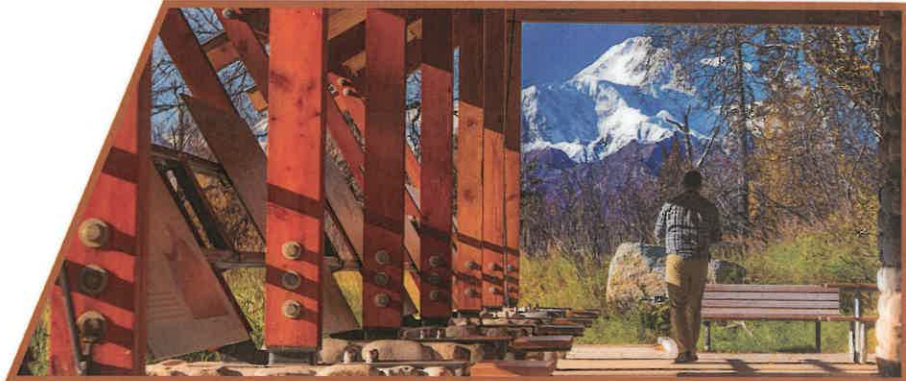


MATANUSKA-SUSITNA BOROUGH



COMPREHENSIVE ANNUAL FINANCIAL REPORT For the Fiscal Year Ending June 30, 2018



Photos: Patty Sullivan & Stefan Hlnman

Matanuska-Susitna Borough, Alaska

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2018

INTRODUCTORY SECTION

Matanuska-Susitna Borough, Alaska

Comprehensive Annual Financial Report

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MATANUSKA-SUSITNA BOROUGH

Department of Finance

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February 13, 2019

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, 2018, is hereby submitted. The financial statements were prepared in conformance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

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

The Borough's financial statements have been audited by BDO USA LLC, a firm of independent certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Borough for the fiscal year ended June 30, 2018, 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 unmodified opinion that the Borough's financial statements for the fiscal year ended June 30, 2018, 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 104,166. 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 80 through 83. For governmental funds, other than the General Fund, these comparisons start on page 89.

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 1990s. 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 and several more are being built, including two long term care facilities.

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

In addition to new construction of commercial buildings, the construction of new residences throughout the Borough has continued to increase year after year. Fifty-three new commercial structures were completed this past year as well as 799 single-family residences, and 183 multi-family residences.

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

Cash from all Borough funds as well as the operating cash of the School District is held in a central treasury and managed by the Borough Administration. Interest income on investments is allocated to participating funds based on its average cash balance. The Investment Policy approved by the Borough Assembly authorizes cash temporarily idle during the year to be invested in the United States Treasury, its agencies and instrumentalities, Repurchase Agreements, fully collateralized Certificates of Deposit, bank or credit union accounts, provided the accounts are insured, money market mutual funds, provided they are comprised entirely of United States Treasury, its agencies or instrumentalities, taxable General Obligation Bonds of a Borough/County or State which has two ratings AA or higher and the Alaska Municipal League Investment Pool. The maturities at June 30, 2018 of the investments range from three months to five years, with an average maturity of 27 months. The average yield this fiscal year was 1.147%.

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

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

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

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

Relevant Financial Policies

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

The major reserve of the Areawide Fund is the Reservation of the General Fund Balance. This reserve is equal to a minimum of 22.2 percent of all operating budgeted expenditures of the fiscal year 2018 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.

Authorized and Issued Financing

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 2019 and 2020. 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 occurred over the winter, and construction began the summer of 2014. They are expected to be complete summer 2019. In total with the grant, \$64,330,000 was available for transportation projects.

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

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

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

In October 2016 the voters of the Borough authorized the issuance of \$22,160,000 in General Obligation Park & Recreation Bonds to finance improvements to the Ice Arena, Palmer and Wasilla Pools, trails and various parks. These bonds were issued March 15, 2017.

Approved in the capital/grant budget was \$1,320,000 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.

On October 2, 2018 voters approved \$23,845,000 in Transportation Bonds. This bond package requires a 50% match for projects to move forward. No bonds have been issued.

Lastly, over \$17.8 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.

Long-Term Financial Planning

A significant measure of the Borough's financial strength is the level of its fund balances (i.e. the accumulation of revenues exceeding expenditures). The Assembly takes the responsibility of being stewards of the public's funds very seriously and has adopted the following General Fund reserve policy which was previously discussed: reserve funds shall not be used to fund recurring expenditures. Fund balances should be maintained at fiscally sound levels in all funds. The Borough has adopted financial policies that will ensure that the Borough maintains an appropriate fund balance in line with recommended best practices. The General Fund's assigned amount of \$25 million is 50% of the General Fund operating expenditures excluding transfers and 19% of

total operating expenditures, excluding capital, transfers and education. This leaves the Borough in a solid financial position to adequately prepare for the expected reductions in revenues caused by the changes in property tax laws and the economic environment.

Awards and Acknowledgements

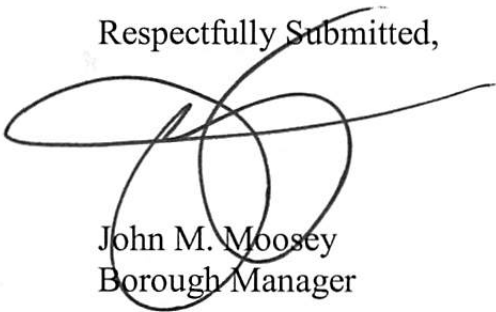
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Matanuska- Susitna Borough for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2017. This was the thirtieth 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, Hannah Newberry, Lyndsey Brisard and Layla Lesley. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

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

Respectfully Submitted,



John M. Moosey
Borough Manager



Cheyenne Heindel
Director of Finance

Matanuska-Susitna Borough, Alaska

Principal Officials Mayor and Assembly

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

Vern Halter, Mayor
Matthew Beck, Deputy Mayor

Jim Sykes
George Mckee
Ted Leonard

Dan Mayfield
Barbara Doty
Randall Kowalke



Borough Staff

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

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



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Matanuska-Susitna Borough
Alaska

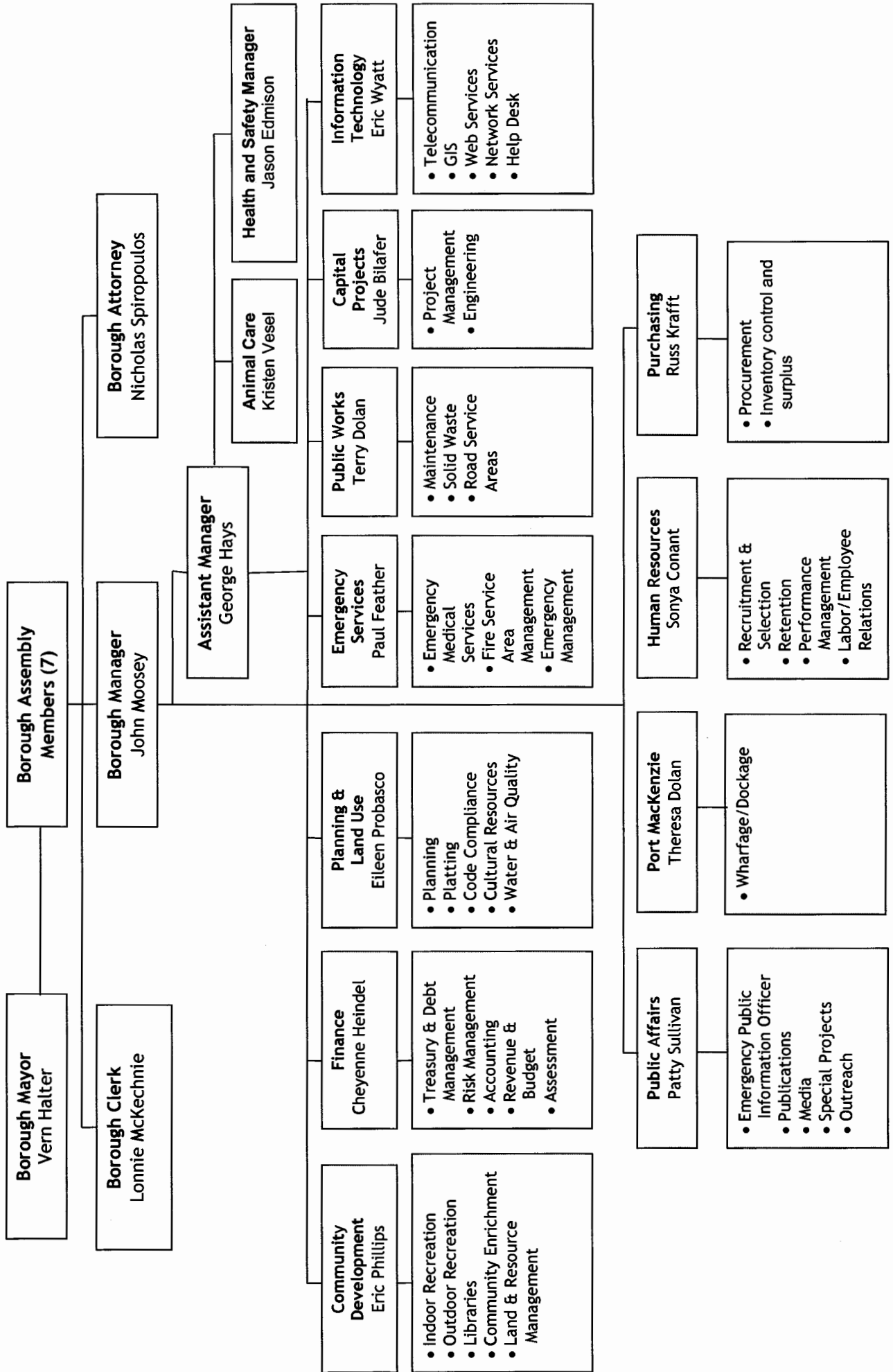
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

Matanuska-Susitna Borough Organization Chart Fiscal Year 2018



FINANCIAL SECTION

**INDEPENDENT AUDITOR'S
REPORT**



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3601 C Street, Suite 600
Anchorage, AK 99503

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Matanuska-Susitna Borough, Alaska as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Matanuska-Susitna Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Matanuska-Susitna Borough as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, in 2018 the Borough adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-17 and the Schedules of Net Pension Liability and Pension Contributions and Net OPEB Liability and OPEB Contributions on pages 70-74 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, 2018 was conducted for the purpose of forming opinions on the financial statements that collectively comprise Matanuska-Susitna Borough's basic financial statements. The accompanying Supplementary Information, Other Supplementary Information, and Component Unit financial statements as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards and the Schedule of State Financial Assistance are required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, respectively.

The Supplementary Information and Other Supplementary Information listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial

statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2018.

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, 2017 (not presented herein), and have issued our report thereon dated January 30, 2017, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information. The individual fund financial statements and schedules for the year ended June 30, 2017 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, 2017 financial statements. The information has been subjected to the auditing procedures applied in the audit of the June 30, 2017 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 February 13, 2019 on our consideration of Matanuska-Susitna Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Matanuska-Susitna Borough's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Matanuska-Susitna Borough's internal control over financial reporting and compliance.

BDO USA, LLP

Anchorage, Alaska
February 13, 2019

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**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

Matanuska-Susitna Borough

Management's Discussion and Analysis

June 30, 2018

As management of the Matanuska-Susitna Borough, we offer readers of the Borough's financial statements this narrative overview and analysis of the Borough's financial activities for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on page VII of this report.

Financial Highlights

- The assets and deferred outflows of resources of the Matanuska-Susitna Borough exceeded its liabilities and deferred inflows of resources at the close of the most recent year by \$908,416,315. Of this amount, \$143,945,007 (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 12-14.
- At the end of the current fiscal year, spendable fund balance for the General Fund was \$53,940,006. Of this amount, \$11,774,008 was unassigned and available for spending. The unassigned fund balance for the General Fund represented 8.26% of total General Fund expenditures and transfers.
- The Borough's total net position increased by \$19,191,160 in fiscal year 2018. This increase includes a prior period adjustment that reduced total net position by \$8,222,062 as a result of the implementation of Governmental Accounting Standards Board (GASB) Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. The decrease in total net position from the prior period adjustment was partially offset by positive results of operations of \$27,413,222. Of this amount, \$24,936,492 was attributable to the governmental activities and \$2,476,730 was attributable to the business-type activities.
- As of the close of the current fiscal year, the Borough's governmental funds reported combined fund balances of \$200,243,452, a decrease of \$11,064,027 in comparison with the prior year.
- The Borough's total outstanding debt (not including Net Pension/OPEB liability) decreased by \$27,039,471 to a year-end balance of \$381,818,674. The Borough's long-term debt tables are on pages 49-57 of the Notes to the Basic Financial Statements.

Overview of the Financial Statements

The management discussion and analysis serves as an introduction to the Borough's basic financial statements. The Borough's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements report information about the overall finances of the Borough similar to a private-sector business. 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 20-22 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 financial information on all of the Borough's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. 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 presents information which shows how the Borough's net position changed as a result of the year's activities. The statement uses the accrual basis of accounting, which is similar to the accounting used by private-sector businesses. All of the revenues and expenses are reported regardless of the timing of when cash is received or paid.

Fund Financial Statements

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

Governmental funds

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

Matanuska-Susitna Borough

Management's Discussion and Analysis

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 23-28 of this report. Budgetary comparison statements for the General Fund with annual budgets are provided on pages 80-83 to demonstrate compliance with these budgets. The special revenue funds with annual budgets are provided on pages 85-132.

Proprietary funds

The Borough maintains two different types of proprietary funds, enterprise funds and internal service 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 145-150.

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 151-159.

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 29-32 of this report.

Fiduciary funds

Fiduciary funds 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 resources of those funds are not available to support the Borough's own programs. The accounting for fiduciary funds is much like that used in proprietary funds.

The Borough's fiduciary funds include the Property Tax agency fund, and the Road, Gas line, and Community Water Agency Fund. These funds report resources held by the Borough in a custodial capacity for individuals, private organizations and other governments.

The basic fiduciary aggregated fund financial statements can be found on page 33 of this report and more detailed supplementary information is provided on pages 161-162.

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. The notes to the financial statements can be found on pages 34-69 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 required supplementary information. The required supplementary information can be found on pages 70-74. The combining statements referred to earlier in connection with nonmajor governmental funds can be found on pages 76-77. Individual governmental funds can be found on pages 85-144 and proprietary funds can be found on pages 145-150 of this report.

