



Matanuska-Susitna Borough, Alaska

Comprehensive Annual Financial Report


For the Fiscal Year Ended June 30, 2016

John Moosey
Borough Manager

Prepared by the Finance Department

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Comptroller



Matanuska-Susitna Borough, Alaska

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2016

Matanuska-Susitna Borough, Alaska

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MATANUSKA-SUSITNA BOROUGH

Department of Finance

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January 30, 2017

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

Transmittal of the CAFR

In accordance with Section 29.35.1 20 of Alaska Statutes, the Comprehensive Annual Financial Report of the Matanuska-Susitna Borough for the fiscal year ended June 30, 2016, is hereby submitted. The financial statements were prepared in conformance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

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

The Borough's financial statements have been audited by BDO USA, LLP, a firm of independent certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Borough for the fiscal year ended June 30, 2016, 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, 2016, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the basic financial statements of this report.

The independent audit of the financial statements of the Borough was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal and State of Alaska grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with certain legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. These reports are included within the Comprehensive Annual Financial Report.

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

Profile of the Matanuska-Susitna Borough

The Matanuska-Susitna Borough was incorporated January 1, 1964 as a second-class Borough. The Borough is located in the south central part of the state of Alaska. It occupies a geographic area of approximately 25,265 miles. It is the fastest growing community in the state of Alaska and serves a population of 102,598. The Borough is empowered to levy a property tax on both real and personal properties located within its boundaries. State of Alaska law mandates that second-class Boroughs provide certain services on an areawide basis to all taxpayers.

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

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

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

The annual budget serves as the foundation for the Borough's financial planning and control. All departments and service areas submit budgets to the Manager on or about February 15th. The Manager uses these requests for developing a proposed budget. The Manager submits his proposed budget to the Assembly on the third Tuesday of April. The Assembly is required to hold public hearings on the proposed budget. The Assembly is required by Borough Code to adopt the budget by May 31st. The budget is appropriated by fund (Areawide), department (Emergency Services), and division (Rescue Units). The Manager is authorized to make transfers within a department within any fund. Assembly action is required to transfer between funds or departments within a fund. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an annual budget has been adopted. For the General Fund, this comparison is presented on pages 74, 75, 76 and 77. For governmental funds, other than the General Fund, these comparisons start on page 83.

Economic Condition of the Matanuska-Susitna Borough

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

The Borough's economy began experiencing growth in the early 1990's. In looking back over the last 20 years, the population of the Borough has doubled. Whereas, the population of the State only grew 25%. Just during the last decade, no other area of the state came close to the Borough's track record of population and employment growth.

The communities of the Borough were historically established to support farming and still continue to be the largest agricultural producer in the state. However, farming is now overshadowed by other economic players. There are a number of factors driving the Borough's dynamic economy. Health care is our local economy's major driver. Several new medical facilities have been and are being built over the past five years.

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

In addition to new construction of commercial buildings, the construction of new residences throughout the Borough has continued to increase year after year. Fifty-six new commercial structures were completed this past year as well as 659 single-family residences, and 199 multi-family residences.

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

Cash from all Borough funds as well as the operating cash of the School District is held in a central treasury and managed by the Borough Administration. Interest income on investments is allocated to participating funds based on its average cash balance. The Investment Policy approved by the Borough Assembly authorizes cash temporarily idle during the year to be invested in the United States Treasury, its agencies and instrumentalities; Repurchase Agreements; fully collateralized Certificates of Deposit; bank or credit union accounts, provided the accounts are insured; money market mutual funds, provided they are comprised entirely of United States Treasury, its agencies or instrumentalities; taxable General Obligation Bonds of a Borough/County or State which has two ratings AA or higher, and the Alaska Municipal League Investment Pool. The maturities at June 30, 2016 of the investments range from 15 days to twenty-nine months, with an average maturity of ten months. The average yield this fiscal year was .86%.

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

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

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

Additional information on pension arrangements and postemployment benefits can be found in Notes (12) and (13) in the Notes to the Basic Financial Statements.

Relevant Financial Policies

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

The major reserve of the Areawide Fund is the Reservation of the General Fund Balance. This reserve is equal to a minimum of 22.2 percent of all operating budgeted expenditures of the fiscal year 2016 budget excluding the budgeted operating expenditures of the School District or

\$25,000,000, whichever is less. This would provide funds to protect essential Borough programs if there is ever a significant shortfall in projected revenues or catastrophic uncovered loss. Also, it has been reported by the bond rating agencies as one of the reasons for maintaining or increasing our bond rating. It assists in maintaining our credit worthiness.

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

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

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

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

Long-term Financial Planning

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

The Borough also received authorization from the voters in October 2011 to issue \$32,165,000 in General Obligation Transportation System Bonds to finance the construction, additions, improvements, betterments, repair, reconstruction or acquisition of public roads and facilities. The bonds could only be issued if a matching grant was received from the State of Alaska. That grant was received on July 1, 2012. A portion of the bonds were issued in fiscal year 2013. Combined with the premium generated by the issuance, it provided \$12,900,000 for Transportation System Projects. The remainder, \$19,265,000, was issued in January 2014. Design will occur over the winter and construction will begin summer of 2014 and 2015. They are expected to be complete summer 2015. In total with the grant, \$64,330,000 was available for transportation projects.

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

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

Subsequent to year end, Certificates of Participation were issued in the amount of \$13 million.

Approved in the capital/grant budget was \$350,000 for matching grants for numerous grants. These funds will not lapse. The funds will be used to leverage future grant funds for the Borough. Almost all grants now require a monetary match.

Lastly, over \$13.5 million was budgeted for various small projects throughout the Borough. These funds will be utilized to upgrade various recreational facilities, emergency service facilities and other facilities as well as roads. By so funding, future deferred maintenance costs of buildings will be significantly reduced. Also, maintenance costs will be reduced once the roads are upgraded. In addition, it will also be utilized to upgrade or replace certain equipment.

Awards and Acknowledgements

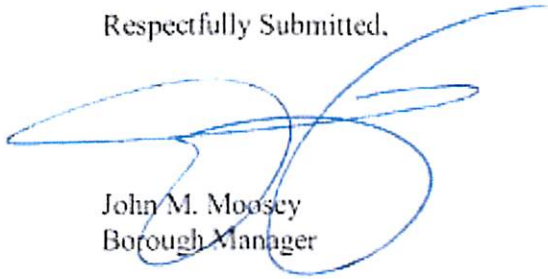
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Matanuska-Susitna Borough for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015. This was the thirtieth consecutive year that the Borough has received this prestigious award. In order to be awarded a Certificate of Achievement, the Borough published an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated service of the entire staff of the Accounting Division. We wish to express our appreciation to all members of the Finance Department who assisted and contributed to the preparation of this report with special thanks to Barbara Baumgartner, Dana Olson, Michael Newman, Kelly Short, Eileen Pickett, Cindy Loyer, Jeff Krueger, Sara Clemons, Tonya Loyer, Kathleen Kelly, Cheyenne Chandler, Katie Robinson, and Layla Lesley. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

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

Respectfully Submitted,



John M. Moosey
Borough Manager



Cheyenne Heindel
Director of Finance

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Matanuska-Susitna Borough, Alaska

Principal Officials Mayor and Assembly

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

Vern Halter, Mayor
Matthew Beck, Deputy Mayor

Jim Sykes
Barbara Doty
Steve Colligan

Dan Mayfield
Randall Kowalke
George McKee



Borough Staff

John M. Moosey
George Hays
Nicholas Spiropoulos
Lonnie McKechnie
Cheyenne Heindel
Jude Bilafer
Eric Phillips
William Gamble
Eileen Probasco
Terry Dolan
Brad Pickett
Marc Van Dongen
Eric Phillips
Patty Sullivan
Eric Wyatt
Barbara Baumgartner

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



Government Finance Officers Association

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

Presented to

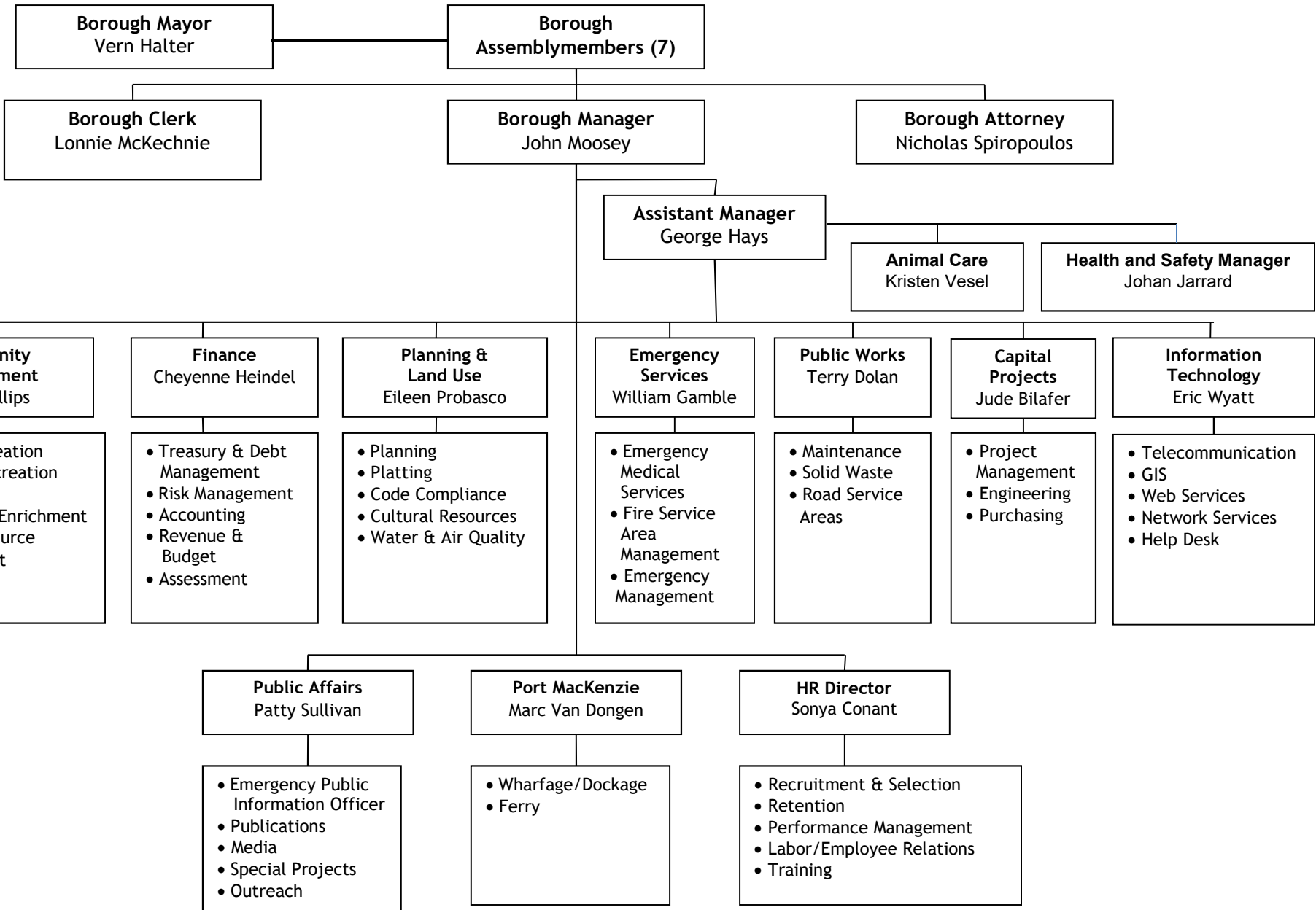
**Matanuska-Susitna Borough
Alaska**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

Matanuska-Susitna Borough Organization Chart Fiscal Year 2016



XVIII

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the 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, 2016, and the related notes to the financial statements, which collectively comprise Matanuska-Susitna Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Matanuska-Susitna Borough as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-16 and the Schedules of Net Pension Liability and Pension Contributions on pages 66-68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit for the year ended June 30, 2016 was conducted for the purpose of forming opinions on the financial statements that collectively comprise Matanuska-Susitna Borough's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, the Schedule of State Financial Assistance, the combining and individual fund financial statements and schedules, Schedule of Revenues and Expenditures - Budget and Actual - Department of Health and Social Services Grants, and the component unit financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards and the Schedule of State Financial Assistance are required by Title 2 U.S Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, respectively.

The Schedule of Expenditures of Federal Awards, the Schedule of State Financial Assistance, the combining and individual fund financial statements and schedules, and the Schedule of Revenues and Expenditures - Budget and Actual - Department of Health and Social Services Grants 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, 2016.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Matanuska-Susitna Borough as of and for the year ended June 30, 2015 (not presented herein), and have issued our report thereon dated January 29, 2016, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information. The individual fund financial statements and schedules for the year ended June 30, 2015 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the June 30, 2015 financial statements. The information has been subjected to the auditing procedures applied in the audit of the June 30, 2015 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2017 on our consideration of Matanuska-Susitna Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Matanuska-Susitna Borough's internal control over financial reporting and compliance.

BDO USA, LLP

Anchorage, Alaska
January 30, 2017

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Matanuska-Susitna Borough
Management's Discussion and Analysis
June 30, 2016

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, 2016. 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 \$868,380,438. Of this amount, \$120,623,580 (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, fund balance for the General Fund was \$58,521,351. Of this amount, \$13,856,608 was unassigned and available for spending. The unassigned fund balance for the General Fund represented 10.15% of total General Fund expenditures and transfers.
- The Borough's total net position increased by \$54,285,695.
- As of the close of the current fiscal year, the Borough's governmental funds reported combined ending fund balances of \$192,596,333, a decrease of \$62,519,886 in comparison to the prior year.
- The Borough's total outstanding debt decreased by \$8,175,047 to a year-end balance of \$428,533,761. The Borough's long-term debt information can be found on pages 48-55 of the Notes to 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 \$3,196,096.

Overview of the Financial Statements

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

Government-wide Financial Statements

The government-wide financial statements report information about the overall finances of the Borough similar to a business enterprise. These statements combine and consolidate short-term, spendable resources with capital assets and long-term obligations. The government-wide financial statements can be found on pages 18 and 19 of this report.

Matanuska-Susitna Borough

Management's Discussion and Analysis

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

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

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

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Borough, like other state and local governments, uses fund accounting to ensure and demonstrate fiscal accountability. All of the funds of the Borough can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on the short-term view of the Borough's operations. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The Borough maintains individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, the School Capital Projects Fund, the Roads and Bridges Capital Project Fund, School Building

Matanuska-Susitna Borough

Management's Discussion and Analysis

Debt Service Fund, and Fronteras School Debt Service Fund. The other governmental funds are combined and shown as Nonmajor Governmental Funds on the Governmental Fund Balance Sheet and Governmental Statement of Revenues, Expenditures, and Changes in Fund Balances. Individual fund information for the nonmajor funds is presented in the Combining Balance Sheet for Nonmajor Governmental Funds and the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances for Nonmajor Funds, by fund type.

The basic governmental fund financial statements can be found on pages 18-30 of this report. Budgetary comparison statements for the General Fund with annual budgets are provided on pages 74-77 to demonstrate compliance with these budgets. The special revenue funds with annual budgets are provided on pages 83-146.

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 141-146.

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 147-155.

Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 26-29 of this report.

Fiduciary Funds

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

The basic fiduciary aggregated fund financial statements can be found on page 30 of this report and more detailed supplementary information is provided on pages 157-158.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Included in the notes to the financial statements is the required supplementary information. The notes to the financial statements can be found on pages 31-65 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 70-71. Individual governmental funds can be found on pages 79-140 and proprietary funds can be found on pages 141-155 of this report.

Government-Wide Financial Analysis

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Borough, assets and deferred outflows exceeded liabilities and deferred inflows by \$868,380,438, at June 30, 2016 compared to \$814,094,743, at June 30, 2015. By far, the largest portion of the Borough's net position (86%) 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, 2016 and 2015
(in Millions of Dollars)

	Governmental Activities		Business-Type Activities		Total Activities	
	2016	2015	2016	2015	2016	2015
Assets and Deferred Outflows						
Current and other assets	\$ 256.8	\$ 315.5	\$ (1.2)	\$ (2.5)	\$ 255.6	\$ 313.0
Capital assets	1,026.4	924.9	42.0	43.3	1,068.4	968.2
Deferred outflows	8.3	5.4	0.5	0.4	8.8	5.8
Total Assets and Deferred Outflows	\$ 1,291.5	\$1,245.8	\$ 41.3	\$ 41.2	\$ 1,332.8	\$ 1,287.0
Liabilities and Deferred Inflows						
Long-term debt outstanding	\$ 352.6	\$ 398.7	\$ 16.1	\$ 15.6	\$ 368.7	\$ 414.3
Net pension liability	30.0	21.5	1.4	1.0	31.4	22.5
Other liabilities	47.4	32.0	3.5	1.1	50.9	33.1
Deferred inflows	13.4	3.0	-	0.1	13.4	3.1
Total Liabilities and Deferred Inflows	\$ 443.4	\$ 455.2	\$ 21.0	\$ 17.8	\$ 464.4	\$ 473.0

Matanuska-Susitna Borough
Management's Discussion and Analysis

	Governmental Activities		Business-Type Activities		Total Activities	
	2016	2015	2016	2015	2016	2015
Net Position						
Net investment in						
capital assets	\$ 711.7	\$ 656.0	\$ 31.0	\$ 33.6	\$ 742.7	\$ 689.6
Restricted	5.0	6.9	-	-	5.0	6.9
Unrestricted	131.4	127.8	(10.7)	(10.2)	120.7	117.6
Total Net Position	\$ 848.1	\$ 790.7	\$ 20.3	\$ 23.4	\$ 868.4	\$ 814.1

Changes in Net Position

During the current fiscal year, the Borough's total net position increased by \$54.3 million. This compares to an increase of \$70.4 million for the year ended June 30, 2015.

As noted, in 2015 the Borough adopted the provisions of the General Accounting Standards Board (GASB) Statement No. 68 *Accounting and Financial Reporting for Pensions*. This statement changes the reporting of the Borough's proportionate share of the Public Employees' Retirement System's (PERS) Defined Benefit Pension Plan net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. Implementation of GASB 68 required a restatement of the net position and the recording of a material net pension liability. The defined benefit pension plan is detailed in Note 12, pages 56-61.

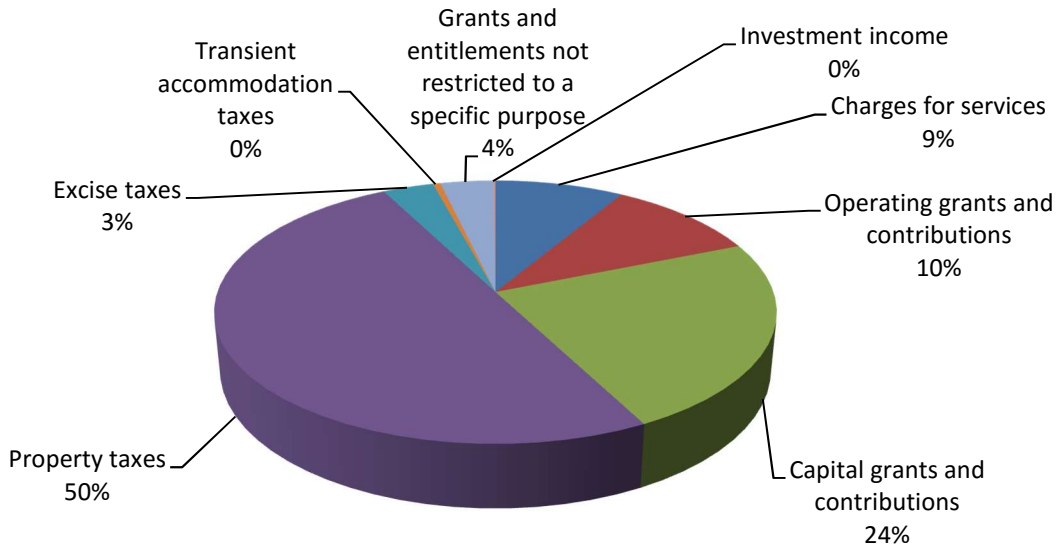
Revenues decreased overall by \$14.2 million with the majority of this resulting from a decrease in Capital Grants of \$22.7 million due largely to a decreased amount of federal and state funding being provided for Borough capital projects. During fiscal year 2016, approximately 50% of the Borough's total revenues came from property taxes with the remainder being provided primarily by charges for services provided.

Expenses increased overall by \$4 million from the prior year. During fiscal year 2016, approximately 34% of the Borough's total expenses went toward education with the remainder primarily providing emergency services, public services, and general government services.

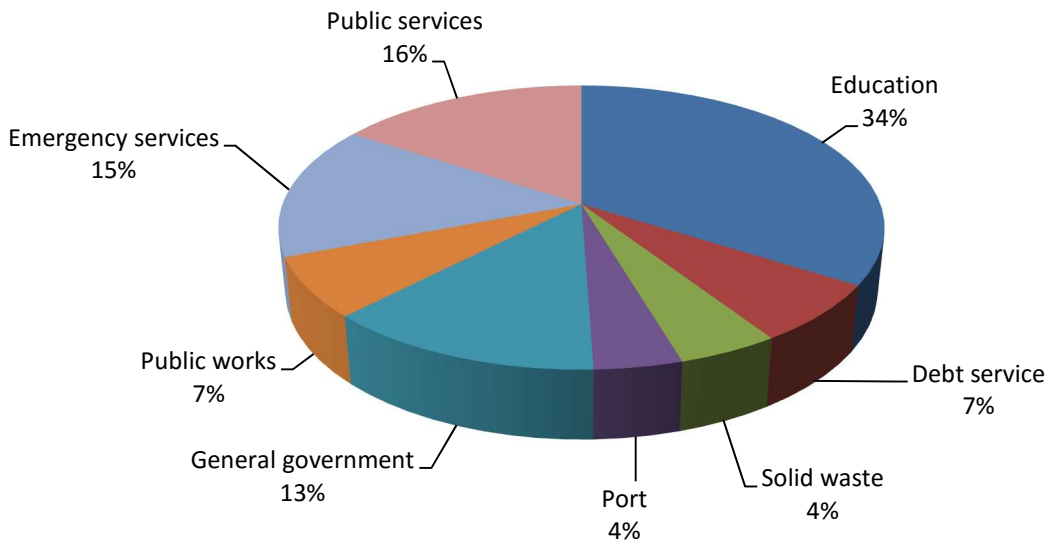
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Matanuska-Susitna Borough
Management's Discussion and Analysis

Sources of Revenue for Fiscal Year 2016



Functional Expenses for Fiscal Year 2016



Matanuska-Susitna Borough
Management's Discussion and Analysis

Changes in Matanuska-Susitna Borough's Net Position
For Years Ended June 30, 2016 and 2015
(in Millions of Dollars)

	Governmental Activities		Business-Type Activities		Total Activities	
	2016	2015	2016	2015	2016	2015
Revenues						
Program revenues:						
Charges for services	\$ 11.3	\$ 10.6	\$ 8.9	\$ 6.9	\$ 20.2	\$ 17.5
Operating grants and contributions	24.3	21.6	0.8	0.8	25.1	22.4
Capital grants and contributions	55.6	77.4	1.8	2.7	57.4	80.1
General revenues:						
Property taxes	122.4	116.4	-	-	122.4	116.4
Transient accommodation taxes	1.2	1.1	-	-	1.2	1.1
Tobacco excise taxes	8.3	7.6	-	-	8.3	7.6
Other	9.7	13.3	-	0.1	9.7	13.4
Total Revenues	\$ 232.8	\$ 248.0	\$ 11.5	\$ 10.5	\$ 244.3	\$ 258.5
Expenses						
General government	\$ 24.3	\$ 21.5	\$ -	\$ -	\$ 24.3	\$ 21.5
Public works	12.2	14.0	-	-	12.2	14.0
Emergency services	29.4	23.8	-	-	29.4	23.8
Public services	29.7	41.2	-	-	29.7	41.2
Education	64.4	61.6	-	-	64.4	61.6
Interest	12.7	14.8	-	-	12.7	14.8
Solid waste	-	-	9.7	5.9	9.7	5.9
Port	-	-	4.7	2.3	4.7	2.3
Total Expenses	172.7	176.9	14.4	8.2	187.1	185.1
Excess before transfers, special items, and extraordinary items	60.1	71.1	(2.9)	2.3	57.2	73.4
Extraordinary items	-	-	(2.9)	(3.0)	(2.9)	(3.0)
Transfers	(2.6)	(1.3)	2.6	1.3	-	-
Special items	-	-	-	-	-	-
Increase in Net Position	57.5	69.8	(3.2)	0.6	54.3	70.4
Net Position, beginning, as restated	790.7	720.8	23.4	22.8	814.1	743.6
Net Position, ending	\$ 848.2	\$ 790.6	\$ 20.2	\$ 23.4	\$ 868.4	\$ 814.0

Matanuska-Susitna Borough

Management's Discussion and Analysis

Governmental Activities

Revenues for the Borough's governmental activities decreased by \$15.2 million from the prior year while expenses for governmental activities decreased by \$4.2 million. Key elements to the decrease in revenues and decrease in expenses include the following:

- Capital grants and contributions revenues decreased by a total of \$21.8 million due largely to decreased federal and state funding being provided for Borough capital projects.
- In response to State budget cuts, the Borough worked to decrease its spending.

Business-type Activities

Revenues for the Borough's business-type activities increased by \$1 million from the prior year while expenses for business-type activities also increased by \$6.2 million. The primary reason for the increase in revenues is that revenues from charges for services increased by \$2 million, which was offset by a decrease in capital grants and contributions of \$.9 million.

Financial Analysis of the Borough's Funds

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

Governmental Funds

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

At the end of the current fiscal year, the Borough's governmental funds reported combined ending fund balances of \$192,596,333, a decrease of \$62,519,886 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 \$2,080,924 or is already in the form of inventory \$400,390.

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 \$50,892,523 are restricted due to lender imposed debt reserves for debt service and unused bond proceeds in the amounts of \$42,897,166 and \$1,824,214 are restricted for school construction projects and transportation system projects, respectively, as approved by the Borough voters.

A total of \$35,442,321 of the combined ending fund balance is categorized as committed to indicate that there are self-imposed limitations for the funds set in place prior to the end of the current period. \$25,000,000 is shown as committed in accordance with the Borough's minimum fund balance/stabilization policy. The remaining \$10,442,321 of the committed fund balance is shown as committed for a long-term note receivable, the Land Management Permanent Fund, school site acquisition, and various other limitations that have been imposed by the Matanuska-Susitna Borough Assembly through formal action.

Matanuska-Susitna Borough

Management's Discussion and Analysis

Of the combined ending fund balance, \$90,391,551 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 \$13,388,624 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 \$58,521,351, nonspendable fund balance was \$2,090,291, committed fund balance was \$29,011,538, assigned fund balance was \$13,562,914, and unassigned fund balance was \$13,856,608. Total fund balance decreased by \$779,836 from the prior year. The key factors include:

- An increase of \$731,503 in non-spendable funds from the prior year.
- A decrease of \$2,525,409 in funds committed from the prior year.
- An increase of \$1,655,807 in funds assigned to subsequent year expenditures from the prior year.
- A decrease of \$641,737 in unassigned funds from the prior year.

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

At the end of the current fiscal year, ending total fund balance in the School Capital Projects Fund was \$53,227,187, with unused bond proceeds in the amount of \$42,897,166 being restricted for school construction projects as approved by the Borough voters. The remainder of fund balance is assigned for school building capital projects in the amount of \$10,306,021, and nonspendable for prepaid items in the amount of \$24,000. Total fund balance decreased by \$52,635,991 from the prior year. The key factor in the decrease in fund balance was that there was a great deal of capital outlay expenditures as the construction of several school buildings continues.

At the end of the current fiscal year, ending total fund balance in the Roads and Bridges Capital Project Fund was \$3,616,613, with unused bond proceeds of \$1,824,214 being restricted for transportation projects. Of the remaining fund balance, \$1,778,400 is assigned for capital projects, and \$13,999 is nonspendable for prepaid items. Total fund balance decreased by \$11,996,489 from the prior year. The key factor in the decrease in fund balance was the decrease in the bond proceeds from the prior year.

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 (\$220,509) and a deficit of (\$10,546,877), respectively. The unrestricted net position of the internal service funds at the end of the year were \$21,668,751.

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

Matanuska-Susitna Borough

Management's Discussion and Analysis

At the end of the current fiscal year, ending total net position of the Solid Waste Enterprise Fund was \$3,482,188, with \$3,702,697 invested in capital assets, net of related debt, and an unrestricted net position deficit of (\$220,509). The total net position decreased by \$976,854 from the prior year.

At the end of the current fiscal year, the ending total net position of the Port Enterprise Fund was \$16,746,722, with \$27,293,599 invested in capital assets, net of related debt, and an unrestricted net position deficit of (\$10,546,877). The total net position decreased by (\$2,219,242) from the prior year.

General Fund Budgetary Highlights

At year end, there was no change from the total original budget and the total final amended budget for revenues, and an increase in expenditures and transfers of \$2.0 million.

The actual revenues were \$4.7 million more than the amended budget. Actual expenditures were \$10 million less than the amended budget. Key factors include:

- Revenues exceeded budgeted amounts primarily from taxes (\$1.1 million) and charges for services (\$936,033).
- Actual general government expenditures were \$5.7 million less than budgeted. Public works, capital projects, emergency services and public services have a combined expenditure amount of \$1.7 million less than budgeted. This is due to a concerted effort to cut spending.

Capital Assets and Debt Administration

Capital Assets

The Borough's investment in capital assets for its governmental and business-type activities as of June 30, 2016 amounts to \$1,068,476,069 (net of accumulated depreciation), which is an increase of \$100,263,305 from the prior year. This investment in capital assets includes land, buildings, improvements other than buildings, equipment, construction in progress, infrastructure, and landfill cells.

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

- Continuation of school construction projects. Primary increases to construction in process were the new Iditarod Elementary School and Denaina Elementary School. Redington Middle/High School, Fronteras Charter School, and Mat-Su Career Tech High School Addition were completed.
- Continuing development in the Hatcher Pass Ski Area, completion of the Talkeetna Library and construction in progress at the Borough administration building.
- Continuation of the construction of the South Central Rail Corridor. Road infrastructure increased from the Bogard/Selton road extension, collector road access to Machetanz Elementary, and Clapp/Mack road extension to Knik-Goose Bay road. The Kroto Creek Bridge was completed.

Matanuska-Susitna Borough
Management's Discussion and Analysis

Matanuska-Susitna Borough's Capital Assets
(Net of Depreciation, in Millions of Dollars)

	Governmental Activities		Business-Type Activities		Total Activities	
	2016	2015	2016	2015	2016	2015
Land and land improvements	\$ 19.4	\$ 19.5	\$ -	\$ -	\$ 19.4	\$ 19.5
Right of Way	78.0	76.1	-	-	78.0	76.1
Buildings	499.1	422.0	13.9	14.2	513.0	436.2
Improvements other than buildings	24.5	23.5	1.0	1.0	25.5	24.5
Equipment	18.1	17.3	1.0	1.2	19.1	18.5
Infrastructure	94.1	45.6	23.8	22.3	117.9	67.9
Construction in progress	293.2	320.9	1.5	3.4	294.7	324.3
Landfill cells	-	-	0.9	1.2	0.9	1.2
Total Capital Assets	\$ 1,026.4	\$ 924.9	\$ 42.1	\$ 43.3	\$ 1,068.5	\$ 968.3

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

Long-term Debt

At the end of the current fiscal year, the Borough had total debt outstanding of \$428,533,761. Of this amount, \$319,505,000 was bonded and backed by the full faith and credit of the Borough. The Certificates of Participation had an outstanding balance of \$10,885,000. The remaining debt consists of ADEC loans, landfill closure costs, accrued leave, insurance claims incurred but not reported, and net pension liability.

Matanuska-Susitna Borough Outstanding Debt
(in Millions of Dollars)

	Governmental Activities		Business-Type Activities		Total Activities	
	2016	2015	2016	2015	2016	2015
General obligation bonds	\$ 314.7	\$ 335.9	\$ 4.8	\$ 5.3	\$ 319.5	\$ 341.2
Certificates of participation	10.9	12.2	-	-	10.9	12.2
Other debt	84.5	72.1	13.6	11.2	98.1	83.3
Total Outstanding Debt	\$ 410.1	\$ 420.2	\$ 18.4	\$ 16.5	\$ 428.5	\$ 436.7

Additional information on the Borough's long-term debt can be found on pages 48-55 of this report.

Matanuska-Susitna Borough

Management's Discussion and Analysis

Economic Factors and the Next Year's Budget and Rates

In setting the budgets for fiscal year 2016, 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 2017. As a result, the fiscal year 2017 budget remained at 9.984 mills for the General Fund tax rate, the same as the 2016 rate. The non-areawide mill rate increased by .008 mills in the fiscal year 2017 budget, going from the current rate of .517 mills to an approved rate of .525 mills.

Requests for Information

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

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Matanuska-Susitna Borough, Alaska

Statement of Net Position

	Primary Government			Component
	Governmental Activities	Business- Type Activities	Total	Unit School District
<i>June 30, 2016</i>				
Assets and Deferred Outflows of Resources				
Assets				
Cash and investments	\$ 153,820,456	\$ 2,163,124	\$ 155,983,580	\$ 25,972,472
Prepaid items	2,080,925	804	2,081,729	572,484
Receivables:				
Intergovernmental	12,879,483	900,406	13,779,889	3,916,726
Property and excise taxes, net of allowance	11,995,680	-	11,995,680	-
Accounts, net of allowance	-	701,675	701,675	-
Ambulance, net of allowance	4,207,230	-	4,207,230	-
Land sales contracts, net of allowance	3,619	-	3,619	-
Loan receivable	400,000	-	400,000	-
Other	861,270	-	861,270	1,217,638
Accrued interest	88,944	-	88,944	-
Due from Borough	-	-	-	558,709
Deposits	48,905	-	48,905	-
Inventory	400,389	766	401,155	1,756,492
Restricted cash	50,892,523	2,243,072	53,135,595	-
Internal balances	7,309,099	(7,309,099)	-	-
Land sales contracts receivable - long term	187,309	-	187,309	-
Lease receivable, long term	11,248,130	-	11,248,130	-
Loan receivable, long term	400,000	-	400,000	-
Capital assets, not being depreciated	390,597,463	1,517,508	392,114,971	-
Capital assets, net of accumulated depreciation	635,786,544	40,574,554	676,361,098	19,419,917
Total Assets	1,283,207,969	40,792,810	1,324,000,779	53,414,438
Deferred Outflows of Resources				
Unamortized deferred loss on bonds	2,815,748	251,775	3,067,523	-
Pension related	5,486,017	261,275	5,747,292	34,572,801
Total Deferred Outflows of Resources	8,301,765	513,050	8,814,815	34,572,801
Total Assets and Deferred Outflows of Resources	\$ 1,291,509,734	\$ 41,305,860	\$ 1,332,815,594	\$ 87,987,239

See accompanying notes to basic financial statements.

Matanuska-Susitna Borough, Alaska

Statement of Net Position, continued

June 30, 2016	Primary Government			Component
	Governmental Activities	Business- Type Activities	Total	School District Unit
Liabilities, Deferred Inflows of Resources and Net Position				
Liabilities				
Accounts, contracts and retentions payable	\$ 10,825,748	\$ 2,591,069	\$ 13,416,817	\$ 2,648,775
Payable to component unit	558,709	-	558,709	-
Accrued payroll and related liabilities	2,442,110	-	2,442,110	7,256,961
Other liabilities	104,654	-	104,654	-
Deposits	74,471	-	74,471	-
Unearned revenue	1,496,063	2	1,496,065	1,094,423
Accrued interest payable	4,339,773	55,381	4,395,154	-
Noncurrent liabilities:				
Due within one year:				
Accrued leave	2,769,611	157,927	2,927,538	3,768,208
Bonds and certificates of participation	22,935,000	520,000	23,455,000	-
Loans payable	19,188	217,133	236,321	-
Notes payable	89,565	-	89,565	-
Insurance claims incurred but not reported	1,632,093	-	1,632,093	684,950
Capital lease payable	-	-	-	400,000
Due in more than one year:				
Bonds and certificates of participation, net of premium	333,615,711	4,679,547	338,295,258	-
Loans payable	254,627	5,930,861	6,185,488	-
Notes payable	6,417,625	-	6,417,625	-
Capital lease payable	-	-	-	7,300,000
FTA liability	12,319,299	-	12,319,299	-
Lease credits payable	-	1,322,597	1,322,597	-
Net pension liability	30,066,193	1,390,970	31,457,163	150,612,124
Landfill closure costs payable	-	4,195,814	4,195,814	-
Total Liabilities	429,960,440	21,061,301	451,021,741	173,765,441
Deferred Inflows of Resources				
Taxes collected in advance	808,363	-	808,363	-
Lease receivable not yet due	11,248,130	-	11,248,130	-
Loan receivable not yet due	800,000	-	800,000	-
Pension related	541,273	15,649	556,922	2,604,857
Total Deferred Inflows of Resources	13,397,766	15,649	13,413,415	2,604,857
Total Liabilities and Deferred Inflows of Resources	443,358,206	21,076,950	464,435,156	176,370,298
Net Position				
Net investment in capital assets	711,672,450	30,996,296	742,668,746	19,419,917
Restricted:				
Debt service	5,088,112	-	5,088,112	-
Other	-	-	-	1,227,235
Unrestricted (deficit)	131,390,966	(10,767,386)	120,623,580	(109,030,211)
Total Net Position	848,151,528	20,228,910	868,380,438	(88,383,059)
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 1,291,509,734	\$ 41,305,860	\$ 1,332,815,594	\$ 87,987,239

See accompanying notes to basic financial statements.

