation bonds	465,000	465,000
Current portion of interfund note payable	70,179	165,900
Total current liabilities	7,289,675	5,703,363
Noncurrent liabilities:		
Lease credits payable	1,334,216	1,338,089
General obligation bonds, including unamortized premium of \$625,457 (\$684,094 in 2012)	6,360,457	6,884,094
Interfund note payable	-	70,179
Total noncurrent liabilities	7,694,673	8,292,362
Total liabilities	14,984,348	13,995,725
Net position:		
Invested in capital assets, net of related debt	24,829,195	31,779,071
Unrestricted (deficit)	(590,658)	(6,011,043)
Total net assets	24,238,537	25,768,028
Total Liabilities and Net Position	\$ 39,222,885	\$ 39,763,753

Matanuska-Susitna Borough, Alaska

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

<i>Years Ended June 30,</i>	2013	2012
Operating revenues - charges for services	\$ 74,737	\$ 24,505
Operating expenses:		
Dock operations	869,005	573,109
Depreciation	928,522	663,833
Ferry expenses	922,449	217,210
Allocated administrative and billing expenses	22,000	21,600
Total operating expenses	2,741,976	1,475,752
Operating loss	(2,667,239)	(1,451,247)
Nonoperating revenues (expenses):		
Intergovernmental - State sources:		
PERS relief	43,071	28,379
Debt service reimbursement	750,263	754,613
Shoal study grant	475,000	-
Shoal study	(479,016)	-
Miscellaneous income	666	-
Bond issuance costs	-	(49,700)
Interest expense	(228,734)	(308,371)
Net nonoperating revenues (expenses)	561,250	424,921
Loss before capital contributions and transfers	(2,105,989)	(1,026,326)
Capital contributions	576,498	1,071,820
Transfers in	-	100,000
Change in net position	(1,529,491)	145,494
Beginning net position	25,768,028	25,622,534
Ending net position	\$ 24,238,537	\$ 25,768,028

Matanuska-Susitna Borough, Alaska

Port Enterprise Fund
Statement of Cash Flows

Years Ended June 30,	2013	2012
Cash Flows from Operating Activities		
Receipts from customers	\$ 75,403	\$ 24,651
Payments to suppliers	(1,304,816)	(675,243)
Payments to employees	(220,562)	(301,205)
Payments for interfund services used	(22,000)	(21,600)
Net cash flows from operating activities	(1,471,975)	(973,397)
Cash Flows from Noncapital Financing Activities		
Nonoperating grant - Shoal study	475,000	-
Shoal study expenses	(479,016)	-
Net cash flows from noncapital financing activities	(4,016)	-
Cash Flows from Capital and Related Financing Activities		
Purchases of property, plant and equipment	(586,733)	(1,118,637)
Capital contributions received	721,637	737,483
Transfers in	-	100,000
Principal and interest paid on interfund note	(173,573)	(178,964)
Principal and interest paid on bonds	(707,351)	(748,858)
Debt service reimbursement	750,263	754,613
Increase in due to General Fund	1,471,748	1,427,760
Net cash flows from capital and related financing activities	1,475,991	973,397
Net increase in cash and investments	-	-
Cash and Investments at beginning of year	-	-
Cash and Investments at end of year	\$ -	\$ -
Reconciliation of operating loss to net cash provided (used) by operating activities:		
Operating loss	\$ (2,667,239)	\$ (1,451,247)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Miscellaneous nonoperating revenue	666	-
Depreciation	928,522	663,833
Lease credits exercised	(3,873)	(3,873)
Noncash expense - PERS relief	43,071	28,379
(Increase) decrease in assets:		
Accounts receivable	-	146
Prepaid items	21,100	(20,014)
Increase (decrease) in liabilities:		
Accounts payable	218,558	(192,156)
Accrued leave	(12,779)	1,535
Unearned revenue	(1)	-
Net cash flows from operating activities	\$ (1,471,975)	\$ (973,397)

Internal Service Funds

Matanuska-Susitna Borough, Alaska

Internal Service Funds
Combining Statement of Net Position

<i>June 30, 2013</i>	Revolving Loan	Self- Insurance	Totals
Assets			
Current assets:			
Cash and investments	\$ 1,019,083	\$ 14,256,612	\$15,275,695
Interfund loans receivable	70,324	-	70,324
Deposits with others	-	52,245	52,245
Total current assets	1,089,407	14,308,857	15,398,264
Interfund loans receivable, long-term	492,290	-	492,290
Total Assets	\$ 1,581,697	\$ 14,308,857	\$ 15,890,554
Liabilities and Net Position			
Liabilities:			
Current liabilities:			
Accounts payable	\$ -	\$ 36,771	\$ 36,771
Insurance claims incurred but not reported	-	2,066,964	2,066,964
Current portion of loans payable	18,350	-	18,350
Total current liabilities	18,350	2,103,735	2,122,085
Noncurrent liabilities - loans payable	311,347	-	311,347
Total liabilities	329,697	2,103,735	2,433,432
Net position - unrestricted	1,252,000	12,205,122	13,457,122
Total Liabilities and Net Position	\$ 1,581,697	\$ 14,308,857	\$ 15,890,554

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

<i>Year Ended June 30, 2013</i>	Revolving Loan	Self- Insurance	Totals
Operating revenues:			
Intragovernmental	\$ -	\$ 8,301,082	\$ 8,301,082
Interest on loans	279	-	279
Employee contributions	-	728,443	728,443
Other	-	16,518	16,518
Total operating revenues	279	9,046,043	9,046,322
Operating expenses:			
Claims	-	5,073,462	5,073,462
Administrative fees	-	1,242,675	1,242,675
Premium	-	169,495	169,495
Total operating expenses	-	6,485,632	6,485,632
Operating income	279	2,560,411	2,560,690
Nonoperating revenues - investment income	-	17,381	17,381
Income before transfers	279	2,577,792	2,578,071
Transfers out	(279)	-	(279)
Change in net position	-	2,577,792	2,577,792
Beginning net position	1,252,000	9,627,330	10,879,330
Ending net position	\$ 1,252,000	\$ 12,205,122	\$ 13,457,122

Matanuska-Susitna Borough, Alaska

Internal Service Funds
Combining Statement of Cash Flows

<i>Year Ended June 30, 2013</i>	Revolving Loan	Self- Insurance	Totals
Cash Flows from Operating Activities			
Loans made to other funds	\$ (90,000)	\$ -	\$ (90,000)
Principal payments received on loans	74,663	-	74,663
Interest payments received on loans	279	-	279
Principal payments on loans payable	(18,080)	-	(18,080)
Internal activity - payments from other funds	-	8,301,082	8,301,082
Receipts from employees and other	-	744,961	744,961
Payments for claims and services	-	(6,004,854)	(6,004,854)
Net cash flows from operating activities	(33,138)	3,041,189	3,008,051
Cash Flows from Noncapital Financing Activities			
Transfers out	(279)	-	(279)
Cash Flows from Investing Activities			
Investment income received	-	17,381	17,381
Net increase (decrease) in cash and investments	(33,417)	3,058,570	3,025,153
Cash and Investments at beginning of year	1,052,500	11,198,042	12,250,542
Cash and Investments at end of year	\$ 1,019,083	\$ 14,256,612	15,275,695
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income	\$ 279	\$ 2,560,411	2,560,690
Adjustments to reconcile operating income to net cash flows from operating activities:			
Increase in assets -			
loans receivable	(15,337)	-	(15,337)
Increase (decrease) in liabilities:			
Accounts payable	-	7,852	7,852
Loans payable	(18,080)	-	(18,080)
Insurance claims incurred but not reported	-	472,926	472,926
Net cash flows from operating activities	\$ (33,138)	\$ 3,041,189	\$ 3,008,051

Matanuska-Susitna Borough, Alaska

Revolving Loan Internal Service Funds

Combining Statement of Net Position

<i>June 30, 2013</i>	Service Area Operating	Fire Capital Equipment	Road Service Areas	Totals
Assets				
Current assets:				
Cash and investments	\$ 172,300	\$ 323,333	\$ 523,450	\$ 1,019,083
Interfund loans receivable	18,250	38,333	13,741	70,324
Total current assets	190,550	361,666	537,191	1,089,407
Interfund loans receivable, long-term	238,459	38,334	215,497	492,290
Total Assets	\$ 429,009	\$ 400,000	\$ 752,688	\$ 1,581,697
Liabilities and Net Position				
Liabilities:				
Current liabilities - current portion of loans payable	\$ 4,609	\$ -	\$ 13,741	\$ 18,350
Noncurrent liability - loans payable	95,850	-	215,497	311,347
Total liabilities	100,459	-	229,238	329,697
Net position - unrestricted	328,550	400,000	523,450	1,252,000
Total Liabilities and Net Position	\$ 429,009	\$ 400,000	\$ 752,688	\$ 1,581,697

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

<i>Year Ended June 30, 2013</i>	Service Area Operating	Fire Capital Equipment	Road Service Areas	Totals
Operating revenues - interest on loans	\$ 279	\$ -	\$ -	\$ 279
Transfers out	(279)	-	-	(279)
Change in net position	-	-	-	-
Beginning net position	328,550	400,000	523,450	1,252,000
Ending net position	\$ 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, 2013</i>	Service Area Operating	Fire Capital Equipment	Road Service Areas	Totals
Cash Flows from Operating Activities				
Loans made to other funds	\$ -	\$ (90,000)	\$ -	\$ (90,000)
Principal payments received on loans	22,791	38,333	13,539	74,663
Interest payments received on loans	279	-	-	279
Principal payments on loans payable	(4,541)	-	(13,539)	(18,080)
Net cash flows from operating activities	18,529	(51,667)	-	(33,138)
Cash Flows from Noncapital Financing Activities				
Transfers out	(279)	-	-	(279)
Net increase (decrease) in cash and investments	18,250	(51,667)		(33,417)
Cash and Investments at beginning of year	154,050	375,000	523,450	1,052,500
Cash and Investments at end of year	\$ 172,300	\$ 323,333	\$ 523,450	\$ 1,019,083
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income	\$ 279	\$ -	\$ -	\$ 279
Adjustments to reconcile operating income to net cash flows from operating activities:				
(Increase) decrease in loans receivable	22,791	(51,667)	13,539	(15,337)
Increase (decrease) in loans payable	(4,541)	-	(13,539)	(18,080)
Net cash flows from operating activities	\$ 18,529	\$ (51,667)	\$ -	\$ (33,138)

Matanuska-Susitna Borough, Alaska

Self Insurance Internal Service Funds

Combining Statement of Net Position

<i>June 30, 2013</i>	Unemploy- ment Insurance	Health Insurance	Property and Casualty Insurance	Workers' Comp Insurance	Totals
Assets					
Current assets:					
Cash and investments	\$ 166,113	\$ 9,787,254	\$ 1,762,587	\$ 2,540,658	\$ 14,256,612
Deposits with others	-	3,340	-	48,905	52,245
Total Assets	\$ 166,113	\$ 9,790,594	\$ 1,762,587	\$ 2,589,563	\$ 14,308,857
Liabilities and Net Position					
Current liabilities:					
Accounts payable	\$ 36,771	\$ -	\$ -	\$ -	\$ 36,771
Insurance claims incurred but not reported	-	1,239,489	225,000	602,475	2,066,964
Total current liabilities	36,771	1,239,489	225,000	602,475	2,103,735
Net position - unrestricted	129,342	8,551,105	1,537,587	1,987,088	12,205,122
Total Liabilities and Net Position	\$ 166,113	\$ 9,790,594	\$ 1,762,587	\$ 2,589,563	\$ 14,308,857