Government-Wide Financial Analysis

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Borough, assets and deferred outflows exceeded liabilities and deferred inflows by \$908.4 million at June 30, 2018 compared to \$889.2 million at June 30, 2017. Of the total net position, \$3.9 million represents resources that are subject to external restrictions on how they may be used; and \$144 million is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors. By far the largest portion of the Borough's net position of \$760.5 million, or 83.7% of total net position, reflects its investment in capital assets (e.g. land, buildings, machinery, equipment, infrastructure, etc.) less any related outstanding debt used to acquire those assets. 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, 2018 and 2017 (in millions of dollars)

	Governmental Activities		Business-Type Activities		Total Activities	
	2018	2017	2018	2017	2018	2017
Assets and Deferred Outflows						
Current and other assets	\$ 258.4	\$ 269.3	\$ 2.7	\$ (1.2)	\$ 261.1	\$ 268.1
Capital assets	1,047.6	1,036.7	40.0	40.2	1,087.6	1,076.9
Total assets	1,306.0	1,306.0	42.7	39.0	1,348.7	1,345.0
Deferred outflows of resources	10.8	17.8	0.5	0.8	11.3	18.6
Total Assets and Deferred Outflows of Resources	\$ 1,316.8	\$ 1,323.8	\$ 43.2	\$ 39.8	\$ 1,360.0	\$ 1,363.6

Matanuska-Susitna Borough
Management's Discussion and Analysis

	Governmental Activities		Business-Type Activities		Total Activities	
	2018	2017	2018	2017	2018	2017
Liabilities and Deferred Inflows of Resources						
Long-term debt outstanding	\$ 364.1	\$ 362.1	\$ 16.8	\$ 16.0	\$ 380.9	\$ 378.1
Net Pension and OPEB Liability	43.4	44.9	2.2	2.3	45.6	47.2
Other liabilities	16.5	46.0	2.1	1.8	18.6	47.8
Total liabilities	424.0	453.0	21.1	20.1	445.1	473.1
Deferred inflows of resources	6.3	1.3	.2	-	6.5	1.3
Total Liabilities and Deferred Inflows of Resources	\$ 430.3	\$ 454.3	\$ 21.3	\$ 20.1	\$ 451.6	\$ 474.4
Net Position						
Net investment in capital assets	\$ 731.2	\$ 717.1	\$ 29.3	\$ 29.8	\$ 760.5	\$ 746.9
Restricted	3.9	65.0	-	-	3.9	65.0
Unrestricted	151.4	87.4	(7.4)	(10.1)	144.0	77.3
Total Net Position	\$ 886.5	\$ 869.5	\$ 21.9	\$ 19.7	\$ 908.4	\$ 889.2

Changes in Net Position

Beginning net position was restated to \$881.0 as shown in Note 2, page 42. During the current fiscal year, the Borough's total net position increased by \$27.4 million. This compares to an increase of \$20.8 million for the year ended June 30, 2017.

The Borough adopted the provisions of the General Accounting Standards Board (GASB) Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement changes the reporting of the Borough's proportionate share of the defined benefit other postemployment benefits (OPEB). Implementation of GASB 75 required a restatement of the net position and the recording of a material net OPEB liability. The defined benefit pension plan and other postemployment benefits are detailed in Note 12, pages 58-68.

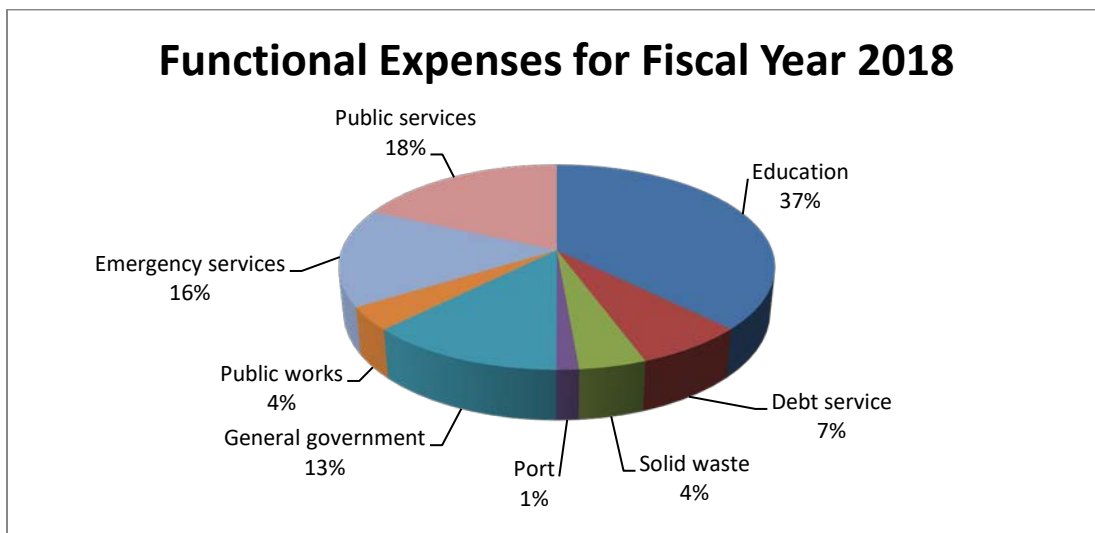
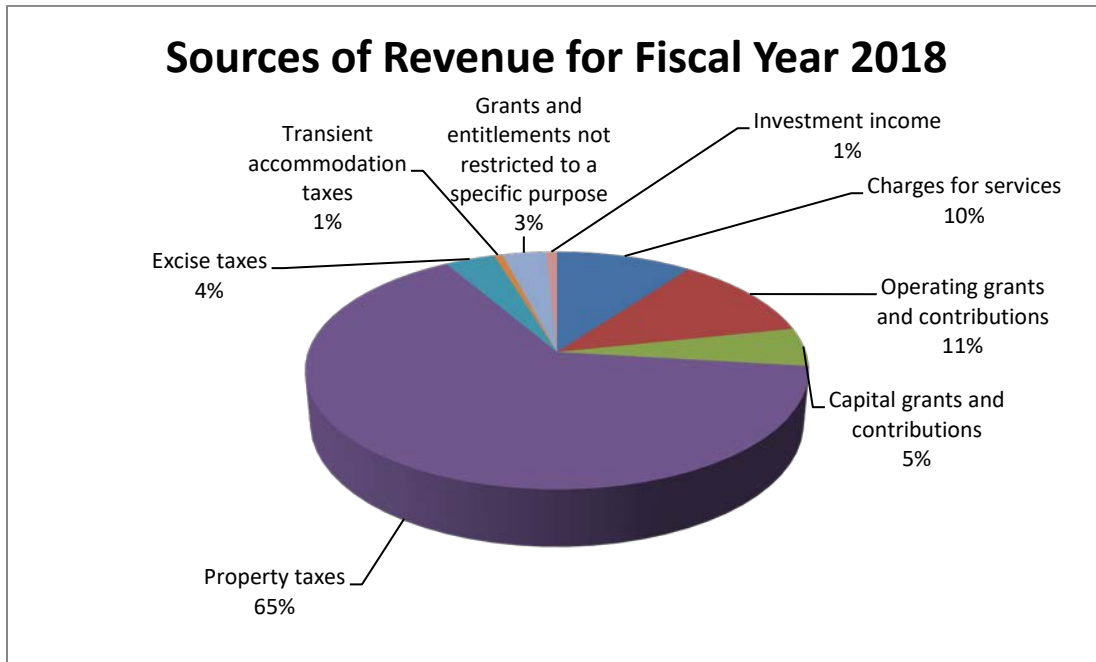
Revenues increased overall by \$5.2 million with the majority of this resulting from an increase of \$4.2 million in general revenues. The \$6.7 million decrease in capital grants is a continued trend from prior years of reduced federal and state funding for Borough capital projects. This was countered by an increase in operating grants of \$7.5 million, and increased tax collection.

Matanuska-Susitna Borough

Management's Discussion and Analysis

During fiscal year 2018, approximately 65% of the Borough's total revenues came from property taxes with the remainder primarily from charges for services provided.

Expenses decreased overall by \$4.4 million from the prior year. During fiscal year 2018, approximately 37% of the Borough's total expenses went toward education with the remainder primarily providing emergency services, public services, and general government services.



Matanuska-Susitna Borough
Management's Discussion and Analysis

Changes in Matanuska-Susitna Borough's Net Position
For Years Ended June 30, 2018 and 2017
(in millions of dollars)

	Governmental Activities		Business-Type Activities		Total Activities	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues:						
Charges for services	\$ 9.8	\$ 11.6	\$ 8.9	\$ 9.3	\$ 21.1	\$ 20.9
Operating grants and contributions	23.4	16.0	3.2	0.7	24.2	16.7
Capital grants and contributions	10.9	17.6	-	-	10.9	17.6
General revenues:						
Property taxes	135.1	129.1	-	-	135.1	129.1
Transient accommodation taxes	1.3	1.2	-	-	1.3	1.2
Tobacco excise taxes	7.8	8.2	-	-	7.8	8.2
Other	8.7	10.2	-	-	8.7	10.2
Total Revenues	\$ 197.0	\$ 193.9	\$ 12.1	\$ 10.0	\$ 209.1	\$ 203.9
Expenses						
General government	\$ 22.8	\$ 26.7	\$ -	\$ -	\$ 22.8	\$ 26.7
Public works	6.6	5.4	-	-	6.6	5.4
Emergency services	28.2	31.4	-	-	28.2	31.4
Public services	33.2	33.8	-	-	33.2	33.8
Education	67.8	64.8	-	-	67.8	64.8
Interest	12.8	13.6	-	-	12.8	13.6
Solid waste	-	-	7.8	7.8	7.8	7.8
Port	-	-	2.5	2.6	2.5	2.6
Total Expenses	171.4	175.7	10.3	10.4	181.7	186.1
Excess before transfers and special items	25.6	10.9	1.8	(0.4)	27.4	10.5
Transfers	(0.7)	0.1	0.7	(0.1)	-	-
Special items	-	3.0	-	-	-	3.0
Increase in Net Position	24.9	21.3	2.5	(0.5)	27.4	20.8
Net Position	* 861.6	848.2	19.4	20.2	881.0	868.4
Net Position, ending	\$ 886.5	\$ 869.5	\$ 21.9	19.7	\$ 908.4	889.2

**Beginning net position is restated per GASB 75*

Matanuska-Susitna Borough

Management's Discussion and Analysis

Governmental activities

Revenues for the Borough's governmental activities increased by \$3.1 million from the prior year while expenses for governmental activities decreased by \$4.3 million. Key elements to the increase in revenues and decrease in expenses include the following:

- Collections of property taxes increased by \$6 million. The Borough continues to see growth in property values, increasing 2 ½% over the prior year. Over 800 homes were constructed, and commercial construction continues to be strong.
- The general government expenses decreased by \$4.3 million, through a concerted effort to continue to reduce spending.
- The education expenses increased by \$3 million as the calculation for funding the school district was simplified and adjusted.

Business-type activities

Revenues for the Borough's business-type activities increased \$2.1 million from the prior year primarily due to the activity at the Central Landfill and transfer sites. The Port's net position improved due to receipt of an insurance settlement of \$2.4 million. Expenses at the Port decreased slightly, however dock repairs continue.

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 \$200,243,452, a decrease of \$11,064,027 in comparison with the prior year. A portion of this amount is categorized as non-spendable to indicate it is inherently non-spendable because it has already been dedicated to liquidate prepaid expenses (\$656,948) or is already in the form of inventory (\$215,813), or is a long term loan receivable (\$450,000).

A portion of the combined ending fund balance is categorized as restricted to indicate that there is an externally enforceable limitation on its use. Specifically, funds in the amount of \$3,954,648 are restricted due to lender imposed debt reserves for debt service. Unused bond proceeds in the amount of \$28,140,224 are restricted for school construction projects, as approved by the Borough voters.

A total of \$37,141,547 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 \$12,141,547 of the committed fund balance is shown as committed for a long-term note receivable, the Land Management Permanent Fund, school site

Matanuska-Susitna Borough

Management's Discussion and Analysis

acquisition, paving projects, emergency response, and various other limitations that have been imposed by the Matanuska-Susitna Borough Assembly through formal action.

Of the combined ending fund balance, \$118,157,351 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 of \$11,526,921 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 \$55,210,033. Of this, non-spendable fund balance was \$1,270,027, committed fund balance was \$33,069,306, assigned fund balance was \$9,096,692, and unassigned fund balance was \$11,774,008. Total fund balance increased by \$4,000,844 from the prior year, primarily due to increases in property taxes and decreases in expenditures.

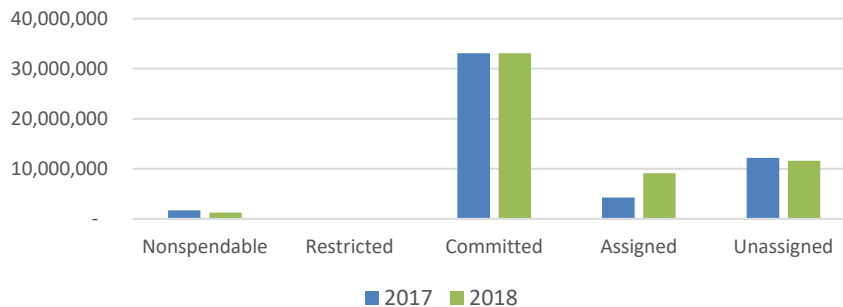
The other major governmental funds in the current fiscal year were the School Capital Projects Funds, the School Building Debt Service fund, and the Fronteras School Debt Service Fund.

At the end of the current fiscal year, ending total fund balance in the School Capital Projects Fund was \$30,948,244, with unused bond proceeds of \$24,439,001 restricted for school construction projects as approved by the Borough voters. The remainder of fund balance is assigned for school building capital projects of \$6,509,243. Total fund balance decreased by \$8,335,686 from the prior year. The key factor in the decrease in fund balance was that there was a great deal of capital outlay expenditures as the construction of several school buildings continues.

At the end of the current fiscal year, ending total fund balance in the School District Debt Service Fund was \$2,440,894. Of this, \$1,553,274 is restricted for debt service payments.

At the end of the current fiscal year, the Fronteras School Debt principal was \$6,766,756. The school was completed in fiscal year 2016, and the District will pay the debt. The principal payments began in fiscal year 2018.

**General Fund Components of Fund Balance
2017 and 2018**



Matanuska-Susitna Borough

Management's Discussion and Analysis

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 \$2,555,454 and a deficit of (\$9,978,449), respectively. The unrestricted net position of the internal service funds at the end of the year were \$25,897,074.

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

At the end of the current fiscal year, ending total net position of the Solid Waste Enterprise Fund was \$5,647,843, with \$3,092,389 being invested in capital assets, and unrestricted net position \$2,555,454. The total net position increased by \$889,448 from the prior year, including the restatement.