Matanuska-Susitna Borough, Alaska

Statement of Activities

Year Ended June 30, 2016	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Fees, Fines, & Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government		Component Unit
					Governmental Activities	Business- Type Activities	School District
						Total	
Primary Government							
Governmental activities:							
General government	\$ 24,261,580	\$ 456,938	\$ 847,385	\$ -	\$ (22,957,257)	\$ -	\$ (22,957,257)
Public works	12,226,091	114,475	58,369	35,325,735	23,272,488	-	23,272,488
Emergency services	29,442,411	7,226,326	410,373	1,259,346	(20,546,366)	-	(20,546,366)
Public services	29,676,676	3,525,098	280,926	17,244,213	(8,626,439)	-	(8,626,439)
Education	64,367,590	-	22,673,550	1,794,614	(39,899,426)	-	(39,899,426)
Interest	12,741,667	-	-	-	(12,741,667)	-	(12,741,667)
Total governmental activities	172,716,015	11,322,837	24,270,603	55,623,908	(81,498,667)	-	(81,498,667)
Business-type activities:							
Solid waste	9,635,368	8,606,426	42,567	9,415	-	(976,960)	(976,960)
Port	4,718,707	292,936	726,498	1,829,446	-	(1,869,827)	(1,869,827)
Total business-type activities	14,354,075	8,899,362	769,065	1,838,861	-	(2,846,787)	(2,846,787)
Total Primary Government	\$ 187,070,090	\$ 20,222,199	\$ 25,039,668	\$ 57,462,769	(81,498,667)	(2,846,787)	(84,345,454)
Component Unit							
School District	\$ 315,877,059	\$ 1,039,643	\$ 62,405,666	\$ -			\$ (252,431,750)
General Revenues							
Taxes:							
Property taxes					122,362,726	-	122,362,726
Excise taxes					8,286,431	-	8,286,431
Transient accommodation taxes					1,205,702	-	1,205,702
Contributions from primary government					-	-	52,665,941
Grants and entitlements not restricted to a specific purpose					8,597,526	-	8,597,526
Investment income					366,486	574	367,060
Other					749,135	-	749,135
Transfers					(2,587,548)	2,587,548	-
Total General Revenues and Transfers					138,980,458	2,588,122	141,568,580
Extraordinary item							
Ferry repairs					-	(2,937,431)	(2,937,431)
Change in Net Position					57,481,791	(3,196,096)	54,285,695
Net Position, beginning					790,669,737	23,425,006	814,094,743
Net Position, ending					\$ 848,151,528	\$ 20,228,910	\$ 868,380,438

See accompanying notes to basic financial statements.

Matanuska-Susitna Borough, Alaska

Governmental Funds
Balance Sheet

June 30, 2016	Major Funds					Nonmajor Funds	Total Governmental Funds
	General	School Projects Capital Project	Roads and Bridges Capital Project	School Buildings Debt Service	Fronteras School Debt Service		
Assets							
Cash and investments	\$ 53,543,858	\$ 10,453,059	\$ -	\$ -	\$ -	\$ 66,999,601	\$ 130,996,518
Prepaid items	1,689,902	24,000	13,999	-	-	353,024	2,080,925
Receivables:							
Intergovernmental	26,143	3,373,856	5,689,009	-	-	3,790,475	12,879,483
Property taxes, net of allowance	8,150,709	-	-	-	-	2,350,083	10,500,792
Excise taxes	1,494,888	-	-	-	-	-	1,494,888
Ambulance, net of allowance	4,207,230	-	-	-	-	-	4,207,230
Land sales contracts, net of allowance	-	-	-	-	-	3,619	3,619
Loan receivable	-	400,000	-	-	-	-	400,000
Interfund loan receivable	-	-	-	-	-	4,493,488	4,493,488
Accrued interest	88,944	-	-	-	-	-	88,944
Other	519,535	98,083	-	-	-	243,652	861,270
Due from other funds	3,120,242	-	-	-	-	-	3,120,242
Inventory	400,389	-	-	-	-	-	400,389
Land sales contracts receivable, long term	-	-	-	-	-	187,309	187,309
Lease receivable, long term	-	-	-	-	11,248,130	-	11,248,130
Loan receivable, long term	-	400,000	-	-	-	-	400,000
Restricted cash	-	42,897,166	1,824,214	173,025	-	5,998,118	50,892,523
Total Assets	\$ 73,241,840	\$ 57,646,164	\$ 7,527,222	\$ 173,025	\$ 11,248,130	\$ 84,419,369	\$ 234,255,750
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities							
Accounts, contracts and retentions payable	\$ 1,458,677	\$ 2,919,313	\$ 3,910,609	\$ -	\$ -	\$ 2,537,149	\$ 10,825,748
Payable to component unit	-	558,709	-	-	-	-	558,709
Accrued payroll and related liabilities	2,442,110	-	-	-	-	-	2,442,110
Other liabilities	84,389	-	-	-	-	20,265	104,654
Due to General Fund	-	-	-	-	-	304,631	304,631
Deposits	-	5,447	-	-	-	69,024	74,471
Unearned revenue	-	135,508	-	-	-	1,360,555	1,496,063
Loans payable to other funds	-	-	-	-	-	701,816	701,816
Total Liabilities	3,985,176	3,618,977	3,910,609	-	-	4,993,440	16,508,202
Deferred Inflows of Resources							
Special assessments	-	-	-	-	-	6,074	6,074
Taxes collected in advance	808,363	-	-	-	-	-	808,363
Delinquent property taxes	7,516,659	-	-	-	-	2,174,389	9,691,048
Delinquent ambulance receivables	2,352,975	-	-	-	-	-	2,352,975
Delinquent foreclosure property sales	57,316	-	-	-	-	-	57,316
Land sales receivables not yet due	-	-	-	-	-	187,309	187,309
Lease receivable not yet due	-	-	-	-	11,248,130	-	11,248,130
Loan receivable not yet due	-	800,000	-	-	-	-	800,000
Total Liabilities and Deferred Inflows of Resources	14,720,489	4,418,977	3,910,609	-	11,248,130	7,361,212	41,659,417
Fund Balances							
Nonspendable -							
Prepaid items and inventory	2,090,291	24,000	13,999	-	-	353,024	2,481,314
Restricted:							
Debt service	-	-	-	173,025	-	1,330,218	1,503,243
Capital projects and school construction	-	42,897,166	1,824,214	-	-	4,667,900	49,389,280
Committed:							
Long-term loan receivable	-	-	-	-	-	4,493,488	4,493,488
Land management	-	-	-	-	-	797,295	797,295
Self-insurance	150,000	-	-	-	-	10,000	160,000
Accrued leave	250,000	-	-	-	-	30,000	280,000
Equipment	-	-	-	-	-	1,100,000	1,100,000
Assembly projects	57,217	-	-	-	-	-	57,217
Major repairs and renovations	29,248	-	-	-	-	-	29,248
Capital	500,000	-	-	-	-	-	500,000
Emergency response	1,200,000	-	-	-	-	-	1,200,000
Paving projects and calcium chloride	1,625,073	-	-	-	-	-	1,625,073
School site acquisition	200,000	-	-	-	-	-	200,000
Fund balance stabilization	25,000,000	-	-	-	-	-	25,000,000
Assigned:							
Subsequent year appropriations	-	-	-	-	-	685,000	685,000
Subsequent year expenditures	13,562,914	-	-	-	-	6,401,389	19,964,303
Service areas	-	-	-	-	-	19,324,040	19,324,040
Debt service	-	-	-	-	-	1,276,564	1,276,564
Capital projects	-	10,306,021	1,778,400	-	-	37,057,223	49,141,644
Unassigned (deficit)	13,856,608	-	-	-	-	(467,984)	13,388,624
Total Fund Balances	58,521,351	53,227,187	3,616,613	173,025	-	77,058,157	192,596,333
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 73,241,840	\$ 57,646,164	\$ 7,527,222	\$ 173,025	\$ 11,248,130	\$ 84,419,369	\$ 234,255,750

See accompanying notes to basic financial statements.

Matanuska-Susitna Borough, Alaska
Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Position
June 30, 2016

Total fund balances for governmental funds		\$ 192,596,333
Total net position reported for governmental activities in the Statement of Net Position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets, net of accumulated depreciation consist of:		
Land and land improvements	\$ 19,339,501	
Rights of way	78,057,148	
Construction in progress	293,200,814	
Buildings	671,481,325	
Improvements other than buildings	33,957,424	
Equipment	50,085,076	
Infrastructure	220,317,668	
Accumulated depreciation	<u>(340,054,949)</u>	
Total capital assets		1,026,384,007
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	9,691,048	
Special assessments receivable	6,074	
Ambulance receivables	2,352,975	
Land sales contracts receivable	<u>244,625</u>	
Total long-term assets		12,294,722
Deferred outflows of resources represent costs incurred at the fund level, but future costs in the Statement of Net Position		
Deferred charge on refunding	2,815,748	
Deferred pension costs	<u>5,486,017</u>	
Total deferred outflows of resources		8,301,765
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.		
		21,668,751
Certain deferred inflows of resources represent resources or benefits received at the fund level but future resources in the Statement of Net Position. This is the amount of deferred inflows of resources related to pensions.		
		(541,273)
Long-term liabilities, including bonds payable, accrued leave, and net pension liability are not due and payable in the current period and therefore are not reported as fund liabilities. These liabilities consist of:		
Bonds, notes payable and certificates of participation	(332,147,190)	
Unamortized bond premium	(30,910,711)	
FTA liability	(12,319,299)	
Accrued interest payable	(4,339,773)	
Accrued leave	(2,769,611)	
Net pension liability	<u>(30,066,193)</u>	
Total long term liabilities		<u>(412,552,777)</u>
Total Net Position of Governmental Activities		\$ 848,151,528

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, 2016	Major Funds					Total Governmental Funds
	General	School Capital Project	Roads and Bridges Capital Project	School Buildings Debt Service	Nonmajor Funds	
Revenues						
Taxes	\$ 97,289,343	\$ -	\$ -	\$ -	\$ 35,245,870	\$ 132,535,213
Intergovernmental	31,572,187	1,794,614	31,922,809	-	22,512,367	87,801,977
Charges for services	6,332,497	-	-	-	5,358,687	11,691,184
Investment income	231,369	61,308	11,788	-	60,245	364,710
Interest on land sales	-	-	-	-	22,164	22,164
Other	-	24,072	-	-	775,079	799,151
Total Revenues	135,425,396	1,879,994	31,934,597	-	63,974,412	233,214,399
Expenditures						
Current:						
General government	20,114,122	-	-	-	1,720,781	21,834,903
Public works	5,461,552	-	-	-	-	5,461,552
Emergency services	9,854,587	-	-	-	13,053,507	22,908,094
Public services	4,039,704	-	-	-	22,395,059	26,434,763
Education	52,680,468	1,093,139	-	-	-	53,773,607
Debt service	-	542,828	-	33,598,354	4,665,932	38,807,114
Capital outlay	-	60,039,758	43,931,086	-	26,629,567	130,600,411
Total Expenditures	92,150,433	61,675,725	43,931,086	33,598,354	68,464,846	299,820,444
Excess (Deficiency) of Revenues Over Expenditures	43,274,963	(59,795,731)	(11,996,489)	(33,598,354)	(4,490,434)	(66,606,045)
Other Financing Sources (Uses)						
Transfers in	269,424	1,088,474	-	33,460,489	21,923,633	56,742,020
Transfers out	(44,363,665)	(10,489)	-	-	(14,955,099)	(59,329,253)
Proceeds from issuance of notes payable	-	6,081,755	-	-	515,000	6,596,755
Proceeds from disposal of capital assets	39,442	-	-	-	37,195	76,637
Net Other Financing Sources (Uses)	(44,054,799)	7,159,740	-	33,460,489	7,520,729	4,086,159
Net Change in Fund Balances	(779,836)	(52,635,991)	(11,996,489)	(137,865)	3,030,295	(62,519,886)
Fund Balances, beginning	59,301,187	105,863,178	15,613,102	310,890	74,027,862	255,116,219
Fund Balances, ending	\$ 58,521,351	\$ 53,227,187	\$ 3,616,613	\$ 173,025	\$ 77,058,157	\$ 192,596,333

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, 2016

Net change in fund balances - total governmental funds		\$ (62,519,886)
<p>The change in net position reported for governmental activities in the Statement of Activities is different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However on the Statement of Activities, depreciation expense is recognized to allocate the cost of these items over their estimated useful lives. This is the amount by which capital outlays (\$121,111,106) exceeded depreciation (\$19,390,502) and loss on disposal (\$199,118).</p>		
		101,521,486
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Decrease in delinquent property taxes	\$ (680,354)	
Increase in delinquent ambulance revenue	183,005	
Increase in special assessments	319	
Decrease in deferred land sales receivable	(62,042)	
		(559,072)
<p>The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:</p>		
Decrease in deferred loss on bonds	(365,780)	
Decrease in unamortized bond premium	2,500,678	
Issuance of long-term debt	(6,596,755)	
Payments on debt principal	22,564,565	
		18,102,708
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Increase in accrued leave	(286,740)	
Decrease in accrued interest payable	1,365,984	
Net increase in net pension liability and related deferred accounts	(3,407,499)	
		(2,328,255)
<p>Internal service funds are used by management to charge the costs of insurance to individual funds. Net income of these activities is reported with governmental activities.</p>		
		3,264,810
Change in Net Position of Governmental Activities		\$ 57,481,791

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, 2016</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 96,192,470	\$ 96,192,470	\$ 97,289,343	\$ 1,096,873
Intergovernmental	30,115,948	30,115,948	31,572,187	1,456,239
Charges for services	5,395,876	5,395,876	6,332,497	936,621
Investment income	225,000	225,000	231,369	6,369
Total Revenues	131,929,294	131,929,294	135,425,396	3,496,102
Expenditures				
General government	26,161,511	25,848,435	20,114,122	5,734,313
Public works	6,990,533	6,479,668	5,461,552	1,018,116
Emergency services	11,770,784	12,076,649	9,854,587	2,222,062
Public services	4,570,163	4,486,723	4,039,704	447,019
Education	52,680,472	52,680,472	52,680,468	4
Total Expenditures	102,173,463	101,571,947	92,150,433	9,421,514
Excess of Revenues Over Expenditures	29,755,831	30,357,347	43,274,963	12,917,616
Other Financing Sources (Uses)				
Proceeds from disposal of capital assets	5,000	5,000	39,442	34,442
Transfers in	10,050	10,050	269,424	259,374
Transfers out	(42,980,650)	(45,594,339)	(44,363,665)	1,230,674
Net Other Financing Sources (Uses)	(42,965,600)	(45,579,289)	(44,054,799)	1,524,490
Net Change in Fund Balance	\$ (13,209,769)	\$ (15,221,942)	(779,836)	\$ 14,442,106
Fund Balance, beginning			59,301,187	
Fund Balance, ending			\$ 58,521,351	

See accompanying notes to basic financial statements.

Matanuska-Susitna Borough, Alaska

**Proprietary Funds
Statement of Net Position**

June 30, 2016	Major Enterprise Funds		Total Enterprise Funds	Internal Service Funds
	Solid Waste	Port		
Assets and Deferred Outflows of Resources				
Current Assets				
Cash and investments	\$ 2,163,124	\$ -	\$ 2,163,124	\$ 22,823,938
Receivables:				
Accounts	558,214	150,129	708,343	-
Allowance for doubtful accounts	(6,668)	-	(6,668)	-
Interfund loans	-	-	-	66,588
Intergovernmental	228,662	671,744	900,406	-
Deposits with others	-	-	-	48,905
Prepaid items	804	-	804	-
Inventory	-	766	766	-
Total Current Assets	2,944,136	822,639	3,766,775	22,939,431
Noncurrent Assets				
Restricted cash - landfill closure	2,243,072	-	2,243,072	-
Interfund loans receivable - long-term	-	-	-	635,228
Property, plant and equipment:				
Buildings	8,129,593	7,948,617	16,078,210	-
Improvements other than buildings	1,852,730	-	1,852,730	-
Equipment	2,340,608	41,322	2,381,930	-
Landfill cells	8,818,800	-	8,818,800	-
Infrastructure	-	31,826,496	31,826,496	-
Construction in progress	-	1,517,508	1,517,508	-
Total property, plant and equipment	21,141,731	41,333,943	62,475,674	-
Accumulated depreciation and amortization	(11,291,040)	(9,092,572)	(20,383,612)	-
Net property, plant and equipment	9,850,691	32,241,371	42,092,062	-
Total Noncurrent Assets	12,093,763	32,241,371	44,335,134	635,228
Total Assets	15,037,899	33,064,010	48,101,909	23,574,659
Deferred Outflows of Resources				
Pension related	207,411	53,864	261,275	-
Unamortized deferred loss on bonds	-	251,775	251,775	-
Total Deferred Outflows of Resources	207,411	305,639	513,050	-
Total Assets and Deferred Outflows of Resources	\$ 15,245,310	\$ 33,369,649	\$ 48,614,959	\$ 23,574,659

See accompanying notes to basic financial statements.

Matanuska-Susitna Borough, Alaska

Proprietary Funds

Statement of Net Position, continued

June 30, 2016	Major Enterprise Funds		Total Enterprise Funds	Internal Service Funds
	Solid Waste	Port		
Liabilities, Deferred Inflows of Resources and Net Position				
Current Liabilities				
Accounts payable	\$ 230,158	\$ 2,360,911	\$ 2,591,069	\$ -
Accrued leave	101,357	56,570	157,927	-
Unearned revenue	2	-	2	-
Due to General Fund	-	2,815,611	2,815,611	-
Accrued interest payable	7,903	47,478	55,381	-
Current portion:				
General obligation bonds	-	520,000	520,000	-
Loans payable	217,133	-	217,133	19,188
Insurance claims incurred but not reported	-	-	-	1,632,093
Total Current Liabilities	556,553	5,800,570	6,357,123	1,651,281
Noncurrent Liabilities				
General obligation bonds payable, including unamortized premium of \$449,547	-	4,679,547	4,679,547	-
Interfund loan payable		4,493,488	4,493,488	-
Loans payable	5,930,861	-	5,930,861	254,627
Lease credits payable	-	1,322,597	1,322,597	-
Net pension liability	1,074,758	316,212	1,390,970	-
Landfill closure costs payable	4,195,814	-	4,195,814	-
Total Noncurrent Liabilities	11,201,433	10,811,844	22,013,277	254,627
Total Liabilities	11,757,986	16,612,414	28,370,400	1,905,908
Deferred Inflows of Resources - pension related	5,136	10,513	15,649	-
Net Position				
Net investment in capital assets	3,702,697	27,293,599	30,996,296	-
Unrestricted (deficit)	(220,509)	(10,546,877)	(10,767,386)	21,668,751
Total Net Position	3,482,188	16,746,722	20,228,910	21,668,751
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 15,245,310	\$ 33,369,649	\$ 48,614,959	\$ 23,574,659

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, 2016	Major Enterprise Funds		Total Enterprise Funds	Internal Service Funds
	Solid Waste	Port		
Operating Revenues				
Intragovernmental	\$ -	\$ -	\$ -	\$ 9,845,129
Charges for services	8,606,426	292,936	8,899,362	-
Interest on loans	-	-	-	315
Employee contributions	-	-	-	864,302
Other	-	-	-	100,928
Total Operating Revenues	8,606,426	292,936	8,899,362	10,810,674
Operating Expenses				
Landfill operations	6,738,412	-	6,738,412	-
Transfer sites	1,870,208	-	1,870,208	-
Dock operations	-	3,130,009	3,130,009	-
Ferry expenses	-	347,875	347,875	-
Claims	-	-	-	6,133,862
Depreciation and amortization	843,013	1,061,707	1,904,720	-
Administrative fees	53,103	-	53,103	1,219,567
Premium	-	-	-	193,581
Total Operating Expenses	9,504,736	4,539,591	14,044,327	7,547,010
Operating Income (Loss)	(898,310)	(4,246,655)	(5,144,965)	3,263,664
Nonoperating Revenues (Expenses)				
Intergovernmental - State sources:				
PERS relief	42,567	17,035	59,602	-
Debt service reimbursement	-	709,463	709,463	-
Loss on disposal of capital assets	(69,195)	-	(69,195)	-
Interest income	106	468	574	1,461
Interest expense	(61,437)	(179,116)	(240,553)	-
Net Nonoperating Revenues (Expenses)	(87,959)	547,850	459,891	1,461
Income (Loss) Before Capital Contributions, Extraordinary Items and Transfers				
Contributions, Extraordinary Items and Transfers	(986,269)	(3,698,805)	(4,685,074)	3,265,125
Capital contributions	9,415	1,829,446	1,838,861	-
Transfers in	-	5,394,593	5,394,593	-
Transfers out	-	(2,807,045)	(2,807,045)	(315)
Extraordinary item - Ferry repairs	-	(2,937,431)	(2,937,431)	-
Change in Net Position	(976,854)	(2,219,242)	(3,196,096)	3,264,810
Net Position, beginning	4,459,042	18,965,964	23,425,006	18,403,941
Net Position, ending	\$ 3,482,188	\$ 16,746,722	\$ 20,228,910	\$ 21,668,751

See accompanying notes to basic financial statements.

Matanuska-Susitna Borough, Alaska

Proprietary Funds
Statement of Cash Flows

Year Ended June 30, 2016	Major Enterprise Funds		Total Enterprise Funds	Internal Service Funds
	Solid Waste	Port		
Cash Flows from (for) Operating Activities				
Receipts from customers	\$ 8,680,276	\$ 138,934	\$ 8,819,210	\$ -
Receipts from employees and other	-	-	-	968,570
Payments to suppliers	(5,940,828)	(2,663,237)	(8,604,065)	-
Payments to employees	(1,750,640)	(278,509)	(2,029,149)	-
Payments for interfund services (used) provided	(53,103)	-	(53,103)	9,845,129
Issuance of new loans	-	-	-	(214,000)
Principal payments received on loans	-	-	-	130,905
Interest payments received on loans	-	-	-	315
Principal payments on loans payable	-	-	-	(18,905)
Payments for claims and services	-	-	-	(8,018,227)
Net cash flows from (for) operating activities	935,705	(2,802,812)	(1,867,107)	2,693,787
Cash Flows from (for) Noncapital Financing Activities				
Transfers in	-	5,394,593	5,394,593	-
Transfers out	-	(2,807,045)	(2,807,045)	(315)
Net cash flows from (for) noncapital financing activities	-	2,587,548	2,587,548	(315)
Cash Flows from Capital and Related Financing Activities				
Purchases of property, plant and equipment	(119,473)	-	(119,473)	-
Proceeds from the sale of capital assets	33,380	-	33,380	-
Proceeds from issuance of loan	2,088,082	-	2,088,082	-
Capital contributions received	142,476	1,998,144	2,140,620	-
Proceeds from issuance of interfund loan	-	4,493,488	4,493,488	-
Ferry repairs	-	(2,937,431)	(2,937,431)	-
Proceeds from disposal of noncurrent assets	-	1,500,000	1,500,000	-
Principal and interest paid on bonds and loans	(275,958)	(709,913)	(985,871)	-
Debt service reimbursement	-	709,463	709,463	-
Increase (decrease) in due to General Fund	(641,194)	(4,838,955)	(5,480,149)	-
Net cash flows from capital and related financing activities	1,227,313	214,796	1,442,109	-
Cash Flows from Investing Activities - interest income	106	468	574	1,461
Net Increase in Cash and Investments	2,163,124	-	2,163,124	2,694,933
Cash and Investments, beginning of year	2,243,072	-	2,243,072	20,129,005
Cash and Investments, end of year	\$ 4,406,196	\$ -	\$ 4,406,196	\$ 22,823,938
Reconciliation of Operating Income (Loss) to Net Cash Flows from (for) Operating Activities				
Operating income (loss)	\$ (898,310)	\$ (4,246,655)	\$ (5,144,965)	\$ 3,263,664
Adjustments to reconcile operating income (loss) to net cash flows from (for) operating activities:				
Depreciation and amortization	843,013	1,061,707	1,904,720	-
Lease credits exercised	-	(3,873)	(3,873)	-
Noncash expense - PERS relief	42,567	17,035	59,602	-
(Increase) decrease in assets and deferred outflows of resources:				
Accounts receivable	73,850	(150,129)	(76,279)	-
Prepays	(804)	-	(804)	-
Loans receivable	-	-	-	(83,095)
Deposits with others	-	-	-	3,340
Landfill closure costs in construction in progress	834,045	-	834,045	-
Deferred outflows of resources - pension related	(131,220)	(28,684)	(159,904)	-
Increase (decrease) in liabilities and deferred inflows of resources:				
Accounts payable	(233,627)	466,932	233,305	(21,082)
Accrued leave	4,065	21,935	26,000	-
Landfill closure costs payable	132,584	-	132,584	-
Loans payable	-	-	-	(18,905)
Insurance claims incurred but not reported	-	-	-	(450,135)
Net pension liability	348,333	76,143	424,476	-
Deferred inflows of resources - pension related	(78,791)	(17,223)	(96,014)	-
Net Cash Flows from (for) Operating Activities	\$ 935,705	\$ (2,802,812)	\$ (1,867,107)	\$ 2,693,787
Supplemental Disclosure of Non-cash Capital and Related Financing Activities				
Accounts payable for capital outlays	\$ -	\$ 1,463,685	\$ 1,463,685	\$ -
Capital contributions	\$ -	\$ 671,744	\$ 671,744	\$ -

See accompanying notes to basic financial statements.

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

June 30, 2016

Assets

Cash and investments	\$ 263,540
Property taxes receivable:	
Real	109,355
Personal	10,464
Other receivable	328
Special assessments receivable	1,853,061
Total Assets	\$ 2,236,748

Liabilities

Accounts payable	\$ 7,993
Deposits	703,783
Taxes collected in advance	119,819
Intergovernmental	9,294
Notes payable - gas lines	1,130,599
Notes payable - road improvements	121,460
Notes payable - water	143,800
Total Liabilities	\$ 2,236,748

See accompanying notes to basic financial statements.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements June 30, 2016

1. Summary of Significant Accounting Policies

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

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

Reporting Entity

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

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

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

Government-Wide and Fund Financial Statements

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

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

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

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

The Borough reports the following major funds:

Major Governmental Funds

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

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

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

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

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

Major Proprietary Funds

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

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

In addition, the Borough reports the following fund types:

Governmental Fund Types

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

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

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

Proprietary Fund Type

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

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

Fiduciary Fund Type

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

Estimates

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

Budgets and Budgetary Accounting

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

- a. Prior to or on the third Tuesday of April, the Borough Manager submits to the Assembly a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to June 1, the budget is legally enacted through passage of an ordinance by the Borough Assembly.
- d. The Borough Manager is authorized to transfer budgeted amounts within a department within any fund; however, any revisions that alter the total budget of any department of any fund or the total expenditures of any fund must be approved by the Assembly. Expenditures may not legally exceed appropriations at the department level. Appropriations lapse at year-end for all funds except capital project funds.
- e. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. Formal budgetary integration is not employed for the Debt Service Funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions. The General Fund and Special Revenue Funds have legally adopted annual budgets.
- f. Budgets for the General Fund and Special Revenue Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Budgeted amounts are as originally adopted, or as amended, by the Assembly.

Statement of Cash Flows

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

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

Capital Assets

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

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

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

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

Prepaid Items

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

Inventories

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

Deferred Outflows of Resources

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

Unearned Revenue

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

Accrued Leave

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

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

Long-term Debt

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

Deferred Inflows of Resources

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

Fund Balances

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

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

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

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

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

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

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

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

Encumbrances

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

Risk Management

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

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

Self-Insurance Coverage

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

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

A schedule of the changes in the claims liability for the years ended June 30, 2016 and 2015 follows:

	Unemployment Insurance	Health Insurance	Property and Casualty Insurance	Workers' Comp Insurance	Total
Balance, June 30, 2014	\$ 15,497	\$ 1,241,216	\$ 525,000	\$ 149,125	\$ 1,930,838
Claims expense	105,083	5,357,983	-	475,826	5,938,892
Claims paid	(99,498)	(5,375,172)	-	(291,750)	(5,766,420)
Balance, June 30, 2015	21,082	1,224,027	525,000	333,201	2,103,310
Claims expense	65,518	5,707,642	-	360,702	6,133,862
Claims paid	(86,600)	(5,684,037)	(350,928)	(483,514)	(6,605,079)
Balance, June 30, 2016	\$ -	\$ 1,247,632	\$ 174,072	\$ 210,389	\$ 1,632,093

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

Management estimates that all of this liability is due within one year. The unemployment insurance liability is payable quarterly, upon receipt of billing from the State of Alaska. This liability is included in the financial statements as accounts payable. All other funds' liabilities are reported on the statement of net position as insurance claims incurred but not reported. This liability, in the amount of \$1,632,093 is included with the governmental activities noncurrent liabilities.

Deferred Compensation

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

Retirement Plan

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

2. Cash and Investments

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

Investments

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

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Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

Reconciliation of Deposit and Investment Balances

The following is a reconciliation of the Borough's deposit and investment balances to the financial statements as of June 30, 2016.

	Pooled Cash And Investments	Other	Totals
Bank deposits	\$ 18,103,409	\$ 2,542,148	\$ 20,645,557
Investments	214,709,630	-	214,709,630
Total Cash and Investments	\$ 232,813,039	\$ 2,542,148	\$ 235,355,187

Reconciliation to the basic financial statements:

	Borough Accounts	School Accounts	Totals
Primary government cash and investments	\$ 155,983,580	\$ -	\$ 155,983,580
Restricted cash	53,135,595	-	53,135,595
Agency funds	263,540	-	263,540
School District	23,430,324	2,542,148	25,972,472
Total Cash and Investments	\$ 232,813,039	\$ 2,542,148	\$ 235,355,187

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, 2016 are as follows:

	Fair Value	Investment Maturity (in years)		
		Less than 1	1-5	More than 5
Investment Type				
U.S. government agencies	\$ 47,259,909	\$ 31,871,209	\$ 15,388,700	\$ -
Money market funds	7,140,345	7,140,345	-	-
Pooled investments (AMLIP)	160,309,376	160,309,376	-	-
Total Investments	\$ 214,709,630	\$ 199,320,930	\$ 15,388,700	\$ -

Credit Risk

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

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

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

Custodial Credit Risk

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

Fair Value Measurement

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

The Borough has the following recurring fair value measurements as of June 30, 2016:

U.S. government agencies securities of \$47,259,909 are valued by surveys of the dealer community, relevant trade data, benchmark quotes and spreads, as determined by observed market data (Level 2 inputs).

The Borough has investments in money market funds totaling \$7,140,345 that are not held at fair value, but instead recorded at amortized cost. As of June 30, 2016, the Borough's investment in AMLIP of \$160,309,376 is measured at net asset value. Management believes these values approximate fair value.

3. Fund Balances

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

The Borough has established, through Code Ordinance, a minimum fund balance/stabilization policy. MSB 3.04.095(A), as amended, sets out a minimum fund balance in the amount of 22.2% of all annual budgeted operating expenditures of the Borough, exclusive of the School District, or \$25 million, whichever is less. This minimum fund balance is established for the purpose of maintaining the Borough's credit worthiness, providing liquidity and protecting essential Borough programs and requirements during periods of economic downturn or catastrophic loss. The fund balance policy was originally established in 2003 and since that time, there have been no qualifying events for use of these funds.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

4. Property Taxes

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

5. Interfund Balances and Activities

Balances due to/from other funds at June 30, 2016, consisted of the following:

Due to the General Fund from:

Port Enterprise Fund for advances for operating and capital costs	\$ 2,815,611
Nonmajor governmental funds for advances for operating and capital costs	304,631

Total Due To General Fund	\$ 3,120,242
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In 2007, the Borough entered into a loan agreement with the Alaska Department of Environmental Conservation for the purpose of constructing a salted sand storage building. Ordinance 06-065 authorized the Borough to enter into the loan which will be paid back by various road service areas. For administrative purposes, the loan was recorded in its entirety in the Road Service Area Revolving Loan Fund with associated interfund loans receivable from the applicable Road Service Area Funds. Loan payments are due in twenty annual installments of \$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.

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Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

Amounts distributed at June 30, 2016 were as follows:

Road Service Area 9 - Midway Road	\$	25,354
Road Service Area 14 - Fairview Road		14,898
Road Service Area 16 - South Colony		54,662
Road Service Area 19 - Lazy Mountain		300
Road Service Area 23 - North Colony		6,746
Road Service Area 25 - Bogard Road		50,671
Road Service Area 26 - Greater Butte Road		2,848
Road Service Area 28 - Gold Trail Road		30,546
Road Service Area 31 - Alpine Road		1,367

Total loans payable from Road Service Areas for ADEC Loan		187,392
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Loan payable from Talkeetna Water and Sewer for ADEC loan	\$	86,424
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Other advances to/from other funds, representing long-term loans at June 30, 2016 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	\$	114,000
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\$214,000 Service Area 36 - Talkeetna Water and Sewer revolving loan, due in annual installments of \$21,400, plus interest as approved by the Assembly, through 2026		214,000
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\$200,000 Willow Fire Service Area 35 - Capital equipment revolving loan, due in annual installments of \$40,000, plus interest as approved by Assembly, through 2021		100,000
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Total loans payable to other funds with established payment terms		428,000
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Total Loans Payable To Revolving Loan Internal Service Funds	\$	701,816
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Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

Transfers to/from other funds for the year ended June 30, 2016 are detailed below. Transfers are generally authorized for 1) operating subsidy, 2) capital acquisitions and/or grant match, 3) debt service, or return of capital.

From the General Fund to:

School Buildings Debt Service Fund	\$ 33,450,000
School Projects Capital Project Fund	1,088,474
Port Enterprise Fund	850,000
Nonmajor governmental funds	8,975,191

Total transfers out of General Fund 44,363,665

From School Projects Capital Project Fund to School Buildings Debt Service Fund 10,489

From Nonmajor Governmental Funds to:

General Fund	13,169
Port Enterprise Fund	4,544,593
Other nonmajor governmental funds	10,397,337

Total transfers out of nonmajor governmental funds 14,955,099

From Port Enterprise Fund to:

General Fund	255,940
Nonmajor governmental funds	2,551,105

Total transfers out of Port Enterprise Fund 2,807,045

From Internal Service Funds to General Fund 315

Total Transfers \$ 62,136,613

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Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

6. Capital Assets

Capital asset activity for the year ended June 30, 2016 follows:

Governmental Activities	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
<i>Capital assets not being depreciated:</i>				
Land and land improvements	\$ 19,383,478	\$ 1,433,144	\$ 1,477,121	\$ 19,339,501
Rights of way	76,126,674	1,930,474	-	78,057,148
Construction in progress	320,954,066	123,193,634	150,946,886	293,200,814
Total capital assets not being depreciated	416,464,218	126,557,252	152,424,007	390,597,463
<i>Capital assets being depreciated:</i>				
Buildings	583,849,588	87,981,587	349,850	671,481,325
Improvements other than buildings	32,166,720	1,790,704	-	33,957,424
Equipment	46,379,207	4,554,858	848,989	50,085,076
Infrastructure	168,850,204	52,650,712	1,183,248	220,317,668
Total capital assets being depreciated	831,245,719	146,977,861	2,382,087	975,841,493
<i>Less accumulated depreciation for:</i>				
Buildings	161,802,397	10,707,537	154,925	172,355,009
Improvements other than buildings	8,702,860	794,163	-	9,497,023
Equipment	29,125,167	3,688,916	844,796	31,969,287
Infrastructure	123,216,992	4,199,886	1,183,248	126,233,630
Total accumulated depreciation	322,847,416	19,390,502	2,182,969	340,054,949
Total capital assets being depreciated, net	508,398,303	127,587,359	199,118	635,786,544
Governmental Activities Capital Assets, net	\$ 924,862,521	\$ 254,144,611	\$ 152,623,125	\$ 1,026,384,007

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Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

Business-type Activities	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
<i>Capital assets not being depreciated:</i>				
Construction in progress	\$ 3,356,023	\$ 1,463,685	\$ 3,302,200	\$ 1,517,508
<i>Capital assets being depreciated:</i>				
Buildings	15,948,236	131,402	1,428	16,078,210
Improvements other than buildings	1,847,855	10,275	5,400	1,852,730
Equipment	2,540,522	79,192	237,784	2,381,930
Landfill cells	8,818,800	-	-	8,818,800
Infrastructure	29,459,737	2,366,759	-	31,826,496
Total capital assets being depreciated	\$ 58,615,150	\$ 2,587,628	\$ 244,612	\$ 60,958,166
<i>Less accumulated depreciation for:</i>				
Buildings	1,689,828	537,019	1,061	2,225,786
Improvements other than buildings	834,325	49,003	2,592	880,736
Equipment	1,370,149	133,193	138,385	1,364,957
Landfill cells	7,529,146	390,805	-	7,919,951
Infrastructure	7,197,482	794,700	-	7,992,182
Total accumulated depreciation	18,620,930	1,904,720	142,038	20,383,612
Total capital assets being depreciated, net	39,994,220	682,908	102,574	40,574,554
Business-Type Activities Capital Assets, net	\$ 43,350,243	\$ 2,146,593	\$ 3,404,774	\$ 42,092,062

Depreciation expense was charged to the functions as follows for the year ended June 30, 2016:

	Depreciation
Governmental Activities	
General government	\$ 1,376,068
Public works	539,300
Public services	5,067,188
Emergency services	2,977,284
Education	9,430,662
Total Governmental Activities	\$ 19,390,502
Business-Type Activities	
Solid waste	\$ 843,013
Port	1,061,707
Total Business-Type Activities	\$ 1,904,720

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

Capital projects authorized or in progress are as follows:

	Project Authorization	Expended	Fund Balance Available
School projects	\$ 728,173,634	\$ 685,390,776	\$ 53,227,187
Road service repair	159,585,605	135,298,942	18,024,056
Sewage facility	16,104,355	14,965,719	304,913
Fire protection	87,933,330	72,780,705	9,815,877
Sanitary landfills	31,893,230	24,313,803	737,080
Ambulance and emergency medical services	34,554,548	33,052,948	968,829
Roads and bridges	176,579,224	159,401,586	3,616,613
Borough facilities	67,260,214	66,163,605	812,689
Cultural and recreational	16,222,270	14,132,183	2,073,225
Port	60,184,828	59,721,295	508,218
Major maintenance	1,149,094	1,111,719	-
Infrastructure	189,515,782	181,844,148	214,826
Miscellaneous	89,863,573	79,700,018	9,490,040
Pass-through grants	14,472,656	13,188,036	195,711
	\$ 1,673,492,343	\$ 1,541,065,483	\$ 99,989,264

7. Other Asset - Ferry Vessel

M/V Susitna Ferry

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

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

In September 2015, the Borough entered into a sales agreement with the Philippines Red Cross for a purchase price of \$1.75 million. In December 2015, the Borough received a down payment in the amount of \$250,000 from the Philippines Red Cross. These funds will be used to help pay for required repairs of \$2,937,431 in 2016, in anticipation of the sale. The sale was finalized in 2016.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

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

In August of 2014, the Borough received notice that the FTA wants the Borough to repay \$12,319,299 in connection with both the Ferry itself, as well as the Passenger Terminal Building. The Borough received a temporary postponement of the billing in order to negotiate the amount owed and repayment terms. As of June 30, 2014, the Borough recorded a \$12,319,299 liability as a governmental long-term debt. As of June 30, 2016, there has been no change in status with respect to the FTA. The Borough continues to carry the liability on the books at \$12.3 million, pending settlement of final payment terms and amount due to the FTA.