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

<i>Year Ended June 30, 2013</i>	Unemploy- ment Insurance	Health Insurance	Property and Casualty Insurance	Workers' Comp Insurance	Totals
Operating revenues:					
Intragovernmental	\$ 125,411	\$ 6,678,246	\$ 100,000	\$ 1,397,425	\$ 8,301,082
Employee contributions	-	728,443	-	-	728,443
Other	-	-	-	16,518	16,518
Total operating revenues	125,411	7,406,689	100,000	1,413,943	9,046,043
Operating expenses:					
Claims	130,505	3,991,658	22,050	929,249	5,073,462
Administrative fees	-	1,189,015	-	53,660	1,242,675
Premium	-	-	-	169,495	169,495
Total operating expenses	130,505	5,180,673	22,050	1,152,404	6,485,632
Operating income	(5,094)	2,226,016	77,950	261,539	2,560,411
Nonoperating revenues - investment income	-	17,381	-	-	17,381
Change in net position	(5,094)	2,243,397	77,950	261,539	2,577,792
Beginning net position	134,436	6,307,708	1,459,637	1,725,549	9,627,330
Ending net position	\$ 129,342	\$ 8,551,105	\$ 1,537,587	\$ 1,987,088	\$ 12,205,122

Matanuska-Susitna Borough, Alaska

Self Insurance Internal Service Funds
Combining Statement of Cash Flows

<i>Year Ended June 30, 2013</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	\$ 125,411	\$ 6,678,246	\$ 100,000	\$ 1,397,425	\$ 8,301,082
Receipts from employees and other	-	728,443	-	16,518	744,961
Payments for claims and services	(122,653)	(5,247,748)	(22,050)	(612,403)	(6,004,854)
Net cash flows from operating activities	2,758	2,158,941	77,950	801,540	3,041,189
Cash Flows from Investing Activities					
Investment income received	-	17,381	-	-	17,381
Net increase in cash and investments	2,758	2,176,322	77,950	801,540	3,058,570
Cash and Investments at beginning of year	163,355	7,610,932	1,684,637	1,739,118	11,198,042
Cash and Investments at end of year	\$ 166,113	\$ 9,787,254	\$ 1,762,587	\$ 2,540,658	\$ 14,256,612
Reconciliation of operating income to net cash provided by operating activities:					
Operating income	\$ (5,094)	\$ 2,226,016	\$ 77,950	\$ 261,539	\$ 2,560,411
Adjustments to reconcile operating income to net cash flows from operating activities:					
Increase (decrease) in liabilities:					
Accounts payable	7,852	-	-	-	7,852
Insurance claims incurred but not reported	-	(67,075)	-	540,001	472,926
Net cash flows from operating activities	\$ 2,758	\$ 2,158,941	\$ 77,950	\$ 801,540	\$ 3,041,189

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Agency Funds

Matanuska-Susitna Borough, Alaska

Agency Funds

Combining Statement of Changes in Assets and Liabilities

<i>Year Ended June 30, 2013</i>	Property Tax Agency			Balance at June 30, 2013
	Balance at July 1, 2012	Additions	Deletions	
Assets				
Cash and investments	\$ 24,106	\$ 3,229,444	\$ 3,230,963	\$ 22,587
Property taxes receivable:				
Real	126,224	44,201	43,964	126,461
Personal	10,964	2,499	1,896	11,567
Total Assets	\$ 161,294	\$ 3,276,144	\$ 3,276,823	\$ 160,615
Liabilities				
Accounts payable	\$ 2,277	\$ 7,805	\$ 3,346	\$ 6,736
Taxes collected in advance	142,013	4,056,603	4,054,995	143,621
Intergovernmental	17,004	1,554,701	1,561,447	10,258
Total Liabilities	\$ 161,294	\$ 5,619,109	\$ 5,619,788	\$ 160,615
Road and Gas Line Agency				
<i>Year Ended June 30, 2013</i>	Balance at July 1, 2012	Additions	Deletions	Balance at June 30, 2013
Assets				
Cash and investments	\$ 374,662	\$ 2,233,853	\$ 2,151,695	\$ 456,820
Special assessments receivable	691,761	1,603,977	1,016,210	1,279,528
Total Assets	\$1,066,423	\$ 3,837,830	\$ 3,167,905	\$ 1,736,348
Liabilities				
Accounts payable	\$ -	\$ 3,231,977	\$ 3,222,257	\$ 9,720
Deposits	512,906	424,823	590,777	346,952
Notes payable - gas lines	308,600	1,083,000	331,854	1,059,746
Notes payable - road improvements	244,917	176,000	100,987	319,930
Total Liabilities	\$1,066,423	\$ 4,915,800	\$ 4,245,875	\$ 1,736,348

Matanuska-Susitna Borough, Alaska

Agency Funds

Combining Statement of Changes in Assets and Liabilities, continued

Year Ended June 30, 2013	Prison Agency			Balance at June 30, 2013
	Balance at July 1, 2012	Additions	Deletions	
Assets				
Cash and investments	\$ 1,471,864	\$ 1,500,900	\$ 2,697,642	\$ 275,122
Interest receivable	16,548	-	16,548	-
Construction in progress	241,252,288	999,019	242,251,307	-
Total Assets	\$ 242,740,700	\$ 2,499,919	\$ 244,965,497	\$ 275,122
Liabilities				
Accounts payable	\$ 214,271	\$ 983,728	\$ 1,197,999	-
Due to State of Alaska	242,526,429	-	242,251,307	275,122
Total Liabilities	\$ 242,740,700	\$ 983,728	\$ 243,449,306	\$ 275,122
Totals				
Year Ended June 30, 2013	Balance at July 1, 2012	Additions	Deletions	Balance at June 30, 2013
Assets				
Cash and investments	\$ 1,870,632	\$ 6,964,197	\$ 8,080,300	\$ 754,529
Property taxes receivable:				
Real	126,224	44,201	43,964	126,461
Personal	10,964	2,499	1,896	11,567
Special assessments receivable	691,761	1,603,977	1,016,210	1,279,528
Interest receivable	16,548	-	16,548	-
Construction in progress	241,252,288	999,019	242,251,307	-
Total Assets	\$ 243,968,417	\$ 9,613,893	\$ 251,410,225	\$ 2,172,085
Liabilities				
Accounts payable	\$ 216,548	\$ 4,223,510	\$ 4,423,602	\$ 16,456
Deposits	512,906	424,823	590,777	346,952
Taxes collected in advance	142,013	4,056,603	4,054,995	143,621
Intergovernmental	17,004	1,554,701	1,561,447	10,258
Notes payable - gas lines	308,600	1,083,000	331,854	1,059,746
Notes payable - road improvements	244,917	176,000	100,987	319,930
Due to State of Alaska	242,526,429	-	242,251,307	275,122
Total Liabilities	\$ 243,968,417	\$ 11,518,637	\$ 253,314,969	\$ 2,172,085

Federal and State Expenditures

Matanuska-Susitna Borough
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

Federal grantor/pass-through grantor program title	Catalog of Federal Domestic Assistance Number	Grant Number	Award Amount	Federal Expend- itures
Department of Agriculture				
ARRA - Talkeetna Water & Sewer Utility Improvements	10.781	N/A	\$ 714,500	<u>259,023</u>
FY06 Spruce Bark Beetle	10.664	N/A	1,578,000	60,132
FY07 Spruce Bark Beetle	10.664	N/A	1,084,000	55,135
FY08 Spruce Bark Beetle	10.664	N/A	492,000	54,219
Passed through State of Alaska, Department of Natural Resources:				
FY12 Caswell Lakes Fire Assistance	10.664	N/A	4,428	4,382
FY12 Willow Volunteer Fire Assistance	10.664	N/A	7,575	6,436
FY13 Butte Volunteer Fire Assistance	10.664	N/A	20,000	19,770
FY13 Sutton Volunteer Fire Assistance	10.664	N/A	15,453	15,453
FY13 Willow Volunteer Fire Assistance	10.664	N/A	11,874	<u>11,874</u>
Total CFDA 10.664				<u>227,401</u>
FY13 National Forestry Share Tax	10.665	831261	25,783	<u>25,783</u>
ARRA - Hazardous Fuels Mitigation	10.688	09DG11100489-011	1,436,000	<u>371,340</u>
Relocation of Flooded Home (Shaver)	10.923	MO68015012003	6,713	6,713
Relocation of Flooded Home (McLaughlin)	10.923	68015013004	36,450	<u>36,450</u>
Total CFDA 10.923				<u>43,163</u>
Total Department of Agriculture				<u>926,710</u>
Department of Commerce				
Solid Waste Recycling & Training Park	11.300	07-01-06318	3,000,000	<u>118,805</u>
Passed through State of Alaska, Department of Fish and Game -				
Mat-Su Borough Fish Passage Restoration	11.438	NA11NMF4380268	1,080,000	<u>403</u>
Total Department of Commerce				<u>119,208</u>
Department of Homeland Security				
Fire Service Area Communications Equipment	97.044	EMW-2011-FR-00545	392,600	38,479
Passed through State of Alaska, Department of Military and				
Veterans Affairs:				
FY09 Caswell Lakes FSA Assistance to Firefighters	97.044	EMW-2009-FO-06635	40,630	194
FY10 West Lakes Assistance to FF	97.044	EMW-2010-FO-09563	95,000	95,000
Regional EMS Training	97.044	EMW-2011-FO-09733	25,056	<u>24,837</u>
Total CFDA 97.044				<u>158,510</u>
Mat Su Valley Flooding-August 2006-FEMA (75% Federal)	97.036	N/A	1,093,035	<u>19,726</u>
FY12 Emergency Management Performance Grant	97.042	35585	70,220	<u>70,220</u>

Matanuska-Susitna Borough

Schedule of Expenditures of Federal Awards, continued

Year Ended June 30, 2013

Federal grantor/pass-through grantor program title	Catalog of Federal Domestic Assistance Number	Grant Number	Award Amount	Federal Expend- itures
Department of Homeland Security, continued				
Passed through State of Alaska, Department of Military and Veterans Affairs:				
FY11 Citizen Corp Grant Program	97.067	EMW-2011-SS-00053	\$ 22,243	13,130
2010 State Homeland Security Program (SHSP)	97.067	2010-SS-T0-0023	141,967	56,441
2011 State Homeland Security Program (SHSP)	97.067	EMW-2011-SS-00053	238,150	31,824
2012 State Homeland Security Program (SHSP)	97.067	EMW-2012-SS-00127	233,949	2,160
Total CFDA 97.067				<u>103,555</u>
2012 Earthquake Hazards Reduction Program	97.082	EMS-2012-CA-0018	50,924	310
Total Department of Homeland Security				<u>352,321</u>
Department of the Interior				
Payment in Lieu of Taxes	15.226	N/A	3,289,009	<u>3,289,009</u>
Bryant Rd at Anna Lake Fish Passage Improvements	15.631	F09AC00335	208,500	17,032
Culvert Replacement Meadow Lakes Area and Settler's Bay Road	15.631	F11AC00665	180,000	98,693
Total CFDA 15.631				<u>115,725</u>
Culvert Replacement Little Su/Big Lk & Hydroseeding	15.608	F10AC00657	235,000	13,770
Fish Passage Improvements	15.608	F12AC00291	240,000	188,378
Total CFDA 15.608				<u>202,148</u>
Ortho-rectified imagery & LIDAR - MSB's Coastal Mgmt. Zone	15.668	F12AF70127	1,028,176	124,240
High Accuracy LIDAR Evaluation Data	15.808	G10AC00376	345,000	88,073
Passed through State of Alaska, Department of Natural Resources:				
Middle Susitna River Valley: Archaeological Survey and Inventory	15.904	12561	20,000	8,803
Interpretive Signs - Historic Preservation Fund	15.904	11555	20,000	14,114
Total CFDA 15.904				<u>22,917</u>
Total Department of the Interior				<u>3,842,112</u>