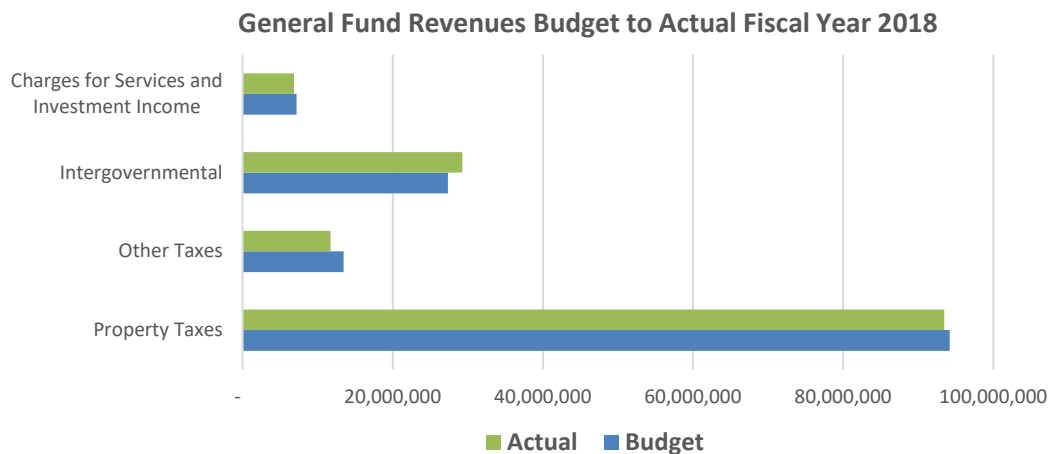
At the end of the current fiscal year, the ending total net position of the Port Enterprise Fund was \$16,195,196, with \$26,173,645 being invested in capital assets, and an unrestricted net position deficit of (\$9,978,449). The total net position increased by \$1,230,072 from the prior year, including the restatement.

General Fund Budgetary Highlights

At year end, there was no change from the total original budget and the total final amended budget for revenues.

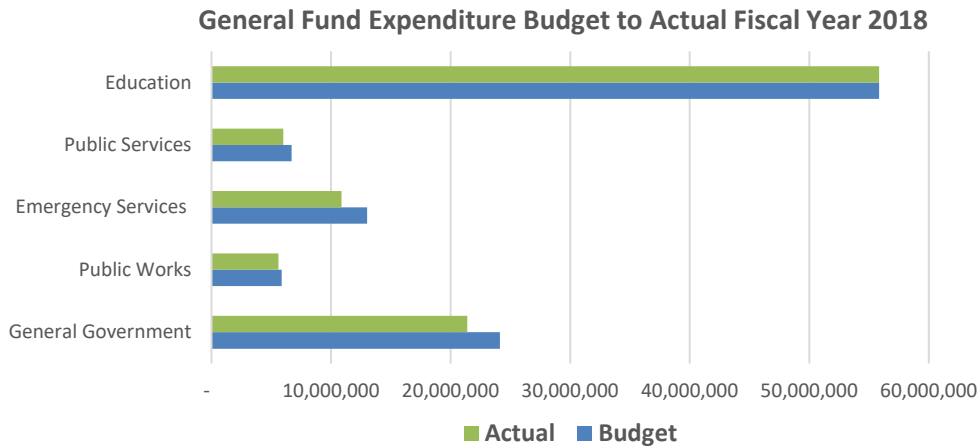
The actual revenues were \$724,505 million less than the amended budget. Actual expenditures were \$5.6 million less than the amended budget. Actual transfers in and out were over budget, with a net of \$4,764,483. As a result, fund balance increased by \$4 million. Key factors include:

- Actual general government expenditures were \$2.7 million less than budgeted. This is due to a continued concerted effort to cut spending.
- Emergency services expenditures were \$2 million less than budgeted, primarily due to increased efficiencies in ambulance operations.



Matanuska-Susitna Borough

Management's Discussion and Analysis



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, 2018 amounts to \$1,087,586,721 (net of accumulated depreciation), which is an increase of \$10,706,777 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:

- Completion of the public safety/fleet maintenance Station 7-3 which serves the Meadow Lakes area. Construction of public safety building station 6-2 is ongoing.
- The realignment of South Big Lake Road and Big Lake Road intersection were completed for better traffic flow in this popular recreation area.
- Completion of the West Butte Trailhead and parking, and ongoing construction of the Parks and Rec Shop Building, and Jim Creek parking lot and RV Loop.
- Continuing school renovations including Palmer High School locker replacement, multi-school energy upgrades, and Redington MS/HS cross-country ski trails.
- Completion of the closure of Cell 2A at the Central landfill.
- Ongoing dock repair at Port Mackenzie, Phase 2.

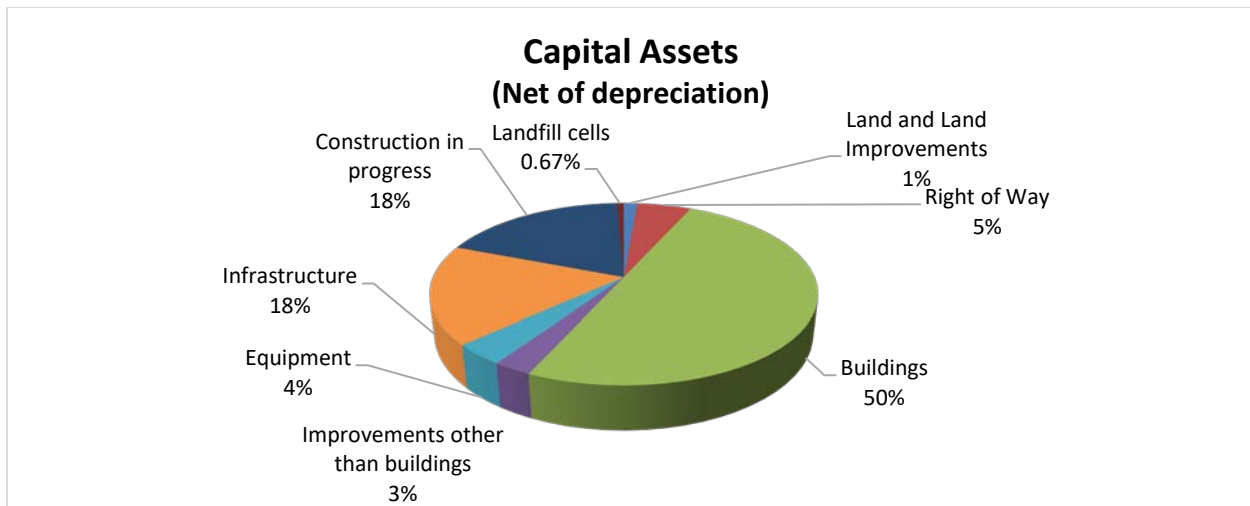
Matanuska-Susitna Borough

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	
	2018	2017	2018	2017	2018	2017
Land and land improvements	\$ 19.8	\$ 19.4	\$ -	\$ -	\$ 19.8	\$ 19.4
Right of Way	79.5	79.4	-	-	79.5	79.4
Buildings	529.5	526.1	12.7	13.3	542.2	539.4
Improvements other than buildings	27.4	27.7	1.0	1.0	28.4	28.7
Equipment	17.7	18.4	1.2	0.9	18.9	19.3
Infrastructure	100.7	94.6	23.7	24.5	124.4	119.1
Construction in progress	273.0	271.1	0.2	-	273.2	271.1
Landfill cells	-	-	1.2	0.5	1.2	0.5
Total Capital Assets	\$ 1,047.6	\$1,036.7	\$ 40.0	\$ 40.2	\$ 1,087.6	\$1,076.9

Additional information on the Borough's capital assets can be found on pages 47-48 of this report.



Long-term Debt

At the end of the current fiscal year, the Borough had total debt outstanding of \$427,457,328. Of this amount, \$293,710,000 was bonded and backed by the full faith and credit of the Borough. The Certificates of Participation had an outstanding balance of \$19,130,000. The remaining debt consists of ADEC loans, landfill closure costs, accrued leave, insurance claims incurred but not reported, and net pension/OPEB liability.

Matanuska-Susitna Borough
Management's Discussion and Analysis

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

	Governmental Activities		Business-Type Activities		Total Activities	
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$ 290.0	\$ 313.7	\$ 3.7	\$ 4.2	\$ 293.7	\$ 317.9
Certificates of participation	19.1	20.6	-	-	19.1	20.6
Other	98.3	102.5	16.3	15.0	114.6	117.5
Total Outstanding Debt	\$ 407.4	\$ 436.8	\$ 20.0	\$ 19.2	\$ 427.4	\$ 456.0

Additional information on the Borough's long-term debt can be found on pages 49-57 of this report.

Economic Factors and the Next Year's Budget and Rates

In setting the budgets for fiscal year 2019, the Borough considered a number of issues with Borough-wide impact, among them:

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

All of these factors were considered in preparing the Borough's budget for fiscal year 2019. As a result, the fiscal year 2019 budget is 10.331 mills for the General Fund tax rate, a decrease of .001 mills. The nonareawide mill rate remained at 0.548 mills in the fiscal year 2019 budget.

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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BASIC FINANCIAL STATEMENTS

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Matanuska-Susitna Borough, Alaska

Statement of Net Position

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	School District
<i>June 30, 2018</i>				
Assets and Deferred Outflows of Resources				
Assets				
Cash and investments	\$ 193,785,051	\$ 7,040,838	\$ 200,825,889	\$ 25,744,752
Prepaid items	656,948	-	656,948	1,325,677
Receivables:				
Intergovernmental	2,637,436	979,532	3,616,968	4,532,659
Property and excise taxes, net of allowance	11,553,299	-	11,553,299	-
Accounts, net of allowance	-	583,567	583,567	-
Ambulance, net of allowance	542,508	-	542,508	-
Land sales contracts, net of allowance	10,125	-	10,125	-
Lease receivable, net of allowance	150,489	-	150,489	-
Other	1,149,551	-	1,149,551	326,688
Accrued interest	397,242	-	397,242	-
Due from Primary Government	-	-	-	61,683
Deposits	48,905	-	48,905	-
Inventory	215,813	-	215,813	2,035,677
Restricted cash	32,094,872	2,250,481	34,345,353	-
Internal balances	8,137,747	(8,137,747)	-	-
Land sales contracts receivable - long-term	437,673	-	437,673	-
Lease receivable, net of allowance - long-term	6,616,267	-	6,616,267	-
Net other postemployment benefits assets	-	-	-	1,130,890
Capital assets, not being depreciated	372,484,192	141,217	372,625,409	119,632
Capital assets, net of accumulated depreciation	675,143,147	39,818,165	714,961,312	19,067,474
Total Assets	1,306,061,265	42,676,053	1,348,737,318	54,345,132
Deferred Outflows of Resources				
Unamortized deferred loss on bonds	5,606,456	186,095	5,792,551	-
Pension related	4,240,568	261,079	4,501,647	15,704,494
Related to other postemployment benefits	981,066	44,559	1,025,625	4,243,394
Total Deferred Outflows of Resources	10,828,090	491,733	11,319,823	19,947,888
Total Assets and Deferred Outflows of Resources	\$1,316,889,355	\$43,167,786	\$1,360,057,141	\$74,293,020

See accompanying notes to basic financial statements.

Matanuska-Susitna Borough, Alaska

Statement of Net Position, continued

June 30, 2018	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	School District
Liabilities, Deferred Inflows of Resources and Net Position				
Liabilities				
Accounts, contracts and retentions payable	\$ 7,770,401	\$ 1,019,112	\$ 8,789,513	\$ 1,273,807
Payable to component unit	61,683	-	61,683	-
Accrued payroll and related liabilities	2,359,470	-	2,359,470	7,940,290
Other liabilities	65,831	-	65,831	1,182,319
Deposits	114,765	-	114,765	-
Unearned revenue	1,355,739	-	1,355,739	1,064,930
Accrued interest payable	4,803,526	58,547	4,862,073	-
Noncurrent liabilities:				
Due within one year:				
Accrued leave	2,946,513	107,307	3,053,820	3,757,617
Bonds and certificates of participation	22,100,000	565,000	22,665,000	-
Loans payable	19,768	322,553	342,321	-
Notes payable	240,054	-	240,054	-
Insurance claims incurred but not reported and claims payable	1,675,763	-	1,675,763	-
Capital lease payable	-	-	-	150,489
Due in more than one year:				
Bonds and certificates of participation, net of premium	320,794,998	3,457,274	324,252,272	-
Loans payable	215,384	6,534,616	6,750,000	-
Notes payable	6,772,957	-	6,772,957	-
Capital lease payable	-	-	-	6,616,267
FTA liability	9,287,929	-	9,287,929	-
Lease credits payable	-	1,314,851	1,314,851	-
Net pension liability	37,355,209	1,961,412	39,316,621	151,802,472
Net other postemployment benefits liability	6,047,325	274,659	6,321,984	17,960,412
Landfill closure costs payable	-	5,463,707	5,463,707	-
Total Liabilities	423,987,315	21,079,038	445,066,353	191,748,603
Deferred Inflows of Resources				
Taxes collected in advance	983,836	-	983,836	-
Pension related	2,638,967	122,809	2,761,776	17,733,055
Related to other postemployment benefits	2,705,961	122,900	2,828,861	11,060,337
Total Deferred Inflows of Resources	6,328,764	245,709	6,574,473	28,793,392
Total Liabilities and Deferred Inflows of Resources	430,316,079	21,324,747	451,640,826	220,541,995
Net Position				
Net investment in capital assets	731,250,626	29,266,034	760,516,660	12,420,350
Restricted:				
Debt service	3,954,648	-	3,954,648	1,772,681
Unrestricted (deficit)	151,368,002	(7,422,995)	143,945,007	(160,442,006)
Total Net Position	886,573,276	21,843,039	908,416,315	(146,248,975)
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 1,316,889,355	\$ 43,167,786	\$ 1,360,057,141	\$ 74,293,020

Matanuska-Susitna Borough, Alaska

Statement of Activities

Year Ended June 30, 2018	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Fees, Fines, & Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government		School District	
					Governmental Activities	Business- Type Activities		
Primary Government								
Governmental activities:								
General government	\$ 22,771,086	\$ 715,602	\$ 354,169	\$ 373,000	\$ (21,328,315)	\$ -	\$ (21,328,315)	
Public works	6,667,478	254,899	106,119	-	(6,306,460)	-	(6,306,460)	
Emergency services	28,203,210	6,289,248	116,526	5,181,748	(16,615,688)	-	(16,615,688)	
Public services	33,191,962	2,168,518	197,673	5,029,992	(25,795,779)	-	(25,795,779)	
Education	67,801,827	361,258	22,610,591	303,039	(44,526,939)	-	(44,526,939)	
Interest	12,809,176	-	-	-	(12,809,176)	-	(12,809,176)	
Total governmental activities	171,444,739	9,789,525	23,385,078	10,887,779	(127,382,357)	-	(127,382,357)	
Business-type activities:								
Solid waste	7,757,003	8,925,931	38,007	-	-	1,206,935	1,206,935	
Port	2,573,464	10,290	3,112,118	10,618	-	559,562	559,562	
Total business-type activities	10,330,467	8,936,221	3,150,125	10,618	-	1,766,497	1,766,497	
Total Primary Government	181,775,206	18,725,746	26,535,203	10,898,397	(127,382,357)	1,766,497	(125,615,860)	
Component Unit								
School District	275,660,596	1,097,620	52,947,144	-				\$ (221,615,832)
General Revenues								
Taxes:								
Property Taxes					135,123,613	-	135,123,613	-
Excise taxes					7,768,567	-	7,768,567	-
Transient accommodation taxes					1,268,575	-	1,268,575	-
Contributions from primary government					-	-	-	55,841,300
Grants and entitlements not restricted to a specific purpose					6,855,868	-	6,855,868	170,625,841
Investment income					1,663,174	10,233	1,673,407	-
Other					339,052	-	339,052	3,598,424
Transfers					(700,000)	700,000	-	-
Total General Revenues and Transfers					152,318,849	710,233	153,029,082	230,065,565
Change in Net Position					24,936,492	2,476,730	27,413,222	8,449,733
Net Position, beginning as restated (Note 2)					861,636,784	19,366,309	881,003,093	(154,698,708)
Net Position, ending					\$ 886,573,276	\$ 21,843,039	\$ 908,416,315	\$ (146,248,975)

See accompanying notes to basic financial statements.