8. Lease Receivable

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

The following summarizes the future minimum lease payments due to the Borough from the District as of June 30, 2016:

<i>Year Ending June 30:</i>	Principal	Interest	Total
2017	\$ -	\$ 133,977	\$ 133,977
2018	133,244	361,258	494,502
2019	150,489	242,811	393,300
2020	156,036	237,264	393,300
2021	161,787	231,513	393,300
2022-2026	902,903	1,063,597	1,966,500
2027-2031	1,082,027	884,473	1,966,500
2032-2036	1,296,688	669,812	1,966,500
2037-2041	1,553,934	412,566	1,966,500
2042-2045	1,462,892	110,859	1,573,751
	\$ 6,900,000	\$ 4,348,130	\$ 11,248,130

9. Loan Receivable

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

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

10. Long-term Debt

Issuance of New Debt

In 2016, the Borough obtained a \$6,900,000 loan from the U.S Department of Agriculture (USDA), to construct the Fronteras Spanish Immersion Charter School. The terms of the agreement require interest only payments of \$133,977 to be made in 2017 and 2018, with monthly principal and interest payments of \$32,775 for a period of 28 years at an interest rate of 3.625% starting after the final interest only payment in 2018. The District has committed to making direct payments on behalf of the Borough to the USDA. At June 30, 2016, the Borough had drawn down \$6,081,755 in loan proceeds.

In 2016, the Borough purchased a building from the University of Alaska and signed a note payable for \$515,000 to finance the purchase. The note is interest free and due in monthly installments of \$7,464, with payments scheduled through 2021.

Other Debt Information

ADEC Loan

In 2014, the Borough entered into a loan agreement with the Alaska Department of Environmental Conservation under the Alaska Clean Water Fund Loan Program. The loan will be paid back over twenty years and bears interest at 1.5% with the interest accrual beginning one year following the date of the first draw. The loan is for a maximum of \$3,060,343 and is being used to pay for the Central Landfill Cell 2 Closure. The Borough reported \$2,088,083 in drawdowns in the current year. Repayment terms will be established upon completion of the project and drawdown of the loan. This loan is recorded in the Solid Waste Enterprise Fund.

FTA Ferry and Terminal Liability

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

Subsequent Debt Issuances

Refunding Bonds

Subsequent to June 30, 2016, the Borough issued \$31,690,000 of general obligation school refunding bonds to advance refund \$31,885,000 of outstanding bonds from two separate issues. The new bonds were issued with a premium of \$5,090,765. The bonds are due in annual installments of \$910,000 to \$3,670,000, plus interest rates from 2.5% to 5.0%.

Certificates of Participation

Subsequent to June 30, 2016, the Borough issued \$13,105,000 of certificates of participation. The certificates of participation are due in annual installments of \$40,000 to \$540,000, plus interest rates from 2.0% to 5.0%.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

A summary of changes in long-term debt for the year ended June 30, 2016 follows:

	Balance at July 1, 2015	Additions	Retirements	Balance at June 30, 2016	Due Within One Year
Governmental Activities					
School projects bonds	\$ 305,070,000	-	\$ 19,785,000	\$ 285,285,000	\$ 20,665,000
Park and recreation bonds	1,725,000	-	260,000	1,465,000	265,000
Transportation bonds	29,125,000	-	1,120,000	28,005,000	1,150,000
Certificates of participation	12,195,000	-	1,310,000	10,885,000	855,000
ADEC salted sand building loan	201,549	-	14,157	187,392	14,369
ADEC Talkeetna community water upgrade loan	91,172	-	4,749	86,423	4,819
University of Alaska Fireweed building note payable	-	515,000	89,565	425,435	89,565
USDA note payable	-	6,081,755	-	6,081,755	-
FTA liability	12,319,299	-	-	12,319,299	-
Accrued leave **	2,482,871	2,708,755	2,422,015	2,769,611	2,769,611
Insurance claims incurred but not reported & claims payable	2,082,228	6,068,343	6,518,478	1,632,093	1,632,093
Net pension liability	21,485,159	8,581,034	-	30,066,193	-
	<u>386,777,278</u>	<u>23,954,887</u>	<u>\$ 31,523,964</u>	<u>379,208,201</u>	<u>\$ 27,445,457</u>
Plus unamortized bond premium	<u>33,411,389</u>			<u>30,910,711</u>	
	<u>\$ 420,188,667</u>			<u>\$ 410,118,912</u>	
	Balance at July 1, 2015	Additions	Retirements	Balance at June 30, 2016	Due Within One Year
Business-type Activities					
Port bonds	\$ 5,250,000	-	\$ 500,000	\$ 4,750,000	\$ 520,000
ADEC solid waste loan - Cell 3 construction	2,684,582	-	123,165	2,561,417	125,012
ADEC solid waste loan - hazardous waste facility	680,001	-	47,764	632,237	48,480
ADEC solid waste loan - regional resource recovery and training facility	771,020	-	42,996	728,024	43,641
ADEC solid waste loan - Cell 2 closure*	138,233	2,088,083	-	2,226,316	-
Lease credits payable	1,326,470	-	3,873	1,322,597	-
Landfill closure and post-closure monitoring costs	4,063,230	132,584	-	4,195,814	-
Accrued leave **	131,927	128,581	102,581	157,927	157,927
Net pension liability	966,494	424,476	-	1,390,970	-
	<u>\$ 16,011,957</u>	<u>\$ 2,773,724</u>	<u>\$ 820,379</u>	<u>17,965,302</u>	<u>\$ 895,060</u>
Plus unamortized bond premium	<u>508,184</u>			<u>449,547</u>	
	<u>\$ 16,520,141</u>			<u>\$ 18,414,849</u>	

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

*Not yet in repayment status.

** Based on an analysis of the actual compensated absence expenditures/expense during the first quarter of the fiscal year 2016, management estimates all accrued leave will be used in FY17. Therefore the entire balance of accrued leave is reported as due within one year. Other long-term liabilities related to governmental activities such as accrued leave are generally liquidated by the General Fund.

At June 30, 2016, long-term debt in repayment status is comprised of the following individual issues:

General Obligation Bonds

School projects bonds:

\$55,195,000 2015 Series B School bonds, due in annual installments of \$1,795,000 to \$4,225,000, plus interest at 3% to 5.0% through November 1, 2034	\$ 53,700,000
\$37,350,000 2015 Series A School refunding bonds, due in annual installments of \$2,435,000 to \$5,915,000, plus interest at 2.5% to 5.0% through February 1, 2026	33,950,000
\$29,400,000 2014 Series B School bonds, due in annual installments of \$960,000 to \$2,190,000, plus interest at 1.5% to 5.0% through November 1, 2034	27,640,000
\$13,290,000 2013 Series A School bonds, due in annual installments of \$470,000 to \$995,000, plus interest at 4.0% to 5.0% through June 30, 2033	11,880,000
\$91,770,000 2012 Series A School bonds, due in annual installments of \$3,595,000 to \$6,640,000, plus interest at 3.0% to 5.0% through March 1, 2032	78,500,000
\$8,710,000 2012 Series B School refunding bonds, due in annual installments of \$380,000 to \$2,480,000, plus interest at 4.0% to 5.0% through March 1, 2024	5,280,000
\$33,785,000 2011 Series A School bonds, due in annual installments of \$1,365,000 to \$2,490,000, plus interest at 2.75% to 5.0% through April 1, 2031	27,440,000
\$19,030,000 2009 Series A School bonds, due in annual installments of \$770,000 to \$1,465,000, plus interest at 4.0% to 5.5% through July 1, 2029	14,980,000
\$33,505,000 2007 Series A School refunding bonds, due in annual installments of \$1,960,000 to \$3,820,000, plus interest at 4.0% to 5.00% through April 1, 2025	29,870,000
\$20,500,000 2006 Series A School bonds, partially refunded in 2015, due in final amount of \$1,055,000, plus interest at 4.125% through February 1, 2017	1,055,000
\$19,200,000 2006 Series B School bonds, partially refunded in 2015, due in final amount of \$990,000, plus interest at 4.5% through February 1, 2017	990,000
Total school projects bonds	285,285,000
<i>Park bonds:</i>	
\$2,210,000 2007 Series B Park bonds, due in annual installments of \$265,000 to \$325,000, plus interest at 4.0% to 5.25% through April 1, 2021	1,465,000

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

General Obligation Bonds, continued

Transportation bonds:

\$1,560,000 2015 Series C Transportation bonds, due in annual installments of \$50,000 to \$105,000, plus interest at 2.0% to 4.0% through November 1, 2034	\$ 1,510,000
\$17,840,000 2014 Series A Transportation bonds, due in annual installments of \$100,000 to \$1,285,000, plus interest at 2.0% to 5.0% through August 1, 2033	16,670,000
\$11,175,000 2012 Series D Transportation bonds, due in annual installments of \$465,000 to \$845,000, plus interest at 1.5% to 5.0% through April 1, 2032	9,825,000
<hr/>	
Total transportation bonds	<hr/> 28,005,000

Port bonds:

\$5,770,000 2012 Series C Port refunding bonds, due in annual installments of \$520,000 to \$675,000, plus interest at 3.0% to 5.0% through March 1, 2024	4,750,000
<hr/>	
Total General Obligation Bonds	<hr/> \$ 319,505,000

Certificates of Participation

\$8,585,000 2013 Public Safety Building Lease Certificates of Participation, due in annual installments of \$225,000 to \$630,000, plus interest at 2.5% to 5.0% through October 1, 2024	\$ 7,700,000
\$5,750,000 2008 Animal Control Building Certificates of Participation, due in annual installments of \$390,000 to \$535,000, plus interest at 4.8% to 5.75% through March 1, 2023	3,185,000
<hr/>	
Total Certificates Of Participation	<hr/> \$ 10,885,000

ADEC Loans

\$2,805,926 ADEC loan for Landfill Cell 3 construction due in annual installments of \$125,012 to \$161,018, plus interest at 1.5% through July 1, 2034	\$ 2,561,417
\$105,000 ADEC loan for Talkeetna Community Water Upgrade due in annual installments of \$4,819 to \$6,025, plus interest at 1.5% through March 1, 2032	86,423
\$294,958 ADEC loan for Salted Sand Storage Building due in annual installments of \$14,369 to \$16,926, plus interest at 1.5% through August 8, 2027	187,392
\$995,155 ADEC loan for Hazardous Waste Facility, due in annual installments of \$48,480 to \$57,107, plus interest at 1.5% through August 31, 2027	632,237

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

ADEC Loans, continued

\$936,743 ADEC loan for Regional Resource Recovery and Training Facility, due in annual installments of \$43,641 to \$53,755, plus interest at 1.5% through June 30, 2031	\$ 728,024
\$3,060,343 (maximum) loan for Central Landfill Cell 2A Closure, loan terms not yet established	2,226,316
Total ADEC Loans	\$ 6,421,809

Notes Payable

\$6,900,000 USDA note payable. Interest only payments of \$133,977 due July 28, 2016 and July 28, 2017. Monthly installments of \$32,775, including interest, due beginning August, 2017 through July, 2045	\$ 6,081,755
\$515,000 note payable to the University of Alaska, due in annual installments of \$67,174 to \$89,565, through March 1, 2021	425,435
Total Notes Payable	\$ 6,507,190

The annual requirements to amortize long-term debt outstanding at June 30, 2016, exclusive of the accrued leave, landfill closure and post closure monitoring costs, insurance claims incurred but not reported, FTA liability and the ADEC loans that are not yet in repayment status are as follows:

Governmental Activities

<i>Year Ending June 30:</i>	General Obligation Bonds and Certificates of Participation		ADEC Loans		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 22,935,000	\$ 15,789,985	\$ 19,188	\$ 4,107	\$ 89,565	\$ 133,977
2018	23,855,000	13,769,059	19,476	3,820	222,809	361,258
2019	20,775,000	12,684,169	19,768	3,528	240,054	242,811
2020	19,310,000	11,794,744	20,066	3,230	245,601	237,264
2021	19,565,000	10,955,045	20,366	2,930	228,961	231,513
2022-2026	96,600,000	41,840,467	106,508	9,972	902,903	1,063,597
2027-2031	85,080,000	21,139,093	62,419	2,520	1,082,027	884,473
2032-2036	37,520,000	3,259,109	6,024	90	1,296,688	669,812
2037-2041	-	-	-	-	1,553,934	412,566
2042-2045	-	-	-	-	1,462,893	110,859
	\$ 325,640,000	\$ 131,231,671	\$ 273,815	\$ 30,197	\$ 7,325,435	\$ 4,348,130

Included in the above \$7,325,435 notes payable principal due is \$818,245 of long-term debt not yet incurred as of June 30, 2016. The Borough anticipates drawing the remaining balance down in the subsequent fiscal year as the project is completed.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

Business-type Activities

Year Ending June 30:	Port Bonds		ADEC Loans	
	Principal	Interest	Principal	Interest
2017	\$ 520,000	\$ 189,913	\$ 217,133	\$ 58,826
2018	540,000	169,113	220,390	55,569
2019	565,000	147,513	223,696	52,263
2020	580,000	130,563	227,051	48,908
2021	605,000	107,363	230,457	45,501
2022-2026	1,940,000	187,450	1,205,185	174,606
2027-2031	-	-	1,121,816	84,085
2032-2036	-	-	475,950	14,349
Loan not yet in repayment	-	-	2,226,316	-
	\$ 4,750,000	\$ 931,915	\$ 6,147,994	\$ 534,107

The following summarizes the amounts available for payment of general long-term debt at June 30, 2016:

	Debt Service Funds
School general obligation bonds	\$ 173,025
Transportation bonds	755,800
Parks and recreation bonds	28,251
Certificates of participation	1,822,731
	\$ 2,779,807

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

The following bond authorizations remain open and unissued:

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

There is no legal debt margin for municipalities in the State of Alaska. In 1983, the Borough Assembly adopted an ordinance limiting outstanding general obligation debt to 7% of the Borough's assessed value. At June 30, 2016, the Borough was in compliance with these requirements.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

Landfill Closure and Post Closure Care Cost

State and federal laws and regulations require the Borough to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date the landfill stops accepting waste, the Borough reports a portion of these closure and postclosure care costs as a long-term liability at June 30, 2016, based on landfill capacity used as of that date. In 2015 the Borough conducted a landfill closure review process which resulted in certain changes to the closure cost estimate. The \$4,195,814 reported as landfill closure and postclosure care liability at June 30, 2016 represents the cumulative amount reported to date based on the use of 23.37% of the estimated capacity of the landfill. The Borough will recognize the remaining estimated cost of closure and postclosure care of \$13,757,051 as the remaining capacity is filled. The Borough expects to close the landfill in the year 2070. Actual costs may change due to inflation, deflation, changes in technology, or changes in laws and regulations.

As of June 30, 2016, 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, water or gas line improvements in local improvement districts within the Borough. Repayment of the bonds is through special assessments levied against the property in the local improvement districts that benefit from the project. The bonds are special obligations of the local improvement districts and are payable solely from the assessments. As such, the Borough is not obligated in any manner for the special assessment debt and is acting solely as agent on behalf of the local improvement districts. The balance of special assessment bonds payable at June 30, 2016 follows:

Gas line bonds	\$ 1,130,599
Road improvement bonds	121,460
Water project bonds	143,800
Total	\$ 1,395,859

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Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

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 2016, defeased debt outstanding and under payment by the escrow agent is as follows. Both issues bear call dates of February 2017:

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

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

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

During 2015, the Borough issued \$105,720,000 in State of Alaska Lease Revenue Refunding Bonds (Series 2015) to advance refund \$101,850,000 of the 2008 outstanding Lease Revenue Bonds. In addition, in April 2015, the Borough and the State of Alaska entered into a Second Amendment to the Lease Agreement which requires the State to make the debt payments in accordance with the 2015 bond payment schedule. The Borough considers this debt to be "conduit debt" for accounting and disclosure purposes. Total debt service outstanding and payable by the State of Alaska at June 30, 2016, including both principal and interest, was as follows:

2008 lease revenue bonds (unrefunded portion)	\$ 117,036,064
2015 lease revenue bonds	175,284,749
Total	\$ 292,320,813

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

12. Defined Benefit (DB) Pension Plan

General Information About the Plan

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

The Plan is included in a comprehensive annual financial report that includes financial statements and other required supplemental information. That report is available via the internet at <http://doa.alaska.gov/drb/pers>. Actuarial valuation reports, audited financial statements, and other detailed plan information are also available on this website.

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

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

Historical Context and Special Funding Situation

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

Alaska Statute 39.35.255 requires the State of Alaska to contribute to the Plan an amount such that, when combined with the employer contribution, is sufficient to pay the Plan's past service liability contribution rate as adopted by the Alaska Management Retirement Board. As such, the Plan is considered to be in a special funding situation as defined by GASB, and management has recorded all pension related liabilities, deferred inflows and outflows of resources, and disclosures on this basis.

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

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

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

Employee Contribution Rates

Regular employees are required to contribute 6.75% of their annual covered salary, while police and firefighters are required to contribute 7.5% of their annual covered salary.

Employer and Other Contribution Rates

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

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

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

On-behalf Contribution Rate: This is the rate paid in by the State as an on-behalf payment under the current statute. The statute requires the State to contribute, based on funding availability, an on-behalf amount equal to the difference between the ARM Board Rate and the Employer Effective Rate. In 2015, the State Legislature appropriated a one-time contribution to the Plan in the amount of \$1 billion. As a result, the on-behalf contributions for 2015 were significantly higher than the statutory amount. In 2016, the on-behalf contributions have returned to “normal” levels and generally equal to the statutory calculation.

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

GASB Rate: This is the rate used to determine the long-term pension and healthcare liability for plan accounting purposes in accordance with generally accepted accounting principles as established by GASB. Certain actuarial methods and assumptions for this rate calculation are mandated by GASB. Additionally, the GASB Rate disregards all future Medicare Part D payments. For FY16, the rate uses an 8.00% pension discount rate and a 4.55% healthcare discount rate.

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

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

Contribution rates for the year ended June 30, 2016 were determined in the June 30, 2013 actuarial valuation.

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate	GASB Rate
Pension	13.25%	16.38%	3.63%	37.79%
Postemployment healthcare (see Note 14)	8.75%	10.81%	1.56%	58.73%
Total Contribution Rates	22.00%	27.19%	5.19%	96.52%

In 2016, the Borough was credited with the following contributions into the pension plan.

	Borough FY15 Measurement Period	Borough FY16
Employer contributions (including DBUL)	\$ 2,137,416	\$ 2,309,530
Nonemployer contributions (on-behalf)	9,668,628	900,392
Total Contributions	\$ 11,806,044	\$ 3,209,922

In addition, employee contributions to the Plan totaled \$777,352 during the Borough fiscal year.

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

At June 30, 2016, the Borough reported a liability for its proportionate share of the net pension liability that reflected a reduction for State support provided to the Borough. The amount recognized by the Borough for its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability associated with the Borough were as follows:

	2016
Borough proportionate share of NPL	\$ 31,457,163
State's proportionate share of the NPL associated with the Borough	8,425,442
Total Net Pension Liability	\$ 39,882,605

The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. The Borough's proportion of the net pension liability measured at June 30, 2015 for PERS was 0.64860 percent, which was an increase of 0.167232 from its proportion as of the prior measurement date.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

For the year ended June 30, 2016, the Borough recognized pension expense of \$5,885,560. In addition, the Borough recognized on-behalf revenue from the State of Alaska in the amount of \$1,163,527. At June 30, 2016, the Borough reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 36,667	\$ -
Changes in assumptions	1,839,332	-
Net difference between projected and actual earnings on pension plan investments	-	(556,922)
Changes in proportion and differences between Borough contributions and proportionate share of contributions	1,561,763	-
Borough contributions subsequent to the measurement date	2,309,530	-
Total Deferred Outflows and Deferred Inflows of Resources Related to Pensions	\$ 5,747,292	\$ (556,922)

The \$2,309,530 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,

2017		\$ 2,772,126
2018		(49,711)
2019		(357,673)
2020		516,098

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Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

Actuarial Assumptions

The total pension liability for the measurement period ended June 30, 2015 (Borough fiscal year 2016) was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2015. The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2009 to June 30, 2013, resulting in changes in actuarial assumptions adopted by the Alaska Retirement Management Board to better reflect expected future experience.

Actuarial Cost Method	Entry Age Normal - Level Percentage of Payroll
Asset Valuation Method	Invested assets are reported at fair value.
Allocation Methodology	Amounts for FY 14 and FY 13 were allocated to employers based on actual contributions made in FY 14 and FY 13, respectively. Allocations for FY 15 were allocated to employers based on the projected present value of contributions for FY 2017 - FY 2039. The liability is expected to go to zero at 2039.
Investment Return / Discount Rate	8.0% per year (geometric), compounded annually, net of expenses for pension
Salary Scale	Inflation - 3.12% per year Productivity - 0.50% per year Peace Officer/Firefighter - graded by years of services from 9.66% to 4.92% All others - graded by age and years of service from 8.55% and 4.34%
Total Inflation	Measured by the consumer price index for urban and clerical workers for Anchorage and is assumed to increase 3.12% annually.
Mortality	Pre-termination - Based on the 2010-2013 actual mortality experience Post-termination - 96% of all rates of the RP-2000 table, 2000 base year projected to 2018 with projection scale BB

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Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

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

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

Discount rate

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

Discount Rate Sensitivity

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

	Proportional Share	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Borough's proportionate share of the net pension liability	0.64860%	\$ 41,819,635	\$ 31,457,163	\$ 22,733,034

Pension Plan Fiduciary Net Position

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

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

13. Defined Contribution (DC) Pension Plan

Employees hired after July 1, 2006 participate in PERS Tier IV, a defined contribution plan. This Plan is administered by the State of Alaska, Department of Administration in conjunction with the defined benefit plan noted above. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. The Alaska Retirement Management Board may also amend contribution requirements. Included in the Plan are individual pension accounts, a retiree medical insurance plan and a separate Health Reimbursement Arrangement account that will help retired members pay medical premiums and other eligible medical expenses not covered by the medical plan. This Plan is included in the comprehensive annual financial report for PERS, and at the following website, as noted above. <http://doa.alaska.gov/dr/pers>.

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

Benefit Terms

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

Employee Contribution Rates

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

Employer Contribution Rates

For the year ended June 30, 2016, the Borough was required to contribute 5% of covered salary into the plan.

The Borough and employee contributions to PERS for pensions for the year ended June 30, 2016 were \$544,037 and \$870,549, respectively. Borough contributions are recognized as pension expense/expenditures when paid.

14. Other Post-Employment Benefit (OPEB) Plans

Defined Benefit OPEB Plan

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

Employer Contribution Rate

The Borough is required to contribute 8.75% of covered payroll into the OPEB plan. Employees do not contribute to the DB OPEB plans.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

Annual Postemployment Healthcare Cost

Actual contributions into the Plan for the last three years were as follows. The amounts reported here include only the employer required contributions and do not include any amounts attributed to the on-behalf contributions by the State. In 2016, on-behalf contributions into the OPEB Plan were \$385,571. There were no on-behalf contributions into the OPEB Plan in 2015; however, on-behalf contributions to the OPEB Plan in 2014 were \$1,176,185.

<i>Year Ended June 30,</i>	Annual OPEB Costs	Borough Contributions	% of Costs Contributed
2016	\$1,525,142	\$1,525,142	100 %
2015	\$1,612,476	\$1,612,476	100 %
2014	\$1,889,943	\$1,889,943	100 %

Defined Contribution OPEB

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

Employer Contribution Rates

Employees do not contribute to the DC OPEB plans. Employer contribution rates for the year ended June 30, 2016 were as follows:

	Other Tier IV	Police/Fire Tier IV
Retiree medical plan	1.68%	1.68%
Occupational death and disability benefits	0.22%	1.05%
Total Contribution Rates	1.90%	2.73%

In addition, PERS defined contribution members also participate in the Health Reimbursement Arrangement. AS 39.30.370 establishes this contribution amount as “three percent of the average annual employee compensation of *all employees of all employers* in the plan”. As of July 1, 2015, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,005 per year for each full-time employee, and \$1.28 per hour for part-time employees.

Annual Postemployment Healthcare Cost

In FY16, the Borough contributed \$527,459 in DC OPEB costs. These amounts have been recognized as expense/expenditures.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

15. Contingencies

Lease Credits Payable

On May 16, 2007, a lawsuit was filed by NPI LLC, relating to two contracts at Port McKenzie. The case was aggressively defended with several motions for partial summary judgment being filed. In July 2010, the case was settled for \$1,100,000 payable in cash plus \$1,375,000 in future lease credits awarded to the contractor. In 2011, the balance of the cash payment was paid in full and the lease credits payable were recorded in the Port Enterprise Fund. The lease credits are valid for lease waivers, wharfage, and other services and will expire April 2031. At June 30, 2016, the balance of the lease credits payable was \$1,322,597 and is recorded as a long-term payable in the Port Enterprise Fund.

Other

The Borough and School District participate in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Borough expects such amounts, if any, to be nominal.

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

16. New Accounting Pronouncements

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

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

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

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

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

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

GASB 78 - Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans - Effective for year-end June 30, 2017 - This statement amends the scope and applicability of GASB 68 to exclude pensions provided to employees through a cost-sharing multiple-employer defined benefit pension plan that is (1) not a state or local government pension plan, (2) used to provide defined benefit pensions to employees of both government and non-government employers, and (3) has no predominant state or local government employer, either individually or collectively with other governmental employers providing pensions in the plan.

GASB 80 - Blending Requirements for Certain Component Units - Effective for year-end June 30, 2017, with earlier application encouraged - This statement requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. This statement amends the previous requirements established in paragraph 53 of GASB 14. The criterion specified in GASB 80 does not apply to component units included in the financial reporting entity pursuant to GASB 39.

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

GASB 83 - Certain Asset Retirement Obligations - Effective for year-end June 30, 2019, with earlier application encouraged - This statement addresses accounting and financial reporting for certain asset retirement obligations. This statement requires that a government with legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on guidance in this statement.

17. Subsequent Events

In fiscal year 2017, Borough voters approved the issuance of \$22,160,000 of general obligation bonds for parks and recreational capital facilities and related capital improvements.

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

<i>Years Ended June 30,</i>	Borough's Proportion of the Net Pension Liability	Borough's Proportionate Share of the Net Pension Liability	State of Alaska Proportionate Share of the Net Pension Liability	Total Net Pension Liability	Borough's Covered Payroll	Borough's Proportionate Share of the Net Pension Liability as a Percentage of Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.48137%	\$ 22,451,653	\$ 18,637,380	\$ 41,089,033	\$ 19,339,708	116.09%	62.37%
2016	0.64860%	\$ 31,457,163	\$ 8,425,442	\$ 39,882,605	\$ 21,010,045	149.72%	63.96%

See accompanying notes to Required Supplementary Information.

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

<i>Years Ended June 30,</i>	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	Borough's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 2,137,416	\$ 2,137,416	\$ -	\$ 21,010,045	10.17%
2016	\$ 2,309,530	\$ 2,309,530	\$ -	\$ 22,300,573	10.36%

See accompanying notes to Required Supplementary Information.

Matanuska-Susitna Borough, Alaska

Notes to Required Supplementary Information June 30, 2016

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

This table is presented based on the Plan measurement date. For June 30, 2016, the Plan measurement date is June 30, 2015.

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

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

There was a significant change in the allocation methodology. For the measurement period ended June 30, 2014, the liability was allocated to participating employers based on actual contributions for 2014. For the measurement period ended June 30, 2015, the liability is allocated based on projected contributions for fiscal years 2017-2039, as calculated in the June 30, 2014 actuarial valuation.

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

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

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

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Matanuska-Susitna Borough, Alaska

Nonmajor Governmental Funds
Combining Balance Sheet

<i>June 30, 2016</i>	Special Revenue	Debt Service	Capital Projects	Totals
Assets				
Cash and investments	\$ 28,456,752	\$ 1,276,564	\$ 37,266,285	\$ 66,999,601
Prepaid items	166,862	-	186,162	353,024
Receivables:				
Intergovernmental	757,562	-	3,032,913	3,790,475
Property taxes	2,350,083	-	-	2,350,083
Land sales contracts, net	3,619	-	-	3,619
Interfund loan receivable	4,493,488	-	-	4,493,488
Other	243,652	-	-	243,652
Land sales contracts receivable, long term	187,309	-	-	187,309
Restricted cash	-	1,330,218	4,667,900	5,998,118
Total Assets	\$ 36,659,327	\$ 2,606,782	\$ 45,153,260	\$ 84,419,369
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts, contracts and retentions payable	\$ 837,559	\$ -	\$ 1,699,590	\$ 2,537,149
Due to General Fund	111,682	-	192,949	304,631
Deposits	69,024	-	-	69,024
Unearned revenue	-	-	1,360,555	1,360,555
Loans payable to other funds	701,816	-	-	701,816
Other	20,265	-	-	20,265
Total Liabilities	1,740,346	-	3,253,094	4,993,440
Deferred Inflows of Resources				
Delinquent property taxes	2,174,389	-	-	2,174,389
Special assessments	6,074	-	-	6,074
Land sales receivables not yet due	187,309	-	-	187,309
Total Liabilities and Deferred Inflows of Resources	4,108,118	-	3,253,094	7,361,212
Fund Balances				
Nonspendable - prepaid items	166,862	-	186,162	353,024
Restricted:				
Debt service	-	1,330,218	-	1,330,218
Capital projects	-	-	4,667,900	4,667,900
Committed:				
Long-term loan receivable	4,493,488	-	-	4,493,488
Land management	797,295	-	-	797,295
Self-insurance	10,000	-	-	10,000
Accrued leave	30,000	-	-	30,000
Equipment	1,100,000	-	-	1,100,000
Assigned:				
Subsequent year expenditures	6,401,389	-	-	6,401,389
Subsequent year appropriations	685,000	-	-	685,000
Service areas	19,324,040	-	-	19,324,040
Debt service	-	1,276,564	-	1,276,564
Capital projects	-	-	37,057,223	37,057,223
Unassigned (deficits)	(456,865)	-	(11,119)	(467,984)
Total Fund Balances	32,551,209	2,606,782	41,900,166	77,058,157
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 36,659,327	\$ 2,606,782	\$ 45,153,260	\$ 84,419,369

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

<i>Year Ended June 30, 2016</i>	Special Revenue	Debt Service	Capital Projects	Totals
Revenues				
Property taxes	\$ 35,245,870	\$ -	\$ -	\$ 35,245,870
Intergovernmental	1,045,210	-	21,467,157	22,512,367
Charges for services	4,969,375	-	389,312	5,358,687
Investment income	60,180	65	-	60,245
Interest on land sales	22,164	-	-	22,164
Other	725,063	-	50,016	775,079
Total Revenues	42,067,862	65	21,906,485	63,974,412
Expenditures				
General government	377,378	-	1,343,403	1,720,781
Emergency services	11,988,959	-	1,064,548	13,053,507
Public services	13,231,974	-	9,163,085	22,395,059
Debt service	4,708	4,661,224	-	4,665,932
Capital outlay	-	-	26,629,567	26,629,567
Total Expenditures	25,603,019	4,661,224	38,200,603	68,464,846
Excess (Deficiency) of Revenues Over Expenditures	16,464,843	(4,661,159)	(16,294,118)	(4,490,434)
Other Financing Sources (Uses)				
Transfers in	10,584	3,972,565	17,940,484	21,923,633
Transfers out	(14,937,856)	-	(17,243)	(14,955,099)
Proceeds from issuance of note payable	-	-	515,000	515,000
Proceeds from disposal of capital assets	37,195	-	-	37,195
Net Other Financing Sources (Uses)	(14,890,077)	3,972,565	18,438,241	7,520,729
Net Change in Fund Balances	1,574,766	(688,594)	2,144,123	3,030,295
Fund Balances, beginning	30,976,443	3,295,376	39,756,043	74,027,862
Fund Balances, ending	\$ 32,551,209	\$ 2,606,782	\$ 41,900,166	\$ 77,058,157

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Matanuska-Susitna Borough, Alaska

General Fund
Balance Sheet

June 30,	2016	2015
Assets		
Cash and investments	\$ 53,543,858	\$ 39,792,495
Prepaid items	1,689,902	921,866
Receivables:		
Intergovernmental	26,143	33,805
Delinquent property taxes, including foreclosure costs, penalties and interest net of allowance for doubtful accounts of \$162,922 (\$159,595 in 2015)	8,150,709	8,892,601
Ambulance, net of allowance for doubtful accounts of \$807,120 (\$752,280 in 2015)	4,207,230	3,000,719
Excise taxes	1,494,888	1,173,849
Accrued interest	88,944	321,362
Other	519,535	1,152,225
Due from other funds	3,120,242	17,837,775
Deposits	-	475
Inventory	400,389	436,922
Total Assets	\$ 73,241,840	\$ 73,564,094
Liabilities, Deferred Inflows of Resources and Fund Balance		
Liabilities		
Accounts payable	\$ 1,458,677	\$ 1,619,126
Accrued payroll and related liabilities	2,442,110	1,774,908
Other liabilities	84,389	217,283
Total Liabilities	3,985,176	3,611,317
Deferred Inflows of Resources		
Taxes collected in advance	808,363	543,171
Delinquent property taxes	7,516,659	7,881,133
Delinquent ambulance receivables	2,352,975	2,169,970
Delinquent foreclosure property sales	57,316	57,316
Total Liabilities and Deferred Inflows of Resources	14,720,489	14,262,907
Fund Balance		
Nonspendable:		
Prepaid items	1,689,902	921,866
Inventory	400,389	436,922
Committed:		
Self-insurance	150,000	150,000
Accrued leave	250,000	250,000
Assembly projects	57,217	57,217
Major repairs and renovations	29,248	879,248
Capital	500,000	500,000
Emergency response	1,200,000	1,200,000
Paving projects and calcium chloride	1,625,073	687,325
School site acquisition	200,000	2,813,157
Fund balance stabilization	25,000,000	25,000,000
Assigned - subsequent year expenditures	13,562,914	11,907,107
Unassigned	13,856,608	14,498,345
Total Fund Balance	58,521,351	59,301,187
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 73,241,840	\$ 73,564,094