Matanuska-Susitna Borough

Schedule of Expenditures of Federal Awards, continued

Year Ended June 30, 2013

Federal grantor/pass-through grantor program title	Catalog of Federal Domestic Assistance Number	Grant Number	Award Amount	Federal Expend- itures
Department of Transportation				
Hatcher Pass Environmental & PE	20.500	AK-55-0006	\$ 4,275,579	1,141,535
MASCOT - Purchase of Buses	20.500	AK-04-0014	498,850	92,806
Total CFDA 20.500				<u>1,234,341</u>
Passed through State of Alaska Department of Transportation and Public Facilities:				
Park & Ride, Bus Stops/Shelters, and Share-A-Ride Vans	20.509	AK-86-X001-00	1,755,144	80,305
Knik Arm Crossing Project	20.200	N/A	310,910	39,267
Consolidated Permitting Process	20.205	N/A	301,358	150,686
Total Department of Transportation				<u>1,504,599</u>
Environmental Protection Agency				
Water Quality Protection in the Matanuska-Susitna Borough	66.119	WC-00J04901-0	564,041	191,496
Passed through State of Alaska, Department of Environmental Conservation:				
Matsu Borough Wetlands Program	66.461	CD-00J00301-0	108,900	33,172
Total Environmental Protection Agency				<u>224,668</u>
Total Expenditures of Federal Awards				<u>\$ 6,969,618</u>

Basis of Presentation

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

Matanuska-Susitna Borough
Schedule of State Financial Assistance
Year Ended June 30, 2013

State grantor/ pass-through grantor program title	Grant Number	Award Amount	State Share of Expend- itures
Department of Commerce, Community and Economic Development			
Major Programs:			
Bridge Repair/Replacement	09-DC-490	\$ 3,700,000	875,248
Parks Highway Connectors	09-DC-498	6,000,000	1,177,240
North Nancy Lake Peninsula Road Rehabilitation	11-DC-288	850,000	544,521
Port MacKenzie Expansion	11-DC-290	750,000	582,866
Rail Ext to Port MacKenzie from the AK RR Main Line	11-DC-291	35,000,000	9,149,324
Academy Charter School Classroom Expansion	12-DC-392	1,500,000	1,298,091
Palmer High School Artificial Turf	12-DC-396	800,000	630,556
Point MacKenzie Shoal Study Cost Share	12-DC-397	500,000	475,000
Port MacKenzie Rail Extension	12-DC-398	30,000,000	12,800,918
Substandard Roads and Bridges Replacement Repair	12-DC-403	3,000,000	920,795
School District Network Wiring and Infrastructure Improvements	12-DC-626	6,000,000	1,135,641
Air Force JROTC Aerospace Science and Leadership	13-DC-354	400,000	323,519
High School Cyber Centers	13-DC-363	425,500	384,686
Alaska Middle College	13-DC-378	500,000	467,870
Charter Technology & Physical Education Equip Upgrades	13-DC-379	500,000	404,655
Science Tech Engr & Math (STEM) Exp Initiative	13-DC-380	500,000	340,040
Academy Charter Classrooms	13-DC-506	2,000,000	735,315
Port MacKenzie Rail Extension	13-DC-630	23,500,000	1,175,000
Road Bond Package State Match	13-DC-632	32,200,000	1,669,542
Bogard Road Extension East	13-GO-009	13,500,000	675,000
Port MacKenzie Rail Extension	13-GO-010	30,000,000	1,500,000
South Big Lake Road Construction	13-RR-015	5,000,000	520,671
Alaska DCCED-Revenue Sharing	N/A	5,769,785	5,769,785
Total Major Programs			43,556,283
Nonmajor Programs:			
Trapper Creek Elementary Roof Repairs	07-DC-369	40,000	7,174
Trunk Road Extension/Design/ROW Acquisition	07-DC-371	750,000	73,615
Southcentral Rail Ext-Port MacKenzie to Mainline	08-DC-410	10,000,000	46,704
Greater Butte RSA 26 Upgrade Roads	09-DC-233	30,000	28,500
Sutton Volunteer Fire	09-DC-242	225,000	18,883
Talkeetna FSA 24 New Equip & Bldg Maint	09-DC-244	30,000	1,942
Port MacKenzie Rail Extension	09-DC-499	17,500,000	88,412
Repair and Paving of Engstrom Road	09-RR-029	1,000,000	1,273
Basic Sanitation Facility for Knik Rvr PUA Parking	11-DC-261	50,000	47,500
Big Lk Elem PTA Playground Equipment	11-DC-262	10,000	990
Big Lk Elem Library/Technology Upgrades	11-DC-263	7,500	320
Big Lake Service Area Road Upgrades	11-DC-264	50,000	10,254
Caswell Lks Service Area Equipment	11-DC-268	60,000	57,000
Caswell Lakes Service Area Roads Upgrade	11-DC-269	50,000	13,275
Fairview Service Area Roads Upgrade	11-DC-271	30,000	27,000
Greater Butte Service Area Roads Upgrade	11-DC-273	30,000	28,222
Horseshoe Lake Roads Upgrade	11-DC-274	700,000	97,526
Houston High School Football Field Lights	11-DC-275	100,000	19,495
Knik River Road Reconstruction	11-DC-280	2,100,000	258,868
Knik Road Service Area Upgrade	11-DC-281	50,000	1,189
Lazy Mountain Service Area Roads Upgrade	11-DC-282	30,000	17,670
Road Service Area 31 Maintenance & Upgrade	11-DC-292	100,000	50,900
School Dist Library/Tech Upgrades	11-DC-293	110,000	344
Snowshoe Elem Library/Tech Upgrades	11-DC-295	7,500	126
Su Valley Lib/Tech Upgrades	11-DC-296	7,500	47
Talkeetna FSA 24 New Equip & Bldg Maint	11-DC-297	50,000	2,175
Talkeetna Road Service Area Roads Upgrade	11-DC-298	50,000	38,500
Trapper Creek Elem Library/Tech Upgrade	11-DC-299	7,500	31

Matanuska-Susitna Borough
Schedule of State Financial Assistance, continued
Year Ended June 30, 2013

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:			
Wasilla - Iditarod Elem School Playground & Equip	11-DC-302	\$ 30,000	4,058
Sutton Community Library & Resource Center	11-DC-628	1,700,000	66,626
Big Lake Community Impact Assessment	12-DC-393	250,000	177,624
Bodenburg Creek Bridge Replacements and Rprs	12-DC-394	1,000,000	28,503
School District Library & Technology Upgrade	12-DC-399	120,000	19,435
School District Storage Building	12-DC-400	75,000	62,416
School District Technology Upgrade	12-DC-401	100,000	86,441
School District Wireless Access	12-DC-402	500,000	45,408
Willow Road Service Area Upgrade	12-DC-404	220,000	170,959
Birchtree Elementary School Library	12-DM-113	30,000	14,718
Caswell Lakes Fire Service Area Equipment	12-DM-115	20,000	9,053
Greater Butte Service Area Roads Upgrade	12-DM-118	30,000	17,800
Knik Service Roads Upgrade	12-DM-119	30,000	23,348
Lazy Mountain Service Area Roads Upgrade	12-DM-120	30,000	4,279
Lions Court - Big Lake RSA	12-DM-121	26,250	24,937
Meadow Lakes Service Area Roads Upgrade	12-DM-122	30,000	28,500
Talkeetna Service Area Roads Upgrade	12-DM-124	30,000	28,250
Parks Hwy Frontage Rd & Intersection Improvements Trunk Rd.	12-RR-015	2,000,000	117,757
Burchell High School Equipment & Improvements	13-DC-019	60,000	59,260
Fronteras Spanish Immersion Charter School Comp Labs	13-DC-020	60,000	3,000
Sutton Elem School Equipment and Upgrades	13-DC-038	65,500	25,356
Crystal Lake Road Repair and Resurface	13-DC-061	75,000	3,750
Glacier View Elem School Gym Floor Upgrade	13-DC-062	75,000	32,750
Wasilla Middle School Outdoor Recreation Facility	13-DC-063	75,000	3,750
School Library & Technology Upgrades	13-DC-122	99,000	64,059
Houston High School Lighting	13-DC-174	115,000	5,750
West Lakes Firefighting Equipment	13-DC-204	150,000	138,695
Talkeetna Public Library & Comm Resource Center	13-DC-532	2,800,000	140,000
Pioneer Peak Elem Equipment and Supplies	13-DM-006	5,000	4,753
District Warehouse Improvements	13-DM-067	20,000	1,000
Goose Bay Elem School Equipment	13-DM-090	25,000	25,000
Midnight Sun Security System & Facility Equipment	13-DM-091	25,000	8,151
Big Lake Service Area Roads Upgrade	13-DM-125	30,000	1,500
Birchtree Library	13-DM-126	30,000	1,500
Caswell Lks Svs Area Roads Upgrade	13-DM-127	30,000	30,000
Fairview Svs Area Roads Upgrade	13-DM-128	30,000	1,500
Greater Butte Svs Area Roads Upgrade	13-DM-129	30,000	1,500
Knik Service Area Roads Upgrade	13-DM-130	30,000	1,500
Lazy Mtn Service Area Roads Upgrade	13-DM-131	30,000	6,245
Meadow Lakes Service Area Roads Upgrade	13-DM-132	30,000	26,299
Talkeetna Service Area Roads Upgrade	13-DM-133	30,000	1,837
Trapper Creek Service Area Roads Upgrade	13-DM-134	30,000	1,500
Willow Service Area Roads Upgrade	13-DM-135	30,000	1,500
Butte Elem School Equipment & Improvements	13-DM-136	30,000	1,500
Big Lk Elem School Equipment & Improvements	13-DM-162	35,000	29,184
Glacier View School Improvements & Equipment	13-DM-163	35,000	7,466
Wasilla High School Sports Equipment	13-DM-164	35,000	34,131
Amer Charter Academy Science Equip & Supplies	13-DM-204	45,000	2,250
South Big Lake Road Realignment	13-RR-016	4,704,775	235,239
Meadow Lakes Community Council	N/A	28,600	28,600
Chase Community Council	N/A	26,900	26,900

Matanuska-Susitna Borough
Schedule of State Financial Assistance, continued
Year Ended June 30, 2013