Matanuska-Susitna Borough, Alaska

Governmental Funds
Balance Sheet

	Major Funds					Nonmajor Funds	Total Governmental Funds
	General	School Projects Capital Project	School Buildings Debt Service	Fronteras School Debt Service			
<i>June 30, 2018</i>							
Assets							
Cash and investments	\$ 49,842,274	\$ 7,413,716	\$ 887,620	\$ -	\$ 108,440,709	\$ 166,584,319	
Prepaid items	604,214	-	-	-	52,734	656,948	
Receivables:							
Intergovernmental	1,544	59,657	-	-	2,576,235	2,637,436	
Property taxes, net of allowance	8,487,211	-	-	-	2,835,545	11,322,756	
Excise taxes	230,543	-	-	-	-	230,543	
Ambulance, net of allowance	542,508	-	-	-	-	542,508	
Land sales contracts, net	-	-	-	-	10,125	10,125	
Accrued interest	397,242	-	-	-	-	397,242	
Other	888,572	-	-	-	260,979	1,149,551	
Due from other funds	5,444,259	-	-	-	-	5,444,259	
Inventory	215,813	-	-	-	-	215,813	
Interfund loan receivable	450,000	-	-	-	2,243,488	2,693,488	
Land sales contracts receivable, long-term	-	-	-	-	437,673	437,673	
Lease receivable, long-term	-	-	-	10,619,651	-	10,619,651	
Restricted cash and investments	-	24,439,001	1,553,274	-	6,102,597	32,094,872	
Total Assets	\$ 67,104,180	\$ 31,912,374	\$ 2,440,894	\$ 10,619,651	\$ 122,960,085	\$ 235,037,184	
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities							
Accounts, contracts and retentions payable	\$ 586,247	\$ 882,000	\$ -	\$ -	\$ 6,302,154	\$ 7,770,401	
Payable to component unit	-	61,683	-	-	-	61,683	
Accrued payroll and related liabilities	2,359,470	-	-	-	-	2,359,470	
Other liabilities	65,831	-	-	-	-	65,831	
Deposits	-	20,447	-	-	94,318	114,765	
Unearned revenue	-	-	-	-	1,355,739	1,355,739	
Interfund loans payable	-	-	-	-	558,352	558,352	
Total Liabilities	3,011,548	964,130	-	-	8,310,563	12,286,241	
Deferred Inflows of Resources							
Special assessments	-	-	-	-	6,751	6,751	
Taxes collected in advance	983,836	-	-	-	-	983,836	
Delinquent property taxes	7,696,761	-	-	-	2,560,817	10,257,578	
Delinquent ambulance receivables	144,686	-	-	-	-	144,686	
Delinquent foreclosure property sales	57,316	-	-	-	-	57,316	
Land sales receivables not yet due	-	-	-	-	437,673	437,673	
Lease receivable not yet due	-	-	-	10,619,651	-	10,619,651	
Total Liabilities and Deferred Inflows of Resources	11,894,147	964,130	-	10,619,651	11,315,804	34,793,732	

Matanuska-Susitna Borough, Alaska

Governmental Funds
Balance Sheet, continued

	Major Funds					Nonmajor Funds	Total Governmental Funds
	General	School Projects Capital Project	School Buildings Debt Service	Fronteras School Debt Service			
<i>June 30, 2018</i>							
Fund Balances							
Nonspendable -							
Prepaid items and inventory	820,027	-	-	-	52,734		872,761
Long-term loan receivable	450,000	-	-	-	-		450,000
Restricted:							
Debt service	-	-	1,553,274	-	2,401,374		3,954,648
Capital projects and school construction	-	24,439,001	-	-	3,701,223		28,140,224
Committed:							
Long-term loan receivable	-	-	-	-	2,243,488		2,243,488
Land management	-	-	-	-	1,688,753		1,688,753
Self-insurance	150,000	-	-	-	10,000		160,000
Accrued leave	250,000	-	-	-	30,000		280,000
Equipment	-	-	-	-	100,000		100,000
Assembly projects	57,217	-	-	-	-		57,217
Major repairs and renovations	29,248	-	-	-	-		29,248
Capital	500,000	-	-	-	-		500,000
Emergency response	1,200,000	-	-	-	-		1,200,000
Paving projects and calcium chloride	3,984,043	-	-	-	-		3,984,043
School site acquisition	1,898,798	-	-	-	-		1,898,798
Fund balance stabilization	25,000,000	-	-	-	-		25,000,000
Assigned:							
Subsequent year appropriations	-	-	-	-	80,000		80,000
Subsequent year expenditures	9,096,692	-	-	-	4,052,566		13,149,258
Land management	-	-	-	-	3,490,785		3,490,785
Service areas	-	-	-	-	25,265,189		25,265,189
Debt service	-	-	887,620	-	3,601,928		4,489,548
Capital projects	-	6,509,243	-	-	65,173,328		71,682,571
Unassigned (deficit)	11,774,008	-	-	-	(247,087)		11,526,921
Total Fund Balances	55,210,033	30,948,244	2,440,894	-	111,644,281		200,243,452
Total Liabilities, Deferred Inflows of Resources and Fund Balances							
	\$ 67,104,180	\$ 31,912,374	\$ 2,440,894	\$ 10,619,651	\$ 122,960,085		\$ 235,037,184

See accompanying notes to basic financial statements.

Matanuska-Susitna Borough, Alaska

 Reconciliation of Governmental Funds Balance Sheet
 to Statement of Net Position
 June 30, 2018

Total fund balances for governmental funds		\$ 200,243,452
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	\$ 19,820,436	
Rights of way	79,575,206	
Construction in progress	273,088,550	
Buildings	724,479,141	
Improvements other than buildings	38,523,240	
Equipment	52,370,588	
Infrastructure	232,861,109	
Accumulated depreciation	<u>(373,090,931)</u>	
Total capital assets		1,047,627,339
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. These assets consist of:		
Property taxes receivable	10,257,578	
Special assessments receivable	6,751	
Ambulance receivables	144,686	
Land sales contracts receivable	<u>494,989</u>	
Total long-term assets		10,904,004
Deferred outflows of resources represent costs incurred at the fund level, but future costs in the Statement of Net Position		
Deferred charge on refunding	5,606,456	
Pension related	4,240,568	
Related to other postemployment benefits	<u>981,066</u>	
Total deferred outflows of resources		10,828,090
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.		
		25,897,074
Certain deferred inflows of resources represent resources or benefits received at the fund level but future resources in the Statement of Net Position.		
Pension related	(2,638,967)	
Related to other postemployment benefits	<u>(2,705,961)</u>	
		(5,344,928)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the amount of loan receivables earned but not yet due.		
		6,766,756
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	(316,163,011)	
Unamortized bond premium	(33,744,998)	
FTA liability	(9,287,929)	
Accrued interest payable	(4,803,526)	
Accrued leave	(2,946,513)	
Net pension liability	(37,355,209)	
Net OPEB liability	<u>(6,047,325)</u>	
Total long-term liabilities		<u>(410,348,511)</u>
Total Net Position of Governmental Activities		\$ 886,573,276

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, 2018	Major Funds					Nonmajor Funds	Total Governmental Funds
	General	School Projects Capital Project	School Buildings Debt Service	Fronteras School Debt Service			
Revenues							
Taxes	\$ 105,339,880	\$ -	\$ -	\$ -	\$ 38,867,940	\$ 144,207,820	
Intergovernmental	29,289,340	303,039	-	-	11,163,346	40,755,725	
Charges for services	6,041,137	-	-	-	3,788,353	9,829,490	
Investment income	824,246	382,544	71	-	432,062	1,638,923	
Interest on land sales	-	-	-	-	34,897	34,897	
Other	-	-	-	361,258	1,684,938	2,046,196	
Total Revenues	141,494,603	685,583	71	361,258	55,971,536	198,513,051	
Expenditures							
Current:							
General government	20,946,519	-	-	-	762,666	21,709,185	
Public works	5,591,981	-	-	-	-	5,591,981	
Emergency services	10,196,054	-	-	-	15,197,888	25,393,942	
Public services	3,667,668	-	-	-	25,219,100	28,886,768	
Education	55,841,300	624,048	-	-	-	56,465,348	
Debt service	-	-	33,331,046	361,258	6,836,154	40,528,458	
Capital outlay	-	3,424,636	-	-	26,940,257	30,364,893	
Total Expenditures	96,243,522	4,048,684	33,331,046	361,258	74,956,065	208,940,575	
Excess (Deficiency) of Revenues Over Expenditures							
	45,251,081	(3,363,101)	(33,330,975)	-	(18,984,529)	(10,427,524)	
Other Financing Sources (Uses)							
Sale of capital assets	34,905	-	-	-	27,840	62,745	
Transfers in	4,964,497	1,943	33,415,085	-	28,574,886	66,956,411	
Transfers out	(46,249,639)	(4,974,528)	(1,943)	-	(16,429,549)	(67,655,659)	
Net Other Financing Sources (Uses)	(41,250,237)	(4,972,585)	33,413,142	-	12,173,177	(636,503)	
Net Change in Fund Balances	4,000,844	(8,335,686)	82,167	-	(6,811,352)	(11,064,027)	
Fund Balances, beginning	51,209,189	39,283,930	2,358,727	-	118,455,633	211,307,479	
Fund Balances, ending	\$ 55,210,033	\$ 30,948,244	\$ 2,440,894	\$ -	\$ 111,644,281	\$ 200,243,452	

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, 2018

Net change in fund balances - total governmental funds		\$ (11,064,027)
The change in net position reported for governmental activities in the Statement of Activities is different because:		
Governmental funds report capital outlays as expenditures. However on the Statement of Activities, depreciation expense is recognized to allocate the cost of these items over their estimated useful lives. This is the amount by which capital outlays (\$31,281,483) exceeded depreciation (\$20,249,531) and loss on disposal (\$109,308).		
		10,922,644
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Decrease in delinquent property taxes	\$ (47,550)	
Decrease in delinquent ambulance revenue	(1,771,714)	
Decrease in deferred inflows of resources - loan receivables	(533,244)	
Increase in special assessments	485	
Increase in deferred land sales receivable	140,120	
	140,120	(2,211,903)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:		
Decrease in deferred charge on bonds	(630,113)	
Decrease in unamortized bond premium	2,670,103	
Payments on debt principal	25,337,858	
	25,337,858	27,377,848
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Increase in accrued leave	(136,843)	
Decrease in accrued interest payable	341,434	
Net increase in net pension liability and related deferred accounts	(1,976,324)	
Net decrease in net OPEB liability and related deferred accounts	92,632	
	92,632	(1,679,101)
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.		
		1,591,031
Change in Net Position of Governmental Activities		\$ 24,936,492

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, 2018</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 107,673,670	\$ 107,673,670	\$ 105,339,880	\$ (2,333,790)
Intergovernmental	27,361,038	27,361,038	29,289,340	1,928,302
Charges for services	6,884,400	6,884,400	6,041,137	(843,263)
Investment income	300,000	300,000	824,246	524,246
Total Revenues	142,219,108	142,219,108	141,494,603	(724,505)
Expenditures				
General government	25,186,321	23,704,766	20,946,519	2,758,247
Public works	5,959,015	5,888,484	5,591,981	296,503
Emergency services	14,281,573	12,293,521	10,196,054	2,097,467
Public services	9,308,629	4,114,277	3,667,668	446,609
Education	55,841,300	55,841,300	55,841,300	-
Total Expenditures	110,576,838	101,842,348	96,243,522	5,598,826
Excess of Revenues Over Expenditures				
	31,642,270	40,376,760	45,251,081	4,874,321
Other Financing Sources (Uses)				
Sale of capital assets	10,000	10,000	34,905	24,905
Transfers in	200,000	200,000	4,964,497	4,764,497
Transfers out	(43,521,250)	(46,249,625)	(46,249,639)	(14)
Net Other Financing Uses	(43,311,250)	(46,039,625)	(41,250,237)	4,789,388
Net Change in Fund Balance	\$ (11,668,980)	\$ (5,662,865)	4,000,844	\$ 9,663,709
Fund Balance, beginning			<u>51,209,189</u>	
Fund Balance, ending			<u>\$ 55,210,033</u>	

See accompanying notes to basic financial statements.

Matanuska-Susitna Borough, Alaska

Proprietary Funds
Statement of Net Position

Year Ended June 30, 2018	Major Enterprise Funds		Total Enterprise Funds	Internal Service Funds
	Solid Waste	Port		
Assets and Deferred Outflows of Resources				
Current Assets				
Cash and investments	\$ 7,040,838	\$ -	\$ 7,040,838	\$ 27,200,732
Receivables:				
Accounts	584,880	-	584,880	-
Allowance for doubtful accounts	(1,313)	-	(1,313)	-
Interfund loans receivable	-	-	-	77,168
Intergovernmental	979,532	-	979,532	-
Deposits with others	-	-	-	48,905
Total Current Assets	8,603,937	-	8,603,937	27,326,805
Noncurrent Assets				
Restricted cash - landfill closure	2,250,481	-	2,250,481	-
Interfund loans receivable - long-term	-	-	-	481,184
Property, plant and equipment:				
Buildings	8,129,593	7,948,617	16,078,210	-
Improvements other than buildings	1,941,119	-	1,941,119	-
Equipment	2,785,030	64,024	2,849,054	-
Landfill cells	9,905,087	-	9,905,087	-
Infrastructure	-	33,321,302	33,321,302	-
Construction in progress	141,217	-	141,217	-
Total property, plant and equipment	22,902,046	41,333,943	64,235,989	-
Accumulated depreciation and amortization	(12,952,488)	(11,324,119)	(24,276,607)	-
Net property, plant and equipment	9,949,558	30,009,824	39,959,382	-
Total Noncurrent Assets	12,200,039	30,009,824	42,209,863	481,184
Total Assets	20,803,976	30,009,824	50,813,800	27,807,989
Deferred Outflows of Resources				
Pension related	182,959	78,120	261,079	-
Related to other postemployment benefits	40,880	3,679	44,559	-
Unamortized deferred loss on bonds	-	186,095	186,095	-
Total Deferred Outflows of Resources	223,839	267,894	491,733	-
Total Assets and Deferred Outflows of Resources	\$ 21,027,815	\$ 30,277,718	\$ 51,305,533	\$ 27,807,989

See accompanying notes to basic financial statements.