Matanuska-Susitna Borough, Alaska

General Fund

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

Years Ended June 30,	2016			2015
	Budget	Actual	Variance	Actual
Revenues				
Taxes:				
Current year property tax levy	\$ 84,108,600	\$ 83,462,584	\$ (646,016)	\$ 79,248,119
Penalty and interest on taxes	800,000	1,145,794	345,794	1,045,823
Foreclosure costs	97,000	152,249	55,249	142,540
Recording and attorney fees	5,500	4,464	(1,036)	4,883
Vehicle taxes collected				
through State of Alaska	2,658,270	3,032,119	373,849	2,518,988
Excise taxes	7,418,100	8,286,431	868,331	7,548,977
Transient accommodations tax	1,105,000	1,205,702	100,702	1,117,249
Total taxes	96,192,470	97,289,343	1,096,873	91,626,579
Intergovernmental:				
State sources:				
Debt service reimbursement	22,751,948	22,673,550	(78,398)	20,053,341
Revenue sharing	3,900,000	4,069,569	169,569	4,172,026
PERS relief	-	984,367	984,367	7,463,988
In lieu of taxes	9,000	8,840	(160)	11,744
Other	-	1,345	1,345	112
Federal sources:				
In lieu of taxes	3,400,000	3,748,140	348,140	6,599,727
Other	55,000	86,376	31,376	90,889
Total intergovernmental	30,115,948	31,572,187	1,456,239	38,391,827
Charges for services:				
Ambulance	3,651,007	4,435,216	784,209	3,358,627
Engineering inspections	120,667	114,475	(6,192)	100,744
Planning and zoning	162,180	142,070	(20,110)	113,297
Ice arena	447,697	458,603	10,906	444,801
Community pool fees	585,000	624,878	39,878	603,202
Business licenses	240,000	245,500	5,500	239,350
Other	189,325	311,755	122,430	333,713
Total charges for services	5,395,876	6,332,497	936,621	5,193,734
Investment income	225,000	231,369	6,369	561,579
Total Revenues	131,929,294	135,425,396	3,496,102	135,773,719

Matanuska-Susitna Borough, Alaska

General Fund

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

Years Ended June 30,	2016			2015
	Budget	Actual	Variance	Actual
Expenditures				
General government:				
Mayor	\$ 69,859	\$ 59,254	\$ 10,605	\$ 73,606
Assembly	481,877	376,873	105,004	397,964
Clerk	586,854	495,323	91,531	675,256
Administration	1,859,056	1,720,739	138,317	1,596,169
Elections	514,564	417,824	96,740	455,329
Records management	477,788	432,541	45,247	555,558
Finance	1,141,140	759,402	381,738	758,283
Budgeting	1,821,664	1,545,414	276,250	1,897,312
Accounting	1,996,438	1,815,667	180,771	2,179,630
Law	1,824,729	1,230,945	593,784	1,575,024
Human resources	811,823	525,964	285,859	535,960
Common contractual	1,856,000	1,325,906	530,094	1,117,931
Adj. and appeals/bid review board	44,550	1,881	42,669	2,543
Planning	2,840,989	2,531,800	309,189	3,074,564
Planning administration	479,149	416,770	62,379	450,552
Economic development	805,895	709,578	96,317	955,327
Pass-through to cities	440,500	396,338	44,162	258,500
Assessments	3,229,749	2,503,764	725,985	3,150,353
Information technology	5,368,811	4,853,622	515,189	5,219,639
Total general government	26,651,435	22,119,605	4,531,830	24,929,500
Less recovery of expenditures from other funds	(803,000)	(2,005,483)	1,202,483	(672,897)
Net general government	25,848,435	20,114,122	5,734,313	24,256,603
Public works:				
Public works administration	207,591	124,429	83,162	106,131
Maintenance	2,080,246	1,732,279	347,967	2,194,391
Project management and engineering	4,063,185	3,488,067	575,118	4,571,012
Public works operations	128,646	116,777	11,869	153,129
Total public works	6,479,668	5,461,552	1,018,116	7,024,663

Matanuska-Susitna Borough, Alaska

General Fund

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

Years Ended June 30,	2016			2015
	Budget	Actual	Variance	Actual
Expenditures, continued				
Emergency services:				
Local emergency planning board	\$ 18,485	\$ 3,650	\$ 14,835	\$ 7,211
Rescue units	778,750	730,385	48,365	740,730
Ambulance operation	8,331,441	7,028,705	1,302,736	6,406,251
Emergency services building	262,139	109,933	152,206	89,384
Fleet maintenance	335,865	250,721	85,144	-
Telecommunications network	882,591	777,826	104,765	698,086
Emergency services administration	2,438,618	1,929,279	509,339	2,501,247
Total emergency services	13,047,889	10,830,499	2,217,390	10,442,909
Less recovery of expenditures from other funds	(971,240)	(975,912)	4,672	(1,060,688)
Net emergency services	12,076,649	9,854,587	2,222,062	9,382,221
Public services:				
Vehicle removal	26,160	19,667	6,493	21,310
Community services	95,347	72,579	22,768	60,415
Cultural resources	162,837	92,942	69,895	265,759
Parks and recreation	474,365	447,195	27,170	500,969
Trails management	-	-	-	184,572
Ice arena	885,793	837,367	48,426	971,812
Outdoor ice rinks	2,700	369	2,331	-
Recreational services	330,104	305,133	24,971	296,631
Community pools	1,582,020	1,513,365	68,655	1,500,688
Community development administration	963,852	806,217	157,635	879,338
Road service administration	2,494,918	2,211,456	283,462	2,337,569
Recreation infrastructure maintenance	374,772	288,263	86,509	211,324
Total public services	7,392,868	6,594,553	798,315	7,230,387
Less recovery of expenditures from other funds	(2,906,145)	(2,554,849)	(351,296)	(2,013,308)
Net public services	4,486,723	4,039,704	447,019	5,217,079

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>	2016			2015
	Budget	Actual	Variance	Actual
Expenditures, continued				
Education - contributions to School District	\$ 52,680,472	\$ 52,680,468	\$ 4	\$ 51,290,823
Total Expenditures	101,571,947	92,150,433	9,421,514	97,171,389
Excess of Revenues Over Expenditures	30,357,347	43,274,963	12,917,616	38,602,330
Other Financing Sources (Uses)				
Proceeds from disposal of capital assets	5,000	39,442	34,442	23,327
Transfers in	10,050	269,424	259,374	3,429,123
Transfers out	(45,594,339)	(44,363,665)	1,230,674	(42,522,031)
Net Other Financing Sources (Uses)	(45,579,289)	(44,054,799)	1,524,490	(39,069,581)
Net Change in Fund Balance	<u>\$ (15,221,942)</u>	(779,836)	<u>\$ 14,442,106</u>	(467,251)
Fund Balance, beginning		<u>59,301,187</u>		<u>59,768,438</u>
Fund Balance, ending		<u>\$ 58,521,351</u>		<u>\$ 59,301,187</u>

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Matanuska-Susitna Borough, Alaska

Special Revenue Funds
Combining Balance Sheet

June 30,	Non-areawide Services and Service Areas	Land Management	Totals	
			2016	2015
Assets				
Cash and investments	\$ 26,925,821	\$ 1,530,931	\$ 28,456,752	\$ 34,304,428
Prepaid items	166,862	-	166,862	196,339
Receivables:				
Intergovernmental	757,562	-	757,562	163,288
Property taxes	2,350,083	-	2,350,083	2,661,384
Land sales contracts, net	-	3,619	3,619	4,318
Interfund loan receivable	-	4,493,488	4,493,488	-
Other	243,652	-	243,652	279,963
Land sales contracts receivable, long term	-	187,309	187,309	249,351
Total Assets	\$ 30,443,980	\$ 6,215,347	\$ 36,659,327	\$ 37,859,071
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 805,834	\$ 31,725	\$ 837,559	\$ 899,340
Deposits	-	69,024	69,024	71,524
Loans payable to other funds	701,816	-	701,816	618,722
Other	20,265	-	20,265	13,750
Due to General Fund	111,682	-	111,682	2,533,917
Total Liabilities	1,639,597	100,749	1,740,346	4,137,253
Deferred Inflows of Resources				
Special assessments	6,074	-	6,074	5,755
Delinquent property taxes	2,174,389	-	2,174,389	2,490,269
Land sales receivables not yet due	-	187,309	187,309	249,351
Total Liabilities and Deferred Inflows of Resources	3,820,060	288,058	4,108,118	6,882,628
Fund Balances				
Nonspendable -				
prepaid items	166,862	-	166,862	196,339
Committed:				
Long-term loan receivable	-	4,493,488	4,493,488	-
Land management	-	797,295	797,295	6,636,329
Self-insurance	10,000	-	10,000	10,000
Accrued leave	20,000	10,000	30,000	30,000
Equipment	1,100,000	-	1,100,000	1,050,000
Assigned:				
Subsequent year expenditures	5,774,883	626,506	6,401,389	2,780,468
Subsequent year appropriations	685,000	-	685,000	491,000
Land management	-	-	-	387,731
Service areas	19,324,040	-	19,324,040	19,595,831
Unassigned (deficits)	(456,865)	-	(456,865)	(201,255)
Total Fund Balances	26,623,920	5,927,289	32,551,209	30,976,443
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 30,443,980	\$ 6,215,347	\$ 36,659,327	\$ 37,859,071

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

Years Ended June 30,	Non-areawide		Totals	
	Services and Service Areas	Land Management	2016	2015
Revenues				
Property taxes	\$ 35,245,870	\$ -	\$ 35,245,870	\$ 34,037,219
Intergovernmental	1,019,638	25,572	1,045,210	2,571,120
Charges for services	2,861,960	2,107,415	4,969,375	3,776,076
Investment income	50,298	9,882	60,180	43,044
Interest on land sales	-	22,164	22,164	12,060
Other	721,075	3,988	725,063	702,734
Total Revenues	39,898,841	2,169,021	42,067,862	41,142,253
Expenditures				
General government	377,378	-	377,378	617,940
Emergency services	11,988,959	-	11,988,959	12,049,438
Public services	12,309,392	922,582	13,231,974	13,207,995
Capital outlay	-	-	-	195,383
Debt service	4,708	-	4,708	5,023
Total Expenditures	24,680,437	922,582	25,603,019	26,075,779
Excess of Revenues Over Expenditures	15,218,404	1,246,439	16,464,843	15,066,474
Other Financing Sources (Uses)				
Transfers in	10,584	-	10,584	24,749
Transfers out	(11,389,368)	(3,548,488)	(14,937,856)	(10,988,147)
Proceeds from disposal of capital assets	37,195	-	37,195	3,100
Net Other Financing Uses	(11,341,589)	(3,548,488)	(14,890,077)	(10,960,298)
Net Change in Fund Balances	3,876,815	(2,302,049)	1,574,766	4,106,176
Fund Balances, beginning	22,747,105	8,229,338	30,976,443	26,870,267
Fund Balances, ending	\$ 26,623,920	\$ 5,927,289	\$ 32,551,209	\$ 30,976,443

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

June 30, 2016	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	Fleet Maintenance	Roads Outside Service Areas	Combined		Totals
		Talkeetna Flood Control	Talkeetna Water and Sewer	Sub-division									Fire Service Areas	Road Service Areas	
Assets															
Cash and investments	\$ 1,131,634	\$ 88,646	\$ 25	\$ 29,701	\$ 106,842	\$ 100,188	\$ 1,106,946	\$ 7,229	\$ 524,587	\$ 1,931	\$ 400	\$ 328	\$ 19,175,491	\$ 4,651,873	\$ 26,925,821
Receivables:															
Intergovernmental	757,562	-	-	-	-	-	-	-	-	-	-	-	-	-	757,562
Property taxes	264,557	-	-	-	-	19	-	10	22,286	-	-	-	857,869	1,205,342	2,350,083
Other	-	-	3,324	-	-	1,268	239,060	-	-	-	-	-	-	-	243,652
Prepaid items	31,326	-	-	-	-	-	129,343	-	-	-	-	-	6,193	-	166,862
Total Assets	\$ 2,185,079	\$ 88,646	\$ 3,349	\$ 29,701	\$ 106,842	\$ 101,475	\$ 1,475,349	\$ 7,239	\$ 546,873	\$ 1,931	\$ 400	\$ 328	\$ 20,039,553	\$ 5,857,215	\$ 30,443,980
Liabilities, Deferred Inflows of Resources and Fund Balances															
Liabilities															
Accounts payable	\$ 59,188	\$ -	\$ 29,960	\$ -	\$ -	\$ -	\$ 5,771	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 113,343	\$ 597,572	\$ 805,834
Due to General Fund	-	-	111,282	-	-	-	-	-	-	-	400	-	-	-	111,682
Loans payable to other funds	-	-	300,424	-	-	114,000	-	-	-	-	-	-	100,000	187,392	701,816
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	20,265	20,265
Total Liabilities	59,188	-	441,666	-	-	114,000	5,771	-	-	-	400	-	213,343	805,229	1,639,597
Deferred Inflows of Resources															
Special assessments	-	-	-	-	-	6,074	-	-	-	-	-	-	-	-	6,074
Delinquent property taxes	246,174	-	-	-	-	(51)	-	10	22,286	-	-	-	777,892	1,128,078	2,174,389
Total Liabilities and Deferred Inflows of Resources	305,362	-	441,666	-	-	120,023	5,771	10	22,286	-	400	-	991,235	1,933,307	3,820,060
Fund Balances															
Nonspendable - prepaid items	31,326	-	-	-	-	-	129,343	-	-	-	-	-	6,193	-	166,862
Committed:															
Self-insurance	10,000	-	-	-	-	-	-	-	-	-	-	-	-	-	10,000
Accrued leave	20,000	-	-	-	-	-	-	-	-	-	-	-	-	-	20,000
Equipment	100,000	-	-	-	-	-	1,000,000	-	-	-	-	-	-	-	1,100,000
Assigned:															
Subsequent year expenditures	611,605	4,287	-	14,975	-	-	28	1,390	21,813	762	233	233	4,948,241	171,316	5,774,883
Subsequent year appropriations	-	-	-	-	-	-	-	-	-	-	-	-	-	685,000	685,000
Service areas	1,106,786	84,359	-	14,726	106,842	-	340,207	5,839	502,774	1,169	(233)	95	14,093,884	3,067,592	19,324,040
Unassigned (deficits)	-	-	(438,317)	-	-	(18,548)	-	-	-	-	-	-	-	-	(456,865)
Total Fund Balances (Deficits)	1,879,717	88,646	(438,317)	29,701	106,842	(18,548)	1,469,578	7,229	524,587	1,931	-	328	19,048,318	3,923,908	26,623,920
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,185,079	\$ 88,646	\$ 3,349	\$ 29,701	\$ 106,842	\$ 101,475	\$ 1,475,349	\$ 7,239	\$ 546,873	\$ 1,931	\$ 400	\$ 328	\$ 20,039,553	\$ 5,857,215	\$ 30,443,980

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

Year Ended June 30, 2016	Non-areawide Services	Service Area 7	Service Area 36	Freedom Hills	Garden Terrace	Circle View/Stampede	Enhanced 911	Chase Trail	Service Area 69 Point MacKenzie	Grid Roller Maintenance	Roads Outside Service Areas	Combined		Totals
		Talkeetna Flood Control	Talkeetna Water and Sewer	Sub-division	Estates	Estates	Service	MacKenzie	Point	Service	Fire Service Areas	Road Service Areas		
Revenues														
Property taxes	\$ 3,861,247	\$ 18,185	\$ -	\$ -	\$ -	\$ 21,709	\$ -	\$ 480	\$ 42,067	\$ -	\$ -	\$ 14,293,399	\$ 17,008,783	\$ 35,245,870
Intergovernmental	905,258	-	1,855	-	-	-	8,303	-	-	-	-	104,222	-	1,019,638
Charges for services	260,587	-	225,842	-	-	-	2,375,531	-	-	-	-	-	-	2,861,960
Investment income	2,429	159	-	59	213	184	2,284	14	1,018	15	1	35,496	8,426	50,298
Other	168,726	-	-	-	-	-	-	-	-	-	-	534,343	18,006	721,075
Total Revenues	5,198,247	18,344	227,697	59	213	21,893	2,386,118	494	43,085	15	1	14,967,460	17,035,215	39,898,841
Expenditures														
General government	377,378	-	-	-	-	-	-	-	-	-	-	-	-	377,378
Emergency services	2,082,277	-	-	-	-	-	1,199,443	-	-	-	-	8,707,239	-	11,988,959
Public services	1,552,200	431	289,987	-	-	-	-	-	12,455	9,826	-	-	10,444,493	12,309,392
Debt service	-	-	1,383	-	-	300	-	-	-	-	-	-	3,025	4,708
Total Expenditures	4,011,855	431	291,370	-	-	300	1,199,443	-	12,455	9,826	-	8,707,239	10,447,518	24,680,437
Excess (Deficiency) of Revenues Over Expenditures	1,186,392	17,913	(63,673)	59	213	21,593	1,186,675	494	30,630	(9,811)	1	6,260,221	6,587,697	15,218,404
Other Financing Sources (Uses)														
Transfers in	-	-	-	-	-	-	-	-	-	-	-	10,584	-	10,584
Transfers out	(643,000)	-	(214,000)	-	-	-	(1,250,000)	-	-	-	-	(3,570,303)	(5,712,065)	(11,389,368)
Proceeds from disposal of capital assets	-	-	-	-	-	-	-	-	-	-	-	37,195	-	37,195
Net Other Financing Uses	(643,000)	-	(214,000)	-	-	-	(1,250,000)	-	-	-	-	(3,522,524)	(5,712,065)	(11,341,589)
Net Change in Fund Balances	543,392	17,913	(277,673)	59	213	21,593	(63,325)	494	30,630	(9,811)	1	2,737,697	875,632	3,876,815
Fund Balances (Deficits), beginning	1,336,325	70,733	(160,644)	29,642	106,629	(40,141)	1,532,903	6,735	493,957	11,742	327	16,310,621	3,048,276	22,747,105
Fund Balances (Deficits), ending	\$ 1,879,717	\$ 88,646	\$ (438,317)	\$ 29,701	\$ 106,842	\$ (18,548)	\$ 1,469,578	\$ 7,229	\$ 524,587	\$ 1,931	\$ 328	\$ 19,048,318	\$ 3,923,908	\$ 26,623,920

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

Years Ended June 30,	2016			2015
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 3,788,510	\$ 3,861,247	\$ 72,737	\$ 3,756,611
Intergovernmental:				
State PERS relief	-	114,446	114,446	801,993
Electric and telephone cooperative shared revenue	750,000	757,562	7,562	749,443
Library grants	33,000	33,250	250	33,250
Total intergovernmental	783,000	905,258	122,258	1,584,686
Charges for services:				
Animal care fees	202,346	232,574	30,228	231,664
User fees	22,600	28,013	5,413	22,400
Total charges for services	224,946	260,587	35,641	254,064
Investment income	50	2,429	2,379	1,557
Other	137,384	168,726	31,342	145,688
Total Revenues	4,933,890	5,198,247	264,357	5,742,606
Expenditures				
General government:				
Administration	88,000	88,000	-	86,500
Information technology	261,594	240,236	21,358	373,348
Economic development	283,729	49,142	234,587	157,984
Animal care board	4,550	-	4,550	108
Total general government	637,873	377,378	260,495	617,940
Emergency services - animal care	2,226,448	2,082,277	144,171	2,374,833
Public services:				
Vehicle removal	65,012	43,849	21,163	30,655
Libraries	1,670,654	1,508,351	162,303	1,694,518
Total public services	1,735,666	1,552,200	183,466	1,725,173
Total Expenditures	4,599,987	4,011,855	588,132	4,717,946
Excess of Revenues Over Expenditures	333,903	1,186,392	852,489	1,024,660
Other Financing Sources (Uses)				
Transfers in	-	-	-	1
Transfers out	(643,000)	(643,000)	-	(688,000)
Net Other Financing Uses	(643,000)	(643,000)	-	(687,999)
Net Change in Fund Balance	\$ (309,097)	543,392	\$ 852,489	336,661
Fund Balance, beginning		1,336,325		999,664
Fund Balance, ending		\$ 1,879,717		\$ 1,336,325

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

Years Ended June 30,	2016			2015
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 18,170	\$ 18,185	\$ 15	\$ 17,373
Investment income	50	159	109	152
Total Revenues	18,220	18,344	124	17,525
Expenditures				
Public services	22,801	431	22,370	17,822
Net Change in Fund Balance	\$ (4,581)	17,913	\$ 22,494	(297)
Fund Balance, beginning		70,733		71,030
Fund Balance, ending		\$ 88,646		\$ 70,733

Matanuska-Susitna Borough, Alaska

Service Area 36 - Talkeetna Water and Sewer Special Revenue Fund

Schedule of Revenues, Expenditures, and

Changes in Deficit - Budget and Actual

Years Ended June 30,	2016			2015
	Budget	Actual	Variance	Actual
Revenues				
Charges for services - water and sewer	\$ 262,549	\$ 225,842	\$ (36,707)	\$ 222,418
Intergovernmental - PERS relief	-	1,855	1,855	12,719
Total Revenues	262,549	227,697	(34,852)	235,137
Expenditures				
Public services	322,408	289,987	32,421	275,308
Debt service	1,383	1,383	-	1,462
Total Expenditures	323,791	291,370	32,421	276,770
Deficiency of Revenues Over Expenditures	(61,242)	(63,673)	(2,431)	(41,633)
Other Financing Uses				
Transfers out	(214,000)	(214,000)	-	-
Net Change in Fund Deficit	<u>\$ (275,242)</u>	(277,673)	<u>\$ (2,431)</u>	(41,633)
Fund Deficit, beginning		<u>(160,644)</u>		<u>(119,011)</u>
Fund Deficit, ending		<u>\$ (438,317)</u>		<u>\$ (160,644)</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>	2016			2015
	Budget	Actual	Variance	Actual
Revenues				
Investment income	\$ 25	\$ 59	\$ 34	\$ 76
Expenditures				
Public services	10,000	-	10,000	-
Net Change in Fund Balance	<u>\$ (9,975)</u>	59	<u>\$ 10,034</u>	76
Fund Balance, beginning		<u>29,642</u>		<u>29,566</u>
Fund Balance, ending		<u>\$ 29,701</u>		<u>\$ 29,642</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>	2016			2015
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ 947
Charges for services	-	-	-	57
Investment income	-	213	213	360
Total Revenues	-	213	213	1,364
Other Financing Sources				
Transfers in	-	-	-	189
Net Change in Fund Balance	<u>\$ -</u>	213	<u>\$ 213</u>	1,553
Fund Balance, beginning		<u>106,629</u>		<u>105,076</u>
Fund Balance, ending		<u>\$ 106,842</u>		<u>\$ 106,629</u>

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

<i>Years Ended June 30,</i>	2016			2015
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 20,800	\$ 21,709	\$ 909	\$ 20,589
Investment income	-	184	184	149
Total Revenues	20,800	21,893	1,093	20,738
Expenditures				
Public services	6,000	-	6,000	-
Debt service	300	300	-	252
Total Expenditures	6,300	300	6,000	252
Net Change in Fund Deficit	<u>\$ 14,500</u>	21,593	<u>\$ 7,093</u>	20,486
Fund Deficit, beginning		<u>(40,141)</u>		<u>(60,627)</u>
Fund Deficit, ending		<u>\$ (18,548)</u>		<u>\$ (40,141)</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>	2016			2015
	Budget	Actual	Variance	Actual
Revenues				
Intergovernmental - PERS relief	\$ -	\$ 8,303	\$ 8,303	\$ 99,451
Telephone surcharge	2,300,000	2,375,531	75,531	2,386,540
Investment income	1,900	2,284	384	1,374
Total Revenues	2,301,900	2,386,118	84,218	2,487,365
Expenditures				
Emergency services	1,441,255	1,199,443	241,812	1,265,226
Excess of Revenues Over Expenditures	860,645	1,186,675	326,030	1,222,139
Other Financing Uses				
Transfers out	(1,250,000)	(1,250,000)	-	(1,000,000)
Net Change in Fund Balance	<u>\$ (389,355)</u>	<u>(63,325)</u>	<u>\$ 326,030</u>	222,139
Fund Balance, beginning		<u>1,532,903</u>		<u>1,310,764</u>
Fund Balance, ending		<u>\$ 1,469,578</u>		<u>\$ 1,532,903</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>	2016			2015
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 480	\$ 480	\$ -	\$ 470
Investment income	10	14	4	14
Total Revenues	490	494	4	484
Expenditures				
Public services	1,750	-	1,750	-
Net Change in Fund Balance	<u>\$ (1,260)</u>	494	<u>\$ 1,754</u>	484
Fund Balance, beginning		<u>6,735</u>		<u>6,251</u>
Fund Balance, ending		<u>\$ 7,229</u>		<u>\$ 6,735</u>

Matanuska-Susitna Borough, Alaska

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

<i>Years Ended June 30,</i>	2016			2015
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 62,100	\$ 42,067	\$ (20,033)	\$ 63,407
Investment income	900	1,018	118	996
Total Revenues	63,000	43,085	(19,915)	64,403
Expenditures				
Public services	79,024	12,455	66,569	9,022
Net Change in Fund Balance	<u>\$ (16,024)</u>	30,630	<u>\$ 46,654</u>	55,381
Fund Balance, beginning		<u>493,957</u>		<u>438,576</u>
Fund Balance, ending		<u>\$ 524,587</u>		<u>\$ 493,957</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>	2016			2015
	Budget	Actual	Variance	Actual
Revenues				
Investment income	\$ 20	\$ 15	\$ (5)	\$ 72
Expenditures				
Public services	10,246	9,826	420	15,000
Net Change in Fund Balance	<u>\$ (10,226)</u>	(9,811)	<u>\$ 415</u>	(14,928)
Fund Balance, beginning		<u>11,742</u>		<u>26,670</u>
Fund Balance, ending		<u>\$ 1,931</u>		<u>\$ 11,742</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>	2016			2015
	Budget	Actual	Variance	Actual
Revenues				
Investment income	\$ -	\$ 1	\$ 1	\$ 1
Net Change in Fund Balance	<u>\$ -</u>	1	<u>\$ 1</u>	1
Fund Balance, beginning		<u>327</u>		<u>326</u>
Fund Balance, ending		<u>\$ 328</u>		<u>\$ 327</u>

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

	Service Area								Totals
	130 Wasilla- Lakes	2 Butte	132 Greater Palmer Consolidated	4 Sutton	24 Talkeetna	136 West Lakes	35 Willow	135 Caswell	
<i>June 30, 2016</i>									
Assets									
Cash and investments	\$ 10,241,898	\$ 1,012,129	\$ 4,116,551	\$ 233,100	\$ 617,931	\$ 1,788,737	\$ 562,650	\$ 602,495	\$ 19,175,491
Receivables -									
property taxes	398,817	62,083	138,906	22,755	17,721	135,325	39,718	42,544	857,869
Prepaid items	4,539	367	-	184	184	551	184	184	6,193
Total Assets	\$ 10,645,254	\$ 1,074,579	\$ 4,255,457	\$ 256,039	\$ 635,836	\$ 1,924,613	\$ 602,552	\$ 645,223	\$ 20,039,553
Liabilities, Deferred Inflows of Resources and Fund Balances									
Liabilities									
Accounts payable	\$ 70,175	\$ 6,117	\$ 2,384	\$ 2,294	\$ 3,468	\$ 22,406	\$ 3,550	\$ 2,949	\$ 113,343
Loans payable to other funds	-	-	-	-	-	-	100,000	-	100,000
Total Liabilities	70,175	6,117	2,384	2,294	3,468	22,406	103,550	2,949	213,343
Deferred Inflows of Resources									
Delinquent property taxes	357,075	57,827	135,810	18,080	13,965	120,242	35,151	39,742	777,892
Total Liabilities and Deferred Inflows of Resources	427,250	63,944	138,194	20,374	17,433	142,648	138,701	42,691	991,235
Fund Balances									
Nonspendable - prepaid items	4,539	367	-	184	184	551	184	184	6,193
Assigned:									
Subsequent year expenditures	4,670,869	-	79,970	-	74,189	4,757	-	118,456	4,948,241
Service areas	5,542,596	1,010,268	4,037,293	235,481	544,030	1,776,657	463,667	483,892	14,093,884
Total Fund Balances	10,218,004	1,010,635	4,117,263	235,665	618,403	1,781,965	463,851	602,532	19,048,318
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 10,645,254	\$ 1,074,579	\$ 4,255,457	\$ 256,039	\$ 635,836	\$ 1,924,613	\$ 602,552	\$ 645,223	\$ 20,039,553

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, 2016</i>									
Revenues									
Property taxes	\$ 8,398,856	\$ 841,296	\$ 1,132,987	\$ 232,573	\$ 347,780	\$ 2,222,133	\$ 789,042	\$ 328,732	\$ 14,293,399
Intergovernmental - PERS relief	90,154	1,139	-	250	569	413	5,884	5,813	104,222
Investment income	18,701	1,883	7,633	474	1,183	3,576	989	1,057	35,496
Other	305,832	320	1,632	5,000	14,552	39,164	114,636	53,207	534,343
Total Revenues	8,813,543	844,638	1,142,252	238,297	364,084	2,265,286	910,551	388,809	14,967,460
Expenditures									
Emergency services:									
Administration	498,841	60,847	31,427	25,666	52,385	214,367	49,682	22,372	955,587
Fire services	4,342,727	570,334	408,193	103,219	229,048	1,471,034	394,414	232,683	7,751,652
Total Expenditures	4,841,568	631,181	439,620	128,885	281,433	1,685,401	444,096	255,055	8,707,239
Excess of Revenues Over Expenditures	3,971,975	213,457	702,632	109,412	82,651	579,885	466,455	133,754	6,260,221
Other Financing Sources (Uses)									
Transfers in	-	-	-	-	4,394	1,574	4,616	-	10,584
Transfers out	(2,279,990)	(108,000)	(140,000)	(112,000)	(40,000)	(606,111)	(283,110)	(1,092)	(3,570,303)
Proceeds from disposal of capital assets	-	16,350	15,600	-	2,275	2,970	-	-	37,195
Net Other Financing Uses	(2,279,990)	(91,650)	(124,400)	(112,000)	(33,331)	(601,567)	(278,494)	(1,092)	(3,522,524)
Net Change in Fund Balances	1,691,985	121,807	578,232	(2,588)	49,320	(21,682)	187,961	132,662	2,737,697
Fund Balances, beginning	8,526,019	888,828	3,539,031	238,253	569,083	1,803,647	275,890	469,870	16,310,621
Fund Balances, ending	\$ 10,218,004	\$ 1,010,635	\$ 4,117,263	\$ 235,665	\$ 618,403	\$ 1,781,965	\$ 463,851	\$ 602,532	\$ 19,048,318

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

Years Ended June 30,	2016			2015
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 8,348,110	\$ 8,398,856	\$ 50,746	\$ 8,188,482
Intergovernmental - PERS relief	-	90,154	90,154	606,067
Investment income	8,000	18,701	10,701	12,762
Other	259,000	305,832	46,832	398,622
Total Revenues	8,615,110	8,813,543	198,433	9,205,933
Expenditures				
Emergency services:				
Administration	499,681	498,841	840	584,836
Fire services	6,969,390	4,342,727	2,626,663	4,425,757
Total Expenditures	7,469,071	4,841,568	2,627,503	5,010,593
Excess of Revenues Over Expenditures	1,146,039	3,971,975	2,825,936	4,195,340
Other Financing Sources (Uses)				
Transfers in	-	-	-	7,692
Transfers out	(2,279,990)	(2,279,990)	-	(2,513,343)
Net Other Financing Uses	(2,279,990)	(2,279,990)	-	(2,505,651)
Net Change in Fund Balance	<u>\$ (1,133,951)</u>	1,691,985	<u>\$ 2,825,936</u>	1,689,689
Fund Balance, beginning		<u>8,526,019</u>		<u>6,836,330</u>
Fund Balance, ending		<u>\$ 10,218,004</u>		<u>\$ 8,526,019</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>	2016			2015
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 851,460	\$ 841,296	\$ (10,164)	\$ 806,631
Intergovernmental - PERS relief	-	1,139	1,139	9,461
Investment income	1,000	1,883	883	1,016
Other	-	320	320	9,278
Total Revenues	852,460	844,638	(7,822)	826,386
Expenditures				
Emergency services:				
Administration	62,487	60,847	1,640	84,258
Fire services	613,152	570,334	42,818	460,975
Total Expenditures	675,639	631,181	44,458	545,233
Excess of Revenues Over Expenditures	176,821	213,457	36,636	281,153
Other Financing Sources (Uses)				
Transfers out	(108,000)	(108,000)	-	(126,111)
Proceeds from disposal of capital assets	-	16,350	16,350	-
Net Other Financing Sources (Uses)	(108,000)	(91,650)	16,350	(126,111)
Net Change in Fund Balance	<u>\$ 68,821</u>	121,807	<u>\$ 52,986</u>	155,042
Fund Balance, beginning		<u>888,828</u>		<u>733,786</u>
Fund Balance, ending		<u>\$ 1,010,635</u>		<u>\$ 888,828</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>	2016			2015
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 1,117,290	\$ 1,132,987	\$ 15,697	\$ 1,050,116
Investment income	4,000	7,633	3,633	4,103
Other	-	1,632	1,632	17,950
Total Revenues	1,121,290	1,142,252	20,962	1,072,169
Expenditures				
Emergency services:				
Administration	31,427	31,427	-	39,977
Fire services	482,495	408,193	74,302	379,509
Total Expenditures	513,922	439,620	74,302	419,486
Excess of Revenues Over Expenditures	607,368	702,632	95,264	652,683
Other Financing Sources (Uses)				
Transfers out	(140,000)	(140,000)	-	(150,000)
Proceeds from disposal of capital assets	-	15,600	15,600	-
Net Other Financing Sources (Uses)	(140,000)	(124,400)	15,600	(150,000)
Net Change in Fund Balance	<u>\$ 467,368</u>	578,232	<u>\$ 110,864</u>	502,683
Fund Balance, beginning		<u>3,539,031</u>		<u>3,036,348</u>
Fund Balance, ending		<u>\$ 4,117,263</u>		<u>\$ 3,539,031</u>

Matanuska-Susitna Borough, Alaska

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

Years Ended June 30,	2016			2015
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 242,060	\$ 232,573	\$ (9,487)	\$ 227,499
Intergovernmental - PERS relief	-	250	250	2,060
Investment income	200	474	274	282
Other	5,000	5,000	-	5,000
Total Revenues	247,260	238,297	(8,963)	234,841
Expenditures				
Emergency services:				
Administration	26,946	25,666	1,280	24,229
Fire services	148,032	103,219	44,813	113,080
Total Expenditures	174,978	128,885	46,093	137,309
Excess of Revenues Over Expenditures	72,282	109,412	37,130	97,532
Other Financing Uses				
Transfers out	(112,000)	(112,000)	-	(1,111)
Net Change in Fund Balance	<u>\$ (39,718)</u>	<u>(2,588)</u>	<u>\$ 37,130</u>	96,421
Fund Balance, beginning		<u>238,253</u>		<u>141,832</u>
Fund Balance, ending		<u>\$ 235,665</u>		<u>\$ 238,253</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

Years Ended June 30,	2016			2015
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 348,430	\$ 347,780	\$ (650)	\$ 320,820
Intergovernmental - PERS relief	-	569	569	4,729
Investment income	700	1,183	483	659
Other	13,000	14,552	1,552	17,530
Total Revenues	362,130	364,084	1,954	343,738
Expenditures				
Emergency services:				
Administration	54,809	52,385	2,424	53,360
Fire services	347,698	229,048	118,650	157,329
Total Expenditures	402,507	281,433	121,074	210,689
Excess (Deficiency) of Revenues Over Expenditures	(40,377)	82,651	123,028	133,049
Other Financing Sources (Uses)				
Transfers in	-	4,394	4,394	-
Transfers out	(40,000)	(40,000)	-	-
Proceeds from disposal of capital assets	-	2,275	2,275	3,100
Net Other Financing Sources (Uses)	(40,000)	(33,331)	6,669	3,100
Net Change in Fund Balance	<u>\$ (80,377)</u>	49,320	<u>\$ 129,697</u>	136,149
Fund Balance, beginning		<u>569,083</u>		<u>432,934</u>
Fund Balance, ending		<u>\$ 618,403</u>		<u>\$ 569,083</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

Years Ended June 30,	2016			2015
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 2,208,570	\$ 2,222,133	\$ 13,563	\$ 2,083,530
Intergovernmental - PERS relief	-	413	413	2,979
Charges for services	-	-	-	8,145
Investment income	1,500	3,576	2,076	2,085
Other	24,500	39,164	14,664	35,805
Total Revenues	2,234,570	2,265,286	30,716	2,132,544
Expenditures				
Emergency services:				
Administration	216,577	214,367	2,210	172,254
Fire services	1,888,457	1,471,034	417,423	1,271,087
Total Expenditures	2,105,034	1,685,401	419,633	1,443,341
Excess of Revenues Over Expenditures	129,536	579,885	450,349	689,203
Other Financing Sources (Uses)				
Transfers in	-	1,574	1,574	16,124
Transfers out	(606,111)	(606,111)	-	(200,000)
Proceeds from disposal of capital assets	-	2,970	2,970	-
Net Other Financing Sources (Uses)	(606,111)	(601,567)	4,544	(183,876)
Net Change in Fund Balance	\$ (476,575)	(21,682)	\$ 454,893	505,327
Fund Balance, beginning		1,803,647		1,298,320
Fund Balance, ending		\$ 1,781,965		\$ 1,803,647