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:			
Glacier View Community Council	N/A	\$ 26,900	26,900
Knik-Fairview Community Council	N/A	26,900	26,900
Lake Louise Non-Profit Corporation	N/A	26,900	26,900
Sutton Community Council	N/A	26,900	26,900
Talkeetna Community Council	N/A	26,900	26,900
Trapper Creek Community Council	N/A	26,900	26,900
Willow Area Community Organization	N/A	26,900	26,900
Point MacKenzie Community Council	N/A	20,200	20,200
Fishhook Community Council	N/A	20,200	20,200
Point MacKenzie Community Council	N/A	20,200	20,200
Moose Crk/Soapstone Community Council	N/A	20,200	20,200
Talkeetna Community Council	N/A	20,200	20,200
Trapper Creek Community Council	N/A	20,200	20,200
Total Nonmajor Programs			<u>3,132,972</u>
Total Department of Commerce, Community and Economic Development			<u>46,689,255</u>
Department of Education and Early Development			
Major Program-			
FY13 Debt Retirement Program	N/A	18,932,007	<u>18,932,007</u>
Nonmajor Programs:			
Big Lake Library	N/A	6,500	6,500
Sutton Library	N/A	6,500	6,500
Talkeetna Library	N/A	6,500	6,500
Trapper Creek Library	N/A	6,500	6,500
Willow Library	N/A	6,500	6,500
FY13 Continuing Education Grants	N/A	5,500	4,032
Total Nonmajor Programs			<u>36,532</u>
Total Department of Education and Early Development			<u>18,968,539</u>
Department of Environmental Conservation			
Nonmajor Program - Central Landfill Expansion Phase IIIB	56107	1,103,500	<u>47,638</u>
Department of Health and Social Services			
Major Program - Human Services Community Matching Grant FY13	605-13-013	337,186	<u>337,186</u>
Department of Natural Resources			
Nonmajor Program - MSB Snowmobile Trail Marking	10791061	6,275	<u>3,050</u>
Department of Revenue			
Major Program - FY13 Electric & Telephone Shared Revenue	N/A	789,158	<u>789,158</u>
Nonmajor Program - FY13 Fisheries Bus Share Tax	N/A	65	<u>65</u>
Total Department of Revenue			<u>789,223</u>

Matanuska-Susitna Borough
Schedule of State Financial Assistance, continued
Year Ended June 30, 2013

State grantor/ pass-through grantor program title	Grant Number	Award Amount	State Share of Expenditures
Department of Transportation and Public Facilities			
Major program - 2004 Series C Port Bond	N/A	\$ 2,259,579	750,263
Nonmajor Programs:			
FY06 Hiway Projects(DOT)Bogard Road Ext	AKSAS59213	12,950,000	258,815
Safe Routes to School	LU20-12-0006	75,000	257
Regional Aviation Systems Plan	#59383	16,468	<u>5</u>
Total Department of Transportation and Public Facilities			<u>1,009,340</u>
Department of Military and Veterans Affairs -			
Nonmajor Programs:			
FY13 Local Emergency Planning Committee	13LEPC-GR35602	19,018	17,756
Mat Su Valley Flooding-August 2006-FEMA(25%)	N/A	400,632	<u>6,575</u>
Total Department of Military and Veterans Affairs			<u>24,331</u>
Department of Administration			
Major Program - PERS Relief	N/A	2,712,690	<u>2,712,690</u>
Total State Financial Assistance			<u>\$ 70,581,252</u>

Basis of Presentation

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

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STATISTICAL SECTION

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	156-161
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	162-166
Debt Capacity		
These schedules present information to help the reader assess the affordability of the Borough's current levels of outstanding debt and the Borough's ability to issue additional debt in the future.	10-13	167-170
Demographic and Economic Information		
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Borough's financial activities take place and to help make comparison over time and with other governments.	14-15	171-172
Operating Information		
These schedules contain information about the Borough's operations and resources to help the reader understand how the Borough's financial information relates to the services the Borough provides and the activities it performs.	16-18	173-175

Matanuska-Susitna Borough, Alaska

Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

June 30,	2004	2005	2006	2007	2008	2009	2010	2011*	2012*	2013
Governmental activities										
Net investment in capital assets	\$ 299,157,171	\$ 236,091,095	\$ 262,550,711	\$ 269,318,342	\$ 294,404,626	\$ 358,980,408	\$ 389,804,017	\$ 382,358,825	\$ 457,114,641	\$ 508,684,140
Restricted	28,975,508	81,078,578	65,852,589	80,870,750	75,227,801	74,897,428	76,147,545	1,087,682	1,085,976	1,084,439
Unrestricted (deficit)	30,946,988	29,474,971	34,446,371	44,144,618	55,324,817	51,392,992	55,367,352	189,689,534	154,048,260	157,745,476
Total Governmental Activities Net Position	\$ 359,079,667	\$ 346,644,644	\$ 362,849,671	\$ 394,333,710	\$ 424,957,244	\$ 485,270,828	\$ 521,318,914	\$ 573,136,041	\$ 612,248,877	\$ 667,514,055
Business-type activities										
Net investment in capital assets	\$ -	\$ 22,834,410	\$ 27,898,987	\$ 32,107,110	\$ 32,968,152	\$ 32,734,626	\$ 36,507,656	\$ 41,544,009	\$ 42,661,168	\$ 36,163,919
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted (deficit)	-	(437,504)	(609,608)	(2,560,708)	(2,790,599)	(2,043,598)	(4,500,251)	(8,145,505)	(9,410,516)	(3,378,407)
Total Business-Type Activities Net Position	\$ -	\$ 22,396,906	\$ 27,289,379	\$ 29,546,402	\$ 30,177,553	\$ 30,691,028	\$ 32,007,405	\$ 33,398,504	\$ 33,250,652	\$ 32,785,512
Primary government invested in capital assets, net of related										
assets, net of related	\$ 299,157,171	\$ 258,925,505	\$ 290,449,698	\$ 301,425,452	\$ 327,372,778	\$ 391,715,034	\$ 426,311,673	\$ 423,902,834	\$ 499,775,809	\$ 544,848,059
Restricted	28,975,508	81,078,578	65,852,589	80,870,750	75,227,801	74,897,428	76,147,545	1,087,682	1,085,976	1,084,439
Unrestricted (deficit)	30,946,988	29,037,467	33,836,763	41,583,910	52,534,218	49,349,394	50,867,101	181,544,029	144,637,744	154,367,069
Total Primary Government Net Position	\$ 359,079,667	\$ 369,041,550	\$ 390,139,050	\$ 423,880,112	\$ 455,134,797	\$ 515,961,856	\$ 553,326,319	\$ 606,534,545	\$ 645,499,529	\$ 700,299,567

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

Matanuska-Susitna Borough, Alaska

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

June 30,	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
General government	\$ 10,819,497	11,779,762	13,389,722	15,504,663	17,783,066	18,417,947	21,609,559	18,348,693	19,309,310	15,984,170
Public works	2,009,327	2,316,391	2,760,432	2,917,021	3,250,207	3,971,267	3,888,031	3,600,452	4,115,712	4,526,024
Emergency services	8,695,441	11,262,226	13,113,451	14,834,393	16,595,807	15,760,106	17,038,974	18,214,176	19,608,706	21,757,841
Public services	19,702,728	16,312,233	16,955,767	18,553,900	23,159,984	22,448,088	21,204,922	21,086,908	24,115,247	26,512,370
Education	37,717,398	40,098,352	43,807,106	48,947,042	47,407,612	50,384,218	50,612,473	55,239,633	58,291,435	60,903,056
Interest	5,777,494	6,014,417	7,468,444	7,240,535	7,991,327	7,868,206	8,223,394	8,464,045	9,199,614	11,621,596
Total governmental activities expenses	84,721,885	87,783,381	97,494,922	107,997,554	116,188,003	118,849,832	122,577,353	124,953,907	134,640,024	141,305,057
Business-type activities:										
Solid waste	-	2,730,217	3,032,263	3,587,683	4,041,099	4,514,113	4,879,075	4,674,968	4,826,419	4,800,883
Port	-	1,553,345	1,887,155	1,822,002	1,619,559	1,605,330	1,854,603	1,698,154	1,833,823	3,449,726
Total business-type activities expenses	-	4,283,562	4,919,418	5,409,685	5,660,658	6,119,443	6,733,678	6,373,122	6,660,242	8,250,609
Total Primary Government Expenses	\$ 84,721,885	92,066,943	102,414,340	113,407,239	121,848,661	124,969,275	129,311,031	131,327,029	141,300,266	149,555,666
Program Revenues (see Schedule 3)										
Governmental activities:										
Fees, fines, and charges for services:										
General government	\$ 525,185	764,841	1,052,274	987,210	412,218	640,864	384,406	602,252	424,821	526,033
Public works	109,908	159,313	164,023	130,466	337,856	111,002	69,291	62,032	60,634	77,374
Emergency services	2,227,098	2,475,061	2,921,942	3,228,619	2,768,108	3,525,227	3,383,052	3,688,584	3,642,523	3,915,237
Education	5,660,104	3,047,460	2,323,962	1,841,137	2,393,456	2,324,651	1,233,744	1,822,252	1,499,207	1,809,999
Interest	-	-	-	25,412	-	-	-	-	-	-
Operating grants and contributions	246,631	33,696	148,260	31,685	31,750	32,139	32,044	12,312,812	16,098,041	21,534,532
Capital grants and other contributions	8,169,306	4,347,926	5,186,795	12,980,511	18,175,331	30,456,461	17,717,288	32,873,329	31,327,802	44,236,489
Total governmental activities program revenues	16,938,232	10,828,297	11,797,256	19,225,040	24,118,719	37,090,344	22,819,825	51,361,261	53,053,028	72,099,664
Business-type activities:										
Fees, fines, and charges for services:										
Solid waste	-	3,078,940	3,422,346	3,456,467	3,595,172	3,319,903	3,398,656	3,510,305	4,268,602	5,586,782
Port	-	106,439	157,141	1,205	51,151	640,144	52,368	51,333	24,505	74,737
Operating grants and contributions	-	-	754,203	753,788	751,588	754,870	755,120	752,450	754,613	1,225,263
Capital grants and other contributions	-	3,319,456	5,114,836	4,129,148	574,338	979,938	2,910,702	4,797,253	1,245,246	742,939
Total business-type activities program revenues	-	6,504,835	9,448,526	8,340,608	4,972,249	5,694,855	7,116,846	9,111,341	6,292,966	7,629,721
Total Primary Government Program Revenues	\$ 16,938,232	17,333,132	21,245,782	27,565,648	29,090,968	42,785,199	29,936,671	60,472,602	59,345,994	79,729,385
Net (Expenses)/Revenue										
Governmental activities	\$ (67,783,653)	(76,955,084)	(85,697,666)	(88,772,514)	(92,069,284)	(81,759,488)	(99,757,528)	(73,592,646)	(81,586,996)	(69,205,393)
Business-type activities	-	2,221,273	4,529,108	2,930,923	(688,409)	(424,588)	383,168	2,738,219	(367,276)	(620,888)
Total Primary Government Net Expense	\$ (67,783,653)	(74,733,811)	(81,168,558)	(85,841,591)	(92,757,693)	(82,184,076)	(99,374,360)	(70,854,427)	(81,954,272)	(69,826,281)