Matanuska-Susitna Borough, Alaska

 Proprietary Funds
 Statement of Net Position, continued

Year Ended June 30, 2018	Major Enterprise Funds		Total Enterprise Funds	Internal Service Funds
	Solid Waste	Port		
Liabilities, Deferred Inflows of Resources and Net Position				
Current Liabilities				
Accounts payable	\$ 893,360	\$ 125,752	\$ 1,019,112	\$ -
Accrued leave	100,634	6,673	107,307	-
Due to other funds	-	5,444,259	5,444,259	-
Accrued interest payable	9,376	49,171	58,547	-
Current portion:				
General obligation bonds	-	565,000	565,000	-
Loans payable	322,553	-	322,553	19,768
Insurance claims incurred but not reported and claims payable	-	-	-	1,675,763
Total Current Liabilities	1,325,923	6,190,855	7,516,778	1,695,531
Noncurrent Liabilities				
General obligation bonds payable, net of premium	-	3,457,274	3,457,274	-
Interfund loan payable	-	2,693,488	2,693,488	-
Loans payable	6,534,616	-	6,534,616	215,384
Lease credits payable	-	1,314,851	1,314,851	-
Net pension liability	1,580,755	380,657	1,961,412	-
Net other postemployment benefits liability	251,985	22,674	274,659	-
Landfill closure costs payable	5,463,707	-	5,463,707	-
Total Noncurrent Liabilities	13,831,063	7,868,944	21,700,007	215,384
Total Liabilities	15,156,986	14,059,799	29,216,785	1,910,915
Deferred Inflows of Resources				
Related to pensions	110,232	12,577	122,809	-
Related to other postemployment benefits	112,754	10,146	122,900	-
Total Deferred Inflows of Resources	222,986	22,723	245,709	-
Net Position				
Net investment in capital assets	3,092,389	26,173,645	29,266,034	-
Unrestricted (deficit)	2,555,454	(9,978,449)	(7,422,995)	25,897,074
Total Net Position	5,647,843	16,195,196	21,843,039	25,897,074
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 21,027,815	\$ 30,277,718	\$ 51,305,533	\$ 27,807,989

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, 2018	Major Enterprise Funds		Total Enterprise Funds	Internal Service Funds
	Solid Waste	Port		
Operating Revenues				
Intragovernmental	\$ -	\$ -	\$ -	\$ 8,910,020
Charges for services	8,925,931	10,290	8,936,221	-
Interest on loans	-	-	-	752
Employee contributions	-	-	-	1,102,818
Total Operating Revenues	8,925,931	10,290	8,936,221	10,013,590
Operating Expenses				
Landfill operations	4,107,004	-	4,107,004	-
Transfer sites	2,630,493	-	2,630,493	-
Dock operations	-	1,306,423	1,306,423	-
Claims	-	-	-	7,128,407
Depreciation and amortization	851,589	1,116,832	1,968,421	-
Administrative fees	62,140	-	62,140	1,098,382
Premium	-	-	-	218,517
Total Operating Expenses	7,651,226	2,423,255	10,074,481	8,445,306
Operating Income (Loss)	1,274,705	(2,412,965)	(1,138,260)	1,568,284
Nonoperating Revenues (Expenses)				
Intergovernmental - State sources:				
PERS relief	38,007	2,205	40,212	-
Debt service reimbursement	-	709,913	709,913	-
Insurance recovery	-	2,400,000	2,400,000	-
Gain on disposal of capital assets	2,375	-	2,375	-
Interest income	10,233	-	10,233	23,499
Interest expense	(108,152)	(150,209)	(258,361)	-
Net Nonoperating Revenues (Expenses)	(57,537)	2,961,909	2,904,372	23,499
Income (Loss) Before Capital Contributions and Transfers				
Contributions and Transfers	1,217,168	548,944	1,766,112	1,591,783
Capital contributions	-	10,618	10,618	-
Transfers in	-	700,000	700,000	-
Transfers out	-	-	-	(752)
Change in Net Position	1,217,168	1,259,562	2,476,730	1,591,031
Net Position, beginning as restated (Note 2)	4,430,675	14,935,634	19,366,309	24,306,043
Net Position, ending	\$ 5,647,843	\$ 16,195,196	\$ 21,843,039	\$ 25,897,074

See accompanying notes to basic financial statements.

Matanuska-Susitna Borough, Alaska

Proprietary Funds
Statement of Cash Flows

Year Ended June 30, 2018	Major Enterprise Funds		Total Enterprise Funds	Internal Service Funds
	Solid Waste	Port		
Cash Flows from (for) Operating Activities				
Receipts from customers	\$ 9,005,831	\$ 6,417	\$ 9,012,248	\$ -
Receipts from employees and other	-	-	-	1,102,818
Insurance recovery	-	2,400,000	2,400,000	-
Payments to suppliers	(3,919,167)	(1,526,232)	(5,445,399)	-
Payments to employees	(2,046,008)	(210,131)	(2,256,139)	-
Payments for interfund services (used) provided	(62,140)	-	(62,140)	8,910,020
Principal payments received on loans	-	-	-	62,291
Interest payments received on loans	-	-	-	752
Principal payments on loans payable	-	-	-	(4,891)
Payments for claims and services	-	-	-	(8,437,383)
Net cash flows from operating activities	2,978,516	670,054	3,648,570	1,633,607
Cash Flows for Noncapital Financing Activities				
Transfers in	-	700,000	700,000	-
Transfers out	-	-	-	(752)
Net cash flows for noncapital financing activities	-	700,000	700,000	(752)
Cash Flows from (for) Capital and Related Financing Activities				
Purchases of property, plant and equipment	(1,228,719)	-	(1,228,719)	-
Sales of capital assets	2,375	-	2,375	-
Loans proceeds received	258,666	-	258,666	-
Capital contributions received	-	10,618	10,618	-
Interfund loan paid	-	(2,250,000)	(2,250,000)	-
Principal and interest paid on bonds and loans	(423,861)	(709,113)	(1,132,974)	-
Debt service reimbursement	-	709,913	709,913	-
Increase (decrease) in due to General Fund	-	868,528	868,528	-
Net cash flows from (for) capital and related financing activities	(1,391,539)	(1,370,054)	(2,761,593)	-
Cash Flows from Investing Activities - interest income	10,233	-	10,233	23,499
Net Increase in Cash and Investments	1,597,210	-	1,597,210	1,656,354
Cash and Investments, beginning of year	7,694,109	-	7,694,109	25,544,378
Cash and Investments, end of year	\$ 9,291,319	\$ -	\$ 9,291,319	\$ 27,200,732
Reconciliation of Operating Income (Loss) to Net Cash Flows from (for) Operating Activities				
Operating income (loss)	\$ 1,274,705	\$ (2,412,965)	\$ (1,138,260)	\$ 1,568,284
Adjustments to reconcile operating income (loss) to net cash flows from (for) operating activities:				
Depreciation and amortization	851,589	1,116,832	1,968,421	-
Lease credits exercised	-	(3,873)	(3,873)	-
Noncash expense - PERS relief	38,007	2,205	40,212	-
Insurance recovery	-	2,400,000	2,400,000	-
(Increase) decrease in assets and deferred outflows of resources:				
Accounts receivable	79,900	-	79,900	-
Loans receivable	-	-	-	62,291
Deferred outflows of resources - pension related	306,975	27,623	334,598	-
Deferred outflows of resources related to other postemployment benefits	15,696	1,412	17,108	-
Increase (decrease) in liabilities and deferred inflows of resources:				
Accounts payable	93,284	(400,299)	(307,015)	(21,629)
Accrued leave	(18,281)	(38,907)	(57,188)	-
Landfill closure costs payable	580,822	-	580,822	-
Loans payable	-	-	-	(4,891)
Insurance claims incurred but not reported and claims payable	-	-	-	29,552
Net pension liability	(313,739)	(28,232)	(341,971)	-
Net other postemployment benefits liability	(132,311)	(11,907)	(144,218)	-
Deferred inflows of resources - pension related	89,115	8,019	97,134	-
Deferred inflows of resources related to other postemployment benefits	112,754	10,146	122,900	-
Net Cash Flows from (for) Operating Activities	\$ 2,978,516	\$ 670,054	\$ 3,648,570	\$ 1,633,607

See accompanying notes to basic financial statements.

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

June 30, 2018

Assets

Cash and investments	\$	240,555
Property taxes receivable:		
Real		63,310
Personal		10,464
Special assessments receivable		1,080,087

Total Assets	\$	1,394,416
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Liabilities

Accounts payable	\$	8,863
Deposits		620,165
Taxes collected in advance		73,774
Bonds payable - gas lines		572,704
Bonds payable - road improvements		57,010
Bonds payable - water		61,900

Total Liabilities	\$	1,394,416
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See accompanying notes to basic financial statements.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements June 30, 2018

1. Summary of Significant Accounting Policies

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

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

Reporting Entity

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

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

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

Government-Wide and Fund Financial Statements

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

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds 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, pension and other postemployment benefits are recorded when payment is due. General capital asset acquisitions are reported as expenditures in the governmental funds. The issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

The Borough reports the following major funds:

Major Governmental Funds

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

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

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

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

Major Proprietary Funds

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

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

In addition, the Borough reports the following fund types:

Governmental Fund Types

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

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

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

Proprietary Fund Type

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

Fiduciary Fund Type

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

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

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.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure, are reported in the government-wide and enterprise fund financial statements. Capital assets are defined by the Borough as assets with an initial, individual cost of more than \$25,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date.

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

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

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

	Years
Buildings and improvements	30-40
Improvements other than buildings	15-40
Equipment	5
Landfill cells	10
Infrastructure	20-30

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. These items are recorded as expenditures or expenses 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).

Restricted Assets

Restricted cash and investments are held in capital project and debt service funds, and are restricted because their use is limited by bond covenant or grant agreement to the construction of capital assets.

Accounts Receivable and 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. All trade and tax receivables are shown net of an allowance for uncollectible accounts, determined by historical experience. Ambulance receivable allowance are recorded at 30 percent, based on historical recoveries.

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.

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 amortized over the life of the bonds on a straight-line basis, which approximates the effective interest rate method. Bonds payable as reported include amounts of unamortized bond premiums or discounts.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of the debt issues are reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Principal payments on debt are reported as debt service expenditures.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

Deferred Outflows/Inflows of Resources

A deferred outflow of resources represents a consumption of net position or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. A deferred inflow of resources represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. Deferred outflows of resources consist of deferred charges on debt refunding as well as certain pension and OPEB related accounts. Deferred inflows of resources consist of property taxes received in advance and long-term payments due (assessments) as well as certain pension and OPEB related accounts.

Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension and net OPEB liability, deferred outflows of resources and deferred inflows of resources related to pension and OPEB 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.

Interfund Balances and Interfund Transfers

During the course of operations, Matanuska-Susitna Borough has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and interfund loans to/from other funds. While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Fund Balance and Fund Balance Flow Assumptions

In the fund financial statements, governmental funds report 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, inventories; and long-term receivables 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.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

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, the Borough's highest level of decision making authority. 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.

Net Position and Net Position Flow Assumptions

Net position represents the residual interest in the Borough's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted and consists of three components: net investment in capital assets, restricted, and unrestricted net position. Net investment in capital assets includes capital assets, net of accumulated depreciation, reduced by outstanding debt incurred to acquire, construct, or improve those capital assets, excluding unexpended proceeds. The restricted category represents the balance of assets restricted for general use by external parties (creditors, grantors, contributors, or laws or regulations of other governments) or imposed by law through constitutional provisions or enabling legislation. Unrestricted net position consists of the net position not meeting the definition of either of the other two components.

Sometimes the Borough will fund outlays for a purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Borough's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

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.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

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 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, 2018 and 2017 follows:

	Unemployment Insurance	Health Insurance	Property and Casualty Insurance	Workers' Comp Insurance	Total
Balance, June 30, 2016	\$ -	\$ 1,247,632	\$ 174,072	\$ 210,389	\$ 1,632,093
Claims incurred	126,369	5,978,529	-	382,514	6,487,412
Claims paid	(126,369)	(5,871,068)	(174,072)	(301,785)	(6,473,294)
Balance, June 30, 2017	-	1,355,093	-	291,118	1,646,211
Claims incurred	26,650	6,704,694	-	397,063	7,128,407
Claims paid	(26,650)	(6,544,080)	-	(528,125)	(7,098,855)
Balance, June 30, 2018	\$ -	\$ 1,515,707	\$ -	\$ 160,056	\$ 1,675,763

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 \$1,675,763, is included with the governmental activities noncurrent liabilities.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

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.

2. Change in Accounting Principle

As discussed in Note 12 to the financial statements, the Borough and School District participate in the Alaska Public Employees' Retirement System (PERS) plan. In addition, the School District participates in the Teacher Retirement System (TRS) Plan. In 2018, the Borough adopted the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, which, among other accounting and reporting criteria, requires the Borough to recognize its proportional share of the Net OPEB Liability (and related deferred inflows of resources and deferred outflows of resources), as of the beginning of the Borough's fiscal year. As a result of the implementation of this statement, the Borough has recorded an opening balance adjustment to reflect opening balance OPEB liabilities and related accounts and to decrease opening net position as follows:

	Opening Net Position, as Originally Presented	Change in Accounting Principle Adjustment	Opening Net Position (Deficit), as Restated
Governmental activities	\$ 869,501,636	\$ (7,864,852)	\$ 861,636,784
Business-type activities	19,723,519	(357,210)	19,366,309
Solid Waste	4,758,395	(327,720)	4,430,675
Port	14,965,124	(29,490)	14,935,634
Component unit (School District)	(133,525,886)	(21,172,822)	(154,698,708)

3. Cash and Investments

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

Investments

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

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, 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, 2018.

	Pooled Cash And Investments	Other	Totals
Bank deposits	\$ 9,536,320	\$ 4,891,787	\$ 14,428,107
Investments	246,728,442	-	246,728,442
Total Cash and Investments	\$ 256,264,762	\$ 4,891,787	\$ 261,156,549

Reconciliation to the basic financial statements:

	Borough Accounts	School Accounts	Totals
Primary government cash and investments	\$ 200,825,889	\$ -	\$ 200,825,889
Restricted cash	34,345,353	-	34,345,353
Agency funds	240,555	-	240,555
School District	20,852,965	4,891,787	25,744,752
Total Cash and Investments	\$ 256,264,762	\$ 4,891,787	\$ 261,156,549

Interest Rate Risk

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

Investment maturities at June 30, 2018 are as follows:

	Amount	Investment Maturity (in years)		
		Less than 1	1-5	More than 5
Investment Type				
U.S. government agencies	\$ 126,824,195	\$ 18,697,268	\$ 108,126,927	\$ -
Money market funds	7,648,431			
Pooled investments (AMLIP)	112,255,816			
Total Investments	\$ 246,728,442			

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."