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>	2016			2015
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 795,730	\$ 789,042	\$ (6,688)	\$ 405,898
Intergovernmental - PERS relief	-	5,884	5,884	34,587
Investment income	500	989	489	497
Other	-	114,636	114,636	50,916
Total Revenues	796,230	910,551	114,321	491,898
Expenditures				
Emergency services:				
Administration	50,860	49,682	1,178	55,473
Fire services	415,825	394,414	21,411	337,767
Total emergency services	466,685	444,096	22,589	393,240
Capital outlay	-	-	-	195,383
Debt service	-	-	-	17
Total Expenditures	466,685	444,096	22,589	588,640
Excess (Deficiency) of Revenues				
Over Expenditures	329,545	466,455	136,910	(96,742)
Other Financing Sources (Uses)				
Transfers in	-	4,616	4,616	-
Transfers out	(283,110)	(283,110)	-	(30,200)
Net Other Financing Sources (Uses)	(283,110)	(278,494)	4,616	(30,200)
Net Change in Fund Balance	<u>\$ 46,435</u>	187,961	<u>\$ 141,526</u>	(126,942)
Fund Balance, beginning		<u>275,890</u>		<u>402,832</u>
Fund Balance, ending		<u>\$ 463,851</u>		<u>\$ 275,890</u>

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

<i>Years Ended June 30,</i>	2016			2015
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 308,210	\$ 328,732	\$ 20,522	\$ 282,223
Intergovernmental - PERS relief	-	5,813	5,813	33,981
Investment income	500	1,057	557	531
Other	-	53,207	53,207	20,445
Total Revenues	308,710	388,809	80,099	337,180
Expenditures				
Emergency services:				
Administration	22,372	22,372	-	25,212
Fire services	297,112	232,683	64,429	224,276
Total emergency services	319,484	255,055	64,429	249,488
Debt service	-	-	-	60
Total Expenditures	319,484	255,055	64,429	249,548
Excess (Deficiency) of Revenues Over Expenditures	(10,774)	133,754	144,528	87,632
Other Financing Uses				
Transfers out	(1,092)	(1,092)	-	(30,200)
Net Change in Fund Balance	<u>\$ (11,866)</u>	132,662	<u>\$ 144,528</u>	57,432
Fund Balance, beginning		<u>469,870</u>		<u>412,438</u>
Fund Balance, ending		<u>\$ 602,532</u>		<u>\$ 469,870</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, 2016</i>									
Assets									
Cash and investments	\$ 334,232	\$ 340,243	\$ 131,643	\$ 602,794	\$ 327,457	\$ 197,931	\$ 314,362	\$ 287,955	\$ 181,637
Receivables - property taxes	168,965	29,024	85,792	261,511	99,106	31,087	47,548	68,025	22,376
Total Assets	\$ 503,197	\$ 369,267	\$ 217,435	\$ 864,305	\$ 426,563	\$ 229,018	\$ 361,910	\$ 355,980	\$ 204,013
Liabilities, Deferred Inflows of Resources and Fund Balances									
Liabilities									
Accounts payable	\$ 21,071	\$ 36,671	\$ 27,860	\$ 54,100	\$ 110,168	\$ 13,416	\$ 23,967	\$ 65,546	\$ 7,788
Loans payable to other funds	25,354	14,898	-	54,662	-	300	-	-	6,746
Other	3,521	-	-	8,535	-	2,000	-	-	-
Total Liabilities	49,946	51,569	27,860	117,297	110,168	15,716	23,967	65,546	14,534
Deferred Inflows of Resources									
Delinquent property taxes	163,842	26,844	81,422	259,101	89,116	30,042	42,349	57,976	21,398
Total Liabilities and Deferred Inflows of Resources	213,788	78,413	109,282	376,398	199,284	45,758	66,316	123,522	35,932
Fund Balances									
Assigned:									
Subsequent year expenditures	1,933	1,139	-	4,189	-	14	-	-	14,956
Subsequent year appropriations	-	110,000	-	-	-	-	100,000	100,000	-
Service areas	287,476	179,715	108,153	483,718	227,279	183,246	195,594	132,458	153,125
Total Fund Balances	289,409	290,854	108,153	487,907	227,279	183,260	295,594	232,458	168,081
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 503,197	\$ 369,267	\$ 217,435	\$ 864,305	\$ 426,563	\$ 229,018	\$ 361,910	\$ 355,980	\$ 204,013

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, 2016</i>								
Assets								
Cash and investments	\$ 435,315	\$ 206,413	\$ 413,702	\$ 409,719	\$ 154,411	\$ 161,712	\$ 152,347	\$ 4,651,873
Receivables - property taxes	55,579	64,041	121,199	69,151	36,143	25,058	20,737	1,205,342
Total Assets	\$ 490,894	\$ 270,454	\$ 534,901	\$ 478,870	\$ 190,554	\$ 186,770	\$ 173,084	\$ 5,857,215
Liabilities, Deferred Inflows of Resources and Fund Balances								
Liabilities								
Accounts payable	\$ 26,506	\$ 24,466	\$ 67,247	\$ 62,230	\$ 35,670	\$ 9,311	\$ 11,555	\$ 597,572
Loans payable to other funds	50,671	2,848	-	30,546	-	-	1,367	187,392
Other	5,209	1,000	-	-	-	-	-	20,265
Total Liabilities	82,386	28,314	67,247	92,776	35,670	9,311	12,922	805,229
Deferred Inflows of Resources								
Delinquent property taxes	51,137	59,942	108,044	65,810	30,393	24,211	16,451	1,128,078
Total Liabilities and Deferred Inflows of Resources	133,523	88,256	175,291	158,586	66,063	33,522	29,373	1,933,307
Fund Balances								
Assigned:								
Subsequent year expenditures	123,875	211	-	2,329	8,666	-	14,004	171,316
Subsequent year appropriations	-	-	170,000	145,000	-	60,000	-	685,000
Service areas	233,496	181,987	189,610	172,955	115,825	93,248	129,707	3,067,592
Total Fund Balances	357,371	182,198	359,610	320,284	124,491	153,248	143,711	3,923,908
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 490,894	\$ 270,454	\$ 534,901	\$ 478,870	\$ 190,554	\$ 186,770	\$ 173,084	\$ 5,857,215

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, 2016</i>									
Revenues									
Property taxes	\$ 1,578,640	\$ 1,028,376	\$ 648,945	\$ 1,444,548	\$ 2,576,830	\$ 242,922	\$ 932,893	\$ 1,262,164	\$ 177,873
Investment income	678	638	204	1,052	682	348	552	513	320
Other	-	3,360	-	14,640	-	-	-	6	-
Total Revenues	1,579,318	1,032,374	649,149	1,460,240	2,577,512	243,270	933,445	1,262,683	178,193
Expenditures									
Public services:									
Administration	224,968	149,040	125,132	195,139	421,134	24,201	142,050	199,559	23,933
Road service	321,157	464,671	415,631	647,682	1,167,616	130,972	463,275	834,555	100,658
Total public services	546,125	613,711	540,763	842,821	1,588,750	155,173	605,325	1,034,114	124,591
Debt service	409	241	-	882	-	5	-	-	109
Total Expenditures	546,534	613,952	540,763	843,703	1,588,750	155,178	605,325	1,034,114	124,700
Excess of Revenues Over Expenditures	1,032,784	418,422	108,386	616,537	988,762	88,092	328,120	228,569	53,493
Other Financing Uses									
Transfers out	(1,044,500)	(380,610)	(42,200)	(448,920)	(1,038,510)	(45,375)	(248,900)	(173,930)	(10,000)
Net Change in Fund Balances	(11,716)	37,812	66,186	167,617	(49,748)	42,717	79,220	54,639	43,493
Fund Balances, beginning	301,125	253,042	41,967	320,290	277,027	140,543	216,374	177,819	124,588
Fund Balances, ending	\$ 289,409	\$ 290,854	\$ 108,153	\$ 487,907	\$ 227,279	\$ 183,260	\$ 295,594	\$ 232,458	\$ 168,081

Matanuska-Susitna Borough, Alaska

Road Service Areas Special Revenue Funds

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

	Service Area, continued							Totals
	25 Bogard Road	26 Greater Butte Road	27 Meadow Lakes Road	28 Gold Trail Road	29 Greater Talkeetna Road	30 Trapper Creek Road	31 Alpine Road	
<i>Year Ended June 30, 2016</i>								
Revenues								
Property taxes	\$ 1,586,812	\$ 919,659	\$ 1,829,843	\$ 1,692,637	\$ 597,378	\$ 223,684	\$ 265,579	\$ 17,008,783
Investment income	834	370	707	699	274	281	274	8,426
Other	-	-	-	-	-	-	-	18,006
Total Revenues	1,587,646	920,029	1,830,550	1,693,336	597,652	223,965	265,853	17,035,215
Expenditures								
Public services:								
Administration	222,857	135,481	268,825	251,324	103,122	36,347	31,737	2,554,849
Road service	543,884	336,191	814,413	912,362	456,855	125,685	154,037	7,889,644
Total public services	766,741	471,672	1,083,238	1,163,686	559,977	162,032	185,774	10,444,493
Debt service	818	46	-	493	-	-	22	3,025
Total Expenditures	767,559	471,718	1,083,238	1,164,179	559,977	162,032	185,796	10,447,518
Excess of Revenues Over Expenditures	820,087	448,311	747,312	529,157	37,675	61,933	80,057	6,587,697
Other Financing Uses								
Transfers out	(766,310)	(409,280)	(620,750)	(418,090)	-	(18,690)	(46,000)	(5,712,065)
Net Change in Fund Balances	53,777	39,031	126,562	111,067	37,675	43,243	34,057	875,632
Fund Balances, beginning	303,594	143,167	233,048	209,217	86,816	110,005	109,654	3,048,276
Fund Balances, ending	\$ 357,371	\$ 182,198	\$ 359,610	\$ 320,284	\$ 124,491	\$ 153,248	\$ 143,711	\$ 3,923,908

Matanuska-Susitna Borough, Alaska

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

Years Ended June 30,	2016			2015
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 1,577,070	\$ 1,578,640	\$ 1,570	\$ 1,599,710
Investment income	400	678	278	401
Total Revenues	1,577,470	1,579,318	1,848	1,600,111
Expenditures				
Public services:				
Administration	255,902	224,968	30,934	171,708
Road service	486,341	321,157	165,184	367,553
Total public services	742,243	546,125	196,118	539,261
Debt service	409	409	-	437
Total Expenditures	742,652	546,534	196,118	539,698
Excess of Revenues Over Expenditures	834,818	1,032,784	197,966	1,060,413
Other Financing Uses				
Transfers out	(1,044,500)	(1,044,500)	-	(1,012,500)
Net Change in Fund Balance	<u>\$ (209,682)</u>	(11,716)	<u>\$ 197,966</u>	47,913
Fund Balance, beginning		<u>301,125</u>		<u>253,212</u>
Fund Balance, ending		<u>\$ 289,409</u>		<u>\$ 301,125</u>

Matanuska-Susitna Borough, Alaska

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

Years Ended June 30,	2016			2015
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 1,003,220	\$ 1,028,376	\$ 25,156	\$ 942,382
Investment income	500	638	138	477
Other	-	3,360	3,360	-
Total Revenues	1,003,720	1,032,374	28,654	942,859
Expenditures				
Public services:				
Administration	169,533	149,040	20,493	106,301
Road service	525,313	464,671	60,642	420,503
Total public services	694,846	613,711	81,135	526,804
Debt service	241	241	-	257
Total Expenditures	695,087	613,952	81,135	527,061
Excess of Revenues Over Expenditures	308,633	418,422	109,789	415,798
Other Financing Uses				
Transfers out	(380,610)	(380,610)	-	(321,452)
Net Change in Fund Balance	<u>\$ (71,977)</u>	37,812	<u>\$ 109,789</u>	94,346
Fund Balance, beginning		<u>253,042</u>		<u>158,696</u>
Fund Balance, ending		<u>\$ 290,854</u>		<u>\$ 253,042</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>	2016			2015
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 628,570	\$ 648,945	\$ 20,375	\$ 619,712
Investment income	300	204	(96)	259
Total Revenues	628,870	649,149	20,279	619,971
Expenditures				
Public services:				
Administration	142,337	125,132	17,205	106,006
Road service	446,192	415,631	30,561	428,394
Total Expenditures	588,529	540,763	47,766	534,400
Excess of Revenues Over Expenditures	40,341	108,386	68,045	85,571
Other Financing Uses				
Transfers out	(42,200)	(42,200)	-	(92,100)
Net Change in Fund Balance	<u>\$ (1,859)</u>	66,186	<u>\$ 68,045</u>	(6,529)
Fund Balance, beginning		<u>41,967</u>		<u>48,496</u>
Fund Balance, ending		<u>\$ 108,153</u>		<u>\$ 41,967</u>

Matanuska-Susitna Borough, Alaska

Road Service Area 16 - South Colony Special Revenue Fund

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

Years Ended June 30,	2016			2015
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 1,408,140	\$ 1,444,548	\$ 36,408	\$ 1,418,590
Investment income	1,000	1,052	52	1,213
Other	-	14,640	14,640	-
Total Revenues	1,409,140	1,460,240	51,100	1,419,803
Expenditures				
Public services:				
Administration	221,972	195,139	26,833	151,701
Road service	839,378	647,682	191,696	851,712
Total public services	1,061,350	842,821	218,529	1,003,413
Debt service	882	882	-	943
Total Expenditures	1,062,232	843,703	218,529	1,004,356
Excess of Revenues Over Expenditures	346,908	616,537	269,629	415,447
Other Financing Uses				
Transfers out	(448,920)	(448,920)	-	(542,150)
Net Change in Fund Balance	<u>\$ (102,012)</u>	167,617	<u>\$ 269,629</u>	(126,703)
Fund Balance, beginning		<u>320,290</u>		<u>446,993</u>
Fund Balance, ending		<u>\$ 487,907</u>		<u>\$ 320,290</u>

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

<i>Years Ended June 30,</i>	2016			2015
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 2,548,310	\$ 2,576,830	\$ 28,520	\$ 2,535,220
Investment income	400	682	282	371
Total Revenues	2,548,710	2,577,512	28,802	2,535,591
Expenditures				
Public services:				
Administration	479,041	421,134	57,907	327,372
Road service	1,258,429	1,167,616	90,813	1,197,326
Total Expenditures	1,737,470	1,588,750	148,720	1,524,698
Excess of Revenues Over Expenditures	811,240	988,762	177,522	1,010,893
Other Financing Uses				
Transfers out	(1,038,510)	(1,038,510)	-	(945,150)
Net Change in Fund Balance	<u>\$ (227,270)</u>	(49,748)	<u>\$ 177,522</u>	65,743
Fund Balance, beginning		<u>277,027</u>		<u>211,284</u>
Fund Balance, ending		<u>\$ 227,279</u>		<u>\$ 277,027</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>	2016			2015
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 239,210	\$ 242,922	\$ 3,712	\$ 248,774
Investment income	200	348	148	239
Total Revenues	239,410	243,270	3,860	249,013
Expenditures				
Public services:				
Administration	27,529	24,201	3,328	22,957
Road service	207,321	130,972	76,349	132,711
Total public services	234,850	155,173	79,677	155,668
Debt service	5	5	-	5
Total Expenditures	234,855	155,178	79,677	155,673
Excess of Revenues Over Expenditures	4,555	88,092	83,537	93,340
Other Financing Uses				
Transfers out	(45,375)	(45,375)	-	(42,150)
Net Change in Fund Balance	<u>\$ (40,820)</u>	42,717	<u>\$ 83,537</u>	51,190
Fund Balance, beginning		<u>140,543</u>		<u>89,353</u>
Fund Balance, ending		<u>\$ 183,260</u>		<u>\$ 140,543</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

Years Ended June 30,	2016			2015
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 921,900	\$ 932,893	\$ 10,993	\$ 955,834
Investment income	200	552	352	200
Total Revenues	922,100	933,445	11,345	956,034
Expenditures				
Public services:				
Administration	161,582	142,050	19,532	117,501
Road service	574,726	463,275	111,451	511,335
Total Expenditures	736,308	605,325	130,983	628,836
Excess of Revenues Over Expenditures	185,792	328,120	142,328	327,198
Other Financing Uses				
Transfers out	(248,900)	(248,900)	-	(269,450)
Net Change in Fund Balance	<u>\$ (63,108)</u>	79,220	<u>\$ 142,328</u>	57,748
Fund Balance, beginning		<u>216,374</u>		<u>158,626</u>
Fund Balance, ending		<u>\$ 295,594</u>		<u>\$ 216,374</u>

Matanuska-Susitna Borough, Alaska

Road Service Area 21 - Big Lake Road Special Revenue Fund

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

Years Ended June 30,	2016			2015
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 1,235,580	\$ 1,262,164	\$ 26,584	\$ 1,273,171
Investment income	300	513	213	269
Miscellaneous	-	6	6	-
Total Revenues	1,235,880	1,262,683	26,803	1,273,440
Expenditures				
Public services:				
Administration	226,999	199,559	27,440	164,309
Road service	887,530	834,555	52,975	741,500
Total Expenditures	1,114,529	1,034,114	80,415	905,809
Excess of Revenues Over Expenditures	121,351	228,569	107,218	367,631
Other Financing Uses				
Transfers out	(173,930)	(173,930)	-	(337,150)
Net Change in Fund Balance	\$ (52,579)	54,639	\$ 107,218	30,481
Fund Balance, beginning		177,819		147,338
Fund Balance, ending		\$ 232,458		\$ 177,819

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>	2016			2015
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 178,380	\$ 177,873	\$ (507)	\$ 174,390
Investment income	250	320	70	241
Total Revenues	178,630	178,193	(437)	174,631
Expenditures				
Public services:				
Administration	27,224	23,933	3,291	18,503
Road service	163,770	100,658	63,112	107,723
Total public services	190,994	124,591	66,403	126,226
Debt service	109	109	-	116
Total Expenditures	191,103	124,700	66,403	126,342
Excess (Deficiency) of Revenues Over Expenditures	(12,473)	53,493	65,966	48,289
Other Financing Uses				
Transfers out	(10,000)	(10,000)	-	(7,000)
Net Change in Fund Balance	<u>\$ (22,473)</u>	43,493	<u>\$ 65,966</u>	41,289
Fund Balance, beginning		<u>124,588</u>		<u>83,299</u>
Fund Balance, ending		<u>\$ 168,081</u>		<u>\$ 124,588</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

Years Ended June 30,	2016			2015
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 1,549,500	\$ 1,586,812	\$ 37,312	\$ 1,574,257
Investment income	900	834	(66)	1,003
Total Revenues	1,550,400	1,587,646	37,246	1,575,260
Expenditures				
Public services:				
Administration	253,500	222,857	30,643	175,089
Road service	760,794	543,884	216,910	709,897
Total public services	1,014,294	766,741	247,553	884,986
Debt service	818	818	-	874
Total Expenditures	1,015,112	767,559	247,553	885,860
Excess of Revenues Over Expenditures	535,288	820,087	284,799	689,400
Other Financing Uses				
Transfers out	(766,310)	(766,310)	-	(582,300)
Net Change in Fund Balance	<u>\$ (231,022)</u>	53,777	<u>\$ 284,799</u>	107,100
Fund Balance, beginning		<u>303,594</u>		<u>196,494</u>
Fund Balance, ending		<u>\$ 357,371</u>		<u>\$ 303,594</u>

Matanuska-Susitna Borough, Alaska

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

Years Ended June 30,	2016			2015
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 913,480	\$ 919,659	\$ 6,179	\$ 933,046
Investment income	200	370	170	197
Total Revenues	913,680	920,029	6,349	933,243
Expenditures				
Public services:				
Administration	154,109	135,481	18,628	106,684
Road service	442,610	336,191	106,419	363,330
Total public services	596,719	471,672	125,047	470,014
Debt service	46	46	-	49
Total Expenditures	596,765	471,718	125,047	470,063
Excess of Revenues Over Expenditures	316,915	448,311	131,396	463,180
Other Financing Uses				
Transfers out	(409,280)	(409,280)	-	(422,250)
Net Change in Fund Balance	<u>\$ (92,365)</u>	39,031	<u>\$ 131,396</u>	40,930
Fund Balance, beginning		<u>143,167</u>		<u>102,237</u>
Fund Balance, ending		<u>\$ 182,198</u>		<u>\$ 143,167</u>

Matanuska-Susitna Borough, Alaska

Road Service Area 27 - Meadow Lakes Road Special Revenue Fund

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

Years Ended June 30,	2016			2015
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 1,813,970	\$ 1,829,843	\$ 15,873	\$ 1,805,522
Investment income	75	707	632	68
Total Revenues	1,814,045	1,830,550	16,505	1,805,590
Expenditures				
Public services:				
Administration	305,789	268,825	36,964	209,907
Road service	891,289	814,413	76,876	735,792
Total Expenditures	1,197,078	1,083,238	113,840	945,699
Excess of Revenues Over Expenditures	616,967	747,312	130,345	859,891
Other Financing Uses				
Transfers out	(620,750)	(620,750)	-	(792,300)
Net Change in Fund Balance	\$ (3,783)	126,562	\$ 130,345	67,591
Fund Balance, beginning		233,048		165,457
Fund Balance, ending		\$ 359,610		\$ 233,048

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

Years Ended June 30,	2016			2015
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 1,655,490	\$ 1,692,637	\$ 37,147	\$ 1,690,502
Investment income	700	699	(1)	738
Total Revenues	1,656,190	1,693,336	37,146	1,691,240
Expenditures				
Public services:				
Administration	285,881	251,324	34,557	198,335
Road service	954,836	912,362	42,474	840,717
Total public services	1,240,717	1,163,686	77,031	1,039,052
Debt service	493	493	-	527
Total Expenditures	1,241,210	1,164,179	77,031	1,039,579
Excess of Revenues Over Expenditures	414,980	529,157	114,177	651,661
Other Financing Uses				
Transfers out	(418,090)	(418,090)	-	(613,750)
Net Change in Fund Balance	<u>\$ (3,110)</u>	111,067	<u>\$ 114,177</u>	37,911
Fund Balance, beginning		<u>209,217</u>		<u>171,306</u>
Fund Balance, ending		<u>\$ 320,284</u>		<u>\$ 209,217</u>

Matanuska-Susitna Borough, Alaska

Road Service Area 29 - Greater Talkeetna Road Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Years Ended June 30,	2016			2015
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 589,980	\$ 597,378	\$ 7,398	\$ 540,440
Investment income	300	274	(26)	400
Total Revenues	590,280	597,652	7,372	540,840
Expenditures				
Public services:				
Administration	117,301	103,122	14,179	79,696
Road service	487,388	456,855	30,533	466,177
Total Expenditures	604,689	559,977	44,712	545,873
Net Change in Fund Balance	\$ (14,409)	37,675	\$ 52,084	(5,033)
Fund Balance, beginning		86,816		91,849
Fund Balance, ending		\$ 124,491		\$ 86,816

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

Years Ended June 30,	2016			2015
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 220,760	\$ 223,684	\$ 2,924	\$ 222,441
Investment income	350	281	(69)	309
Total Revenues	221,110	223,965	2,855	222,750
Expenditures				
Public services:				
Administration	42,264	36,347	5,917	32,327
Road service	160,717	125,685	35,032	122,734
Total Expenditures	202,981	162,032	40,949	155,061
Excess of Revenues Over Expenditures	18,129	61,933	43,804	67,689
Other Financing Uses				
Transfers out	(18,690)	(18,690)	-	(87,100)
Net Change in Fund Balance	\$ (561)	43,243	\$ 43,804	(19,411)
Fund Balance, beginning		110,005		129,416
Fund Balance, ending		\$ 153,248		\$ 110,005

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>	2016			2015
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 273,110	\$ 265,579	\$ (7,531)	\$ 278,632
Investment income	200	274	74	239
Total Revenues	273,310	265,853	(7,457)	278,871
Expenditures				
Public services:				
Administration	36,101	31,737	4,364	26,213
Road service	251,681	154,037	97,644	170,848
Total public services	287,782	185,774	102,008	197,061
Debt service	23	22	1	24
Total Expenditures	287,805	185,796	102,009	197,085
Excess (Deficiency) of Revenues Over Expenditures	(14,495)	80,057	94,552	81,786
Other Financing Uses				
Transfers out	(46,000)	(46,000)	-	(57,380)
Net Change in Fund Balance	<u>\$ (60,495)</u>	34,057	<u>\$ 94,552</u>	24,406
Fund Balance, beginning		<u>109,654</u>		<u>85,248</u>
Fund Balance, ending		<u>\$ 143,711</u>		<u>\$ 109,654</u>

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

<i>June 30,</i>	2016	2015
Assets		
Cash and investments	\$ 1,530,931	\$ 8,359,944
Interfund loan receivable	4,493,488	-
Land Sales Contracts Receivable		
Current	3,619	4,318
Delinquent	246,085	234,873
Unbilled	187,309	249,351
Total land sales contracts receivable	437,013	488,542
Less allowance for uncollectible contracts	(246,085)	(234,873)
Net Land Sales Contracts Receivable	190,928	253,669
Total Assets	\$ 6,215,347	\$ 8,613,613
Liabilities, Deferred Inflows of Resources and Fund Balance		
Liabilities		
Accounts payable	\$ 31,725	\$ 63,400
Deposits	69,024	71,524
Total Liabilities	100,749	134,924
Deferred Inflows of Resources		
Land sales receivables not yet due	187,309	249,351
Total Liabilities and Deferred Inflows of Resources	288,058	384,275
Fund Balance		
Committed:		
Long term loan receivable	4,493,488	-
Land management	797,295	6,636,329
Accrued leave	10,000	10,000
Assigned:		
Subsequent year expenditures	626,506	1,195,278
Land management	-	387,731
Total Fund Balance	5,927,289	8,229,338
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 6,215,347	\$ 8,613,613

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>	2016			2015
	Budget	Actual	Variance	Actual
Revenues				
Land sales and leases	\$ 621,000	\$ 2,090,250	\$ 1,469,250	\$ 897,207
Management fees	11,000	9,525	(1,475)	6,620
User fees	3,250	7,640	4,390	1,025
Intergovernmental - PERS relief	-	25,572	25,572	180,400
Investment income	12,000	9,882	(2,118)	9,734
Interest on land sales	7,000	22,164	15,164	12,060
Other	1,000	3,988	2,988	1,500
Total Revenues	655,250	2,169,021	1,513,771	1,108,546
Expenditures				
Public services:				
Land management and development	1,158,356	767,058	391,298	803,335
Community development administration	397,922	155,524	242,398	179,474
Total Expenditures	1,556,278	922,582	633,696	982,809
Excess (Deficiency) of Revenues Over Expenditures	(901,028)	1,246,439	2,147,467	125,737
Other Financing Sources (Uses)				
Transfers in	-	-	-	743
Transfers out	(3,548,488)	(3,548,488)	-	(125,000)
Net Other Financing Sources (Uses)	(3,548,488)	(3,548,488)	-	(124,257)
Net Change in Fund Balance	\$ (4,449,516)	(2,302,049)	\$ 2,147,467	1,480
Fund Balance, beginning		8,229,338		8,227,858
Fund Balance, ending		\$ 5,927,289		\$ 8,229,338

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Matanuska-Susitna Borough, Alaska

School Buildings Debt Service Fund

Balance Sheet

<i>June 30,</i>	2016	2015
Assets		
Restricted cash - debt retirement	\$ 173,025	\$ 310,890
Total Assets	\$ 173,025	\$ 310,890
Fund Balance		
Restricted - debt service	\$ 173,025	\$ 310,890
Total Fund Balance	\$ 173,025	\$ 310,890

Matanuska-Susitna Borough, Alaska

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

<i>Years Ended June 30,</i>	2016	2015
Revenues		
Investment income	\$ -	\$ 8,337
Expenditures		
Redemption of principal	19,785,000	17,655,000
Interest	13,813,354	12,157,406
Other	-	18,031
Total Expenditures	33,598,354	29,830,437
Deficiency of Revenues Over Expenditures	(33,598,354)	(29,822,100)
Other Financing Sources		
Refunding bonds issued	-	37,350,000
Premium on refunding bonds	-	3,763,985
Payment to refunded bond escrow agent	-	(41,095,954)
Transfers in	33,460,489	29,800,000
Net Other Financing Sources	33,460,489	29,818,031
Net Change in Fund Balance	(137,865)	(4,069)
Fund Balance, beginning	310,890	314,959
Fund Balance, ending	\$ 173,025	\$ 310,890

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

<i>June 30,</i>	2016	2015
Assets		
Lease receivable, long term	\$ 11,248,130	\$ -
Total Assets	\$ 11,248,130	\$ -
Deferred Inflows of Resources		
Lease receivable not yet due	\$ 11,248,130	\$ -
Total Deferred Inflows of Resources	\$ 11,248,130	\$ -

Matanuska-Susitna Borough, Alaska

Nonmajor Debt Service Funds
Combining Balance Sheet

<i>June 30, 2016</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	\$ 42,670	\$ 245,390	\$ 185,000	\$ 28,251	\$ 19,453	\$ 755,800	\$ 1,276,564
Loan receivable, current	-	-	-	-	-	-	-
Loan receivable, long term	-	-	-	-	-	-	-
Restricted cash - debt retirement	-	764,450	-	-	565,768	-	1,330,218
Total Assets	\$ 42,670	\$ 1,009,840	\$ 185,000	\$ 28,251	\$ 585,221	\$ 755,800	\$ 2,606,782
Fund Balances							
Restricted - debt service	\$ -	\$ 764,450	\$ -	\$ -	\$ 565,768	\$ -	\$ 1,330,218
Assigned - debt service	42,670	245,390	185,000	28,251	19,453	755,800	1,276,564
Total Fund Balances	\$ 42,670	\$ 1,009,840	\$ 185,000	\$ 28,251	\$ 585,221	\$ 755,800	\$ 2,606,782

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

<i>Year Ended June 30, 2016</i>	Fireweed Building	Public Safety Building 61	Public Safety Building 51	Public Safety Building 62	Parks and Recreation	Animal Control	Transpor- tation System	Totals
Revenues -								
Investment income	\$ -	\$ 26	\$ 2	\$ -	\$ -	\$ 37	\$ -	\$ 65
Expenditures								
Redemption of principal	89,565	490,000	450,000	-	260,000	370,000	1,120,000	2,779,565
Interest	-	28,175	314,175	-	84,000	193,345	1,261,964	1,881,659
Total Expenditures	89,565	518,175	764,175	-	344,000	563,345	2,381,964	4,661,224
Deficiency of Revenues								
Over Expenditures	(89,565)	(518,149)	(764,173)	-	(344,000)	(563,308)	(2,381,964)	(4,661,159)
Other Financing Sources								
Transfers in	89,565	-	600,000	-	340,000	563,000	2,380,000	3,972,565
Net Change in Fund Balances	-	(518,149)	(164,173)	-	(4,000)	(308)	(1,964)	(688,594)
Fund Balances, beginning	-	560,819	1,174,013	185,000	32,251	585,529	757,764	3,295,376
Fund Balances, ending	\$ -	\$ 42,670	\$ 1,009,840	\$ 185,000	\$ 28,251	\$ 585,221	\$ 755,800	\$ 2,606,782

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Matanuska-Susitna Borough, Alaska

School Projects Capital Project Fund

Balance Sheet

<i>June 30,</i>	2016	2015
Assets		
Cash and investments	\$ 10,453,059	\$ 21,693,745
Prepaid items	24,000	363,318
Receivables:		
Intergovernmental	3,373,856	438,586
Loan receivable, current	400,000	-
Loan receivable, long term	400,000	-
Other	98,083	-
Restricted cash	42,897,166	94,639,140
Total Assets	\$ 57,646,164	\$ 117,134,789
Liabilities, Deferred Inflows of Resources and Fund Balance		
Liabilities		
Accounts, contracts and retentions payable	\$ 2,919,313	\$ 9,857,993
Payable to School District	558,709	1,233,642
Deposits	5,447	5,447
Unearned revenue	135,508	174,529
Total Liabilities	3,618,977	11,271,611
Deferred Inflows of Resources		
Loan receivable not yet due	800,000	-
Total Liabilities and Deferred Inflows of Resources	4,418,977	11,271,611
Fund Balance		
Nonspendable - prepaid items	24,000	363,318
Restricted for school construction	42,897,166	94,639,140
Assigned for capital projects	10,306,021	10,860,720
Total Fund Balance	53,227,187	105,863,178
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 57,646,164	\$ 117,134,789

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

<i>Years Ended June 30,</i>	2016	2015
Revenues		
Intergovernmental	\$ 1,794,614	\$ 3,637,519
Investment income	61,308	383,606
Miscellaneous	18,024	-
Contributions	6,048	-
Total Revenues	1,879,994	4,021,125
Expenditures		
Education	1,093,139	1,455,408
Debt service	542,828	582,818
Capital outlay	60,039,758	68,585,831
Total Expenditures	61,675,725	70,624,057
Deficiency of Revenues Over Expenditures	(59,795,731)	(66,602,932)
Other Financing Sources (Uses)		
Transfers in	1,088,474	500,000
Transfers out	(10,489)	-
Note issuance	6,081,755	-
Bond issuance	-	55,195,000
Premium on bond issuance	-	8,971,980
Net Other Financing Sources	7,159,740	64,666,980
Net Change in Fund Balance	(52,635,991)	(1,935,952)
Fund Balance, beginning	105,863,178	107,799,130
Fund Balance, ending	\$ 53,227,187	\$ 105,863,178

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

<i>June 30,</i>	2016	2015
Assets		
Receivables - intergovernmental	\$ 5,689,009	\$ 14,233,484
Prepaid items	13,999	12,611
Restricted cash	1,824,214	13,334,376
Total Assets	\$ 7,527,222	\$ 27,580,471
Liabilities and Fund Balance		
Liabilities		
Accounts, contracts and retentions payable	\$ 3,910,609	\$ 5,069,503
Due to General Fund	-	6,897,866
Total Liabilities	3,910,609	11,967,369
Fund Balance		
Nonspendable - prepaid items	13,999	12,611
Restricted for roads and bridges construction	1,824,214	13,334,376
Assigned for transportation projects	1,778,400	2,266,115
Total Fund Balance	3,616,613	15,613,102
Total Liabilities and Fund Balance	\$ 7,527,222	\$ 27,580,471

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

<i>Years Ended June 30,</i>	2016	2015
Revenues		
Intergovernmental	\$ 31,922,809	\$ 24,452,540
Investment income	11,788	1,511
Total Revenues	31,934,597	24,454,051
Expenditures		
Public services	-	10,283
Capital outlay	43,931,086	33,857,949
Total Expenditures	43,931,086	33,868,232
Deficiency of Revenues Over Expenditures	(11,996,489)	(9,414,181)
Other Financing Sources		
Bond issuance	-	1,560,000
Premium on bond issuance	-	57,481
Transfers in	-	1,075,000
Net Other Financing Sources	-	2,692,481
Net Change in Fund Balance	(11,996,489)	(6,721,700)
Fund Balance, beginning	15,613,102	22,334,802
Fund Balance, ending	\$ 3,616,613	\$ 15,613,102

Matanuska-Susitna Borough, Alaska

Nonmajor Capital Project Funds
Combining Balance Sheet

June 30, 2016	Infrastructure	Sewage Facility	Fire Protection	Road Service Area Repairs	Ambulance and Emergency Services	Borough Facilities	Cultural and Recreational	Miscellaneous	Prison Infrastructure	Pass-through Grants	Totals
Assets											
Cash and investments	\$ -	\$ 304,913	\$ 4,679,416	\$ 18,142,738	\$ 360,170	\$ 826,964	\$ 2,080,201	\$ 9,505,618	\$ -	\$ 1,366,265	\$ 37,266,285
Receivables -											
Intergovernmental	891,178	-	440,944	826,099	682,076	20,174	11,275	77,321	-	83,846	3,032,913
Prepaid items	-	-	80,368	94,675	-	-	-	-	11,119	-	186,162
Restricted cash	-	-	4,667,900	-	-	-	-	-	-	-	4,667,900
Total Assets	\$ 891,178	\$ 304,913	\$ 9,868,628	\$ 19,063,512	\$ 1,042,246	\$ 847,138	\$ 2,091,476	\$ 9,582,939	\$ 11,119	\$ 1,450,111	\$ 45,153,260
Liabilities and Fund Balances											
Liabilities											
Accounts, contracts and retentions payable	\$ 494,449	\$ -	\$ 52,751	\$ 955,203	\$ 73,417	\$ 34,449	\$ 18,251	\$ 70,997	\$ 73	\$ -	\$ 1,699,590
Unearned revenue	-	-	-	84,253	-	-	-	21,902	-	1,254,400	1,360,555
Due to General Fund	181,903	-	-	-	-	-	-	-	11,046	-	192,949
Total Liabilities	676,352	-	52,751	1,039,456	73,417	34,449	18,251	92,899	11,119	1,254,400	3,253,094
Fund Balances											
Nonspendable - prepaid items	-	-	80,368	94,675	-	-	-	-	11,119	-	186,162
Restricted - capital projects	-	-	4,667,900	-	-	-	-	-	-	-	4,667,900
Assigned - capital projects	214,826	304,913	5,067,609	17,929,381	968,829	812,689	2,073,225	9,490,040	-	195,711	37,057,223
Unassigned (deficit)	-	-	-	-	-	-	-	-	(11,119)	-	(11,119)
Total Fund Balances	214,826	304,913	9,815,877	18,024,056	968,829	812,689	2,073,225	9,490,040	-	195,711	41,900,166
Total Liabilities and Fund Balances	\$ 891,178	\$ 304,913	\$ 9,868,628	\$ 19,063,512	\$ 1,042,246	\$ 847,138	\$ 2,091,476	\$ 9,582,939	\$ 11,119	\$ 1,450,111	\$ 45,153,260