Matanuska-Susitna Borough, Alaska

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

June 30,	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 55,642,843	66,546,736	78,672,925	86,298,274	92,538,831	100,265,473	104,151,614	107,145,689	104,693,752	110,238,571
Excise taxes	-	-	4,527,071	4,845,770	4,528,494	4,688,563	4,901,735	4,927,058	4,871,649	4,913,901
Transient accommodation taxes	767,579	829,545	915,457	994,443	1,038,308	1,037,673	1,285,834	957,362	1,084,282	1,099,803
Grants and entitlements not restricted to a										
specific purpose	10,018,848	10,532,145	12,129,576	18,165,087	18,018,590	20,979,431	19,974,453	11,269,679	9,413,627	9,945,813
Investment income	937,431	2,636,700	5,465,983	8,812,643	7,323,727	3,269,398	877,430	619,682	443,957	483,938
Other	1,119,452	90,478	425,478	277,602	419,868	509,602	504,237	426,584	292,565	347,299
Extraordinary items	-	-	-	-	-	10,000,000	4,979,518	-	-	-
Transfers	-	(136,203)	(233,797)	259,878	(1,175,000)	(659,930)	(869,207)	63,719	(100,000)	-
Special items	-	-	-	-	-	1,982,862	-	-	-	-
Total governmental activities	68,486,153	80,499,401	101,902,693	119,653,697	122,692,818	142,073,072	135,805,614	125,409,773	120,699,832	127,029,325
Business-type activities:										
Grants and entitlements not restricted to a										
specific purpose	-	-	27,350	36,715	54,532	124,116	56,006	84,909	111,833	149,927
Investment income	-	84,403	102,218	126,891	90,018	37,555	7,996	6,018	3,576	4,477
Other	-	2,655	-	219	10	-	-	672	4,015	1,344
Extraordinary items	-	-	-	-	-	-	-	(1,375,000)	-	-
Transfers	-	136,203	233,797	(259,878)	1,175,000	659,930	869,207	(63,719)	100,000	-
Special items	-	-	-	-	-	116,462	-	-	-	-
Total business-type activities	-	223,261	363,365	(96,053)	1,319,560	938,063	933,209	(1,347,120)	219,424	155,748
Total Primary Government	\$ 68,486,153	80,722,662	102,266,058	119,557,644	124,012,378	143,011,135	136,738,823	124,062,653	120,919,256	127,185,073
Change in Net Position										
Governmental activities	\$ 702,500	3,544,317	16,205,027	30,881,183	30,623,534	60,313,584	36,048,086	51,817,127	39,112,836	57,823,932
Business-type activities	-	2,444,534	4,892,473	2,834,870	631,151	513,475	1,316,377	1,391,099	(147,852)	(465,140)
Total Primary Government	\$ 702,500	5,988,851	21,097,500	33,716,053	31,254,685	60,827,059	37,364,463	53,208,226	38,964,984	57,358,792

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

Matanuska-Susitna Borough, Alaska
Program Revenues by Function/Program
Last Ten Fiscal Years
(accrual basis of accounting)

<i>June 30,</i>	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Function/Program										
Governmental activities:										
General government	\$ 567,703	790,160	1,169,534	2,043,471	793,235	1,795,781	459,992	989,981	1,427,941	1,835,073
Public works	109,908	159,313	164,023	261,264	671,629	1,597,735	1,207,832	1,672,553	7,871,216	10,130,146
Emergency services	3,730,798	3,828,311	3,936,565	6,590,556	7,701,696	5,279,540	4,984,630	6,367,187	5,359,587	4,996,193
Public services	12,527,930	6,043,568	4,858,220	7,420,764	12,268,078	27,833,504	15,758,097	25,187,846	21,172,198	29,754,735
Education	1,893	6,945	1,668,914	2,883,573	2,684,081	583,784	409,274	17,143,694	17,222,086	25,383,518
Interest	-	-	-	25,412	-	-	-	-	-	-
Subtotal governmental activities	16,938,232	10,828,297	11,797,256	19,225,040	24,118,719	37,090,344	22,819,825	51,361,261	53,053,028	72,099,665
Business-type activities:										
Solid waste	-	3,236,939	3,553,257	4,225,749	3,602,790	3,319,903	4,925,464	4,721,503	4,442,028	5,753,223
Port	-	3,267,896	5,895,269	4,114,859	1,369,459	2,374,952	2,191,382	4,389,838	1,850,938	1,876,498
Subtotal business-type activities	-	6,504,835	9,448,526	8,340,608	4,972,249	5,694,855	7,116,846	9,111,341	6,292,966	7,629,721
Total Primary Government	\$ 16,938,232	17,333,132	21,245,782	27,565,648	29,090,968	42,785,199	29,936,671	60,472,602	59,345,994	79,729,386

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

Matanuska-Susitna Borough, Alaska

Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

<i>June 30,</i>	2004	2005	2006	2007	2008	2009	2010	2011*	2012*	2013
General Fund										
Reserved	\$ 92,455	179,377	235,766	162,825	214,933	334,433	370,359			
Unreserved	16,064,478	15,904,590	21,748,415	33,471,213	40,458,320	50,404,066	56,569,091			
Nonspendable								609,888	754,433	670,637
Restricted								-	-	-
Committed								35,963,397	30,555,043	32,951,316
Assigned								13,255,252	10,445,811	12,768,069
Unassigned								15,135,905	12,277,156	12,188,973
Total General Fund	\$ 16,156,933	16,083,967	21,984,181	33,634,038	40,673,253	50,738,499	56,939,450	64,964,442	54,032,443	58,578,995
All Other Governmental Funds										
Reserved	\$ 18,588,254	19,726,398	32,488,785	24,623,604	41,031,714	22,074,484	15,664,470			
Unreserved, reported in:										
Special revenue funds	9,580,678	9,435,015	10,978,373	12,138,347	12,339,189	16,283,563	19,986,155			
Debt service funds	1,976,576	426,127	290,710	322,351	373,413	881,904	340,155			
Capital projects funds	42,239,722	54,882,917	26,546,047	44,522,895	24,141,484	38,267,452	40,156,765			
Nonspendable								417,866	316,604	163,094
Restricted								1,087,550	131,923,349	132,496,668
Committed								6,881,400	6,689,183	6,954,633
Assigned								100,523,387	75,850,146	73,503,170
Unassigned (deficit)								(182,245)	(227,590)	(303,377)
Total All Other Governmental Funds	\$ 72,385,230	84,470,457	70,303,915	81,607,197	77,885,800	77,507,403	76,147,545	108,727,958	214,551,692	212,814,188

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

Matanuska-Susitna Borough, Alaska
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

June 30,	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Taxes										
Property	\$ 56,129,509	66,197,370	79,534,151	83,932,620	91,308,732	99,905,339	105,234,713	107,616,264	103,712,415	109,941,885
Transient accommodations	767,579	829,545	915,457	994,443	1,038,308	1,037,673	1,285,834	957,362	1,084,282	1,099,803
Excise			4,527,071	4,845,770	4,528,494	4,688,563	4,901,735	4,723,063	5,075,644	4,913,901
Intergovernmental	18,434,785	14,890,894	17,464,631	31,062,486	34,195,182	50,554,373	37,670,530	56,442,470	56,583,156	75,538,593
Charges for services	8,592,013	6,386,902	6,614,210	6,367,223	5,926,147	6,270,066	5,660,812	5,898,919	5,411,508	6,869,062
Investment income	746,593	2,420,819	5,174,554	8,429,002	6,953,114	3,086,763	773,087	542,742	389,963	573,412
Interest on land sales	148,139	142,753	132,349	117,029	96,192	81,397	79,502	59,575	42,442	25,332
Other revenues	1,189,809	365,075	425,478	421,751	2,458,760	1,660,498	562,521	457,206	548,879	393,074
Total revenues	86,008,427	91,233,358	114,787,901	136,170,324	146,504,929	167,284,672	156,168,734	176,697,601	172,848,289	199,355,062
Expenses										
General government	10,926,703	11,666,781	12,930,989	15,268,807	17,496,266	18,885,357	21,300,784	19,646,372	19,853,424	17,009,544
Public works*	2,018,205	2,245,812	2,567,832	2,799,373	3,193,543	3,856,964	3,891,504	3,626,363	4,177,386	4,768,517
Emergency services	7,862,746	10,323,145	11,912,887	13,535,264	15,164,406	14,223,772	15,474,541	16,533,229	18,147,836	20,124,307
Public services	15,530,080	12,857,123	13,307,713	15,390,465	20,360,389	19,914,633	18,332,933	18,551,909	21,755,463	24,005,611
Education	33,036,064	34,754,381	38,366,900	40,580,815	42,150,523	44,918,971	44,451,135	48,601,849	51,177,721	53,532,128
Debt service										
Interest	6,071,791	7,159,662	7,117,600	7,253,073	8,733,002	8,283,862	8,043,372	8,261,914	9,742,827	12,018,693
Principal	5,205,000	6,390,000	7,500,000	7,890,000	9,015,000	10,325,000	10,800,000	11,915,000	13,560,000	17,645,000
Capital outlay	12,438,341	11,844,890	29,132,405	52,160,157	31,737,382	66,452,509	33,947,380	43,987,644	40,718,502	76,112,705
Total expenditures	93,088,930	97,241,794	122,836,326	154,877,954	147,850,511	186,861,068	156,241,649	171,124,280	179,133,159	225,216,505
Excess of revenues over (under) expenditures	(7,080,503)	(6,008,436)	(8,048,425)	(18,707,630)	(1,345,582)	(19,576,396)	(72,915)	5,573,321	(6,284,870)	(25,861,443)
Other Financing Sources (Uses)										
Proceeds from disposal of capital assets	-	10,039	5,374	5,558	6,061	13,944	-	12,921	10,756	50,165
Transfers in	19,602,662	22,651,335	28,955,746	34,766,734	35,915,180	34,455,025	35,943,357	40,209,920	51,837,142	54,882,849
Transfers out	(19,590,842)	(22,776,949)	(29,179,023)	(34,475,707)	(37,058,626)	(35,095,150)	(36,008,867)	(40,045,435)	(51,936,582)	(54,882,570)
Bond issuance	32,010,000	71,670,000	-	75,415,000	5,750,000	19,030,000	-	33,785,000	100,480,000	24,465,000
Premium on bond issuance	710,274	4,248,846	-	3,893,629	50,785	859,426	-	1,069,678	10,691,728	4,155,047
Payment to refunded debt escrow agent	-	(47,185,353)	-	(38,547,301)	-	-	-	-	(9,906,439)	-
Total other financing sources (uses)	32,732,094	28,617,918	(217,903)	41,057,913	4,663,400	19,263,245	(65,510)	35,032,084	101,176,605	28,670,491
Extraordinary items	-	-	-	-	-	10,000,000	4,979,518	-	-	-
Net Change in Fund Balances	\$ 25,651,591	22,609,482	(8,266,328)	22,350,283	3,317,818	9,686,849	4,841,093	40,605,405	94,891,735	2,809,048
Debt service as a percentage of noncapital expenditures	14.0%	15.9%	15.6%	14.7%	15.3%	15.5%	15.4%	15.9%	16.8%	19.9%

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

Matanuska-Susitna Borough, Alaska
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	(1) Real Property	(1) Personal Property	(1) Tax-Exempt Property	Total Taxable Assessed Value	(1) Direct Tax Rate	(2) Estimated Actual Value	Total Taxable Assessed Value as a Percentage of Total Estimated Actual Value
2004	\$ 4,251,962,200	\$ 35,217,516	\$ 336,780,900	\$ 3,950,398,816	11.483	\$ 4,115,271,770	95.99 %
2005	4,868,060,700	36,492,524	345,987,800	4,558,565,424	11.80	4,842,404,800	94.14
2006	6,736,865,300	53,688,025	1,115,573,100	5,674,980,225	10.88	6,049,408,756	93.81
2007	8,046,203,700	59,026,332	1,176,565,700	6,928,664,332	9.644	7,507,998,500	92.28
2008	8,827,752,800	61,494,174	1,231,388,492	7,657,858,482	9.644	8,580,916,190	89.24
2009	9,160,682,041	66,413,079	1,269,573,453	7,957,521,667	10.326	8,697,868,950	91.49
2010	9,289,426,297	70,605,851	1,288,187,547	8,071,844,601	9.980	8,929,096,710	90.40
2011	9,538,236,712	70,594,984	1,399,139,093	8,209,692,603	9.956	9,103,817,690	90.18
2012	9,844,733,062	71,482,452	1,532,187,448	8,384,028,066	10.051	9,063,680,270	92.50
2013	10,083,251,287	50,340,319	1,600,527,289	8,533,064,317	9.691	9,568,003,300	89.18