Concentration of Credit Risk

The Borough places no limit on the amount it may invest in any one issuer. The Borough has no investments from any one issuer that represents 5% or more of the total investments other than U.S. government securities.

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, 2018:

U.S. government agencies securities of \$126,824,195 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 \$7,648,431 that are not held at fair value, but instead recorded at amortized cost. As of June 30, 2018, the Borough's investment in AMLIP of \$112,255,816 is measured at net asset value, which approximate fair value.

4. Fund Balance Policy

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.

5. Property Taxes

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

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

6. Interfund Balances and Activities

Balances due to/from other funds at June 30, 2018, consisted of the following:

Due to the General Fund From

Port Enterprise Fund for advances for operating and capital costs	\$ 5,444,259
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In 2016, the Port Enterprise Fund received an interest-free loan of \$4,493,488 from the Land Management Fund. In 2018, a payment in the amount of \$2,250,000 was repaid, leaving a balance due of \$2,243,488. Management intends for the Port Enterprise Fund to repay the Land Management Fund when financially able.

In 2017, the Port Enterprise Fund received an interest-free loan of \$450,000 from the General Fund to cover Port operations. Management intends for the Port to repay the General Fund when financially able.

In 2007, the Borough entered into a loan agreement with the Alaska Department of Environmental Conservation for the purpose of constructing a salted sand storage building. Ordinance 06-065 authorized the Borough to enter into the loan which will be paid back by various road service areas. For administrative purposes, the loan was recorded in its entirety in the Road Service Area Revolving Loan Fund with associated interfund loans receivable from the applicable Road Service Area Funds. Loan payments are due in twenty annual installments of \$12,756 to \$16,926, plus interest at 1.5% through August 8, 2027. Repayment terms to the Revolving Loan Fund will mirror those between ADEC and the Borough. See Note 9 for more information on the loan payable.

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. See Note 9 for more information on the loan payable.

Amounts distributed at June 30, 2018 were as follows:

Road Service Area 9 - Midway Road	\$ 21,437
Road Service Area 14 - Fairview Road	12,596
Road Service Area 16 - South Colony	46,217
Road Service Area 19 - Lazy Mountain	254
Road Service Area 23 - North Colony	5,704
Road Service Area 25 - Bogard Road	42,842
Road Service Area 26 - Greater Butte Road	2,408
Road Service Area 28 - Gold Trail Road	25,826
Road Service Area 31 - Alpine Road	1,155
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Total loans payable from Road Service Areas for ADEC Loan	158,439
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Loan Payable from Talkeetna Water and Sewer for ADEC Loan	\$ 76,713

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

Other advances to/from other funds, representing long-term loans at June 30, 2018 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	\$ 102,000
\$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	171,200
\$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	50,000
Total loans payable to other funds with established payment terms	323,200
Total Loans Payable To Revolving Loan Internal Service Funds	\$ 558,352

Transfers to/from other funds for the year ended June 30, 2018 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.

<i>From the General Fund to:</i>	
School Buildings Debt Service Fund	\$ 33,318,000
Port Enterprise Fund	700,000
Nonmajor governmental funds	12,231,639
Total transfers out of General Fund	46,249,639
<i>From School Projects Capital Project Fund to:</i>	
School Buildings Debt Service Fund	97,085
General Fund	4,877,443
Total transfers out of School Projects Capital Project Fund	4,974,528
<i>From School Buildings Debt Service Fund to</i>	
School Projects Capital Project Fund	1,943
<i>From Nonmajor Governmental Funds to:</i>	
General Fund	86,302
Other nonmajor governmental funds	16,343,247
Total transfers out of nonmajor governmental funds	16,429,549
<i>From Internal Service Fund to General Fund</i>	752
Total Transfers	\$ 67,656,547

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

7. Capital Assets

Capital asset activity for the year ended June 30, 2018 follows:

Governmental Activities	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
<i>Capital assets not being depreciated:</i>				
Land and land improvements	\$ 19,345,801	\$ 474,635	-	\$ 19,820,436
Rights of way	79,434,345	175,661	34,800	79,575,206
Construction in progress	271,059,984	27,372,748	25,344,182	273,088,550
Total capital assets not being depreciated	369,840,130	28,023,044	25,378,982	372,484,192
<i>Capital assets being depreciated:</i>				
Buildings	708,312,329	16,166,812	-	724,479,141
Improvements other than buildings	37,918,861	604,379	-	38,523,240
Equipment	53,089,728	2,516,664	3,235,804	52,370,588
Infrastructure	223,546,343	9,314,766	-	232,861,109
Total capital assets being depreciated	1,022,867,261	28,602,621	3,235,804	1,048,234,078
Less accumulated depreciation for:				
Buildings	182,187,439	12,927,593	-	195,115,032
Improvements other than buildings	10,203,919	950,765	-	11,154,684
Equipment	34,696,640	3,134,844	3,161,296	34,670,188
Infrastructure	128,914,698	3,236,329	-	132,151,027
Total accumulated depreciation	356,002,696	20,249,531	3,161,296	373,090,931
Total capital assets being depreciated, net	666,864,565	8,353,090	74,508	675,143,147
Governmental Activities Capital Assets, net	\$ 1,036,704,695	\$ 36,376,134	\$ 25,453,490	\$ 1,047,627,339

Business-type Activities	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
<i>Capital assets not being depreciated:</i>				
Construction in progress	\$ -	\$ 141,217	-	\$ 141,217
<i>Capital assets being depreciated:</i>				
Buildings	16,078,210	-	-	16,078,210
Improvements other than buildings	1,852,730	88,389	-	1,941,119
Equipment	2,428,400	436,661	16,007	2,849,054
Landfill cells	8,818,800	1,086,287	-	9,905,087
Infrastructure	33,321,302	-	-	33,321,302
Total capital assets being depreciated	62,499,442	1,611,337	16,007	64,094,772

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

Less accumulated depreciation for:				
Buildings	2,763,776	535,095	-	3,298,871
Improvements other than buildings	933,240	43,096	-	976,336
Equipment	1,477,786	152,774	16,007	1,614,553
Landfill cells	8,310,756	390,805	-	8,701,561
Infrastructure	8,838,635	846,651	-	9,685,286
Total accumulated depreciation	22,324,193	1,968,421	16,007	24,276,607
Total capital assets being depreciated, net	40,175,249	(357,084)		39,818,165
Business-type Activities Capital Assets, net	\$ 40,175,249	\$ (215,867)	\$ -	\$ 39,959,382

Depreciation expense was charged to the functions as follows for the year ended June 30, 2018:

	Depreciation
Governmental Activities	
General government	\$ 671,829
Public works	613,103
Public services	4,227,628
Emergency services	3,400,492
Education	11,336,479
Total Governmental Activities	\$ 20,249,531
Business-type Activities	
Solid waste	\$ 851,589
Port	1,116,832
Total Business-type Activities	\$ 1,968,421

Capital projects authorized or in progress are as follows:

	Project Authorization	Expended	Fund Balance Available
School projects	\$ 729,236,331	\$ 711,237,475	\$ 30,948,244
Road service area repairs	167,225,866	153,928,784	21,092,564
Sewage facility	16,169,861	15,087,270	248,868
Fire protection	106,536,505	93,918,520	16,970,564
Sanitary landfills	37,768,230	24,539,088	1,411,967
Ambulance and emergency services	37,382,209	36,952,980	1,912,814
Roads and bridges	176,682,865	172,065,547	887,328
Borough facilities	68,761,766	67,586,115	984,444
Cultural and recreational	38,876,390	21,953,753	17,472,061
Port	62,803,838	60,492,861	2,359,688
Maintenance	1,149,094	-	-
Infrastructure	189,528,147	186,769,829	96,133
Miscellaneous	93,147,304	86,395,515	8,987,754
Pass-through grants	15,170,716	14,698,228	222,021
	\$ 1,740,439,122	\$ 1,645,625,965	\$ 103,594,450

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

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, 2018:

<i>Year Ending June 30:</i>	Principal	Interest	Total
2019	150,489	242,811	393,300
2020	156,036	237,264	393,300
2021	161,787	231,513	393,300
2022	167,750	225,550	393,300
2023	173,933	219,367	393,300
2024-2028	970,688	995,812	1,966,500
2029-2033	1,163,261	803,239	1,966,500
2034-2038	1,394,037	572,463	1,966,500
2039-2043	1,670,596	295,904	1,966,500
2044-2045	758,179	28,979	787,158
	\$ 6,766,756	\$ 3,852,897	\$ 10,619,658

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.

10. Long-term Debt

Other Debt Information

USDA Note Payable

In 2016, the Borough obtained a \$6,900,000 loan from the U.S. Department of Agriculture (USDA), to construct the Fronteras Spanish Immersion Charter School. The terms of the agreement require interest only payments of \$133,977 to be made on July 28, 2016 and July 27, 2017, with monthly principal and interest payments of \$32,775 for a period of 28 years at an interest rate of 3.625% starting after the final interest only payment. The District has committed to making direct payments on behalf of the Borough to the USDA.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

FTA Liability

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 could not be operated under its intended purpose. In 2016, the Borough sold the ferry at a loss. The sale was finalized in 2016.

In August of 2014, the Borough received notice that the FTA wanted the Borough to repay a portion in connection with both the Ferry itself, and the Passenger Terminal Building. In 2017, the FTA and the Borough negotiated the demand for repayment to \$9,287,929. Payment terms have not yet been established.

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, 2018, the balance of the lease credits payable was \$1,314,851 and is recorded as a long-term payable in the Port Enterprise Fund.

ADEC Loans

During 2018, the Borough entered into two loan agreements with the Alaska Department of Environmental Conservation under the Alaska Clean Water Fund Loan Program. The loans are for a maximum of \$7,000,000 and \$5,000,000, respectively, and will be used to pay for Central Landfill Cell 4 design and construction, and septage and leachate treatment facility design, respectively. The Borough reported \$1,218,234 in drawdowns in the current year. This loan is recorded in the Solid Waste Enterprise Fund.

In addition, the Borough has two additional loans with the Alaska Department of Environmental Conservation for a salted sand storage building and water upgrades as discussed further in Note 5.

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Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

A summary of changes in long-term debt for the year ended June 30, 2018 follows:

Governmental Activities	Balance at July 1, 2017	Additions	Retirements	Balance at June 30, 2018	Due Within One Year
School projects bonds	\$ 264,425,000	\$ -	\$ 21,505,000	\$ 242,920,000	\$ 18,345,000
Park and recreation bonds	22,400,000	-	975,000	21,425,000	1,025,000
Transportation bonds	26,855,000	-	1,180,000	25,675,000	1,210,000
Certificates of participation	20,585,000	-	1,455,000	19,130,000	1,520,000
ADEC salted sand building loan	173,023	-	14,584	158,439	14,803
ADEC Talkeetna community water upgrade loan	81,605	-	4,892	76,713	4,965
University of Alaska Fireweed building note payable	335,869	-	89,614	246,255	89,565
USDA note payable	6,900,000	-	133,244	6,766,756	150,489
FTA liability*	9,287,929	-	-	9,287,929	-
Accrued leave **	2,809,670	2,758,432	2,621,589	2,946,513	2,946,513
Insurance claims incurred but not reported & claims payable	1,646,211	7,128,407	7,098,855	1,675,763	1,675,763
	<u>355,499,307</u>	<u>\$ 9,886,839</u>	<u>\$ 35,077,778</u>	<u>330,308,368</u>	<u>\$ 26,982,098</u>
Plus unamortized bond premium	<u>36,415,101</u>			<u>33,744,998</u>	
	<u>\$ 391,914,408</u>			<u>\$ 364,053,366</u>	
Business-type Activities	Balance at July 1, 2017	Additions	Retirements	Balance at June 30, 2018	Due Within One Year
Port bonds	\$ 4,230,000	\$ -	\$ 540,000	\$ 3,690,000	\$ 565,000
ADEC solid waste loan - Cell 3 construction	2,436,405	-	126,887	2,309,518	128,790
ADEC solid waste loan - hazardous waste facility	583,757	-	49,207	534,550	49,945
ADEC solid waste loan - regional resource recovery and training facility	684,383	-	44,296	640,087	44,960
ADEC solid waste loan - Cell 2 closure	2,252,177	-	97,397	2,154,780	98,858
ADEC solid waste loan - Cell 4*	-	1,086,287	-	1,086,287	-
ADEC solid waste loan - Septage & Leachate Treatment Facility*	-	131,947	-	131,947	-
Lease credits payable	1,318,724	-	3,873	1,314,851	-
Landfill closure and postclosure monitoring costs	4,882,885	580,822	-	5,463,707	-
Accrued leave **	164,495	92,145	149,333	107,307	107,307
	<u>16,552,826</u>	<u>\$ 1,891,201</u>	<u>\$ 1,010,993</u>	<u>17,433,034</u>	<u>\$ 994,860</u>
Plus unamortized bond premium	<u>390,911</u>			<u>332,274</u>	
	<u>\$ 16,943,737</u>			<u>\$ 17,765,308</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 2018, management estimates all accrued leave will be used in FY18. Therefore the entire balance of accrued leave is reported as due within one year. Other long-term liabilities related to governmental activities such as accrued leave are generally liquidated by the General Fund.