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

<i>Year Ended June 30, 2016</i>	Infrastructure	Sewage Facility	Fire Protection	Road Service Area Repairs	Ambulance and Emergency Services	Borough Facilities	Cultural and Recreational	Misc- ellaneous	Pass- through Grants	Totals
Revenues										
Intergovernmental	\$ 14,580,788	\$ 7,469	\$ 884,511	\$ 3,395,457	\$ 374,835	\$ 1,151,234	\$ 11,275	\$ 313,040	\$ 748,548	\$ 21,467,157
Charges for services	389,312	-	-	-	-	-	-	-	-	389,312
Other	25,000	-	16	-	-	25,000	-	-	-	50,016
Total Revenues	\$ 14,995,100	\$ 7,469	\$ 884,527	\$ 3,395,457	\$ 374,835	\$ 1,176,234	\$ 11,275	\$ 313,040	\$ 748,548	\$ 21,906,485
Expenditures										
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,006	\$ -	\$ 1,278,397	\$ -	\$ 1,343,403
Emergency services	-	-	413,014	-	636,528	-	-	15,006	-	1,064,548
Public services	-	-	-	7,929,697	-	2,356	84,996	271,570	874,466	9,163,085
Capital outlay	15,197,554	17,567	2,736,927	3,748,013	649,735	3,320,650	305,812	653,309	-	26,629,567
Total Expenditures	15,197,554	17,567	3,149,941	11,677,710	1,286,263	3,388,012	390,808	2,218,282	874,466	38,200,603
Deficiency of Revenues Over Expenditures	(202,454)	(10,098)	(2,265,414)	(8,282,253)	(911,428)	(2,211,778)	(379,533)	(1,905,242)	(125,918)	(16,294,118)
Other Financing Sources										
Proceeds from issuance of note payable	-	-	-	-	-	515,000	-	-	-	515,000
Transfers in	95,000	214,000	3,314,213	6,957,065	1,561,140	1,184,337	1,356,177	3,098,552	160,000	17,940,484
Transfers out	-	-	(10,584)	(1,025)	-	(5,634)	-	-	-	(17,243)
Net Other Financing Sources	95,000	214,000	3,303,629	6,956,040	1,561,140	1,693,703	1,356,177	3,098,552	160,000	18,438,241
Net Change in Fund Balances	(107,454)	203,902	1,038,215	(1,326,213)	649,712	(518,075)	976,644	1,193,310	34,082	2,144,123
Fund Balances, beginning	322,280	101,011	8,777,662	19,350,269	319,117	1,330,764	1,096,581	8,296,730	161,629	39,756,043
Fund Balances, ending	\$ 214,826	\$ 304,913	\$ 9,815,877	\$ 18,024,056	\$ 968,829	\$ 812,689	\$ 2,073,225	\$ 9,490,040	\$ 195,711	\$ 41,900,166

Matanuska-Susitna Borough, Alaska

Capital Project Funds

Project Length of Construction Projects

<i>Beginning of Projects to June 30, 2016</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	\$ 728,173,634	\$ 87,933,330	\$ 159,585,605	\$ 16,104,355	\$ 31,893,230	\$ 34,554,548	\$ 176,579,224	\$ 67,775,214
Revenues and Other Financing Sources								
Intergovernmental	\$ 68,346,433	\$ 15,935,132	\$ 51,105,935	\$ 14,405,589	\$ 8,717,496	\$ 17,995,772	\$ 121,541,435	\$ 25,633,535
LID bonds/other debt	6,081,755	-	186,095	-	-	-	-	515,000
Other	634,856,815	13,297,151	1,029,713	100,000	225,091	467,908	34,316,757	8,706,823
Transfers from other funds	29,332,960	53,364,299	101,001,255	765,043	16,108,296	15,558,097	7,160,007	32,120,936
Total Revenues and Other Financing Sources	\$ 738,617,963	\$ 82,596,582	\$ 153,322,998	\$ 15,270,632	\$ 25,050,883	\$ 34,021,777	\$ 163,018,199	\$ 66,976,294
Expenditures and Other Financing Uses								
Capital projects	\$ 682,870,899	\$ 69,841,041	\$ 134,265,914	\$ 14,904,805	\$ 23,899,433	\$ 32,479,299	\$ 159,201,432	\$ 64,148,802
Transfers to other funds	2,519,877	2,939,664	1,033,028	60,914	414,370	573,649	200,154	2,014,803
Total Expenditures and Other Financing Uses	\$ 685,390,776	\$ 72,780,705	\$ 135,298,942	\$ 14,965,719	\$ 24,313,803	\$ 33,052,948	\$ 159,401,586	\$ 66,163,605

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

<i>Beginning of Projects to June 30, 2016</i>	Cultural and Recreational	Port	Pass- Through Grants	Miscellaneous	Infra- structure	Maintenance	Totals
Total Project Authorizations	\$ 16,222,270	\$ 60,184,828	\$ 14,472,656	\$ 90,023,573	\$ 189,515,782	\$ 1,149,094	\$ 1,674,167,343
Revenues and Other Financing Sources							
Intergovernmental	\$ 2,836,374	\$ 34,333,319	\$ 11,149,854	\$ 30,421,892	\$ 179,296,856	\$ -	\$ 581,719,622
LID bonds/other debt	-	-	-	-	-	-	6,782,850
Other	4,480,207	13,507,570	14,387	1,299,491	501,118	-	712,803,031
Transfers from other funds	8,888,827	12,388,624	2,219,506	57,468,675	2,261,000	1,111,719	339,749,244
Total Revenues and Other Financing Sources	\$ 16,205,408	\$ 60,229,513	\$ 13,383,747	\$ 89,190,058	\$ 182,058,974	\$ 1,111,719	\$ 1,641,054,747
Expenditures and Other Financing Uses							
Capital projects	\$ 13,826,728	\$ 56,293,358	\$ 13,151,943	\$ 74,140,981	\$ 181,844,023	\$ 1,070,827	\$ 1,521,939,485
Transfers to other funds	305,455	3,427,937	36,093	5,559,037	125	40,892	19,125,998
Total Expenditures and Other Financing Uses	\$ 14,132,183	\$ 59,721,295	\$ 13,188,036	\$ 79,700,018	\$ 181,844,148	\$ 1,111,719	\$ 1,541,065,483

Matanuska-Susitna Borough, Alaska
Solid Waste Enterprise Fund
Statement of Net Position

<i>June 30,</i>	2016	2015
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 2,163,124	\$ -
Receivables:		
Accounts	558,214	633,195
Allowance for doubtful accounts	(6,668)	(7,799)
Intergovernmental	228,662	361,723
Prepaid items	804	-
Total Current Assets	2,944,136	987,119
Noncurrent Assets		
Restricted cash - landfill closure	2,243,072	2,243,072
Property, plant and equipment:		
Buildings	8,129,593	7,999,619
Improvements other than buildings	1,852,730	1,847,855
Equipment	2,340,608	2,499,200
Landfill cells	8,818,800	8,818,800
Construction in progress	-	935,441
Total property, plant and equipment	21,141,731	22,100,915
Accumulated depreciation and amortization	(11,291,040)	(10,590,065)
Net property, plant and equipment	9,850,691	11,510,850
Total Noncurrent Assets	12,093,763	13,753,922
Total Assets	15,037,899	14,741,041
Deferred Outflows of Resources - pension related	207,411	76,191
Total Assets and Deferred Outflows of Resources	\$ 15,245,310	\$ 14,817,232
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Accounts payable	\$ 230,158	\$ 463,785
Accrued leave	101,357	97,292
Accrued interest payable	7,903	8,500
Unearned revenue	2	1
Due to General Fund	-	641,194
Current portion of loans payable	217,133	213,924
Total Current Liabilities	556,553	1,424,696
Noncurrent Liabilities		
Net pension liability	1,074,758	726,425
Loans payable	5,930,861	4,059,912
Landfill closure costs payable	4,195,814	4,063,230
Total Noncurrent Liabilities	11,201,433	8,849,567
Total Liabilities	11,757,986	10,274,263
Deferred Inflows of Resources - pension related	5,136	83,927
Net Position		
Net investment in capital assets	3,702,697	7,237,014
Unrestricted (deficit)	(220,509)	(2,777,972)
Total Net Position	3,482,188	4,459,042
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 15,245,310	\$ 14,817,232

Matanuska-Susitna Borough, Alaska

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

<i>Years Ended June 30,</i>	2016	2015
Operating Revenues		
Charges for services	\$ 8,606,426	\$ 6,746,489
Operating Expenses		
Public service:		
Landfill operations	6,738,412	3,073,735
Transfer sites	1,870,208	1,957,290
Depreciation and amortization	843,013	864,704
Allocated administrative and billing expenses	53,103	51,078
Total Operating Expenses	9,504,736	5,946,807
Operating Income (Loss)	(898,310)	799,682
Nonoperating Revenues (Expenses)		
Intergovernmental - PERS relief	42,567	49,589
Interest expense	(61,437)	(22,518)
Interest income	106	-
Miscellaneous income	-	108,775
Loss on disposal of capital assets	(69,195)	-
Net Nonoperating Revenues (Expenses)	(87,959)	135,846
Income (Loss) Before Capital Contributions	(986,269)	935,528
Capital contributions	9,415	545,968
Change in Net Position	(976,854)	1,481,496
Net Position, beginning	4,459,042	2,977,546
Net Position, ending	\$ 3,482,188	\$ 4,459,042

Matanuska-Susitna Borough, Alaska

Solid Waste Enterprise Fund
Statement of Cash Flows

Years Ended June 30,	2016	2015
Cash Flows from Operating Activities		
Receipts from customers	\$ 8,680,276	\$ 6,568,804
Payments to suppliers	(5,940,828)	(3,189,082)
Payments to employees	(1,750,640)	(1,950,515)
Payments for interfund services used	(53,103)	(51,078)
Net cash flows from operating activities	935,705	1,378,129
Cash Flows from (for) Capital and Related Financing Activities		
Purchases of property, plant and equipment	(119,473)	(1,537,845)
Proceeds from the sale of capital assets	33,380	-
Proceeds from issuance of loan	2,088,082	138,233
Principal and interest paid on loans	(275,958)	(457,624)
Capital contributions received	142,476	827,375
Decrease in due to General Fund	(641,194)	(348,268)
Net cash flows from (for) capital and related financing activities	1,227,313	(1,378,129)
Cash Flows from Investing Activities - interest income	106	-
Net Increase in Cash and Investments	2,163,124	-
Cash and Investments, beginning of year	2,243,072	2,243,072
Cash and Investments, end of year	\$ 4,406,196	\$ 2,243,072
Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities		
Operating income (loss)	\$ (898,310)	\$ 799,682
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:		
Miscellaneous nonoperating revenue	-	108,775
Depreciation and amortization	843,013	864,704
Noncash expense - PERS relief	42,567	49,589
Landfill closure costs in construction in progress	834,045	-
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable and related allowance	73,850	(286,460)
Prepays	(804)	-
Deferred outflows of resources - pension related	(131,220)	(16,454)
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	(233,627)	49,418
Accrued leave	4,065	3,225
Net pension liability	348,333	(79,017)
Landfill closure costs payable	132,584	(143,069)
Deferred inflows of resources - pension related	(78,791)	27,736
Net Cash Flows from Operating Activities	\$ 935,705	\$ 1,378,129
Supplemental Disclosure of Non-cash Capital and Related Financing Activities		
Receipt of Donated Capital Asset	\$ -	\$ 19,707
Capital contributions	\$ -	\$ 223,490

Matanuska-Susitna Borough, Alaska

Port Enterprise Fund
Statement of Net Position

June 30,	2016	2015
Assets and Deferred Outflows of Resources		
Current Assets		
Receivables:		
Intergovernmental	\$ 671,744	\$ 1,090,622
Accounts	150,129	-
Inventory	766	766
Total Current Assets	822,639	1,091,388
Noncurrent Assets		
Ferry vessel	-	1,500,000
Property, plant and equipment:		
Buildings	7,948,617	7,948,617
Equipment	41,322	41,322
Infrastructure	31,826,496	29,459,737
Construction in progress	1,517,508	2,420,582
Total property, plant and equipment	41,333,943	39,870,258
Accumulated depreciation	(9,092,572)	(8,030,865)
Net property, plant and equipment	32,241,371	31,839,393
Total Assets	33,064,010	34,430,781
Deferred Outflows of Resources		
Unamortized deferred loss on bonds	251,775	284,615
Pension related	53,864	25,180
Total Deferred Outflows of Resources	305,639	309,795
Total Assets and Deferred Outflows of Resources	\$ 33,369,649	\$ 34,740,576
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 2,360,911	\$ 430,294
Unearned grant revenue	-	250,180
Accrued leave	56,570	34,635
Due to General Fund	2,815,611	7,654,566
Accrued interest payable	47,478	52,478
Current portion of general obligation bonds	520,000	500,000
Total Current Liabilities	5,800,570	8,922,153
Noncurrent Liabilities:		
Net pension obligation	316,212	240,069
Lease credits payable	1,322,597	1,326,470
General obligation bonds, including unamortized premium of \$449,547 (\$508,184 in 2015)	4,679,547	5,258,184
Interfund loan payable	4,493,488	-
Total Noncurrent Liabilities	10,811,844	6,824,723
Total Liabilities	16,612,414	15,746,876
Deferred Inflows of Resources - pension related	10,513	27,736
Net Position		
Net Investment in capital assets	27,293,599	26,365,824
Unrestricted (deficit)	(10,546,877)	(7,399,860)
Total Net Position	16,746,722	18,965,964
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 33,369,649	\$ 34,740,576

Matanuska-Susitna Borough, Alaska

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

Years Ended June 30,	2016	2015
Operating Revenues		
Charges for services	\$ 292,936	\$ 102,134
Operating Expenses		
Dock operations	3,130,009	589,402
Depreciation	1,061,707	1,004,650
Ferry expenses	347,875	485,851
Total Operating Expenses	4,539,591	2,079,903
Operating Loss	(4,246,655)	(1,977,769)
Nonoperating Revenues		
Intergovernmental - State sources:		
PERS relief	17,035	16,388
Debt service reimbursement	709,463	707,863
Interest income	468	-
Interest expense	(179,116)	(176,323)
Net Nonoperating Revenues	547,850	547,928
Loss Before Capital Contributions, Transfers, and Extraordinary Items	(3,698,805)	(1,429,841)
Capital contributions	1,829,446	2,159,552
Transfers in	5,394,593	3,223,322
Transfers out	(2,807,045)	(1,868,949)
Extraordinary item - Ferry engine repairs	(2,937,431)	-
Extraordinary item - fair value adjustment - Ferry	-	(3,000,000)
Change in Net Position	(2,219,242)	(915,916)
Net Position, beginning	18,965,964	19,881,880
Net Position, ending	\$ 16,746,722	\$ 18,965,964

Matanuska-Susitna Borough, Alaska

Port Enterprise Fund
Statement of Cash Flows

Years Ended June 30,	2016	2015
Cash Flows from (for) Operating Activities		
Receipts from customers	\$ 138,934	\$ 98,261
Payments to suppliers	(2,663,237)	(664,510)
Payments to employees	(278,509)	(331,418)
Net cash flows for operating activities	(2,802,812)	(897,667)
Cash Flows from Noncapital Financing Activities		
Transfers in	5,394,593	3,223,322
Transfers out	(2,807,045)	(1,868,949)
Net cash flows from noncapital financing activities	2,587,548	1,354,373
Cash Flows from Capital and Related Financing Activities		
Purchases of property, plant and equipment	-	(1,834,358)
Capital contributions received	1,998,144	1,272,704
Proceeds from issuance of interfund loan	4,493,488	-
Ferry repairs	(2,937,431)	-
Proceeds from disposal of noncurrent assets	1,500,000	-
Principal and interest paid on bonds	(709,913)	(709,463)
Debt service reimbursement	709,463	707,863
Increase (decrease) in due to General Fund	(4,838,955)	106,548
Net cash flows from (for) capital and related financing activities	214,796	(456,706)
Cash Flows from Investing Activities - interest income	468	-
Net Increase in Cash and Investments	-	-
Cash and Investments, beginning of year	-	-
Cash and Investments, end of year	\$ -	\$ -
Reconciliation of Operating Loss to Net Cash Flows for Operating Activities		
Operating loss	\$ (4,246,655)	\$ (1,977,769)
Adjustments to reconcile operating loss to net cash flows for operating activities:		
Depreciation	1,061,707	1,004,650
Lease credits exercised	(3,873)	(3,873)
Noncash expense - PERS relief	17,035	16,388
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable	(150,129)	-
Deferred outflows of resources - pension related	(28,684)	(5,438)
Increase (decrease) in liabilities and deferred inflows of resources:		
Net pension liability	76,143	(26,114)
Accounts payable	466,932	63,028
Accrued leave	21,935	3,725
Deferred inflows of resources - pension related	(17,223)	27,736
Net Cash Flows for Operating Activities	\$ (2,802,812)	\$ (897,667)
Supplemental Disclosure of Non-cash Capital and Related Financing Activities		
Accounts payable for capital outlays	\$ 1,463,685	\$ 325,195
Capital contributions	\$ 671,744	\$ 1,090,622

Matanuska-Susitna Borough, Alaska

Internal Service Funds
Combining Statement of Net Position

<i>June 30, 2016</i>	Revolving Loan	Self- Insurance	Totals
Assets			
Current Assets			
Cash and investments	\$ 823,999	\$ 21,999,939	\$ 22,823,938
Interfund loans receivable	66,588	-	66,588
Deposits with others	-	48,905	48,905
Total Current Assets	890,587	22,048,844	22,939,431
Interfund Loans Receivable, long-term	635,228	-	635,228
Total Assets	\$ 1,525,815	\$ 22,048,844	\$ 23,574,659
Liabilities and Net Position			
Liabilities			
Current Liabilities			
Insurance claims incurred but not reported	\$ -	\$ 1,632,093	\$ 1,632,093
Current portion of loans payable	19,188	-	19,188
Total Current Liabilities	19,188	1,632,093	1,651,281
Noncurrent Liabilities - loans payable	254,627	-	254,627
Total Liabilities	273,815	1,632,093	1,905,908
Net Position			
Unrestricted	1,252,000	20,416,751	21,668,751
Total Liabilities and Net Position	\$ 1,525,815	\$ 22,048,844	\$ 23,574,659

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

<i>Year Ended June 30, 2016</i>	Revolving Loan	Self- Insurance	Totals
Operating Revenues			
Intragovernmental	\$ -	\$ 9,845,129	\$ 9,845,129
Interest on loans	315	-	315
Employee contributions	-	864,302	864,302
Other	-	100,928	100,928
Total Operating Revenues	315	10,810,359	10,810,674
Operating Expenses			
Claims	-	6,133,862	6,133,862
Administrative fees	-	1,219,567	1,219,567
Premium	-	193,581	193,581
Total Operating Expenses	-	7,547,010	7,547,010
Operating Income	315	3,263,349	3,263,664
Nonoperating Revenue - investment income	-	1,461	1,461
Income Before Transfers	315	3,264,810	3,265,125
Transfers out	(315)	-	(315)
Change in Net Position	-	3,264,810	3,264,810
Net Position, beginning	1,252,000	17,151,941	18,403,941
Net Position, ending	\$ 1,252,000	\$ 20,416,751	\$ 21,668,751

Matanuska-Susitna Borough, Alaska

Internal Service Funds
Combining Statement of Cash Flows

<i>Year Ended June 30, 2016</i>	Revolving Loan	Self- Insurance	Totals
Cash Flows from Operating Activities			
Principal payments received on loans	\$ 130,905	\$ -	\$ 130,905
Issuance of new loans	(214,000)	-	(214,000)
Interest payments received on loans	315	-	315
Principal payments on loans payable	(18,905)	-	(18,905)
Internal activity - payments from other funds	-	9,845,129	9,845,129
Receipts from employees and other	-	968,570	968,570
Payments for claims and services	-	(8,018,227)	(8,018,227)
Net cash flows from (for) operating activities	(101,685)	2,795,472	2,693,787
Cash Flows for Noncapital Financing Activities			
Transfers out	(315)	-	(315)
Cash Flows from Investing Activities			
Investment income	-	1,461	1,461
Net Increase (Decrease) in Cash and Investments	(102,000)	2,796,933	2,694,933
Cash and Investments, beginning of year	925,999	19,203,006	20,129,005
Cash and Investments, end of year	\$ 823,999	\$ 21,999,939	\$ 22,823,938
Reconciliation of Operating Income to Net Cash Flows from (for) Operating Activities			
Operating income	\$ 315	\$ 3,263,349	\$ 3,263,664
Adjustments to reconcile operating income to net cash flows from (for) operating activities:			
(Increase) decrease in assets:			
Deposits with others	-	3,340	3,340
Loans receivable	(83,095)	-	(83,095)
Decrease in liabilities:			
Accounts payable	-	(21,082)	(21,082)
Loans payable	(18,905)	-	(18,905)
Insurance claims incurred but not reported	-	(450,135)	(450,135)
Net Cash Flows from (for) Operating Activities	\$ (101,685)	\$ 2,795,472	\$ 2,693,787

Matanuska-Susitna Borough, Alaska

Revolving Loan Internal Service Funds

Combining Statement of Net Position

<i>June 30, 2016</i>	Service Area Operating	Fire Capital Equipment	Road Service Areas	Totals
Assets				
Current Assets				
Cash and investments	\$ 549	\$ 300,000	\$ 523,450	\$ 823,999
Interfund loans receivable	32,219	20,000	14,369	66,588
Total Current Assets	32,768	320,000	537,819	890,587
Interfund Loans Receivable, long-term	382,206	80,000	173,022	635,228
Total Assets	\$ 414,974	\$ 400,000	\$ 710,841	\$ 1,525,815
Liabilities and Net Position				
Liabilities				
Current liabilities - current portion of loans payable	\$ 4,819	\$ -	\$ 14,369	\$ 19,188
Noncurrent liability - loans payable	81,605	-	173,022	254,627
Total Liabilities	86,424	-	187,391	273,815
Net Position				
Unrestricted	328,550	400,000	523,450	1,252,000
Total Liabilities and Net Position	\$ 414,974	\$ 400,000	\$ 710,841	\$ 1,525,815

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

<i>Year Ended June 30, 2016</i>	Service Area Operating	Fire Capital Equipment	Road Service Areas	Totals
Operating Revenues				
Interest on loans	\$ 315	\$ -	\$ -	\$ 315
Transfers out	(315)	-	-	(315)
Change in Net Position	-	-	-	-
Net Position, beginning	328,550	400,000	523,450	1,252,000
Net Position, ending	\$ 328,550	\$ 400,000	\$ 523,450	\$ 1,252,000

Matanuska-Susitna Borough, Alaska

Revolving Loan Internal Service Funds

Combining Statement of Cash Flows

<i>Year Ended June 30, 2016</i>	Service Area Operating	Fire Capital Equipment	Road Service Areas	Totals
Cash Flows from Operating Activities				
Principal payments received on loans	\$ 16,748	\$ 100,000	\$ 14,157	\$ 130,905
Issuance of new loans	(214,000)	-	-	(214,000)
Interest payments received on loans	315	-	-	315
Principal payments on loans payable	(4,748)	-	(14,157)	(18,905)
Net cash flows from (for) operating activities	(201,685)	100,000	-	(101,685)
Cash Flows for Noncapital Financing Activities				
Transfers out	(315)	-	-	(315)
Net Increase (Decrease) in Cash and Investments	(202,000)	100,000	-	(102,000)
Cash and Investments, beginning of year	202,549	200,000	523,450	925,999
Cash and Investments, end of year	\$ 549	\$ 300,000	\$ 523,450	\$ 823,999
Reconciliation of Operating Income to Net Cash Flows from Operating Activities				
Operating income	\$ 315	\$ -	\$ -	\$ 315
Adjustments to reconcile operating income to net cash flows from (for) operating activities:				
(Increase) decrease in loans receivable	(197,252)	100,000	14,157	(83,095)
Decrease in loans payable	(4,748)	-	(14,157)	(18,905)
Net Cash Flows from (for) Operating Activities	\$ (201,685)	\$ 100,000	\$ -	\$ (101,685)

Matanuska-Susitna Borough, Alaska

Self-Insurance Internal Service Funds
Combining Statement of Net Position

<i>June 30, 2016</i>	Unemploy- ment Insurance	Health Insurance	Property and Casualty Insurance	Workers' Comp Insurance	Totals
Assets					
Current Assets					
Cash and investments	\$ 292,026	\$ 14,053,248	\$ 1,747,410	\$ 5,907,255	\$ 21,999,939
Deposits with others	-	-	-	48,905	48,905
Total Current Assets	\$ 292,026	\$ 14,053,248	\$ 1,747,410	\$ 5,956,160	\$ 22,048,844
Liabilities and Net Position					
Current Liabilities					
Insurance claims incurred but not reported	-	\$ 1,247,632	\$ 174,072	\$ 210,389	\$ 1,632,093
Net Position					
Unrestricted	292,026	12,805,616	1,573,338	5,745,771	20,416,751
Total Liabilities and Net Position	\$ 292,026	\$ 14,053,248	\$ 1,747,410	\$ 5,956,160	\$ 22,048,844

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

<i>Year Ended June 30, 2016</i>	Unemploy- ment Insurance	Health Insurance	Property and Casualty Insurance	Workers' Comp Insurance	Totals
Operating Revenues					
Intragovernmental	\$ 152,431	\$ 7,462,142	\$ 100,000	\$ 2,130,556	\$ 9,845,129
Employee contributions	-	864,302	-	-	864,302
Other	-	-	100,928	-	100,928
Total Operating Revenues	152,431	8,326,444	200,928	2,130,556	10,810,359
Operating Expenses					
Claims	65,518	5,707,642	-	360,702	6,133,862
Administrative fees	-	1,164,996	-	54,571	1,219,567
Premium	-	-	-	193,581	193,581
Total Operating Expenses	65,518	6,872,638	-	608,854	7,547,010
Operating Income	86,913	1,453,806	200,928	1,521,702	3,263,349
Nonoperating Revenue -					
investment income	-	-	-	1,461	1,461
Change in Net Position	86,913	1,453,806	200,928	1,523,163	3,264,810
Net Position, beginning	205,113	11,351,810	1,372,410	4,222,608	17,151,941
Net Position, ending	\$ 292,026	\$ 12,805,616	\$ 1,573,338	\$ 5,745,771	\$ 20,416,751

Matanuska-Susitna Borough, Alaska

Self-Insurance Internal Service Funds
Combining Statement of Cash Flows

<i>Year Ended June 30, 2016</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	\$ 152,431	\$ 7,462,142	\$ 100,000	\$ 2,130,556	\$ 9,845,129
Receipts from employees and other	-	867,642	100,928	-	968,570
Payments for claims and services	(86,600)	(6,849,033)	(350,928)	(731,666)	(8,018,227)
Net cash flows from (for) operating activities	65,831	1,480,751	(150,000)	1,398,890	2,795,472
Cash Flows from Investing Activities					
Investment income	-	-	-	1,461	1,461
Net Increase (Decrease) in Cash and Investments	65,831	1,480,751	(150,000)	1,400,351	2,796,933
Cash and Investments, beginning of year	226,195	12,572,497	1,897,410	4,506,904	19,203,006
Cash and Investments, end of year	\$ 292,026	\$ 14,053,248	\$ 1,747,410	\$ 5,907,255	\$ 21,999,939
Reconciliation of Operating Income to Net Cash					
Flows from (for) Operating Activities					
Operating income	\$ 86,913	\$ 1,453,806	\$ 200,928	\$ 1,521,702	\$ 3,263,349
Adjustments to reconcile operating income to net cash flows from (for) operating activities:					
(Increase) decrease in assets:					
Deposits with others	-	3,340	-	-	3,340
Increase (decrease) in liabilities:					
Accounts payable	(21,082)	-	-	-	(21,082)
Insurance claims incurred but not reported	-	23,605	(350,928)	(122,812)	(450,135)
Net Cash Flows from (for) Operating Activities	\$ 65,831	\$ 1,480,751	\$ (150,000)	\$ 1,398,890	\$ 2,795,472

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Matanuska-Susitna Borough, Alaska

Agency Funds

Combining Statement of Changes in Assets and Liabilities

<i>Year Ended June 30, 2016</i>	Property Tax Agency			Balance at June 30, 2016
	Balance at July 1, 2015	Additions	Deletions	
Assets				
Cash and investments	\$ 7,907	\$ 3,685,886	\$ 3,677,559	\$ 16,234
Property taxes receivable:				
Real	116,542	1,780,645	1,787,832	109,355
Personal	10,407	17,447	17,390	10,464
Total Assets	\$ 134,856	\$ 5,483,978	\$ 5,482,781	\$ 136,053
Liabilities				
Accounts payable	\$ 3,863	\$ 2,277,260	\$ 2,274,183	\$ 6,940
Taxes collected in advance	126,985	2,118,293	2,125,459	119,819
Intergovernmental	4,008	3,936,608	3,931,322	9,294
Total Liabilities	\$ 134,856	\$ 8,332,161	\$ 8,330,964	\$ 136,053
Road, Gas Line and Community Water Agency				
<i>Year Ended June 30, 2016</i>	Balance at July 1, 2015	Additions	Deletions	Balance at June 30, 2016
Assets				
Cash and investments	\$ -	\$ 2,493,687	\$ 2,246,381	\$ 247,306
Other receivable	-	45,408	45,080	328
Special assessments receivable	2,121,773	328,186	596,898	1,853,061
Total Assets	\$ 2,121,773	\$ 2,867,281	\$ 2,888,359	\$ 2,100,695
Liabilities				
Accounts payable	\$ 20,356	\$ 344,850	\$ 364,153	\$ 1,053
Payable to Mat-Su Borough	453,419	254,866	708,285	-
Deposits	575,096	283,558	154,871	703,783
Notes payable - gas lines	942,133	1,108,000	919,534	1,130,599
Notes payable - road improvements	130,769	44,000	53,309	121,460
Notes payable - water	-	332,000	188,200	143,800
Total Liabilities	\$ 2,121,773	\$ 2,367,274	\$ 2,388,352	\$ 2,100,695

Matanuska-Susitna Borough, Alaska

Agency Funds

Combining Statement of Changes in Assets and Liabilities, continued

<i>Year Ended June 30, 2016</i>	Totals			Balance at June 30, 2016
	Balance at July 1, 2015	Additions	Deletions	
Assets				
Cash and investments	\$ 7,907	\$ 6,179,573	\$ 5,923,940	\$ 263,540
Property taxes receivable:				
Real	116,542	1,780,645	1,787,832	109,355
Personal	10,407	17,447	17,390	10,464
Other receivable	-	45,408	45,080	328
Special assessments receivable	2,121,773	328,186	596,898	1,853,061
Total Assets	\$ 2,256,629	\$ 8,351,259	\$ 8,371,140	\$ 2,236,748
Liabilities				
Accounts payable	\$ 24,219	\$ 2,622,110	\$ 2,638,336	\$ 7,993
Payable to Mat-Su Borough	453,419	254,866	708,285	-
Deposits	575,096	283,558	154,871	703,783
Taxes collected in advance	126,985	2,118,293	2,125,459	119,819
Intergovernmental	4,008	3,936,608	3,931,322	9,294
Notes payable - gas lines	942,133	1,108,000	919,534	1,130,599
Notes payable - road improvements	130,769	44,000	53,309	121,460
Notes payable - water	-	332,000	188,200	143,800
Total Liabilities	\$ 2,256,629	\$ 10,699,435	\$ 10,719,316	\$ 2,236,748

Matanuska-Susitna Borough, Alaska
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Award Amount	Passed Through to Subrecipients	Total Federal Expenditures
Department of Agriculture					
FY07 Spruce Bark Beetle	10.664	N/A	\$1,084,000	\$ -	\$ 663
Passed through State of Alaska, Department of Natural Resources:					
FY15 Willow VFA	10.664	12DG111001064003	9,990	-	9,990
FY15 Butte VFA	10.664	12DG111001064003	9,000	-	9,000
FY15 Caswell Lakes VFA	10.664	12DG111001064003	9,831	-	9,831
FY15 West Lakes VFA	10.664	12DG111001064003	10,000	-	10,000
Total CFDA 10.664				-	39,484
Forest Service Schools and Roads Cluster -					
FY16 National Forestry Share Tax	10.665	N/A	19,651	-	19,651
Community Facilities Loans and Grants Cluster -					
Rural Development Community Loan Program	10.766	N/A	6,900,000	-	6,081,755
Total Department of Agriculture				-	6,140,890
Department of Commerce					
Passed through State of Alaska, Department of Fish and Game -					
Pacific Coast Salmon Recovery Treaty Program	11.438	NA11NMF4380268	1,067,467	-	122,647
Department of Homeland Security					
Passed through State of Alaska, Department of Military and					
Veterans Affairs:					
FY15 Emergency Management Performance Grant	97.042	EMW-2014-EP-00054	70,220	-	66,727
MSB Flood Event -Sept 2012-FEMA(75%)	97.036	FEMA-DR-4094-AK	954,225	-	241,985
Staffing for Adequate Fire & Emergency Response - SAFER	97.083	EMW-2011-FF-00676	490,067	-	82,715
2014 State Homeland Security Program	97.067	EMW-2014-SS-00010	70,634	-	24,569
2015 State Homeland Security Program	97.067	EMW-2015-SS-00026-S01	51,775	-	13,978
Total CFDA 97.067				-	38,547
Total Department of Homeland Security				-	429,974

Matanuska-Susitna Borough, Alaska
Schedule of Expenditures of Federal Awards, continued
Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Award Amount	Passed Through to Subrecipients	Total Federal Expenditures
Department of the Interior					
Payment in Lieu of Taxes	15.226	N/A	\$ 3,756,980	\$ -	\$ 3,756,980
Mat-Su Wetland Hydrology	15.630	N/A	55,000	-	16,500
Fish Passage Restoration	15.608	N/A	764,000	-	393,194
Mat-Su Fish Passage 2020	15.608	N/A	646,000	-	214,285
Total CFDA 15.608				-	607,479
Passed through State of Alaska, Department of Natural Resources: Natl Reg Nom: Cottonwood Creek Archaeological District	15.904	15014	26,060	-	20,791
Total Department of the Interior				-	4,401,750
Department of Transportation					
Conduct Regional Aviation System Plan Study, Ph 2	20.106	N/A	437,000	-	211,358
Highway Planning and Construction Cluster:					
Jim Creek Motorized Recreation Trails	20.205	N/A	99,729	-	11,275
Update of the MSB Long-Range Transportation Plan	20.205	N/A	795,000	-	21,389
Total CFDA 20.205				-	32,664
Total Department of Transportation				-	244,022
Department of Environmental Protection					
Stormwater Analysis on Cottonwood Creek	66.605	N/A	15,000	-	13,527
Clean Water State Revolving Fund Cluster - Closure of Central Landfill Cell 2A	66.458	N/A	3,060,343	-	115,189
Total Department of Environmental Protection				-	128,716
Department of Health and Social Services					
2016 Public Health Emergency Preparedness	93.069	N/A	30,000	-	13,642
Total Expenditures of Federal Awards				\$ -	\$ 11,481,641

Matanuska-Susitna Borough, Alaska
Schedule of State Financial Assistance
Year Ended June 30, 2016