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

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, Alaska
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
2004	11.483	0.428	3.00	0.50	3.00	2.40	3.00	1.00	7.80
2005	11.800	0.380	3.00	0.40	3.00	2.40	3.00	1.00	8.50
2006	10.880	0.380	3.00	0.30	3.00	2.40	3.00	1.00	8.50
2007	9.644	0.351	3.00	-	3.00	2.18	2.98	0.96	8.34
2008	9.644	0.370	3.00	-	3.00	2.35	3.05	1.02	8.48
2009	10.326	0.383	3.00	-	3.00	2.51	3.18	1.08	8.51
2010	9.980	0.429	3.00	-	3.00	2.77	3.55	1.21	8.51
2011	9.956	0.394	3.00	-	3.00	2.94	3.71	1.32	8.51
2012	10.051	0.425	3.00	-	3.00	2.94	3.96	1.32	8.22
2013	9.691	0.489	3.00	-	3.00	3.05	4.06	1.39	4.00

Fiscal Year	Overlapping Rates								
	9	14	15	16	17	19	20	21	23
2004	1.75	1.50	3.80	1.50	2.00	1.53	2.72	2.65	3.50
2005	1.75	1.50	3.80	1.50	2.75	2.00	2.72	2.65	3.50
2006	1.75	1.50	3.80	1.50	2.75	2.00	2.72	2.65	3.50
2007	1.76	1.39	3.49	1.40	2.48	1.89	2.53	2.32	3.18
2008	1.82	1.44	3.83	1.47	2.54	2.08	2.66	2.41	3.36
2009	1.97	1.51	4.13	1.60	2.75	2.23	2.83	2.57	3.48
2010	2.18	1.51	4.11	1.78	2.75	2.46	3.17	2.57	3.82
2011	2.41	1.66	4.11	1.50	2.75	2.62	3.39	2.57	4.01
2012	2.58	1.66	4.11	1.50	2.75	2.51	3.62	2.57	4.29
2013	2.78	1.77	4.10	1.50	2.92	2.51	3.86	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, Alaska
Direct and Overlapping Property Tax Rates,
Last Ten Fiscal Years
(mill levy rate per \$1,000 of assessed value)

Fiscal Year	Overlapping Rates							
	24	25	26	27	28	29	30	31
2004	1.70	1.25	1.75	3.00	2.00	2.67	3.40	2.25
2005	1.70	1.25	2.25	3.00	2.00	2.67	3.40	2.75
2006	1.70	1.25	2.50	3.00	2.00	2.67	3.40	2.75
2007	1.41	1.20	2.27	2.70	1.85	2.22	3.17	2.74
2008	1.51	1.25	2.43	2.76	1.89	2.38	3.28	2.86
2009	1.60	1.33	2.59	2.93	2.01	2.53	3.53	3.12
2010	1.73	1.46	2.86	3.24	2.25	2.73	3.74	3.35
2011	1.84	1.53	3.04	3.24	2.00	2.73	3.74	3.35
2012	1.84	1.61	3.23	3.24	2.00	2.73	3.97	3.68
2013	1.95	1.73	3.45	3.48	2.00	2.89	4.41	3.68

Fiscal Year	Overlapping Rates								
	33*	34*	35	69	130	131	132	135	136*
2004	1.50	1.50	1.00	5.00	1.00	-	0.70	-	3.00
2005	2.00	1.50	1.00	5.00	1.50	-	0.70	-	3.50
2006	2.00	1.50	1.00	5.00	1.50	3.00	0.70	-	3.50
2007	1.76	1.37	0.93	4.57	1.42	2.89	0.65	-	3.13
2008	1.82	1.40	0.96	5.26	1.46	3.06	0.68	-	3.22
2009	1.94	1.49	1.02	5.79	1.56	3.07	0.73	-	3.43
2010	-	-	1.14	6.61	1.72	3.51	0.80	3.00	1.49
2011	-	-	1.21	7.33	1.83	3.47	0.84	3.00	1.56
2012	-	-	1.29	8.21	1.92	3.68	0.88	3.00	1.56
2013	-	-	1.37	9.12	1.97	4.13	0.88	2.96	1.67

Matanuska-Susitna Borough, Alaska

Principal Property Tax Payers,
Current Year and Nine Years Ago

June 30, Taxpayer	2013			2004		
	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	\$ 100,823,600	1	1.16 %	\$ 14,653,200	6	0.32 %
Enstar Natural Gas	42,438,600	2	0.49	28,020,800	2	0.61
Fred Meyer Stores, Inc.	39,028,082	3	0.45	29,167,549	1	0.64
Alaska Hotel Properties, Inc.	38,934,400	4	0.45	21,285,800	4	0.47
Cook Inlet Region, Inc./CIRI Land Development Co.	30,421,994	5	0.35	9,058,300	8	0.20
Wal-Mart Stores, Inc.	29,955,275	6	0.34	16,748,028	5	0.37
Global Finance & Investments S.A./Gary Lundgren	25,777,900	7	0.30			0.00
DBC, LLC/Target	19,243,500	8	0.22			0.00
Alaska Pipeline Co.	18,467,600	9	0.21	26,170,100	3	0.57
GCI/GCI Cable/Alaska Digitel	17,815,500	10	0.20	-		0.00
Cottonwood Creek Mall LLC	-		-	12,529,300	7	0.27
Wasilla LLC	-		-	6,742,200	9	0.15
Spenard Builders Supply	-		-	4,919,313	10	0.11
Total	\$ 362,906,451		4.17 %	\$ 169,294,590		3.71 %

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

Note: Includes real and personal property.

Matanuska-Susitna Borough, Alaska
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			Total Collections to Date	
				Amount	Percentage of Net Levy	Collections in Subsequent Years	Amount	Percentage of Net Levy
2004	\$ 56,488,089	\$ 4,414,910	\$ 52,073,179	\$ 51,345,575	98.60 %	\$ 708,394	\$ 52,053,969	99.96 %
2005	67,902,130	5,084,978	62,817,152	60,369,329	96.10	2,365,291	62,734,620	99.87
2006	79,509,819	5,354,913	74,154,906	71,450,048	96.35	2,563,583	74,013,631	99.81
2007	87,063,129	5,264,801	81,798,328	77,652,943	94.93	3,803,999	81,456,942	99.58
2008	97,208,979	5,841,939	91,367,040	87,627,539	95.91	3,304,862	90,932,401	99.52
2009	107,223,469	6,790,265	100,433,204	96,318,045	95.90	3,454,556	99,772,601	99.34
2010	108,123,032	7,386,682	100,736,350	97,109,667	96.40	2,640,664	99,750,331	99.02
2011	110,203,515	7,743,976	102,459,539	98,954,998	96.58	1,910,036	100,865,034	98.44
2012	114,442,314	8,325,740	106,116,574	101,881,857	96.01	1,473,387	103,355,244	97.40
2013	114,904,572	8,834,593	106,069,979	102,321,617	96.47	-	102,321,617	96.47

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

Matanuska-Susitna Borough, Alaska

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-type Activities		Total Primary Government	Percentage of Personal Income*	Per Capita*
	General Obligation Bonds	Certificates of Participation	Notes Payable	Capital Leases	General Obligation Bonds	Notes Payable			
2004	\$ 134,875,000	\$ 4,470,000	\$ -	\$ 192,000	\$ -	\$ -	\$ 139,537,000	7.05 %	\$ 2,068
2005	147,555,000	4,190,000	-	90,164	9,510,000	-	161,345,164	7.61	2,300
2006	140,350,000	3,895,000	-	68,748	9,150,000	-	153,463,748	6.66	2,073
2007	171,240,000	3,590,000	-	45,085	8,785,000	-	183,660,085	7.05	2,380
2008	162,545,000	9,020,000	294,958	18,938	8,410,000	995,155	181,284,051	6.40	2,264
2009	171,850,000	8,420,000	282,203	-	8,025,000	3,984,802	192,562,005	5.84	2,334
2010	161,695,000	7,775,000	282,993	-	7,630,000	3,951,150	181,334,143	5.33	2,151
2011	184,240,000	7,100,000	359,063	-	7,220,000	4,606,769	203,525,832	5.58	2,287
2012	262,845,000	6,390,000	347,777	-	6,665,000	4,561,767	280,809,544	7.29	3,062
2013	270,410,000	5,645,000	329,698	-	6,200,000	4,434,462	287,019,160	N/A	3,060

N/A - Not available

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

Matanuska-Susitna Borough, Alaska
Ratios of Net General Bonded Debt Outstanding,
Last Ten Fiscal Years

Fiscal Year	Net General Bonded Debt Outstanding			Percentage of Total Taxable Assessed Value of Property*	Per Capita**
	General Obligation Bonds	Debt Service Monies Available	Total		
2004	\$ 134,875,000	\$ 211,359	\$ 134,663,641	3.41 %	\$ 1,996
2005	157,065,000	373,851	156,691,149	3.44	2,234
2006	149,500,000	244,398	149,255,602	2.63	2,016
2007	180,025,000	258,294	179,766,706	2.59	2,329
2008	170,955,000	291,064	170,663,936	2.23	2,131
2009	179,875,000	791,345	179,083,655	2.25	2,170
2010	169,325,000	291,195	169,033,805	2.09	2,005
2011	191,460,000	1,016,788	190,443,212	2.32	2,140
2012	269,510,000	1,038,091	268,471,909	3.20	2,928
2013	276,610,000	1,041,305	275,568,695	3.23	2,938

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

*See Schedule 6 for property value data.

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

Matanuska-Susitna Borough, Alaska

Direct and Overlapping Debt

As of June 30, 2013

Governmental Unit	Debt Outstanding	Percentage Applicable to the Governmental Unit	Share of Direct and Overlapping Debt
Education Debt	\$ 257,025,000	100%	\$ 257,025,000
Certificates of Participations-Public Safety Building	1,395,000	100%	1,395,000
Certificates of Participations-Animal Care Facility	4,250,000	100%	4,250,000
Notes Payable-Ak Clean Water Fund Loans	329,698	100%	329,698
Parks and Recreation	2,210,000	100%	2,210,000
Transportation	11,175,000	100%	11,175,000
Total	\$ 276,384,698		\$ 276,384,698
Cities Within the Borough, (Palmer and Wasilla) General Obligation Bonds as of June 30, 2013			
Palmer Golf Course	\$ 295,000	100%	\$ 295,000
Palmer Ice Rink	1,000,000	100%	1,000,000
Wasilla Road Improvements	2,200,000	100%	2,200,000
Total	\$ 3,495,000		\$ 3,495,000
Net Direct and Overlapping Debt			\$ 279,879,698

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

Matanuska-Susitna Borough, Alaska

Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2013	
Total taxable assessed value	\$ 8,533,064,317
Debt Limit (7% of total taxable assessed value)	597,314,502
Total debt applicable to limit	276,610,000
Legal Debt Margin	\$ 320,704,502

June 30,	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt Limit	\$ 276,527,917	319,099,580	397,248,616	485,006,503	536,050,094	557,026,517	565,029,122	574,678,482	586,881,965	597,314,502
Total debt applicable to limit	134,875,000	157,065,000	149,500,000	180,025,000	170,955,000	179,875,000	169,325,000	191,460,000	269,510,000	276,610,000
Legal Debt Margin	\$ 141,652,917	162,034,580	247,748,616	304,981,503	365,095,094	377,151,517	395,704,122	383,218,482	317,371,965	320,704,502
Total debt applicable to the as a percentage of debt limit	49%	49%	38%	37%	32%	32%	30%	33%	46%	46%