At June 30, 2018, long-term debt in repayment status is comprised of the following individual issues:

General Obligation Bonds

School projects bonds:

\$31,690,000 2016 Series A School bonds, due in annual installments of \$910,000 to \$3,670,000, plus interest at 2.5% to 5.0% through July 1, 2030	\$ 31,690,000
\$55,195,000 2015 Series B School bonds, due in annual installments of \$1,870,000 to \$4,225,000, plus interest at 3% to 5.0% through November 1, 2034	50,035,000
\$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	24,925,000
\$29,400,000 2014 Series B School bonds, due in annual installments of \$970,000 to \$2,190,000, plus interest at 1.5% to 5.0% through November 1, 2034	25,710,000
\$13,290,000 2013 Series A School bonds, due in annual installments of \$505,000 to \$995,000, plus interest at 4.0% to 5.0% through June 30, 2033	10,890,000
\$91,770,000 2012 Series A School bonds, due in annual installments of \$3,775,000 to \$6,640,000, plus interest at 3.0% to 5.0% through March 1, 2032	71,130,000
\$8,710,000 2012 Series B School refunding bonds, due in annual installments of \$380,000 to \$1,180,000, plus interest at 4.0% to 5.0% through March 1, 2024	1,620,000
\$33,785,000 2011 Series A School bonds, due in annual installments of \$1,405,000 to \$1,545,000, plus interest at 2.75% to 5.0% through June 30, 2021	4,485,000
\$19,030,000 2009 Series A School bonds, due in annual installments of \$805,000 to \$870,000, plus interest at 4.0% to 5.5% through June 30, 2020	1,705,000
\$33,505,000 2007 Series A School refunding bonds, due in annual installments of \$1,960,000 to \$5,360,000, plus interest at 4.0% to 5.0% through April 1, 2025	20,730,000
Total school projects bonds	242,920,000

Park bonds:

\$21,200,000 2017 Series A Park bonds, due in annual installments of \$695,000 to \$1,435,000, plus interest at 2.0% to 5.0% through March 1, 2037	20,505,000
\$2,210,000 2007 Series B Park bonds, due in annual installments of \$280,000 to \$325,000, plus interest at 4.0% to 5.25% through April 1, 2021	920,000
Total park bonds	21,425,000

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

Transportation bonds:

\$1,560,000 2015 Series C Transportation bonds, due in annual installments of \$60,000 to \$105,000, plus interest at 2.0% to 4.0% through November 1, 2034	1,395,000
\$17,840,000 2014 Series A Transportation bonds, due in annual installments of \$650,000 to \$1,350,000, plus interest at 2.0% to 5.0% through April 1, 2032	15,390,000
\$11,175,000 2012 Series D Transportation bonds, due in annual installments of \$470,000 to \$845,000, plus interest at 1.5% to 5.0% through April 1, 2032	8,890,000
Total transportation bonds	25,675,000

Port bonds:

\$5,770,000 2012 Series C Port refunding bonds, due in annual installments of \$540,000 to \$675,000, plus interest at 3.0% to 5.0% through March 1, 2024	3,690,000
Total General Obligation Bonds	\$ 293,710,000

Certificates of Participation

\$8,585,000 2013 Public Safety Building Lease Certificates of Participation, due in annual installments of \$485,000 to \$745,000, plus interest at 2.5% to 5.0% through October 1, 2029	\$ 6,750,000
\$5,700,000 2016 Series A Public Safety Building Lease Certificates of Participation, due in annual installments of \$305,000 to \$540,000, plus interest at 2.0% to 5.0% through March 1, 2031	5,330,000
\$5,000,000 2016 Series B Public Safety Building Lease Certificates of Participation, due in annual installments of \$260,000 to \$475,000, plus interest at 2.0% to 5.0% through March 1, 2031	4,685,000
\$2,405,000 2016 Series C Animal Control Building Certificates of Participation, due in annual installments of \$435,000 to \$520,000, plus interest at 2.0% to 5.0% through March 1, 2023	2,365,000
Total Certificates Of Participation	\$ 19,130,000

ADEC Loans

\$2,805,926 ADEC loan for Landfill Cell 3 construction due in annual installments of \$128,790 to \$161,018, plus interest at 1.5% through July 1, 2034	\$ 2,309,518
\$105,000 ADEC loan for Talkeetna Community Water Upgrade due in annual installments of \$4,965 to \$6,025, plus interest at 1.5% through March 1, 2032	76,713
\$294,958 ADEC loan for Salted Sand Storage Building due in annual installments of \$14,803 to \$16,926, plus interest at 1.5% through August 8, 2027	158,439
\$995,155 ADEC loan for Hazardous Waste Facility, due in annual installments of \$49,945 to \$57,107, plus interest at 1.5% through August 31, 2027	534,550

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

\$936,743 ADEC loan for Regional Resource Recovery and Training Facility, due in annual installments of \$44,959 to \$53,755, plus interest at 1.5% through June 30, 2031	640,087
\$2,252,177 ADEC loan for Central Landfill Cell 2A Closure, due in annual installments of \$98,858 to \$129,241, plus interest at 1.5% through June 1, 2037	2,154,780
ADEC loan for Central Landfill Cell 4 design and construction. Still in draw down status. Repayment terms not established.	1,086,287
ADEC loan for Mat-Su Septage & Leachate Treatment Facility. Still in draw down status. Repayment terms not established.	131,947
Total ADEC Loans	\$ 7,092,322

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	\$ 6,766,756
\$515,000 note payable to the University of Alaska, due in annual installments of \$67,174 to \$89,565, through March 1, 2021	246,255
Total Notes Payable	\$ 7,013,011

The annual requirements to amortize long-term debt outstanding at June 30, 2018, exclusive of the accrued leave, landfill closure and postclosure monitoring costs, insurance claims incurred but not reported, FTA liability, net pension liability, and the ADEC loan that is not yet in repayment status are as follows:

Governmental Activities

<i>Year Ending June 30:</i>	General Obligation Bonds and Certificates of Participation		ADEC Loans		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 22,100,000	\$ 13,867,119	\$ 19,768	\$ 3,528	\$ 240,054	\$ 242,811
2020	20,675,000	12,943,831	20,066	3,230	245,601	237,264
2021	20,960,000	12,065,007	20,366	2,930	228,961	231,513
2022	20,510,000	11,100,656	20,672	2,624	167,750	225,550
2023	21,445,000	10,159,831	20,982	2,314	173,933	219,367
2024-2028	99,235,000	37,211,998	109,726	6,754	970,689	995,811
2029-2033	84,630,000	15,149,669	23,572	890	1,163,261	803,239
2034-2038	19,595,000	1,365,039	-	-	1,394,037	572,463
2039-2043	-	-	-	-	1,670,596	295,904
2044-2046	-	-	-	-	758,129	28,979
	\$ 309,150,000	\$ 113,863,150	\$ 235,152	\$ 22,270	\$ 7,013,011	\$ 3,852,901

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

Business-type Activities

<i>Year Ending June 30:</i>	Port Bonds		ADEC Loans	
	Principal	Interest	Principal	Interest
2019	\$ 565,000	\$ 147,513	\$ 322,553	\$ 84,585
2020	580,000	130,563	327,392	79,747
2021	605,000	107,361	332,303	74,835
2022	620,000	87,700	337,287	69,850
2023	645,000	66,000	342,347	64,792
2024-2028	675,000	33,750	1,790,320	245,371
2029-2033	-	-	1,520,098	116,650
2034-2038	-	-	666,635	21,517
Loan not yet in repayment status	-	-	1,218,235	-
	\$ 3,690,000	\$ 572,888	\$ 6,857,170	\$ 757,347

The following summarizes the amounts available for payment of general long-term debt at June 30, 2018:

	Debt Service Funds
School general obligation bonds	\$ 2,440,894
Transportation bonds	772,314
Parks and recreation bonds	1,680,097
Certificates of participation	3,550,891
	\$ 8,444,196

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, 2018, the Borough was in compliance with these requirements.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

Landfill Closure and Postclosure 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, 2018, based on landfill capacity used as of that date. In 2017 the Borough conducted a landfill closure review process which resulted in certain changes to the closure cost estimate. The \$5,463,707 reported as landfill closure and postclosure care liability at June 30, 2018 represents the cumulative amount reported to date based on the use of 23.5% of the estimated capacity of the landfill. The Borough will recognize the remaining estimated cost of closure and postclosure care of \$15,747,252 as the remaining capacity is filled. The Borough expects to close the landfill in the year 2050. Actual costs may change due to inflation, deflation, changes in technology, or changes in laws and regulations.

As of June 30, 2018, 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 nonrecourse 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. These balances are therefore only recorded in the Agency Funds. The balance of special assessment bonds payable at June 30, 2018 follows:

Gas line bonds	\$ 572,704
Road improvement bonds	57,010
Water project bonds	61,900
<hr/>	
Total	\$ 691,614

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

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

<i>Date of Refunding</i>	Issue Refunded	Amount Refunded	Amount Outstanding
2017	2009 A School Bonds	\$ 11,700,000	\$ 11,700,000
2017	2011 A School Bonds	20,185,000	20,185,000
Total Defeased Debt Outstanding			\$ 31,885,000

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. During 2017, the Borough issued \$57,985,000 in State of Alaska Lease Revenue Refunding Bonds (Series 2017) to advance refund \$59,340,000 of the 2008 outstanding Lease Revenue Bonds. The Borough considers this debt to be "conduit debt" for accounting and disclosure purposes. Total debt service outstanding and payable by the State of Alaska at June 30, 2018, including both principal and interest, was as follows:

2008 lease revenue bonds (unrefunded portion)	\$ 16,656,538
2015 lease revenue bonds	164,881,923
2017 lease revenue bonds	71,482,875
Total	\$ 253,021,336

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

12. Retirement Plans

(a) 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 defined-benefit 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/drdb/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 postemployment healthcare 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 notes.

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

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

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

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. Firefighters are required to contribute 7.50% of their annual covered salary.

Employer and Other Contribution Rates

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

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

ARM Board Adopted Rate: This is the rate formally adopted by the Alaska Retirement Management Board. This rate is actuarially determined and used to calculate annual Plan funding requirements, without regard to the statutory rate cap or the GASB accounting rate. Effective July 1, 2015, the Legislature requires the ARM Board to adopt employer contribution rates for past service liabilities using a level percent of pay method over a closed 25 year term which ends in 2039. This change results in lower ARM Board Rates in future years than previously adopted.

On-behalf Contribution Rate: This is the rate paid in by the State as an on-behalf payment under the current statute. The statute requires the State to contribute, based on funding availability, an on-behalf amount equal to the difference between the ARM Board Rate and the Employer Effective Rate. In the governmental fund financial statements, on-behalf contribution amounts have been recognized as additional revenues and expenditures. In the enterprise fund and government-wide financial statements, the on-behalf amounts reflect revenue and expense only during the measurement period in which the Plan recognizes the payments, resulting in a significant timing difference between the cash transfers and revenue and expense recognition. Total on-behalf amount recognized as the measurement period are actuarially calculated.

GASB Rate: This is the rate used to determine the long-term pension for plan accounting purposes in accordance with generally accepted accounting principles as established by GASB. Certain actuarial methods and assumptions for this rate calculation are mandated by GASB. For FY18, the rate uses an 8% pension discount rate.

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

Contribution rates for the year ended June 30, 2018 were determined in the June 30, 2015 actuarial valuation.

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate	GASB Rate
Pension	17.12%	21.90%	3.01%	29.07%
Other postemployment benefits	4.88%	3.11%	0.00%	66.85%
Total Contribution Rates	22.00%	25.01%	3.01%	95.92%

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

In 2018, the Borough was credited with the following contributions to the pension plan.

	Measurement Period Borough FY17	Borough FY18
Employer contributions (including DBUL)	\$ 2,667,192	\$ 3,034,464
Nonemployer contributions (on-behalf)	1,036,095	762,454
Total Contributions	\$ 3,703,287	\$ 3,796,918

In addition, employee contributions to the Plan totaled \$679,716 during the Borough's fiscal year.

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

At June 30, 2018, the Borough reported a liability for its proportionate share of the net pension liability (NPL) that reflected a reduction for State pension support provided to the Borough. The amount recognized by the Borough for its proportional share, the related State proportion, and the total were as follows:

	2018
Borough proportionate share of NPL	\$ 39,316,621
State's proportionate share of NPL associated with the Borough	14,648,493
Total Net Pension Liability	\$ 53,965,114

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 to calculate the net pension liability as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, including the State, actuarially determined. At the June 30, 2017 measurement date, the Borough's proportion was 0.76056 percent, which was a decrease of 0.08365 from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Borough recognized pension expense of \$5,100,549 and on-behalf revenue of \$1,162,673 for support provided by the State. At June 30, 2018, 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	\$ -	\$ (706,873)
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	1,054,609	-
Changes in proportion and differences between Borough contributions and proportionate share of contributions	412,574	(2,054,903)
Borough contributions subsequent to the measurement date	3,034,464	-
Total Deferred Outflows and Deferred Inflows of Resources Related to Pensions	\$ 4,501,647	\$ (2,761,776)

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

The \$3,034,464 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, 2019. 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,

2019	\$ (2,275,633)
2020	1,098,169
2021	492,983
2022	(610,112)
2023	-
Thereafter	-

Actuarial Assumptions

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

Actuarial cost method	Entry age normal; level percentage of payroll
Amortization method	Level dollar, closed
Inflation	3.12%
Salary increases	Graded by service, from 9.66% to 4.92% for peace officer/ firefighter Graded by age and service, from 8.55% to 4.34% for all others
Allocation Methodology	Amounts for FY17 were allocated to employers based on the projected present value of contributions for FY2019-FY2039. The liability is expected to go to zero at 2039.
Investment Return / Discount Rate	8.00%, net of pension plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%.
Mortality	Pre-termination - Based on the 2010-2013 actual mortality experience, 60% of male and 65% of female post-termination rates. Deaths are assumed to be occupational 70% of the time for peace officers/firefighters, 50% of the time for others. Post-termination - 96% of all rates of the RP-2000 table, 2000 base year projected to 2018 with projection scale BB.

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. 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>	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	26%	8.83%
Global ex-U.S. equity	22%	7.79%
Intermediate Treasuries	13%	1.29%
Opportunistic	5%	4.76%
Real assets	17%	4.94%
Absolute return	7%	4.76%
Private equity	9%	12.02%
Cash equivalents	1%	0.63%

Discount Rate

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

Discount Rate Sensitivity

The following presents the Borough's proportionate share of the net pension liability calculated using the discount rate of 8.00 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	0.76056%	\$ 51,646,009	\$ 39,316,621	\$ 28,904,927

Pension Plan Fiduciary Net Position

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

School District Participation

The School District also participates in the PERS plan, along with a separate but similar plan for educators, the Teacher Retirement System (TRS) plan. Additional information about the School District's pension plans can be found in their separately issued financial statements.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

(b) Defined Contribution (DC) Pension Plan

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

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

Benefit Terms

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

Employee Contribution Rate

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

Employer Contribution Rate

For the year ended June 30, 2018, 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, 2018 were \$658,981 and \$1,054,369 respectively. The Borough contribution amount was recognized as pension expense/expenditures.

(c) Defined Benefit OPEB Plan

As part of its participation in the PERS DB Plan (Tiers I, II, III), which is a cost-sharing multiple employer plan, the Borough participates in the Alaska Retiree Healthcare Trust (ARHCT), Retiree Medical Plan (RMP) and Occupational Death and Disability Plan (ODD). The ARHCT is self-funded and provides major medical coverage to retirees of the DB Plan. Benefits vary by Tier level. The RMP provides major medical coverage to retirees of the PERS DC Plan (Tier IV). The ODD provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within PERS. The Plans are administered by the State of Alaska, Department of Administration.