State Grantor/Pass-Through Grantor Program Title	Grant Number	Award Amount	State Share of Expend- itures
Department of Commerce, Community and Economic Development			
Major Programs:			
Alaska DCCED-Revenue Sharing	FY16	\$ 7,851,131	\$ 4,538,631
Rail Ext to Port MacKenzie from the AK RR Main Line	11-DC-291	35,000,000	997,924
School District Network Wiring and Infrastructure Imp	12-DC-626	6,000,000	1,326,590
Port MacKenzie Port Dev and Assoc Rail Line Impr	12-RR-012	1,568,478	1,425,115
Parks Hwy Frontage Rd & Intersection Impr Trunk Rd	12-RR-015	2,000,000	1,202,986
Port MacKenzie Rail Extension	13-DC-630	23,500,000	985,525
South Big Lake Road Construction	13-RR-015	5,000,000	496,263
South Big Lake Road Realignment	13-RR-016	4,704,775	942,879
Road Bond Package State Match	13-DC-632	32,200,000	6,855,288
Port MacKenzie Rail Extension - Bonds	13-GO-010	30,000,000	3,991,249
Bogard Road Extension East	13-GO-009	13,500,000	6,511,494
Bogard Road Extension East	14-DC-076	8,200,000	4,830,994
Parks Highway Connectors	11-DC-289	2,000,000	474,032
Bogard Road Extension East	15-DC-099	7,000,000	6,057,392
Gateway Visitor Center Phase 2	15-DC-101	1,235,000	706,801
AK State 50% Match for Transportation School Access Bonds	15-DC-105	1,600,000	1,175,447
Substandard Roads and Bridges	15-DC-106	1,370,000	1,363,748
Rail Extension to Port MacKenzie	15-DC-104	13,000,000	8,014,513
Willow-Warm Stor Fire St Const in Nancy Lakes Area	15-DC-496	600,000	388,370
Substandard Roads and Bridges	14-DC-095	2,500,000	706,930
Fisheries and Fish Protection	14-DC-080	2,500,000	332,894
Passed through City of Palmer - Bogard Waterline Extension Project	14-DC-125	3,395,000	555,819
Total Major Programs			53,880,884
Nonmajor Programs:			
Big Lake Service Area Road Upgrades	11-DC-264	50,000	29,604
Knik River Rd Milepost 0 to 11.2 Reconstruction	11-DC-280	2,100,000	180,896
New Generator & Switchgear for Swanson Elementary	11-DC-287	50,000	26,949
Port MacKenzie Expansion	11-DC-290	750,000	38,569
Talkeetna FSA 24 New Equip & Blding Maint	11-DC-297	50,000	9,527
Bodenburg Creek Bridge Replacements and Rprs	12-DC-394	1,000,000	111,893
Port MacKenzie Rail Extension	12-DC-398	30,000,000	205,589
Substandard Roads and Bridges Replacement Rpr	12-DC-403	3,000,000	31,611
Big Lake Service Area Road Upgrades	12-DM-112	30,000	28,500
Greater Butte Service Area Roads Upgrade	12-DM-118	30,000	3,229
Trapper Creek Service Area Roads Upgrade	12-DM-125	30,000	900

Matanuska-Susitna Borough, Alaska
Schedule of State Financial Assistance, continued
Year Ended June 30, 2016

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:			
Sutton Elem School Equipment and Upgrades	13-DC-038	\$ 65,500	\$ 6,852
Big Lake Elem School Equipment & Improvements	13-DM-162	35,000	5,340
Wasilla Middle School Outdoor Recreation Facility	13-DC-063	75,000	20,598
School Library & Technology Upgrades	13-DC-122	99,000	249
Houston High School Lighting	13-DC-174	115,000	7,847
High School Cyber Centers	13-DC-363	425,500	6,778
Charter Technology & Physical Education Eq Upgrds	13-DC-379	500,000	19,678
Pioneer Park Elementary Equipment and Supplies	13-DM-006	5,000	30
Midnight Sun Security System & Facility Equipment	13-DM-091	25,000	14,024
Birchtree Library	13-DM-126	30,000	14,796
Talkeetna Public Library & Comm Resource Ctr	13-DC-532	2,800,000	296,807
Fronteras Charter School Rural Dev Application Costs	14-DC-081	150,000	24,930
Meadow Lakes RSA 27 N Gunflint Trail Upgrade	14-DC-082	150,000	74,093
Port MacKenzie Cathodic Protection	14-DC-085	2,500,000	115,581
Rail Extension to Port MacKenzie	14-DC-086	25,000,000	247,826
River Management	14-DC-087	2,500,000	138,163
School District Cyber Centers	14-DC-089	500,000	145,464
School District Preschool Program	14-DC-090	500,000	4,182
School District STEM Initiative	14-DC-091	750,000	32,927
Self-Contained Breathing Apparatus Upgrade	14-DC-092	140,000	90,698
Sitze Road Drainage Improvements	14-DC-094	125,000	102,365
Warm Storage Fire Station -Crystal Lakes Area	14-DC-097	339,245	59,847
Warm Storage Fire Station -Four Mile Road	14-DC-098	388,000	11,763
West Lakes Fire Service Area Station 7-3	14-DC-099	2,700,000	9,800
Willow Community Center Area Improvements	14-DC-100	65,000	50,291
West Lakes Fire Service Area Station 7-3	14-DC-109	2,337,000	14,688
Big Lake Elem Indoor Physical Ed Equipment	14-DM-028	5,000	4,537
Knik Elem School Library & Tech Upgrade	14-DM-034	5,000	293
MSB School District Expand Air Force JROTC Program	14-RR-014	705,059	138,545
Community Council Upgrades and Support	15-DC-100	30,000	9,500
Oilwell Road Upgrade	15-DC-103	630,000	150,203
Joe Redington Sr Jr/Sr High School Utilities Extension	15-DC-102	900,000	(6,000)
Wastewater & Septage Facility Land Acq & Design	15-DC-108	99,113	7,469
Butte FSA Safety Equipment & Maintenance	15-DC-352	40,000	40,000
Gtr Butte RSA Road Repairs, Upgrades & Maintenance	15-DC-397	40,000	3,881
Gtr Palmer Fire Service Area Safety Equipment & Maintenance	15-DC-399	40,000	40,000
Lazy Mtn RSA Road Maintenance & Repairs	15-DC-424	40,000	21,319
Talkeetna Recondition & Repair Gravel Roads - RSA 29	15-DC-494	30,000	30,000
Upgrade Soapstone Road	15-RR-010	13,476	13,476
Sutton VFD Bldg Maint/Repair & Water Pump System	15-RR-011	48,282	48,282
Purchase Wildland Fire Response Vehicle	15-RR-018	50,000	50,000
Passed through Willow Area Community Organization - Ground Source Heat Pump - Willow CC	15-DC-495	100,000	97,335
Total Nonmajor Programs			<u>2,831,724</u>
Total Department of Commerce, Community and Economic Development			<u>56,712,608</u>

Matanuska-Susitna Borough, Alaska
Schedule of State Financial Assistance, continued
Year Ended June 30, 2016

State Grantor/Pass-Through Grantor Program Title	Grant Number	Award Amount	State Share of Expend- itures
Department of Education and Early Development			
Major Program -			
FY16 Debt Retirement Program	N/A	\$ 22,673,550	\$ 22,673,550
Nonmajor Programs:			
FY15 Continuing Education Grants - Libraries	N/A	4,000	1,846
Big Lake Library	N/A	6,650	6,650
Sutton Library	N/A	6,650	6,650
Talkeetna Library	N/A	6,650	6,650
Trapper Creek Library	N/A	6,650	6,650
Willow Library	N/A	6,650	6,650
Total Nonmajor Programs			<u>35,096</u>
Total Department of Education and Early Development			<u>22,708,646</u>
Department of Environmental Conservation			
Nonmajor Program:			
Central Landfill Cell 2 Closure	56109	528,000	<u>9,416</u>
Department of Health and Social Services			
Nonmajor Program - Human Services Community			
Matching Grant FY16	605-231-1503	279,486	<u>279,486</u>
Department of Revenue			
Major Program - Electric & Telephone Shared Revenue			
	FY16	757,562	757,562
Nonmajor Program - Fisheries Bus Share Tax			
	FY16	254	<u>254</u>
Total Department of Revenue			<u>757,816</u>
Department of Transportation and Public Facilities			
Major Programs:			
So Clapp Rd Improvement & KGB Realignment	N/A	2,853,438	2,351,243
2004 Series C Port Bond	N/A	709,463	709,463
Nonmajor Programs:			
FY06 Hiway Projects(DOT) Bogard Rd Ext	AKSAS59213	12,300,000	(118,412)
Trunk Road Connector Project	N/A	300,000	<u>67,171</u>
Total Department of Transportation and Public Facilities			<u>3,009,465</u>
Department of Military and Veterans Affairs			
Nonmajor Programs:			
FY16 Local Emergency Planning Committee	20LEPC-GY16	14,343	14,343
Passed through U.S. Department of Homeland Security - Mat Su Valley Flooding-September 2012-FEMA(25%)	FEMA-DR-4094-AK	318,075	<u>80,662</u>
Total Department of Military and Veterans Affairs			<u>95,005</u>
Department of Administration			
Major Program - PERS Relief			
	FY16	1,285,964	<u>1,285,964</u>
Total State Financial Assistance			<u>\$ 84,858,406</u>

Matanuska-Susitna Borough, Alaska

Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance Year Ended June 30, 2016

1. Basis of Presentation

The accompanying schedules of state financial assistance and expenditures of federal awards (the "Schedules") include the state and federal grant activity of Matanuska-Susitna Borough under programs of the state and federal governments for the year ended June 30, 2016. The information in these Schedules is presented in accordance with the requirements of *the State of Alaska Audit Guide and Compliance Supplement for State Single Audits* and Title 2 U.S. Code of Federal Regulation Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedules present only a selected portion of the operations of Matanuska-Susitna Borough, they are not intended to and do not present the financial position, changes in net position or cash flows of Matanuska-Susitna Borough.

2. Summary of Significant Accounting Policies

Expenditures reported in the Schedules are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts reflected in the schedule (if any) represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. PERS On-Behalf

The Borough has recorded \$1,285,964 in PERS On-Behalf payments in the Schedule of State Financial Assistance. This represents the PERS relief payment appropriated and transferred into the plan during FY2016.

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

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

4. Indirect Cost Rate

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

Matanuska-Susitna Borough, Alaska

Statistical Section Contents

	<u>Schedules</u>	<u>Page</u>
Financial Trends		
These schedules contain trend information to help the reader understand how the Borough's financial performance and well-being has changed over time.	1-5	167-172
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	173-177
Debt Capacity		
These schedules present information to help the reader assess the affordability of the Borough's current levels of outstanding debt and the Borough's ability to issue additional debt in the future.	10-14	178-182
Demographic and Economic Information		
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Borough's financial activities take place and to help make comparison over time and with other governments.	15-16	183-184
Operating Information		
These schedules contain information about the Borough's operations and resources to help the reader understand how the Borough's financial information relates to the services the Borough provides and the activities it performs.	17-19	185-187

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011*</u>	<u>2012*</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental activities										
Net investment in capital assets	\$ 269,318,342	\$ 294,404,626	\$ 358,980,408	\$ 389,804,017	\$ 382,358,825	\$ 457,114,641	\$ 508,684,140	\$ 586,832,955	\$ 655,967,658	\$ 711,672,450
Restricted	80,870,750	75,227,801	74,897,428	76,147,545	1,087,682	1,085,976	1,084,439	1,848,836	6,927,928	5,088,112
Unrestricted (deficit)	<u>44,144,618</u>	<u>55,324,817</u>	<u>51,392,992</u>	<u>55,367,352</u>	<u>189,689,534</u>	<u>154,048,260</u>	<u>157,782,247</u>	<u>154,221,875</u>	<u>127,774,151</u>	<u>131,390,966</u>
Total governmental activities net position	<u>\$ 394,333,710</u>	<u>\$ 424,957,244</u>	<u>\$ 485,270,828</u>	<u>\$ 521,318,914</u>	<u>\$ 573,136,041</u>	<u>\$ 612,248,877</u>	<u>\$ 667,550,826</u>	<u>\$ 742,903,666</u>	<u>\$ 790,669,737</u>	<u>\$ 848,151,528</u>
Business-type activities										
Net investment in capital assets	\$ 32,107,110	\$ 32,968,152	\$ 32,734,626	\$ 36,507,656	\$ 41,544,009	\$ 42,661,168	\$ 36,163,919	\$ 31,191,467	\$ 33,602,838	\$ 30,996,296
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted (deficit)	<u>(2,560,708)</u>	<u>(2,790,599)</u>	<u>(2,043,598)</u>	<u>(4,500,251)</u>	<u>(8,145,505)</u>	<u>(9,410,516)</u>	<u>(3,378,407)</u>	<u>(7,339,896)</u>	<u>(10,177,832)</u>	<u>(10,767,386)</u>
Total business-type activities net position	<u>\$ 29,546,402</u>	<u>\$ 30,177,553</u>	<u>\$ 30,691,028</u>	<u>\$ 32,007,405</u>	<u>\$ 33,398,504</u>	<u>\$ 33,250,652</u>	<u>\$ 32,785,512</u>	<u>\$ 23,851,571</u>	<u>\$ 23,425,006</u>	<u>\$ 20,228,910</u>
Primary government										
Net investment in capital assets	\$ 301,425,452	\$ 327,372,778	\$ 391,715,034	\$ 426,311,673	\$ 423,902,834	\$ 499,775,809	\$ 544,848,059	\$ 618,024,422	\$ 689,570,496	\$ 742,668,746
Restricted	80,870,750	75,227,801	74,897,428	76,147,545	1,087,682	1,085,976	1,084,439	1,848,836	6,927,928	5,088,112
Unrestricted (deficit)	<u>41,583,910</u>	<u>52,534,218</u>	<u>49,349,394</u>	<u>50,867,101</u>	<u>181,544,029</u>	<u>144,637,744</u>	<u>154,403,840</u>	<u>146,881,979</u>	<u>117,596,319</u>	<u>120,623,580</u>
Total primary government net position	<u>\$ 423,880,112</u>	<u>\$ 455,134,797</u>	<u>\$ 515,961,856</u>	<u>\$ 553,326,319</u>	<u>\$ 606,534,545</u>	<u>\$ 645,499,529</u>	<u>\$ 700,336,338</u>	<u>\$ 766,755,237</u>	<u>\$ 814,094,743</u>	<u>\$ 868,380,438</u>

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

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities:										
General government	\$ 15,504,663	\$ 17,783,066	\$ 18,417,947	\$ 21,609,559	\$ 18,348,693	\$ 19,309,310	\$ 15,966,207	\$ 20,704,665	\$ 21,492,676	\$ 24,261,580
Public works	2,917,021	3,250,207	3,971,267	3,888,031	3,600,452	4,115,712	4,212,583	4,276,429	13,967,990	12,934,880
Emergency services	14,834,393	16,595,807	15,760,106	17,038,974	18,214,176	19,608,706	22,058,588	20,545,881	23,826,995	28,733,622
Public services	18,553,900	23,159,984	22,448,088	21,204,922	21,086,908	24,115,247	26,506,256	28,059,904	41,185,883	29,676,676
Education	48,947,042	47,407,612	50,384,218	50,612,473	55,239,633	58,291,435	60,903,056	73,489,025	61,590,136	64,367,590
Interest	7,240,535	7,991,327	7,868,206	8,223,394	8,464,045	9,199,614	11,621,596	12,361,995	14,776,978	12,741,667
Total governmental activities expenses	107,997,554	116,188,003	118,849,832	122,577,353	124,953,907	134,640,024	141,268,286	159,437,899	176,840,658	172,716,015
Business-type activities:										
Solid waste	3,587,683	4,041,099	4,514,113	4,879,075	4,674,968	4,826,419	4,800,883	5,769,508	5,969,325	8,801,323
Port	1,822,002	1,619,559	1,605,330	1,854,603	1,698,154	1,833,823	3,449,726	2,333,191	2,256,226	4,718,707
Total business-type activities expenses	5,409,685	5,660,658	6,119,443	6,733,678	6,373,122	6,660,242	8,250,609	8,102,699	8,225,551	13,520,030
Total primary government expenses	\$ 113,407,239	\$ 121,848,661	\$ 124,969,275	\$ 129,311,031	\$ 131,327,029	\$ 141,300,266	\$ 149,518,895	\$ 167,540,598	\$ 185,066,209	\$ 186,236,045
Program Revenues (see Schedule 3)										
Governmental activities:										
Fees, fines, and charges for services:										
General government	\$ 987,210	\$ 412,218	\$ 640,864	\$ 384,406	\$ 602,252	\$ 424,821	\$ 526,033	\$ 528,579	\$ 585,129	\$ 456,938
Public works	130,466	337,856	111,002	69,291	62,032	60,634	77,374	59,317	186,843	114,475
Emergency services	3,228,619	2,768,108	3,525,227	3,383,052	3,688,584	3,642,523	3,915,237	4,810,309	7,430,769	7,226,326
Public services	1,841,137	2,393,456	2,324,651	1,233,744	1,822,252	1,499,207	1,809,999	3,193,367	2,390,785	3,525,098
Interest	25,412	-	-	-	-	-	-	-	-	-
Operating grants and contributions	31,685	31,750	32,139	32,044	12,312,812	16,098,041	21,534,532	22,293,350	21,644,248	24,270,603
Capital grants and other contributions	12,980,511	18,175,331	30,456,461	17,717,288	32,873,329	31,327,802	44,236,489	83,419,592	77,432,954	55,623,908
Total governmental activities program revenues	19,225,040	24,118,719	37,090,344	22,819,825	51,361,261	53,053,028	72,099,664	114,304,514	109,670,728	91,217,348
Business-type activities:										
Fees, fines, and charges for services:										
Solid waste	3,456,467	3,595,172	3,319,903	3,398,656	3,510,305	4,268,602	5,586,782	5,598,895	6,746,489	8,606,426
Port	1,205	51,151	640,144	52,368	51,333	24,505	74,737	22,851	102,134	292,936
Operating grants and contributions	753,788	751,588	754,870	755,120	752,450	754,613	1,225,263	707,350	773,840	769,065
Capital grants and other contributions	4,129,148	574,338	979,938	2,910,702	4,797,253	1,245,246	742,939	1,013,727	2,705,520	1,838,861
Total business-type activities program revenues	8,340,608	4,972,249	5,694,855	7,116,846	9,111,341	6,292,966	7,629,721	7,342,823	10,327,983	11,507,288
Total primary government program revenues	\$ 27,565,648	\$ 29,090,968	\$ 42,785,199	\$ 29,936,671	\$ 60,472,602	\$ 59,345,994	\$ 79,729,385	\$ 121,647,337	\$ 119,998,711	\$ 102,724,636
Net (Expenses)/Revenue										
Governmental activities	(88,772,514)	(92,069,284)	(81,759,488)	(99,757,528)	(73,592,646)	(81,586,996)	(69,168,622)	(45,133,385)	(67,169,930)	(81,498,667)
Business-type activities	2,930,923	(688,409)	(424,588)	383,168	2,738,219	(367,276)	(620,888)	(759,876)	2,102,432	(2,012,742)
Total primary government net expense	\$ (85,841,591)	\$ (92,757,693)	\$ (82,184,076)	\$ (99,374,360)	\$ (70,854,427)	\$ (81,954,272)	\$ (69,789,510)	\$ (45,893,261)	\$ (65,067,498)	\$ (83,511,409)

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 86,298,274	\$ 92,538,831	\$ 100,265,473	\$ 104,151,614	\$ 107,145,689	\$ 104,693,752	\$ 110,238,571	\$ 114,243,341	\$ 116,399,253	\$ 122,362,726
Excise taxes	4,845,770	4,528,494	4,688,563	4,901,735	4,927,058	4,871,649	4,913,901	7,326,269	7,548,977	8,286,431
Transient accommodation taxes	994,443	1,038,308	1,037,673	1,285,834	957,362	1,084,282	1,099,803	1,113,368	1,117,249	1,205,702
Grants and entitlements not restricted to a specific purpose	18,165,087	18,018,590	20,979,431	19,974,453	11,269,679	9,413,627	9,945,813	8,132,177	11,532,940	8,597,526
Investment income	8,812,643	7,323,727	3,269,398	877,430	619,682	443,957	483,938	1,306,079	1,043,112	366,486
Other	277,602	419,868	509,602	504,237	426,584	292,565	347,299	721,061	704,245	749,135
Extraordinary items	-	-	10,000,000	4,979,518	-	-	-	(12,319,299)	-	(2,587,548)
Transfers	259,878	(1,175,000)	(659,930)	(869,207)	63,719	(100,000)	-	-	(1,354,373)	-
Special items	-	-	1,982,862	-	-	-	-	-	-	-
Total governmental activities	\$ 119,653,697	\$ 122,692,818	\$ 142,073,072	\$ 135,805,614	\$ 125,409,773	\$ 120,699,832	\$ 127,029,325	\$ 120,522,996	\$ 136,991,403	\$ 138,980,458
Business-type activities:										
Grants and entitlements not restricted to a specific purpose	\$ 36,715	\$ 54,532	\$ 124,116	\$ 56,006	\$ 84,909	\$ 111,833	\$ 149,927	\$ 132,341	\$ -	\$ -
Investment income	126,891	90,018	37,555	7,996	6,018	3,576	4,477	-	-	574
Other	219	10	-	-	672	4,015	1,344	460	108,775	-
Extraordinary items	-	-	-	-	(1,375,000)	-	-	(2,598,884)	(3,000,000)	(2,937,431)
Transfers	(259,878)	1,175,000	659,930	869,207	(63,719)	100,000	-	-	1,354,373	2,587,548
Special items	-	-	116,462	-	-	-	-	-	-	-
Total business-type activities	(96,053)	1,319,560	938,063	933,209	(1,347,120)	219,424	155,748	(2,466,083)	(1,536,852)	(349,309)
Total primary government	\$ 119,557,644	\$ 124,012,378	\$ 143,011,135	\$ 136,738,823	\$ 124,062,653	\$ 120,919,256	\$ 127,185,073	\$ 118,056,913	\$ 135,454,551	\$ 138,631,149
Change in Net Position										
Governmental activities	30,881,183	30,623,534	60,313,584	36,048,086	51,817,127	39,112,836	57,860,703	75,389,611	69,821,473	57,481,791
Business-type activities	2,834,870	631,151	513,475	1,316,377	1,391,099	(147,852)	(465,140)	(3,225,959)	565,580	(2,362,051)
Total primary government	\$ 33,716,053	\$ 31,254,685	\$ 60,827,059	\$ 37,364,463	\$ 53,208,226	\$ 38,964,984	\$ 57,395,563	\$ 72,163,652	\$ 70,387,053	\$ 55,119,740

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Function/Program										
Governmental activities:										
General government	\$ 2,043,471	\$ 793,235	\$ 1,795,781	\$ 459,992	\$ 989,981	\$ 1,427,941	\$ 1,835,073	\$ 1,824,014	\$ 1,531,324	\$ 1,304,323
Public works	261,264	671,629	1,597,735	1,207,832	1,672,553	7,871,216	10,130,146	14,138,746	31,935,911	35,498,579
Emergency services	6,590,556	7,701,696	5,279,540	4,984,630	6,367,187	5,359,587	4,996,193	6,989,455	10,487,098	8,896,045
Public services	7,420,764	12,268,078	27,833,504	15,758,097	25,187,846	21,172,198	29,754,735	67,048,190	42,025,535	21,050,237
Education	2,883,573	2,684,081	583,784	409,274	17,143,694	17,222,086	25,383,518	24,304,109	23,690,860	24,468,164
Interest	25,412	-	-	-	-	-	-	-	-	-
Subtotal governmental activities	<u>19,225,040</u>	<u>24,118,719</u>	<u>37,090,344</u>	<u>22,819,825</u>	<u>51,361,261</u>	<u>53,053,028</u>	<u>72,099,665</u>	<u>114,304,514</u>	<u>109,670,728</u>	<u>91,217,348</u>
Business-type activities:										
Solid waste	4,225,749	3,602,790	3,319,903	4,925,464	4,721,503	4,442,028	5,753,223	6,554,145	7,292,457	8,658,408
Port	4,114,859	1,369,459	2,374,952	2,191,382	4,389,838	1,850,938	1,876,498	788,678	2,969,549	2,848,880
Subtotal business-type activities	<u>8,340,608</u>	<u>4,972,249</u>	<u>5,694,855</u>	<u>7,116,846</u>	<u>9,111,341</u>	<u>6,292,966</u>	<u>7,629,721</u>	<u>7,342,823</u>	<u>10,262,006</u>	<u>11,507,288</u>
Total primary government	<u>\$ 27,565,648</u>	<u>\$ 29,090,968</u>	<u>\$ 42,785,199</u>	<u>\$ 29,936,671</u>	<u>\$ 60,472,602</u>	<u>\$ 59,345,994</u>	<u>\$ 79,729,386</u>	<u>\$ 121,647,337</u>	<u>\$ 119,932,734</u>	<u>\$ 102,724,636</u>

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

	2007	2008	2009	2010	2011*	2012*	2013	2014	2015	2016
General Fund										
Reserved	\$ 162,825	\$ 214,933	\$ 334,433	\$ 370,359						
Unreserved	33,471,213	40,458,320	50,404,066	56,569,091						
Nonspendable					\$ 609,888	\$ 754,433	\$ 535,315	\$ 797,507	\$ 1,358,788	\$ 2,090,291
Restricted					-	-	-	-	-	-
Committed					35,963,397	30,555,043	32,922,316	31,293,075	31,536,947	29,011,538
Assigned					13,255,252	10,445,811	12,703,069	13,383,261	11,907,107	13,562,914
Unassigned					15,135,905	12,277,156	12,418,295	14,294,595	14,498,345	13,856,608
Total general fund	<u>\$ 33,634,038</u>	<u>\$ 40,673,253</u>	<u>\$ 50,738,499</u>	<u>\$ 56,939,450</u>	<u>\$ 64,964,442</u>	<u>\$ 54,032,443</u>	<u>\$ 58,578,995</u>	<u>\$ 59,768,438</u>	<u>\$ 59,301,187</u>	<u>\$ 58,521,351</u>
All Other Governmental Funds										
Reserved	\$ 24,623,604	\$ 41,031,714	\$ 22,074,484	\$ 15,664,470						
Unreserved, reported in:										
Special revenue funds	12,138,347	12,339,189	16,283,563	19,986,155						
Debt service funds	322,351	373,413	881,904	340,155						
Capital projects funds	44,522,895	24,141,484	38,267,452	40,156,765						
Nonspendable					\$ 417,866	\$ 316,604	\$ 161,997	\$ 503,533	\$ 821,311	\$ 391,023
Restricted					1,087,550	131,923,349	132,496,668	124,092,473	116,689,273	50,892,523
Committed					6,881,400	6,689,183	6,954,633	7,024,812	7,726,329	6,430,783
Assigned					100,523,387	75,850,146	73,504,267	78,158,604	70,779,374	76,828,637
Unassigned (deficit)					(182,245)	(227,590)	(303,377)	(180,108)	(201,255)	(467,984)
Total all other governmental funds	<u>\$ 81,607,197</u>	<u>\$ 77,885,800</u>	<u>\$ 77,507,403</u>	<u>\$ 76,147,545</u>	<u>\$ 108,727,958</u>	<u>\$ 214,551,692</u>	<u>\$ 212,814,188</u>	<u>\$ 209,599,314</u>	<u>\$ 195,815,032</u>	<u>\$ 134,074,982</u>

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

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Taxes										
Property	\$ 83,932,620	\$ 91,308,732	\$ 99,905,339	\$ 105,234,713	\$ 107,616,264	\$ 103,712,415	\$ 109,941,885	\$ 113,979,370	\$ 116,997,572	\$ 123,043,080
Transient accommodations	994,443	1,038,308	1,037,673	1,285,834	957,362	1,084,282	1,099,803	1,113,369	1,117,249	1,205,702
Excise	4,845,770	4,528,494	4,688,563	4,901,735	4,723,063	5,075,644	4,913,901	7,326,269	7,548,977	8,286,431
Intergovernmental	31,062,486	34,195,182	50,554,373	37,670,530	56,442,470	56,583,156	75,538,593	114,234,610	117,684,505	87,801,977
Charges for services	6,367,223	5,926,147	6,270,066	5,660,812	5,898,919	5,411,508	6,869,062	8,340,514	9,055,915	11,691,184
Investment income	8,429,002	6,953,114	3,086,763	773,087	542,742	389,963	573,412	876,148	996,637	364,710
Interest on land sales	117,029	96,192	81,397	79,502	59,575	42,442	25,332	16,009	12,060	22,164
Other revenues	421,751	2,458,760	1,660,498	562,521	457,206	548,879	393,074	743,758	1,415,641	799,151
Total revenues	136,170,324	146,504,929	167,284,672	156,168,734	176,697,601	172,848,289	199,355,062	246,630,047	254,828,556	233,214,399
Expenses										
General government	15,268,807	17,496,266	18,885,357	21,300,784	19,646,372	19,853,424	17,009,544	20,975,235	26,339,550	21,834,903
Public works	2,799,373	3,193,543	3,856,964	3,891,504	3,626,363	4,177,386	4,460,596	4,779,986	7,024,663	6,170,341
Emergency services	13,535,264	15,164,406	14,223,772	15,474,541	16,533,229	18,147,836	20,431,796	18,499,252	22,542,115	22,199,305
Public services	15,390,465	20,360,389	19,914,633	18,332,933	18,551,909	21,755,463	24,006,043	26,361,372	28,220,165	26,434,763
Education	40,580,815	42,150,523	44,918,971	44,451,135	48,601,849	51,177,721	53,532,128	55,565,878	52,764,262	53,773,607
Debt service										
Interest	7,253,073	8,733,002	8,283,862	8,043,372	8,261,914	9,742,827	12,018,693	12,675,315	20,165,000	16,242,549
Principal	7,890,000	9,015,000	10,325,000	10,800,000	11,915,000	13,560,000	17,645,000	18,975,000	14,688,308	22,564,565
Capital outlay	52,160,157	31,737,382	66,452,509	33,947,380	43,987,644	40,718,502	76,112,705	152,317,206	161,810,925	130,600,411
Total expenditures	154,877,954	147,850,511	186,861,068	156,241,649	171,124,280	179,133,159	225,216,505	310,149,244	333,554,988	299,820,444
Excess of revenues over (under) expenditures	(18,707,630)	(1,345,582)	(19,576,396)	(72,915)	5,573,321	(6,284,870)	(25,861,443)	(63,519,197)	(78,726,432)	(66,606,045)
Other Financing Sources (Uses)										
Proceeds from disposal of capital assets	5,558	6,061	13,944	-	12,921	10,756	50,165	34,370	26,427	76,637
Transfers in	34,766,734	35,915,180	34,455,025	35,943,357	40,209,920	51,837,142	54,882,849	54,523,841	53,740,727	56,742,020
Transfers out	(34,475,707)	(37,058,626)	(35,095,150)	(36,008,867)	(40,045,435)	(51,936,582)	(54,882,570)	(54,523,375)	(55,094,747)	(59,329,253)
Bond issuance	75,415,000	5,750,000	19,030,000	-	33,785,000	100,480,000	24,465,000	47,240,000	94,105,000	-
Premium on bond issuance	3,893,629	50,785	859,426	-	1,069,678	10,691,728	4,155,047	5,302,804	12,793,446	-
COP Issuance	-	-	-	-	-	-	-	8,585,000	-	-
Note issuance	-	-	-	-	-	-	-	-	-	6,596,755
Premium on COP issuance	-	-	-	-	-	-	-	331,126	-	-
Payment to refunded debt escrow agent	(38,547,301)	-	-	-	-	(9,906,439)	-	-	(41,095,954)	-
Total other financing sources (uses)	41,057,913	4,663,400	19,263,245	(65,510)	35,032,084	101,176,605	28,670,491	61,493,766	64,474,899	4,086,159
Extraordinary items	-	-	10,000,000	4,979,518	-	-	-	-	-	-
Net change in fund balances	\$ 22,350,283	\$ 3,317,818	\$ 9,686,849	\$ 4,841,093	\$ 40,605,405	\$ 94,891,735	\$ 2,809,048	\$ (2,025,431)	\$ (14,251,533)	\$ (62,519,886)
Debt service as a percentage of noncapital expenditures	14.7%	15.3%	15.5%	15.4%	15.9%	16.8%	19.9%	19.0%	18.2%	12.9%

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

Fiscal Year	(1) Real Property	(1) Personal Property	(1) Less: Tax-Exempt Property	Total Taxable Assessed Value	(1) Total Direct Tax Rate	(2) Estimated Actual Value	Total Taxable Assessed Value as a Percentage of Total Estimated Actual Value
2007	\$ 8,046,203,700	\$ 59,026,332	\$ 1,176,565,700	\$ 6,928,664,332	9.64 %	\$ 7,507,998,500	92.28 %
2008	8,827,752,800	61,494,174	1,231,388,492	7,657,858,482	9.644 %	8,580,916,190	89.24 %
2009	9,160,682,041	66,413,079	1,269,573,453	7,957,521,667	10.326 %	8,697,868,950	91.49 %
2010	9,289,426,297	70,605,851	1,288,187,547	8,071,844,601	9.980 %	8,929,096,710	90.40 %
2011	9,538,236,712	70,594,984	1,399,139,093	8,209,692,603	9.956 %	9,103,817,690	90.18 %
2012	9,844,733,062	71,482,452	1,532,187,448	8,384,028,066	10.051 %	9,063,680,270	92.50 %
2013	10,083,251,287	50,340,319	1,600,527,289	8,533,064,317	9.691 %	9,568,003,300	89.18 %
2014	10,350,396,337	63,442,515	1,711,599,833	8,702,239,019	9.852 %	10,064,353,720	86.47 %
2015	10,700,459,143	52,590,547	1,748,972,499	9,004,077,191	9.662 %	10,268,301,740	87.69 %
2016	11,241,555,014	55,738,480	2,031,032,480	9,266,261,014	9.984 %	10,985,826,830	84.35 %

Sources:

(1) Matanuska-Susitna Borough Finance Department, Division of Assessments.

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

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

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

Fiscal Year	Borough Direct Rate		Overlapping Rates						
	Areawide Borough	Non-areawide Borough	City of Palmer	City of Wasilla	City of Houston	2	4	7	8
2007	9.644	0.351	3.00	-	3.00	2.18	2.98	0.96	8.34
2008	9.644	0.370	3.00	-	3.00	2.35	3.05	1.02	8.48
2009	10.326	0.383	3.00	-	3.00	2.51	3.18	1.08	8.51
2010	9.980	0.429	3.00	-	3.00	2.77	3.55	1.21	8.51
2011	9.956	0.394	3.00	-	3.00	2.94	3.71	1.32	8.51
2012	10.051	0.425	3.00	-	3.00	2.94	3.96	1.32	8.22
2013	9.691	0.489	3.00	-	3.00	3.05	4.06	1.39	4.00
2014	9.852	0.520	3.00	-	3.00	3.05	4.41	1.39	4.00
2015	9.662	0.520	3.00	-	3.00	3.24	4.59	1.39	-
2016	10	0.517	3.00	-	3.00	3.43	4.82	1.07	-

Fiscal Year	Overlapping Rates								
	9	14	15	16	17	19	20	21	23
2007	1.76	1.39	3.49	1.40	2.48	1.89	2.53	2.32	3.18
2008	1.82	1.44	3.83	1.47	2.54	2.08	2.66	2.41	3.36
2009	1.97	1.51	4.13	1.60	2.75	2.23	2.83	2.57	3.48
2010	2.18	1.51	4.11	1.78	2.75	2.46	3.17	2.57	3.82
2011	2.41	1.66	4.11	1.50	2.75	2.62	3.39	2.57	4.01
2012	2.58	1.66	4.11	1.50	2.75	2.51	3.62	2.57	4.29
2013	2.78	1.77	4.10	1.50	2.92	2.51	3.86	2.57	4.59
2014	2.78	1.77	4.10	1.50	2.92	2.51	3.86	2.57	4.59
2015	2.78	1.77	4.10	1.50	2.92	2.51	3.50	2.57	4.59
2016	2.78	1.86	4.10	1.50	2.92	2.51	3.50	2.57	4.59

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

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

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

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

Overlapping Rates								
Fiscal Year	24	25	26	27	28	29	30	31
2007	1.41	1.20	2.27	2.70	1.85	2.22	3.17	2.74
2008	1.51	1.25	2.43	2.76	1.89	2.38	3.28	2.86
2009	1.60	1.33	2.59	2.93	2.01	2.53	3.53	3.12
2010	1.73	1.46	2.86	3.24	2.25	2.73	3.74	3.35
2011	1.84	1.53	3.04	3.24	2.00	2.73	3.74	3.35
2012	1.84	1.61	3.23	3.24	2.00	2.73	3.97	3.68
2013	1.95	1.73	3.45	3.48	2.00	2.89	4.41	3.68
2014	1.95	1.73	3.45	3.48	2.00	2.89	4.41	3.68
2015	2.04	1.73	3.45	3.48	2.00	2.89	4.41	3.68
2016	2.04	1.73	3.45	3.48	2.00	3.01	4.41	3.68

Overlapping Rates									
Fiscal Year	33*	34*	35	69	130	131	132	135	136*
2007	1.76	1.37	0.93	4.57	1.42	2.89	0.65	-	3.13
2008	1.82	1.40	0.96	5.26	1.46	3.06	0.68	-	3.22
2009	1.94	1.49	1.02	5.79	1.56	3.07	0.73	-	3.43
2010	-	-	1.14	6.61	1.72	3.51	0.80	3.00	1.49
2011	-	-	1.21	7.33	1.83	3.47	0.84	3.00	1.56
2012	-	-	1.29	8.21	1.92	3.68	0.88	3.00	1.56
2013	-	-	1.37	9.12	1.97	4.13	0.88	2.96	1.67
2014	-	-	1.46	9.12	1.99	3.24	0.90	2.96	1.67
2015	-	-	1.34	9.12	1.99	3.24	0.90	2.96	1.78
2016	-	-	2.75	9.12	1.99	3.24	0.94	3.21	1.88

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

Taxpayer	2016			2007		
	Taxable Assessed Valuation	Rank	Percentage of Borough's Taxable Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Borough's Taxable Assessed Valuation
Mat-Su Valley Medical Center	101,434,800	1	1.09 %	\$ 109,474,569	1	1.58 %
Enstar Natural Gas	64,525,500	2	0.70 %	41,381,800	2	0.60 %
Fred Meyer Stores, Inc.	44,033,202	3	0.48 %	37,719,202	3	0.54 %
Alaska Hotel Properties, Inc.	42,041,500	4	0.45 %	25,553,100	5	0.37 %
GCI Cable/Alaska Wireless	31,570,300	5	0.34 %	-	-	- %
Wal-Mart Stores, Inc.	29,941,116	6	0.32 %	26,213,769	4	0.38 %
Cook Inlet Region, Inc.	27,808,980	7	0.30 %	17,338,200	9	0.25 %
Global Finance & Investments S.A./Gary Lundgren	24,809,000	8	0.27 %	16,807,300	10	0.24 %
DBC, LLC/Target	22,139,449	9	0.24 %	-	-	- %
C5, LLC/C-4 Properties, LLC/Double B, LLC	18,525,600	10	0.20 %	-	-	- %
Lowe's HIW Inc.	-		- %	21,950,823	7	0.32 %
Alaska Pipeline Co.	-		- %	24,884,800	6	0.36 %
Wasilla LLC/Pioneer Square LLC	-		- %	17,742,100	8	0.26 %
Total	406,829,447		4.39 %	\$ 339,065,663		4.90 %

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

Note: Includes real and personal property.