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

Matanuska-Susitna Borough, Alaska

Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year	(1)	(2)	(3)	(4)	
	Population	Personal Income (<i>thousands of dollars</i>)	Per Capita Income	School Enrollment	Unemployment Rate
2004	67,473	\$ 1,979,698	\$ 29,341	14,315	7.8 %
2005	70,148	2,119,931	30,221	14,662	7.7
2006	74,041	2,304,566	31,126	15,440	7.5
2007	77,174	2,603,465	33,735	15,847	7.4
2008	80,088	2,834,775	35,396	16,115	7.4
2009	82,515	3,298,218	39,971	16,464	8.8
2010	84,314	3,403,299	40,365	16,653	9.6
2011	88,995	3,649,774	41,011	16,962	8.9
2012	91,697	3,852,961	42,018	17,338	8.6
2013	93,801	N/A	N/A	17,247	7.3

N/A - Not available

Sources:

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

Matanuska-Susitna Borough, Alaska

Total Employment by Type of Employer
Current Year and Nine Years Ago

Employer Type	2013		2004	
	Employees	Rank	Employees	Rank
Trade, Transportation, and Utilities	4,504	1	3,728	1
Educational and Health Services	3,955	2	2,424	2
Local Government	3,174	3	2,272	3
Leisure and Hospitality	2,402	4	1,917	4
Construction	1,594	5	1,736	5
State Government	1,259	6	963	6
Professional and Business Services	1,213	7	894	7
Financial Activities	751	9	551	9
Other Services	733	8	550	8
Information	596	10	520	10
Federal Government	210	11	192	12
Manufacturing	196	12	214	11
Natural Resources and Mining	174	13	117	13
Unclassified Employers	47	14	10	14
Total	20,808		16,088	

Source: Alaska Department of Labor, Research and Analysis Division

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

Matanuska-Susitna Borough, Alaska

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

<i>June 30,</i>	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Function/Program										
General government	99.650	104.150	112.480	114.020	123.520	131.520	132.500	136.280	148.550	149.700
Public works	44.000	46.000	47.000	48.000	50.000	51.000	52.000	51.000	54.000	54.000
Emergency services	33.020	38.520	38.520	41.980	46.980	50.730	49.750	50.650	45.000	49.850
Public services	36.170	40.120	40.740	41.530	41.530	41.690	41.690	36.590	36.690	36.940
Total	212.840	228.790	238.740	245.530	262.030	274.940	275.940	274.520	284.240	290.490

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

Matanuska-Susitna Borough, Alaska
Operating Indicators by Function/Program
Last Eight Fiscal Years

June 30,	Fiscal Year							
	2006	2007	2008	2009	2010	2011	2012	2013
Function/Program								
General government								
Planning								
Comprehensive and special land use district plans in process	10	11	13	11	11	4	4	4
Finance								
Number of purchasing solicitations processed	172	203	166	170	150	158	202	156
Number of vendor/employee payments processed	24,220	24,903	28,580	26,057	26,493	27,387	27,665	27,386
Collections of delinquent land lease accounts (in dollars)	\$ 280,840	\$ 194,033	\$ 58,552	\$ 64,578	\$ 87,263	\$ 156,842	\$ 100,463	\$ 114,934
Real property assessments	69,732	72,841	73,947	74,588	74,990	75,321	75,540	75,913
Property sales analyzed for assessment purposes	2,883	2,409	2,762	2,911	2,453	1,503	1,560	1,628
Code Compliance								
Code violation complaints received	443	386	428	230	265	578	237	246
Public works								
Road maintenance (monthly average)								
Citizen requests for repairs requiring action	157	234	164	165	141	158	333	285
Surveying and right-of-way								
Platting actions	180	202	164	99	88	65	77	98
Utility permits issued	448	478	441	378	275	323	293	335
Driveway permits issued	396	450	538	371	291	483	553	615
Construction permits issued	36	29	46	24	33	23	12	49
Encroachment permits issued	12	9	15	32	36	11	3	19
Solid waste disposal								
Loads hauled from transfer sites to Central Landfill	1,744	1,563	1,501	1,368	1,490	1,415	1,349	1,444
Refuse collected through community clean-up efforts (in tons)	207	292	198	158	192	205	63	122
Abandoned vehicles removed	266	273	334	381	366	529	130	137
Hazardous waste processed (in pounds)	20,050	114,590	618,180	589,078	625,000	102,672	85,664	136,533
Emergency services								
Ambulance Runs	5,645	5,349	5,558	4,890	4,894	5,380	5,971	6,314
Animal Shelter								
Animals lodged at shelter	3,629	3,672	3,502	3,377	3,494	3,994	3,786	3,219
Animals adopted to new homes	1,054	1,029	1,273	1,405	1,534	1,645	1,457	1,364
Animals adopted by local rescue groups	374	301	231	134	216	402	455	462
Animals euthanized at shelter	1,408	1,519	1,336	1,123	832	1,000	675	469
Public services								
Land and resource management (cumulative unless otherwise noted)								
Trails dedicated (in miles)	2,018	2,061	2,092	2,092	2,098	2,140	2,141	2,209
Asset management plans completed for Borough owned land (in acres)	17,080	20,332	20,332	20,332	20,332	164,018	164,018	164,018
Land classifications (in acres)	188,990	190,230	190,691	190,691	208,465	352,165	361,320	361,428
Parcels sold (annually)	26	114	29	36	43	17	9	28
Community enrichment and development								
Community enrichment class varieties offered	93	83	47	68	69	79	52	44
Total contact hours with public	1,252	1,179	1,035	830	1,302	1,464	1,280	794
Libraries								
Participants in summer reading program	2,326	2,713	2,848	2,446	3,820	2,865	2,552	2,982
Participants in pre-school story time	2,230	1,857	3,345	2,672	3,382	3,683	3,511	2,464
Volunteer hours utilized	2,148	2,218	1,866	1,839	2,311	3,193	2,649	3,466
Pools								
Participants in swim lesson programs (quarterly average)	499	673	538	747	696	708	650	711

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, Alaska
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

<i>June 30,</i>	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Function/Program										
General government										
Administration and related buildings	3	3	3	3	3	3	3	3	3	3
Public works										
Utility trailers	5	5	6	6	6	6	6	6	11	11
Paved roads (miles)	217	230	244	254	261	270	279	287	291	295
Bridges	23	23	23	23	23	23	23	23	23	23
Public works and related buildings	-	-	-	-	1.00	1	1	1	1	3
Emergency services										
Ambulances	22	23	23	22	22	27	28	27	30	30
Fire pumper/tankers	41	43	43	47	54	57	57	61	64	67
Tractors, forklifts, and related equipment	2	2	2	2	2	3	6	8	12	12
Utility/Rescue trailers	3	3	4	5	5	10	12	14	16	16
Rescue vehicles	15	15	16	20	24	25	26	29	29	31
Trucks and utility vehicles	52	58	59	59	61	64	74	75	80	81
Rescue boats	-	-	-	1.00	1	1	2	2	2	2
ATVs and snowmobiles	6	7	8	8	8	20	23	26	29	29
Public safety and related buildings	26	27	27	27	27	27	27	29	30	32
Public services										
Tractors, forklifts, and related equipment	3	3	3	9	17	17	17	17	20	23
Utility trailers	3	4	4	5	5	5	5	5	5	7
Trucks and utility vehicles	8	8	8	7	16	23	25	26	29	31
ATVs and snowmobiles	4	6	6	7	7	7	7	8	8	8
Riverboats	1.00	1	1	1	1	1	1	1	1	1
Community buildings (libraries, ice arenas, etc.)	11	11	12	12	12	12	13	13	13	14
Education										
Schools and related buildings	46	47	47	47	47	47	48	51	52	53

Source: Matanuska-Susitna Borough capital asset records.

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SINGLE AUDIT SECTION



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

Honorable Mayor and
Members of the Assembly
Matanuska-Susitna Borough

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Matanuska-Susitna Borough as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Matanuska-Susitna Borough School District's basic financial statements, and have issued our report thereon dated December 18, 2013.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *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 the 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 results 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 18, 2013



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

Honorable Mayor and
Members of the Assembly
Matanuska-Susitna Borough

Report on Compliance for Each Major Federal Program

We have audited Matanuska-Susitna Borough's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Matanuska-Susitna Borough's major federal programs for the year ended June 30, 2013. 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 \$19,018,152 in federal awards which is not included in the schedule during the year ended June 30, 2013. Our audit, described below, did not include the operations of Matanuska-Susitna Borough School District because it was subjected to a separate audit in accordance with OMB Circular A-133.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Matanuska-Susitna Borough's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Matanuska-Susitna Borough's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Matanuska-Susitna Borough's compliance.

Opinion on Each Major Federal Program

In our opinion, Matanuska-Susitna Borough complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

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

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

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

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

BDO USA, LLP

Anchorage, Alaska
December 18, 2013



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

Honorable Mayor and
Members of the Assembly
Matanuska-Susitna Borough

Report on Compliance for Each Major State Program

We have audited Matanuska-Susitna Borough's compliance with the types of compliance requirements described in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that could have a direct and material effect on each of Matanuska-Susitna Borough's major state programs for the year ended June 30, 2013. 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 \$198,825,664 in state awards which is not included in the schedule during the year ended June 30, 2013. 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, 2013.

Report on Internal Control Over Compliance

Management of Matanuska-Susitna Borough is responsible for establishing and maintaining effective internal control over compliance with the type 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 18, 2013

Matanuska-Susitna Borough

Schedule of Findings and Questioned Costs Year Ended June 30, 2013

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	___ yes	<u>X</u> no
Significant deficiency(ies) identified?	___ yes	<u>X</u> (none reported)
Noncompliance material to financial statements noted?	___ yes	<u>X</u> no

Federal Financial Assistance

Internal control over major programs:		
Material weakness(es) identified?	___ yes	<u>X</u> no
Significant deficiency(ies) identified?	___ yes	<u>X</u> (none reported)
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	___ yes	<u>X</u> no

Identification of major programs:

<i>CFDA Number</i>	<i>Name of Federal Program or Cluster</i>
10.688	ARRA - Hazardous Fuels Mitigation
15.226	Payment in Lieu of Taxes

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

Auditee qualified as low-risk auditee? ___ yes ___ no

State Financial Assistance

Internal control over major programs:		
Material weakness(es) identified?	___ yes	<u>X</u> no
Significant deficiency(ies) identified?	___ yes	<u>X</u> (none reported)
Type of auditor's report issued on compliance for major programs:	Unmodified	

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

Matanuska-Susitna Borough

Schedule of Findings and Questioned Costs *Year Ended June 30, 2013*

Section II - Financial Statement Findings Required to be Reported in Accordance with <i>Governmental Auditing Standards</i>
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None noted.

Section III - Federal Award Findings and Questioned Costs

None noted.

Section IV - State Award Findings and Questioned Costs
--

None noted.

Matanuska-Susitna Borough

Schedule of Prior Audit Findings *Year Ended June 30, 2013*

Federal Award Findings and Questioned Costs

None noted.

State of Alaska Award Findings and Questioned Costs

None noted.

Matanuska-Susitna Borough

Corrective Action Plan *Year Ended June 30, 2013*

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

COMPONENT UNIT

Matanuska-Susitna Borough School District

Statement of Net Position

<i>June 30, 2013</i>	Governmental Activities
Assets	
Cash and investments	\$ 17,915,894
Accounts receivable:	
Federal and state grants	5,456,140
Other	1,031,576
Due from the Borough	1,352,343
Inventory	1,283,375
Prepaid items	885,846
Capital equipment, net of accumulated depreciation	6,935,776
Total Assets	\$ 34,860,950
Liabilities and Net Position	
Liabilities:	
Accounts payable	\$ 2,321,359
Accrued payroll and related liabilities	6,670,802
Due to Borough	752,526
Unearned revenue	950,969
Insurance claims incurred but not reported	864,241
Noncurrent liabilities - accrued leave - due within one year	5,123,559
Total liabilities	16,683,456
Net position:	
Net investment in capital assets	6,935,776
Restricted - scholarships	5,768
Unrestricted	11,235,950
Total net position	18,177,494
Total Liabilities and Net Position	\$ 34,860,950

Matanuska-Susitna Borough School District

Statement of Activities

<i>Year Ended June 30, 2013</i>	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
Expenses	Charges for Services	Operating Grants and Contri- butions	Govern- mental Activities	
Governmental activities:				
Instruction	\$ 111,528,252	\$ -	\$ 26,652,515	\$ (84,875,737)
Special education instruction	37,990,290	-	8,210,390	(29,779,900)
Special education support services - students	14,444,346	-	3,565,257	(10,879,089)
Support services - students	10,142,769	-	2,260,446	(7,882,323)
Support services - instruction	12,929,046	-	6,805,584	(6,123,462)
School administration	9,251,490	-	2,702,721	(6,548,769)
School administration support services	9,321,729	-	-	(9,321,729)
District administration	2,510,421	-	849,257	(1,661,164)
District administration support services	11,152,661	-	1,580,629	(9,572,032)
Operations and maintenance of plant	23,314,018	-	254,224	(23,059,794)
Student activities	4,127,474	-	1,386,232	(2,741,242)
Student transportation	14,984,891	-	14,521,813	(463,078)
Community services	28,425	-	28,425	-
Food services	6,227,749	1,238,418	4,450,509	(538,822)
Construction and facilities acquisition	1,086,884	-	-	(1,086,884)
	\$ 269,040,445	\$ 1,238,418	\$ 73,268,002	(194,534,025)
General revenues:				
Borough contribution				48,845,260
State grants and entitlements not restricted to a specific purpose				144,671,947
E-rate				818,873
Medicaid reimbursement				1,005,974
Facility use				120,788
Out of District reimbursement				1,501,007
Other				405,543
				197,369,392
Change in net position				2,835,367
Net Position, beginning of year				15,342,127
Net Position, end of year				\$ 18,177,494

Matanuska-Susitna Borough School District

Governmental Funds

Balance Sheet

<i>June 30, 2013</i>	Major Funds				Total Govern- mental Funds
	General	Title I-A Basic Special Revenue Fund	Capital Improvement Projects Capital Project Fund	Nonmajor Funds	
Assets					
Cash and investments	\$ 8,753,335	\$ -	\$ 6,080,793	\$ 1,659,906	\$ 16,494,034
Accounts receivable:					
Federal and state grants	-	1,714,478	-	3,741,662	5,456,140
Other	616,611	-	-	414,965	1,031,576
Due from the Borough	1,352,343	-	-	-	1,352,343
Inventory	460,194	-	-	645,710	1,105,904
Prepaid items	883,846	-	-	-	883,846
Due from other funds	6,108,965	-	-	-	6,108,965
Total Assets	\$ 18,175,294	\$ 1,714,478	\$ 6,080,793	\$ 6,462,243	\$ 32,432,808
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 2,319,880	\$ -	\$ -	\$ 1,479	\$ 2,321,359
Accrued payroll and related liabilities	6,670,802	-	-	-	6,670,802
Due to Borough	752,526	-	-	-	752,526
Unearned revenue	5,500	-	-	816,818	822,318
Due to other funds	-	1,714,478	-	4,156,627	5,871,105
Total liabilities	9,748,708	1,714,478	-	4,974,924	16,438,110
Fund balances:					
Nonspendable	1,344,040	-	-	645,710	1,989,750
Restricted	-	-	-	5,768	5,768
Committed	500,000	-	6,080,793	-	6,580,793
Assigned	-	-	-	835,841	835,841
Unassigned	6,582,546	-	-	-	6,582,546
Total fund balances	8,426,586	-	6,080,793	1,487,319	15,994,698
Total Liabilities and Fund Balances	\$ 18,175,294	\$ 1,714,478	\$ 6,080,793	\$ 6,462,243	\$ 32,432,808

Matanuska-Susitna Borough School District
Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Position

June 30, 2013

Total governmental fund balances		\$ 15,994,698
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets net of accumulated depreciation used in governmental activities are not financial resources and therefore are not reported in the funds

Furnishings and equipment	\$ 14,618,647	
Accumulated depreciation	<u>(7,682,871)</u>	
		6,935,776

Long-term liabilities are not due and payable in the current period and therefore are not reported as fund liabilities. This liability consists of accrued leave.	(5,123,559)
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Amounts reported in the Internal Service Funds of the District are used to support ongoing educational costs of programs. Their activities are appropriately recorded with governmental activities in the statement of net position	167,000
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Amounts reported in the Enterprise Funds of the District are used to support ongoing educational costs of programs. Their activities are appropriately recorded with governmental activities in the statement of net position	<u>203,579</u>
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Net position of governmental activities	<u>\$ 18,177,494</u>
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Matanuska-Susitna Borough School District
Governmental Funds
Statement of Revenues, Expenditures and Changes
in Fund Balances

	Major Funds				Total Govern- mental Funds
	General	Title I-A Basic Special Revenue Fund	Capital Improvement Projects Capital Project Fund	Nonmajor Funds	
<i>Year Ended June 30, 2013</i>					
Revenues:					
Local sources:					
Borough appropriation	\$ 48,845,260	\$ -	\$ -	\$ -	\$ 48,845,260
Facility use	120,788	-	-	-	120,788
Other local reimbursement	1,501,007	-	-	1,324,670	2,825,677
Other	405,539	-	-	4	405,543
State of Alaska	182,990,197	-	-	15,835,467	198,825,664
Federal sources:					
E-rate	818,873	-	-	-	818,873
Medicaid reimbursement	1,005,974	-	-	-	1,005,974
Direct grants	-	-	-	1,457,073	1,457,073
Grants passed through the State of Alaska	-	2,752,857	-	14,482,589	17,235,446
Grants passed through intermediate agencies	-	-	-	331,512	331,512
Total revenues	235,687,638	2,752,857	-	33,431,315	271,871,810
Expenditures:					
Current:					
Instruction	105,757,701	2,573,726	-	3,250,731	111,582,158
Special education instruction	35,541,541	-	-	2,427,101	37,968,642
Special education support services - students	13,067,692	-	-	1,288,560	14,356,252
Support services - students	10,118,303	-	-	-	10,118,303
Support services - instruction	8,191,995	-	-	4,677,801	12,869,796
School administration	9,241,119	-	-	-	9,241,119
School administration support services	9,335,527	-	-	-	9,335,527
District administration	2,015,382	-	-	479,707	2,495,089
District administration support services	10,119,437	179,131	-	810,236	11,108,804
Operations and maintenance of plant	22,758,531	-	-	290,660	23,049,191
Student activities	4,123,821	-	-	3,786	4,127,607
Student transportation	-	-	-	14,971,166	14,971,166
Community services	-	-	-	28,425	28,425
Food services	8,350	-	-	6,126,017	6,134,367
Non-current - construction and facilities acquisition	-	-	2,684,128	-	2,684,128
Total expenditures	230,279,399	2,752,857	2,684,128	34,354,190	270,070,574
Excess (deficiency) of revenues over expenditures	5,408,239	-	(2,684,128)	(922,875)	1,801,236
Other financing sources (uses):					
Transfers in	-	-	764,181	542,439	1,306,620
Transfers out	(1,306,620)	-	-	-	(1,306,620)
Net other financing sources (uses)	(1,306,620)	-	764,181	542,439	-
Net change in fund balances	4,101,619	-	(1,919,947)	(380,436)	1,801,236
Fund Balances, beginning of year	4,324,967	-	8,000,740	1,867,755	14,193,462
Fund Balances, end of year	\$ 8,426,586	\$ -	\$ 6,080,793	\$ 1,487,319	\$ 15,994,698

Matanuska-Susitna Borough School District

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

Year Ended June 30, 2013

Net change in fund balances - total governmental funds \$ 1,801,236

Amounts reported for governmental activities in the statement
of activities are different because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those
assets is allocated over their estimated useful lives as
depreciation expense. This is the amount by which capital
outlays exceeded depreciation:

Capital outlay	\$ 2,352,757	
Depreciation expense	<u>(1,124,907)</u>	
		1,227,850

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

(193,719)

Change in net position of governmental activities \$ 2,835,367

Matanuska-Susitna Borough School District

Proprietary Funds Statement of Net Position

	Governmental Activities	
	Nonmajor Enterprise Funds	Internal Service Funds
<i>June 30, 2013</i>		
Assets		
Cash and investments	\$ 152,759	\$ 1,269,101
Prepaid items	2,000	-
Inventory	177,471	-
Total Assets	\$ 332,230	\$ 1,269,101
Liabilities and Net Position		
Current liabilities:		
Due to other funds	\$ -	\$ 237,860
Unearned revenue	128,651	-
Insurance claims incurred but not reported	-	864,241
Total current liabilities	128,651	1,102,101
Net position - unrestricted	203,579	167,000
Total Liabilities and Net Position	\$ 332,230	\$ 1,269,101

Matanuska-Susitna Borough School District
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Position

	Governmental Activities	
	Nonmajor Enterprise Funds	Internal Service Funds
<i>Year Ended June 30, 2013</i>		
Operating revenues:		
Interfund charges	\$ -	\$ 1,501,661
Sales	3,928	-
Total operating revenues	3,928	1,501,661
Operating expenses:		
Claims expense	-	1,176,224
Instruction	3,928	-
General and administrative	-	325,511
Total operating expenses	3,928	1,501,735
Operating loss	-	(74)
Nonoperating revenue - interest income	-	74
Change in net position	-	-
Net Position, beginning of year	203,579	167,000
Net Position, end of year	\$ 203,579	\$ 167,000

Matanuska-Susitna Borough School District

Proprietary Funds Statement of Cash Flows

<i>Year Ended June 30, 2013</i>	Governmental Activities	
	Nonmajor Enterprise Funds	Internal Service Funds
Cash Flows from Operating Activities		
Receipts from interfund charges	\$ -	\$ 1,739,521
Receipts from customers and users	2,549	-
Payments to suppliers	(39,560)	(1,643,786)
Net cash flows from operating activities	(37,011)	95,735
Cash Flows from Investing Activities		
Interest received	-	74
Net increase (decrease) in cash and cash equivalents	(37,011)	95,809
Cash and Cash Equivalents, beginning of year	189,770	1,173,292
Cash and Cash Equivalents, end of year	\$ 152,759	\$ 1,269,101
Reconciliation of change in net position to cash flows from operating activities:		
Operating loss	\$ -	\$ (74)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Increase in due to other funds	-	237,860
Increase in inventories	(35,632)	-
Decrease in unearned revenue	(1,379)	-
Decrease in insurance claims incurred but not reported	-	(142,051)
Total adjustments	(37,011)	95,809
Net cash flows from operating activities	\$ (37,011)	\$ 95,735

Matanuska-Susitna Borough School District
Student Activities Agency Fund
Statement of Fiduciary Assets and Liabilities

June 30, 2013

Assets

Cash and investments	\$ 1,616,518
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Liabilities

Due to student activities and community schools	\$ 1,616,518
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