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

Fiscal Year	Tax Levy	Unfunded Senior Citizens and Disabled Veterans Levy	Net Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Net Levy		Amount	Percentage of Net Levy
2007	\$ 87,063,129	\$ 5,264,801	\$ 81,798,328	\$ 77,652,943	94.93	4,045,040	\$ 81,697,983	99.88 %
2008	97,208,979	5,841,939	91,367,040	87,627,539	95.91	3,611,745	91,239,284	99.86 %
2009	107,223,469	6,790,265	100,433,204	96,318,045	95.90	3,920,985	100,239,030	99.81 %
2010	108,123,032	7,386,682	100,736,350	97,109,667	96.40	3,336,857	100,446,524	99.71 %
2011	110,203,515	7,743,976	102,459,539	98,954,998	96.58	3,035,860	101,990,858	99.54 %
2012	114,442,314	8,325,740	106,116,574	101,881,857	96.01	3,423,065	105,304,922	99.24 %
2013	114,904,572	8,834,593	106,069,979	102,321,617	96.47	2,646,586	104,968,203	98.96 %
2014	118,906,810	8,920,224	109,986,586	106,109,708	96.48	2,240,528	108,350,236	98.51 %
2015	121,650,445	9,906,339	111,744,106	108,285,996	96.91	1,226,925	109,512,921	98.00 %
2016	130,590,976	11,295,573	119,295,403	116,527,024	97.68	-	116,527,024	97.68 %

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

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

Fiscal Year	Governmental Activities					Business-type Activities			Total Primary Government	Percentage of Personal Income*	Per Capita*
	General Obligation Bonds	Certificates of Participation	Notes Payable	Unamortized Bond premium	Capital Leases	General Obligation Bonds	Notes Payable	Unamortized Bond premium			
2007	\$ 171,240,000	\$ 3,590,000	\$ -	\$ 6,343,361	\$ 45,085	\$ 8,785,000	\$ -	\$ 161,436	\$ 190,164,882	7.30	2,464
2008	162,545,000	9,020,000	294,958	5,748,621	18,938	8,410,000	995,155	151,940	187,184,612	6.60	2,337
2009	171,850,000	8,420,000	282,203	6,006,827	-	8,025,000	3,984,802	142,444	198,711,276	6.02	2,408
2010	161,695,000	7,775,000	282,993	5,363,354	-	7,630,000	3,951,150	132,948	186,830,445	5.49	2,216
2011	184,240,000	7,100,000	359,063	5,812,872	-	7,220,000	4,606,769	123,452	209,462,156	5.74	2,354
2012	262,845,000	6,390,000	347,777	15,848,933	-	6,665,000	4,561,767	684,094	297,342,571	7.72	3,243
2013	270,410,000	5,645,000	329,698	18,592,433	-	6,200,000	4,434,462	625,457	306,237,050	7.19	3,265
2014	299,455,000	13,450,000	311,347	22,851,440	-	5,735,000	4,346,366	566,821	346,715,974	7.90	3,609
2015	335,920,000	12,195,000	292,721	33,411,389	-	5,250,000	4,395,179	508,184	391,972,473	N/A	3,997
2016	314,755,000	10,885,000	6,781,005	30,910,711	-	4,750,000	6,147,994	449,547	374,679,257	N/A	3,740

N/A - Not available

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

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

<u>Net General Bonded Debt Outstanding</u>						
<u>Fiscal Year</u>	<u>General Obligation Bonds (Including unamortized bond premiums)</u>	<u>Debt Service Monies Available</u>	<u>Total</u>	<u>Percentage of Total Taxable Assessed Value of Property*</u>	<u>Per Capita**</u>	
2007	\$ 186,529,797	\$ 258,294	\$ 186,271,503	2.69	2,329	
2008	176,855,561	291,064	176,564,497	2.31	2,131	
2009	186,024,271	791,345	185,232,926	2.33	2,170	
2010	174,821,302	291,195	174,530,107	2.16	2,005	
2011	197,396,324	1,016,788	196,379,536	2.39	2,140	
2012	286,043,027	1,038,091	285,004,936	3.40	2,928	
2013	295,827,890	1,041,305	294,786,585	3.45	2,938	
2014	328,608,261	1,106,592	327,501,669	3.76	3,105	
2015	375,089,573	1,100,905	373,988,668	4.15	3,414	
2016	350,865,258	957,077	349,908,181	3.78	3,493	

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

*See Schedule 6 for property value data.

**See Schedule 15 for personal income and population data.

MATANUSKA-SUSITNA BOROUGH
Direct and Overlapping Debt
As of June 30, 2016

Governmental Unit	Debt Outstanding	Percentage Applicable to the Governmental Unit	Share of Direct and Overlapping Debt
Education Debt	\$ 285,285,000	100%	\$ 285,285,000
Certificates of Participations-Public Safety Building	7,700,000	100%	7,700,000
Certificates of Participations-Animal Care Facility	3,185,000	100%	3,185,000
Notes Payable-AK Clean Water Fund Loans	273,815	100%	273,815
Notes Payable-USDA	6,081,755	100%	6,081,755
Notes Payable-University of Alaska	425,435	100%	425,435
Parks and Recreation	1,465,000	100%	1,465,000
Transportation	28,005,000	100%	28,005,000
	<u>332,421,005</u>		<u>332,421,005</u>
Unamortized bond premiums	30,910,711	100%	30,910,711
Total	<u>\$ 363,331,716</u>		<u>\$ 363,331,716</u>
Cities Within the Borough, (Palmer and Wasilla) General Obligation Bonds as of June 30, 2016			
Palmer Ice Rink	\$ 785,000	100%	\$ 785,000
Wasilla Road Improvements	1,185,000	100%	1,185,000
Total	<u>\$ 1,970,000</u>		<u>\$ 1,970,000</u>
Net Direct and Overlapping Debt			<u>\$ 365,301,716</u>

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

Note 2: All debt outstanding is related to the Matanuska-Susitna Borough's governmental activities.

MATANUSKA-SUSITNA BOROUGH
General Obligation Debt
As of June 30, 2016

Total Direct Debt	\$ 363,331,716
Total Overlapping Debt	<u>1,970,000</u>
Total Direct and Overlapping Debt	365,301,716
FY2016 Certified Taxable Assessed Value	9,266,261,014
FY2016 Estimated Borough Population*	100,178
Ratio of:	
Direct Debt to FY2016 Certified Taxable Assessed Value	3.92%
Direct and Overlapping Debt to FY2016 Certified Taxable Assessed Value	3.94%
Per Capita:	
FY2016 Certified Taxable Assessed Value	\$ 92,498
Direct Debt	3,627
Direct Debt and Overlapping Debt	3,647
Debt Amortization:	
Within 5 years	33%
Within 10 years	62%

Source -

*Alaska Department of Labor, Research and Analysis Division

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

Legal Debt Margin Calculation for Fiscal Year 2016

Total taxable assessed value	\$ 9,266,261,014
Debt Limit (7% of total taxable assessed value)	648,638,271
Total debt applicable to limit	<u>319,505,000</u>
Legal debt margin	<u>\$ 329,133,271</u>

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt Limit	\$ 485,006,503	\$ 536,050,094	\$ 557,026,517	\$ 565,029,122	\$ 574,678,482	\$ 586,881,965	\$ 597,314,502	\$ 625,791,775	\$ 630,285,043	\$ 648,638,271
Total debt applicable to limit	<u>180,025,000</u>	<u>170,955,000</u>	<u>179,875,000</u>	<u>169,325,000</u>	<u>191,460,000</u>	<u>269,510,000</u>	<u>295,827,890</u>	<u>299,455,000</u>	<u>335,920,000</u>	<u>319,505,000</u>
Legal debt margin	<u>\$ 304,981,503</u>	<u>\$ 365,095,094</u>	<u>\$ 377,151,517</u>	<u>\$ 395,704,122</u>	<u>\$ 383,218,482</u>	<u>\$ 317,371,965</u>	<u>\$ 301,486,612</u>	<u>\$ 326,336,775</u>	<u>\$ 294,365,043</u>	<u>\$ 329,133,271</u>
Total debt applicable to the as a percentage of debt limit	37%	32%	32%	30%	33%	46%	50%	48%	53%	49%

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

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

Fiscal Year	(1) Population	(2) Personal Income <i>(thousands of dollars)</i>	Per Capita Income	(3) School Enrollment	(4) Unemployment Rate
2007	77,174	2,603,465	33,735	15,847	7.4 %
2008	80,088	2,834,775	35,396	16,115	7.4 %
2009	82,515	3,298,218	39,971	16,464	8.8 %
2010	84,314	3,403,299	40,365	16,653	9.6 %
2011	88,995	3,649,774	41,011	16,962	8.9 %
2012	91,697	3,852,961	42,018	17,338	8.6 %
2013	93,801	4,257,875	45,333	17,247	7.3 %
2014	96,074	4,387,086	44,820	17,500	7.2 %
2015	98,063	N/A	N/A	17,757	8.6 %
2016	100,178	N/A	N/A	18,745	8.1 %

N/A - Not available

Sources:

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

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

<u>Employer Type</u>	<u>2016</u>		<u>2007</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Trade, Transportation, and Utilities	4,970	1	4,350	1
Educational and Health Services	4,159	2	2,900	2
Local Government	3,293	3	2,456	3
Leisure and Hospitality	2,759	4	2,301	4
Construction	2,058	5	1,602	5
State Government	1,545	6	1,002	6
Professional and Business Services	1,237	7	856	7
Financial Activities	772	8	744	8
Information	444	10	663	9
Other Services	768	9	601	10
Manufacturing	422	11	246	11
Federal Government	213	12	199	12
Natural Resources and Mining	171	13	96	13
Unclassified Employers	25	14	22	14
Total	<u>22,836</u>		<u>18,038</u>	

Source: Alaska Department of Labor, Research and Analysis

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

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

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General government	114.020	123.520	131.520	132.500	136.280	148.550	149.700	145.590	141.000	141.850
Public works	48.000	50.000	51.000	52.000	51.000	54.000	54.000	54.010	63.000	66.010
Emergency services	41.980	46.980	50.730	49.750	50.650	45.000	49.850	51.850	62.850	71.850
Public services	41.530	41.530	41.690	41.690	36.590	36.690	36.940	37.290	36.090	34.490
Total	<u>245.530</u>	<u>262.030</u>	<u>274.940</u>	<u>275.940</u>	<u>274.520</u>	<u>284.240</u>	<u>290.490</u>	<u>288.740</u>	<u>302.940</u>	<u>314.200</u>

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

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

<u>Function/Program</u>	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government										
Planning										
Comprehensive and special land use district plans in process	11	13	11	11	4	4	4	3	3	2
Finance										
Number of purchasing solicitations processed	203	166	170	150	158	202	156	168	163	138
Number of vendor/employee payments processed	24,903	28,580	26,057	26,493	27,387	27,665	27,386	27,474	27,824	28,708
Collections of delinquent land lease accounts (in dollars)	194,033	58,552	64,578	87,263	156,842	100,463	114,934	61,108	82,719	73,410
Real property assessments	72,841	73,947	74,588	74,990	75,321	75,540	75,913	76,283	76,744	77,334
Property sales analyzed for assessment purposes	2,409	2,762	2,911	2,453	1,503	1,560	1,628	3,413	4,560	4,766
Code Compliance										
Code violation complaints received	386	428	230	265	578	237	246	373	339	330
Public works										
Road maintenance (monthly average)										
Citizen requests for repairs requiring action	234	164	165	141	158	333	285	225	148	180
Surveying and right-of-way										
Platting actions	202	164	99	88	65	77	98	92	130	158
Utility permits issued	478	441	378	275	323	293	335	358	526	481
Driveway permits issued	450	538	371	291	483	553	615	608	634	716
Construction permits issued	29	46	24	33	23	12	49	55	47	36
Encroachment permits issued	9	15	32	36	11	3	19	21	64	32
Solid waste disposal										
Loads hauled from transfer sites to Central Landfill	1,563	1,501	1,368	1,490	1,415	1,349	1,444	1,532	1,421	1,198
Refuse collected through community clean-up efforts (in tons)	292	198	158	192	205	63	122	80	181	194
Abandoned vehicles removed	273	334	381	366	529	130	137	115	48	98
Hazardous waste processed (in pounds)	114,590	618,180	589,078	625,000	102,672	85,664	136,533	156,735	149,227	162,266
Emergency services										
Ambulance Runs										
Ambulance runs	5,349	5,558	4,890	4,894	5,380	5,971	6,314	7,972	8,272	8,500
Animal Shelter										
Animals lodged at shelter	3,672	3,502	3,377	3,494	3,994	3,786	3,219	3,159	2,581	2,822
Animals adopted to new homes	1,029	1,273	1,405	1,534	1,645	1,457	1,364	1,266	1,220	1,371
Animals adopted by local rescue groups	301	231	134	216	402	455	462	420	258	269
Animals euthanized at shelter	1,519	1,336	1,123	832	1,000	675	469	568	393	543
Public services										
Land and resource management (cumulative unless otherwise noted)										
Trails dedicated (in miles)	2,061	2,092	2,092	2,098	2,140	2,141	2,209	2,209	2,209	2,215
Asset management plans completed for Borough owned land (in acres)	20,332	20,332	20,332	20,332	164,018	164,018	164,018	164,018	164,018	164,018
Land classifications (in acres)	190,230	190,691	190,691	208,465	352,165	361,320	361,428	361,846	362,266	362,878
Parcels sold (annually)	114	29	36	43	17	9	28	37	43	53
Community enrichment and development										
Community enrichment class varieties offered	83	47	68	69	79	52	44	35	32	37
Total contact hours with public	1,179	1,035	830	1,302	1,464	1,280	794	673	445	497
Libraries										
Participants in summer reading program	2,713	2,848	2,446	3,820	2,865	2,552	2,982	2,693	2,095	2,465
Participants in pre-school story time	1,857	3,345	2,672	3,382	3,683	3,511	2,464	2,470	2,252	2,411
Volunteer hours utilized	2,218	1,866	1,839	2,311	3,193	2,649	3,466	1,808	1,954	1,764
Pools										
Participants in swim lesson programs (quarterly average)	673	538	747	696	708	650	711	1,220	1,061	1,234

N/A - Not available

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

Notes: The above indicators should not be construed as the only functions/programs being provided by the Borough as it is only a listing of those functions/programs for which operating indicators have been established and are available for.

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

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General government										
Administration and related buildings	3	3	3	3	3	3	3	3	3	2
Public works										
Utility trailers	6	6	6	6	6	11	11	11	11	11
Paving and Heavy Equipment	-	-	-	-	-	-	-	-	-	5
Paved roads (miles)	254	261	270	279	287	291	295	303	308	315
Bridges	23	23	23	23	23	23	23	23	26	27
Public works and related buildings	-	1	1	1	1	1	3	3	4	4
Emergency services										
Ambulances	22	22	27	28	27	30	30	29	31	31
Fire pumper/tankers	47	54	57	57	61	64	67	68	69	69
Tractors, forklifts, and related equipment	2	2	3	6	8	12	12	12	12	12
Utility/Rescue trailers	5	5	10	12	14	16	16	17	19	19
Rescue vehicles	20	24	25	26	29	29	31	31	31	31
Trucks and utility vehicles	59	61	64	74	75	80	81	81	85	85
Rescue boats	1	1	1	2	2	2	2	2	3	3
ATVs and snowmobiles	8	8	20	23	26	29	29	30	31	31
Public safety and related buildings	27	27	27	27	29	30	32	33	36	36
Public services										
Tractors, forklifts, and related equipment	9	17	17	17	17	20	23	22	22	23
Utility trailers	5	5	5	5	5	5	7	8	9	12
Trucks and utility vehicles	7	16	23	25	26	29	31	34	30	29
ATVs and snowmobiles	7	7	7	7	8	8	8	8	11	15
Riverboats	1	1	1	1	1	1	1	1	1	1
Community buildings (libraries, ice arenas, etc.)	12	12	12	13	13	13	14	14	14	15
Education										
Schools and related buildings	47	47	47	48	51	52	53	55	56	57

Source: Matanuska-Susitna Borough capital asset records.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Matanuska-Susitna Borough as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Matanuska-Susitna Borough's basic financial statements, and have issued our report thereon dated January 30, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying *schedule of findings and questioned costs* that we consider to be a significant deficiency (2016-001).

Compliance and Other Matters

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

Matanuska-Susitna Borough's Response to Findings

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

Purpose of this Report

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

BDO USA, LLP

Anchorage, Alaska
January 30, 2017



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

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

Report on Compliance for Each Major Federal Program

We have audited Matanuska-Susitna Borough's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Matanuska-Susitna Borough's major federal programs for the year ended June 30, 2016. Matanuska-Susitna Borough's major federal programs are identified in the accompanying Schedule of Findings and Questioned Costs.

Matanuska-Susitna Borough's basic financial statements include the operations of the Matanuska-Susitna Borough School District which received \$17,782,979 in federal awards which is not included in Matanuska-Susitna Borough's Schedule of Expenditures of Federal Awards during the year ended June 30, 2016. 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 Uniform Guidance.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Matanuska-Susitna Borough's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Matanuska-Susitna Borough's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Matanuska-Susitna Borough complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

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

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

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

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

BDO USA, LLP

Anchorage, Alaska
January 30, 2017



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

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

Report on Compliance for Each Major State Program

We have audited Matanuska-Susitna Borough's compliance with the types of compliance requirements described in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that could have a direct and material effect on each of Matanuska-Susitna Borough's major state programs for the year ended June 30, 2016. 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 \$199,807,015 in state awards which is not included in Matanuska-Susitna Borough's Schedule of State Financial Assistance during the year ended June 30, 2016. 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, 2016.

Report on Internal Control Over Compliance

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

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

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

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

BDO USA, LLP

Anchorage, Alaska
January 30, 2017

Matanuska-Susitna Borough, Alaska

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2016**

Section I - Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiency(ies) identified?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> (none reported)

Noncompliance material to financial statements noted? yes no

Federal Financial Assistance

Internal control over major federal programs:

Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiency(ies) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> (none reported)

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

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

Identification of major federal programs:

<i>CFDA Number</i>	<i>Name of Federal Program or Cluster</i>
15.226	Payment in Lieu of Taxes
10.766	Community Facilities Loans and Grant Cluster

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

Auditee qualified as low-risk auditee? yes no

State Financial Assistance

Internal control over major state programs:

Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiency(ies) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> (none reported)

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

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

Matanuska-Susitna Borough, Alaska

Schedule of Findings and Questioned Costs, continued Year Ended June 30, 2016

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

2016-001	<i>Closing of Books and Records - Significant Deficiency</i>
Criteria:	Adequate internal control over financial reporting should ensure complete closing of the books and records to produce timely financial statements.
Condition:	The auditors identified several journal entries after the start of the audit. Several other entries that were required to complete the closing of the books and records were recorded by management after the initial audit fieldwork was completed.
Context:	There were two contractor invoices that were identified during audit fieldwork. In addition, the accounting treatment related to several significant transactions was not fully vetted in advance of the audit. Finally, various reconciliations and entries to close the books and records were recorded by management related to internal allocations of investment income and interfund charges, revenues and receivables, agency fund transactions, transfers, and port fixed assets.
Effect:	Adjustments were required to correctly close the books and records.
Cause:	The Borough experience turnover in the finance department in 2016, including a supervisory accounts payable position and the Chief Financial Officer. Several of the reconciliations and reviews were performed in the past by these individuals. Also, there were several significant and/or unusual transactions this year (Twindly Bridge receivable, Fronteras School lease, ferry repairs, landfill closure liability adjustments), which required significant research and effort.
Recommendation:	We recommend a more complete and comprehensive close schedule be established and aligned with the schedule for the audit fieldwork and CAFR preparation. This would help to match the timing of the audit testing procedures with the closing of individual accounts and balances. This schedule should include a review of larger invoices that are paid after year end for proper accrual. In addition, we recommend the Borough prepare a more formal accounting treatment memo for each significant and/or unusual transaction that occurs. These memos can be distributed to the various departments or component units that are affected by the transaction to ensure all of the elements are considered. The auditor can certainly assist in a technical advisory capacity on these memos in draft form. Once the accounting treatment is fully vetted and documented, the Borough can record these transactions as they occur. These memos will also serve as a good historical context should the accounting treatment be reviewed in the future.
Views of responsible officials and planned corrective actions:	See the corrective action plan.

Matanuska-Susitna Borough, Alaska

Schedule of Findings and Questioned Costs, continued Year Ended June 30, 2016

Section III - Federal Award Findings and Questioned Costs

There were no findings and questioned costs for federal awards (as defined in 2 CFR 200.516(a)) that are required to be reported.

Section IV - State Award Findings and Questioned Costs

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

Matanuska-Susitna Borough, Alaska

Summary Schedule of Prior Audit Findings Year Ended June 30, 2016

Government Auditing Standards Findings

Finding 2015-001	Cash and Investment Reconciliations - Material Weakness
<i>Condition:</i>	Cash and investments were not properly reconciled and adjusted timely for the year end close.
<i>Status:</i>	This Finding has been corrected in FY16.
Finding 2015-002	Timely Close and Review- Significant Deficiency
<i>Condition:</i>	Not all accounts were fully closed and reconciled prior to the audit. Certain accounts, which were closed and adjusted, contained posting errors. Other accounts did not have adequate supporting schedule prepared or available for the audit.
<i>Status:</i>	This Finding has been incorporated in finding 2016-003.
Finding 2015-003	Accounting for Amortization of Landfill Cells - Material Weakness
<i>Condition:</i>	Landfill cells were not being amortized over their estimated useful lives.
<i>Status:</i>	This Finding has been corrected in FY16.

Federal Award Findings and Questioned Costs

There were no prior year audit findings.

State of Alaska Award Findings and Questioned Costs

There were no prior year audit findings.



MATANUSKA-SUSITNA BOROUGH

Department of Finance

350 East Dahlia Avenue • Palmer, AK 99645

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Corrective Action Plan Year Ended June 30, 2016

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

Finding 2016-001

Closing of Books and Records

Corrective Action:

The Borough will continue to streamline its year end closing processes. Some of the closing processes cannot be done until the middle to the end of September, which is historically when the audit is scheduled. The Borough will work with the audit team to come up with a schedule that is more conducive to both the Borough and the auditors. A reasonable solution is to break up the audit schedule so that the auditors begin the audit at the end of September, and then return the end of the following month for the completion of the audit.

A workflow will be documented and implemented for the year end closing and review of post-year end invoices to ensure the proper accounting of the expenditures. Such procedures should eliminate errors even with future turnover in staff.

There were several unusual transactions that occurred during Fiscal Year 2016, and in the future, as these circumstances arise the Borough will research and determine the proper accounting treatment. One of the transactions was determined by the Borough to be conduit debt, of which the auditor agreed. Upon further research, it was determined that this was not the case. To mitigate this in the future, the Borough will provide this information to the auditors in advance of the audit. Discussions and decisions as to the accounting treatment would then be dealt with before the audit.

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Matanuska Susitna Borough, Alaska
Department of Health and Social Services
Human Services Community Matching Grants
605-231-1603
Schedule of Revenues and Expenditures - Budget and Actual
Grant Period Ended June 30, 2016

	Total Expenditures	Budget	Variance
Revenues			
State of Alaska	\$ 279,486	\$ 279,486	\$ -
Matanuska-Susitna Borough	119,780	119,780	-
Total Revenues	399,266	399,266	-
Expenditures - Other Costs	\$ 399,266	\$ 399,266	\$ -

See accompanying independent auditors' report.

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

Statement of Net Position

<i>June 30, 2016</i>	Governmental Activities
Assets and Deferred Outflows of Resources	
Assets	
Cash and investments	\$ 25,972,472
Accounts receivable:	
Federal and state grants	3,916,726
Other	1,217,638
Receivable from the Borough	558,709
Inventory	1,756,492
Prepaid items	572,484
Capital assets, net of accumulated depreciation	19,419,917
Total Assets	53,414,438
Deferred Outflows of Resources - pension related	34,572,801
Total Assets and Deferred Outflows of Resources	\$ 87,987,239
Liabilities, Deferred Inflows of Resources and Net Position	
Liabilities	
Accounts payable	\$ 2,648,775
Accrued payroll and related liabilities	7,256,961
Unearned revenue	1,094,423
Insurance claims incurred but not reported	684,950
Noncurrent liabilities:	
Capital lease payable- due within one year	400,000
Capital lease payable - due in more than one year	7,300,000
Accrued leave - due within one year	3,768,208
Net pension liability - due in more than one year	150,612,124
Total Liabilities	173,765,441
Deferred Inflows of Resources - pension related	2,604,857
Net Position	
Net investment in capital assets	19,419,917
Restricted	1,227,235
Unrestricted (deficit)	(109,030,211)
Total Net Position	(88,383,059)
Total Liabilities, Deferred Inflows of Resources of Resources and Net Position	\$ 87,987,239

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

Statement of Activities

<i>Year Ended June 30, 2016</i>	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contri- butions	
Governmental Activities				
Instruction	\$ 122,469,569	\$ -	\$ 19,158,014	\$ (103,311,555)
Special education instruction	48,649,106	-	8,658,705	(39,990,401)
Special education support services - students	16,189,170	-	2,239,466	(13,949,704)
Support services - students	12,929,378	-	2,035,147	(10,894,231)
Support services - instruction	14,381,217	-	4,143,125	(10,238,092)
School administration	11,442,708	-	723,538	(10,719,170)
School administration support services	12,952,086	-	545,863	(12,406,223)
District administration	2,676,091	-	1,027,593	(1,648,498)
District administration support services	16,529,327	-	920,876	(15,608,451)
Operations and maintenance of plant	29,164,991	-	817,850	(28,347,141)
Student activities	3,911,398	-	387,040	(3,524,358)
Student transportation	17,055,480	-	16,591,987	(463,493)
Community services	19,978	-	20,858	880
Food services	6,775,158	1,039,643	5,084,232	(651,283)
Construction and facilities acquisition	731,402	-	51,372	(680,030)
Total Governmental Activities	\$ 315,877,059	\$ 1,039,643	\$ 62,405,666	(252,431,750)

General Revenues

Borough contribution	52,665,941
State grants and entitlements not restricted to a specific purpose	164,091,360
E-rate	2,437,337
Medicaid reimbursement	1,066,987
Out of district reimbursement	1,797,802
Other	699,698

Total General Revenues 222,759,125

Change in net position (29,672,625)

Net Position, beginning of year (58,710,434)

Net Position, end of year **\$ (88,383,059)**

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

Governmental Funds
Balance Sheet

	Major Funds			
	General	Capital Improvement Projects Capital Project	Nonmajor Funds	Total Govern- mental Funds
<i>June 30, 2016</i>				
Assets				
Cash and investments	\$ 15,182,293	\$ 4,951,662	\$ 3,030,478	\$ 23,164,433
Accounts receivable:				
Federal and state grants	-	-	3,916,726	3,916,726
Other	1,154,314	-	580,180	1,734,494
Inventory	1,193,353	-	563,139	1,756,492
Prepaid items	570,484	-	-	570,484
Due from other funds	6,115,206	-	-	6,115,206
Total Assets	\$ 24,215,650	\$ 4,951,662	\$ 8,090,523	\$ 37,257,835
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 2,241,981	\$ 94,533	\$ 300,976	\$ 2,637,490
Accrued payroll and related liabilities	7,256,961	-	-	7,256,961
Unearned revenue	1,275	-	1,091,645	1,092,920
Due to other funds	-	-	4,269,865	4,269,865
Total Liabilities	9,500,217	94,533	5,662,486	15,257,236
Fund Balances				
Nonspendable	1,763,837	-	563,139	2,326,976
Restricted	1,221,455	-	5,780	1,227,235
Committed	500,000	4,857,129	-	5,357,129
Assigned	-	-	1,859,118	1,859,118
Unassigned	11,230,141	-	-	11,230,141
Total Fund Balances	14,715,433	4,857,129	2,428,037	22,000,599
Total Liabilities and Fund Balances	\$ 24,215,650	\$ 4,951,662	\$ 8,090,523	\$ 37,257,835

Matanuska-Susitna Borough School District
(A Component Unit of the Matanuska-Susitna Borough)
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2016

Total fund balances of governmental funds		\$ 22,000,599
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets net of accumulated depreciation used in governmental activities are not financial resources and therefore are not reported in the funds.		
Buildings	\$ 8,100,000	
Furnishings and equipment	21,380,963	
Accumulated depreciation	<u>(10,061,046)</u>	
Total capital assets		<u>19,419,917</u>
Long-term liabilities are not due and payable in the current period and therefore are not reported as fund liabilities.		
Long-term liabilities reported in these statements consist of:		
Accrued leave	(3,768,208)	
Capital lease payable	(7,700,000)	
Net pension liability	<u>(150,612,124)</u>	
Total long-term liabilities		<u>(162,080,332)</u>
Certain changes in net pension liabilities are deferred rather than recognized immediately. These are amortized over time.		
Deferred outflows of resources related to pensions	34,572,801	
Deferred inflows of resources related to pensions	<u>(2,604,857)</u>	
Total deferred pension items		<u>31,967,944</u>
Amounts reported in the Proprietary Funds of the District are used to support ongoing educational programs. Their activities are appropriately recorded with governmental activities in the statement of net position.		
		<u>308,813</u>
Net Position of Governmental Activities		<u>\$ (88,383,059)</u>

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

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

Year Ended June 30, 2016	Major Funds			Total Govern- mental Funds
	General	Capital Improvement Projects Capital Project	Nonmajor Funds	
Revenues				
Local sources:				
Borough appropriation	\$ 52,665,941	\$ -	\$ -	\$ 52,665,941
Other local	2,497,500	-	1,254,382	3,751,882
Borough capital projects	-	-	5,722,878	5,722,878
State of Alaska	182,011,451	-	17,834,064	199,845,515
Federal sources:				
E-rate	2,437,337	-	-	2,437,337
Medicaid reimbursement	1,066,987	-	-	1,066,987
Direct grants	-	-	778,384	778,384
Grants passed through the State of Alaska	-	-	16,843,876	16,843,876
Grants passed through intermediate agencies	-	-	259,329	259,329
Total Revenues	240,679,216	-	42,692,913	283,372,129
Expenditures				
Current:				
Instruction	102,766,001	23,624	5,342,643	108,132,268
Special education instruction	36,142,304	-	2,988,424	39,130,728
Special education support services - students	14,770,451	-	1,412,891	16,183,342
Support services - students	9,446,012	-	407,427	9,853,439
Support services - instruction	10,384,382	-	3,149,986	13,534,368
School administration	9,668,211	-	243,760	9,911,971
School administration support services	10,699,171	-	-	10,699,171
District administration	1,839,404	-	483,271	2,322,675
District administration support services	14,606,843	-	515,678	15,122,521
Operations and maintenance of plant	25,812,703	-	316,797	26,129,500
Student activities	3,534,412	-	-	3,534,412
Student transportation	786,645	-	16,265,183	17,051,828
Community services	-	-	20,854	20,854
Food services	6,748	-	6,794,975	6,801,723
Construction and facilities acquisition	160,391	3,748,367	5,132,700	9,041,458
Total Expenditures	240,623,678	3,771,991	43,074,589	287,470,258
Excess (deficiency) of revenues over expenditures	55,538	(3,771,991)	(381,676)	(4,098,129)
Other Financing Sources (Uses)				
Transfers in	-	1,975,000	671,100	2,646,100
Transfers out	(2,646,100)	-	-	(2,646,100)
Net Other Financing Sources (Uses)	(2,646,100)	1,975,000	671,100	-
Net change in fund balances	(2,590,562)	(1,796,991)	289,424	(4,098,129)
Fund Balances, beginning of year	17,305,995	6,654,120	2,138,613	26,098,728
Fund Balances, end of year	\$ 14,715,433	\$ 4,857,129	\$ 2,428,037	\$ 22,000,599

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

**Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities**
Year Ended June 30, 2016

Net change in fund balances - total governmental funds \$ (4,098,129)

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

Governmental funds report capital outlays as expenditures.

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

Capital outlay	\$ 5,701,499	
Depreciation expense	<u>(1,855,149)</u>	
		3,846,350

Amounts reported in the Proprietary Funds of the District are used to support ongoing educational programs. Their activities are appropriately recorded with governmental activities in the statement of activities.

105,234

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

Revenues	5,722,878	
Expenditures	<u>(5,722,878)</u>	
		-

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

(29,849,270)

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

323,190

Change in Net Position of Governmental Activities

\$ (29,672,625)

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

Proprietary Funds
Statement of Net Position

	Governmental Activities	
	Nonmajor Enterprise Funds	Internal Service Fund
<i>June 30, 2016</i>		
Assets		
Current:		
Cash and investments	\$ 308,316	\$ 2,499,723
Accounts receivable	-	41,853
Prepaid items	2,000	-
Total Assets	\$ 310,316	\$ 2,541,576
Liabilities and Net Position		
Current Liabilities		
Accounts payable	\$ -	\$ 11,285
Due to other funds	-	1,845,341
Unearned revenue	1,503	-
Insurance claims incurred but not reported	-	684,950
Total Current Liabilities	1,503	2,541,576
Net Position - unrestricted	308,813	-
Total Liabilities and Net Position	\$ 310,316	\$ 2,541,576

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

Proprietary Funds

Statement of Revenues, Expenses and Changes in Net Position

	Governmental Activities	
	Nonmajor Enterprise Funds	Internal Service Fund
<i>Year Ended June 30, 2016</i>		
Operating Revenues		
Interfund charges	\$ -	\$ 1,557,287
Sales	451,980	-
Total Operating Revenues	451,980	1,557,287
Operating Expenses		
Claims expense	-	1,070,773
Instruction	346,552	-
Support services - instruction	194	-
General and administrative	-	486,708
Total Operating Expenses	346,746	1,557,481
Operating income (loss)	105,234	(194)
Non Operating Revenue - interest income	-	194
Change in net position	105,234	-
Net Position, beginning of year	203,579	-
Net Position, end of year	\$ 308,813	\$ -

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

Proprietary Funds
Statement of Cash Flows

	Governmental Activities	
	Nonmajor Enterprise Funds	Internal Service Fund
<i>Year Ended June 30, 2016</i>		
Cash Flows from Operating Activities		
Receipts from interfund charges	\$ -	\$ 2,649,682
Receipts from customers and users	457,042	-
Payments to suppliers	(287,326)	(1,983,541)
Net cash flows from operating activities	169,716	666,141
Cash Flows from Investing Activities		
Interest received	-	194
Net increase in cash and cash equivalents	169,716	666,335
Cash and Cash Equivalents, beginning of year	138,600	1,833,388
Cash and Cash Equivalents, end of year	\$ 308,316	\$ 2,499,723
Reconciliation of Operating Loss to Net Cash Flows for Operating Activities		
Operating income (loss)	\$ 105,234	\$ (194)
Adjustments to reconcile operating loss to net cash flows for operating activities:		
Decrease in inventories	225,148	-
Increase (decrease) in due to other funds	(23,567)	1,134,248
Increase (decrease) in accounts receivable	5,100	(41,853)
Decrease in accounts payable	(2)	(1,670)
Decrease in unearned revenue	(142,197)	-
Decrease in insurance claims incurred but not reported	-	(424,390)
Total adjustments	64,482	666,335
Net Cash Flows from Operating Activities	\$ 169,716	\$ 666,141

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

Student Activities Agency Fund
Statement of Fiduciary Assets and Liabilities

Year Ended June 30, 2016

Assets

Cash and investments	\$ 1,929,654
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Liabilities

Due to student activities and community schools	\$ 1,929,654
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