Employer Contribution Rate

The Borough is required to contribute 4.88% and 1.03% of covered payroll into the ARHCT and RMP plans, respectively. Employer contributions for the ODD plan are 0.43% and 0.16% of covered payroll for peace officers/firefighters and all other members, respectively. Employees do not contribute.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

In 2018, the Borough was credited with the following contributions to the OPEB plans:

	Measurement Period Borough FY17	Borough FY18
Employer contributions	\$ 1,419,427	\$ 1,023,827
Nonemployer contributions (on-behalf)	-	-
Total Contributions	\$ 1,419,427	\$ 1,023,827

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Plans

At June 30, 2018, the Borough reported a liability for its proportionate share of the net OPEB liabilities (NOL) for the plans that reflected a reduction for State OPEB support provided to the Borough. The amount recognized by the Borough for its proportional share, the related State proportion, and the total were as follows:

	2018
Borough's proportionate share of NOL - ARHCT	\$ 6,425,311
Borough's proportionate share of NOL - RMP	60,045
	6,485,356
Borough's proportionate share of NOL (asset) - ODD	(163,371)
State's proportionate share of the ARHCT NOL associated with the Borough	2,395,674
Total Net OPEB Liabilities	\$ 8,717,659

The total OPEB liabilities for the June 30, 2017 measurement date was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 to calculate the net OPEB liabilities as of that date. The Borough's proportion of the net OPEB liabilities were based on a projection of the Borough's long-term share of contributions to the OPEB plans relative to the projected contributions of all participating entities, actuarially determined.

	June 30, 2016 Measurement Date Employer Proportion	June 30, 2017 Measurement Date Employer Proportion	Change
Borough's proportionate share of the net OPEB liabilities:			
ARHCT	0.84456%	0.76061%	(0.08395)%
RMP	1.12948%	1.15139%	0.02191%
ODD	1.12948%	1.15139%	0.02191%

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

As a result of its requirement to contribute to the plans the Borough recognized OPEB expense of \$926,988 and on-behalf revenue of \$376,425 for support provided by the State. At June 30, 2018, the Borough reported deferred outflows of resources and deferred inflows of resources related to OPEB plans from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (351,786)
Changes in assumptions	-	-
Changes in benefits	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	(2,051,518)
Changes in proportion and differences between Borough contributions and proportionate share of contributions	1,798	(425,557)
Borough contributions subsequent to the measurement date	1,023,827	-
Total Deferred Outflows and Deferred Inflows of Resources Related to OPEB Plans	\$ 1,025,625	\$ (2,828,861)

The \$1,023,827 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,

2019		\$ (940,202)
2020		(854,940)
2021		(513,889)
2022		(513,889)
2023		(1,010)
Thereafter		(3,133)

Actuarial Assumptions

The total OPEB liability for the plans for the measurement period ended June 30, 2017 (Borough fiscal year 2018) was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2017. The actuarial assumptions used in the June 30, 2016 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2009 to June 30, 2013, resulting in changes in actuarial assumptions adopted by the Alaska Retirement Management Board to better reflect expected future experience.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

Actuarial cost method	Entry age normal; level percentage of payroll
Amortization method	Level dollar, closed
Inflation	3.12%
Salary increases	Graded by service from 9.66% to 4.92% for peace officer/ firefighter Graded by service from 8.55% to 4.34% for all others
Allocation Methodology	Amounts for FY17 were allocated to employers based on the projected present value of contributions for FY2019-FY2039. The liability is expected to go to zero at 2039.
Investment Return / Discount Rate	8.00%, net of postemployment healthcare plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%.
Healthcare cost trend rates	Pre-65 medical; 8.8% grading down to 4.4% Post-65 medical; 5.8% grading down to 4.0% Prescription drug; 5.4% grading down to 4.0%
Mortality	Pre-termination - Based on the 2010-2013 actual mortality experience, 60% of male and 65% of female post-termination rates. Deaths are assumed to be occupational 70% of the time for peace officers/firefighters, 50% of the time for all others. Post-termination - 96% of all rates of the RP-2000 table, 2000 base year projected to 2018 with projection scale BB.

The long-term expected rate of return on OPEB 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 postretirement healthcare 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>	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	26%	8.83%
Global ex-U.S. equity	22%	7.79%
Intermediate Treasuries	13%	1.29%
Opportunistic	5%	4.76%
Real assets	17%	4.94%
Absolute return	7%	4.76%
Private equity	9%	12.02%
Cash equivalents	1%	0.63%

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

Discount Rate

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

Discount Rate Sensitivity

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

	Proportional Share	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Borough's proportionate share of the net OPEB liabilities (assets):				
ARHCT	0.76061%	\$ 13,750,842	\$ 6,425,311	\$ 263,536
RMP	1.15139%	281,296	60,045	(112,721)
ODD	1.15139%	(147,481)	(163,371)	(176,358)

Healthcare Cost Trend Rates Sensitivity

The following presents the Borough's proportionate share of the net OPEB liabilities calculated using the healthcare cost trend rate, as well as what the Borough's proportionate share of the net OPEB liabilities would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Proportional Share	1% Decrease	Current Discount Rate	1% Increase
Borough's proportionate share of the net OPEB liabilities (assets):				
ARHCT	0.76061%	\$ (712,745)	\$ 6,425,311	\$ 15,006,967
RMP	1.15139%	(148,633)	60,045	339,637
ODD	1.15139%	-	(163,371)	-

OPEB Plan Fiduciary Net Position

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

School District Participation

The School District also participates in the PERS postemployment plans, along with separate but similar plans for educators under the Teacher Retirement System (TRS). Additional information about the School District's postemployment benefit plans can be found in their separately issued financial statements.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

(d) Defined Contribution OPEB Plans

Defined Contribution Pension Plan participants (PERS Tier IV) participate in the Occupational Death and Disability Plan (ODD), and the Retiree Medical Plan described above in the defined benefit section.

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, 2017, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,084 per year for each full-time employee, and \$1.34 per hour for part-time employees.

Annual Postemployment Healthcare Cost

In 2018, the Borough contributed \$382,769 in DC OPEB costs. These amounts have been recognized as expense/expenditures.

13. Contingencies

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.

14. Subsequent Events

Cybersecurity Incident

The Borough was the victim of a cybersecurity attack in April 2018. As a result, the Borough replaced and improved various information technology assets, for an estimated total cost of approximately \$2 million. A portion of this has been recovered under insurance policies. The total recovery has not yet been determined.

Earthquake

On November 30, 2018, the Borough experienced a 7.0 earthquake. The Borough has conducted various inspections and assessments on property and infrastructure assets, including School District buildings. Equipment was also inspected for damage resulting from shifting during the quake. The Borough is in the process of obtaining engineering estimates of the earthquake related damages. Much of the costs are expected to be covered by emergency assistance and insurance. The total cost of repair or replacement of the Borough and School District assets is not yet fully known.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

15. New Accounting Pronouncements

The Governmental Accounting Standards Board has passed several new accounting standards with upcoming implementation dates. Management has not fully evaluated the potential effects of these statements, and actual impacts have not yet been determined.

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

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

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

GASB 88 - Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements - Effective for year-end June 30, 2019, with earlier application encouraged - This statement addresses note disclosures related to debt, clarifies which liabilities to include when disclosing information related to debt, and defines debt for the purpose of disclosure. It requires additional essential information related to debt be disclosed in the notes, as well as information for direct borrowings and direct placements.

GASB 89 - Accounting for Interest Cost Incurred before the End of a Construction Period - Effective for year-end June 30, 2021, with earlier application encouraged - This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus.

GASB 90 - Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61 - Effective for year-end June 30, 2020, with earlier application encouraged - This statement addresses accounting and financial reporting for a majority equity interest in a legally separate organization. It provides a definition of a majority equity interest and provides guidance for further presentation as either an investment or a component unit, based on specific criteria.

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

Years Ended June 30,	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
2018	0.76056%	\$ 39,316,621	\$ 14,648,493	\$ 53,965,114	\$ 22,871,706	171.90%	63.37%
2017	0.84421%	47,187,922	5,944,748	53,132,670	22,300,573	211.60%	59.55%
2016	0.64860%	31,457,163	8,425,442	39,882,605	21,010,045	149.72%	63.96%
2015	0.48137%	22,451,653	18,637,380	41,089,033	19,339,708	116.09%	62.37%
2014	*	*	*	*	*	*	*
2013	*	*	*	*	*	*	*
2012	*	*	*	*	*	*	*
2011	*	*	*	*	*	*	*
2010	*	*	*	*	*	*	*
2009	*	*	*	*	*	*	*

* Information for these years is not available.

See accompanying notes to Required Supplementary Information.

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

Years Ended June 30,	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	Borough's Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	\$ 3,034,464	\$ 3,034,464	\$ -	\$ 23,215,637	13.07%
2017	2,667,192	2,667,192	-	22,871,706	11.66%
2016	2,309,530	2,309,530	-	22,300,573	10.36%
2015	2,137,416	2,137,416	-	21,010,045	10.17%
2014	*	*	*	*	*
2013	*	*	*	*	*
2012	*	*	*	*	*
2011	*	*	*	*	*
2010	*	*	*	*	*
2009	*	*	*	*	*

* Information for these years is not available.

See accompanying notes to Required Supplementary Information.

Matanuska-Susitna Borough, Alaska
Public Employees' Retirement System
Schedule of the Borough's Information on the Net OPEB Liability

Years Ended June 30,	Borough's Proportion of the Net OPEB Liability	Borough's Proportionate Share of the Net OPEB Liability	State of Alaska Proportionate Share of the Net OPEB Liability	Total Net OPEB Liability	Borough's Covered Payroll	Borough's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2018	0.76061	\$ 6,321,985	\$ 2,395,674	\$ 8,717,659	\$ 22,871,706	27.64%	89.68%
2017	*	*	*	*	*	*	*
2016	*	*	*	*	*	*	*
2015	*	*	*	*	*	*	*
2014	*	*	*	*	*	*	*
2013	*	*	*	*	*	*	*
2012	*	*	*	*	*	*	*
2011	*	*	*	*	*	*	*
2010	*	*	*	*	*	*	*
2009	*	*	*	*	*	*	*

*Information for these years is not available.

See accompanying notes to Required Supplementary Information.

Matanuska-Susitna Borough, Alaska
Public Employees' Retirement System OPEB Plan
Schedule of the Borough's Contributions

Years Ended June 30,	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	Borough's Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	\$1,023,827	\$1,023,827	\$ -	\$23,215,637	4.41%
2017	*	*	*	*	*
2016	*	*	*	*	*
2015	*	*	*	*	*
2014	*	*	*	*	*
2013	*	*	*	*	*
2012	*	*	*	*	*
2011	*	*	*	*	*
2010	*	*	*	*	*
2009	*	*	*	*	*

*Information for these years is not available.

See accompanying notes to Required Supplementary Information.

Matanuska-Susitna Borough, Alaska

Notes to Required Supplementary Information June 30, 2018

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, 2018, the Plan measurement date is June 30, 2017.

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

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

There were no changes in allocation methodology.

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

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

3. Public Employees' Retirement System OPEB Plan - Schedule of the Borough's Information on the Net OPEB Liability

This table is presented based on the Plan measurement date. For June 30, 2018, the Plan measurement date is June 30, 2017.

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

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

There were no changes in allocation methodology.

4. Public Employees' Retirement System OPEB Plan - Schedule of the Borough's Contributions

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

NON MAJOR FUNDS

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Matanuska-Susitna Borough, Alaska

Nonmajor Governmental Funds
Combining Balance Sheet

<i>June 30, 2018</i>	Special Revenue	Debt Service	Capital Projects	Totals
Assets				
Cash and investments	\$ 34,572,052	\$ 3,601,928	\$ 70,266,729	\$ 108,440,709
Prepaid items	52,734	-	-	52,734
Receivables:				
Intergovernmental	761,217	-	1,815,018	2,576,235
Property taxes, net of allowance	2,835,545	-	-	2,835,545
Land sales contracts, net	10,125	-	-	10,125
Interfund loans receivable	2,243,488	-	-	2,243,488
Other	259,667	-	1,312	260,979
Land sales contracts receivable, long-term	437,673	-	-	437,673
Restricted cash and investments	-	2,401,374	3,701,223	6,102,597
Total Assets	\$ 41,172,501	\$ 6,003,302	\$ 75,784,282	\$ 122,960,085
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts, contracts and retentions payable	\$ 750,691	\$ -	\$ 5,551,463	\$ 6,302,154
Deposits	91,789	-	2,529	94,318
Unearned revenue	-	-	1,355,739	1,355,739
Interfund loans payable	558,352	-	-	558,352
Total Liabilities	1,400,832	-	6,909,731	8,310,563
Deferred Inflows of Resources				
Special assessments	6,751	-	-	6,751
Delinquent property taxes	2,560,817	-	-	2,560,817
Land sales receivables not yet due	437,673	-	-	437,673
Total Liabilities and Deferred Inflows of Resources	4,406,073	-	6,909,731	11,315,804
Fund Balances				
Nonspendable - prepaid items	52,734	-	-	52,734
Restricted:				
Debt service	-	2,401,374	-	2,401,374
Capital projects	-	-	3,701,223	3,701,223
Committed:				
Long-term loan receivable	2,243,488	-	-	2,243,488
Land management	1,688,753	-	-	1,688,753
Self-insurance	10,000	-	-	10,000
Accrued leave	30,000	-	-	30,000
Equipment	100,000	-	-	100,000
Assigned:				
Subsequent year expenditures	4,052,566	-	-	4,052,566
Subsequent year appropriations	80,000	-	-	80,000
Land management	3,490,785	-	-	3,490,785
Service areas	25,265,189	-	-	25,265,189
Debt service	-	3,601,928	-	3,601,928
Capital projects	-	-	65,173,328	65,173,328
Unassigned (deficits)	(247,087)	-	-	(247,087)
Total Fund Balances	36,766,428	6,003,302	68,874,551	111,644,281
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 41,172,501	\$ 6,003,302	\$ 75,784,282	\$ 122,960,085

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

<i>Year Ended June 30, 2018</i>	Special Revenue	Debt Service	Capital Projects	Totals
Revenues				
Taxes	\$ 38,867,940	\$ -	\$ -	\$ 38,867,940
Intergovernmental	951,606	-	10,211,740	11,163,346
Charges for services	3,788,353	-	-	3,788,353
Investment income	49,826	21,801	360,435	432,062
Interest on land sales	34,897	-	-	34,897
Other	1,545,160	-	139,778	1,684,938
Total Revenues	45,237,782	21,801	10,711,953	55,971,536
Expenditures				
Current:				
General government	517,633	-	245,033	762,666
Emergency services	13,591,495	-	1,606,393	15,197,888
Public services	14,570,551	-	10,648,549	25,219,100
Capital outlay	-	-	26,940,257	26,940,257
Debt service	4,570	6,831,584	-	6,836,154
Total Expenditures	28,684,249	6,831,584	39,440,232	74,956,065
Excess (Deficiency) of Revenues				
Over Expenditures	16,553,533	(6,809,783)	(28,728,279)	(18,984,529)
Other Financing Sources (Uses)				
Sale of capital assets	27,840	-	-	27,840
Transfers in	608,852	7,023,903	20,942,131	28,574,886
Transfers out	(15,493,145)	(180,470)	(755,934)	(16,429,549)
Net Other Financing Sources (Uses)	(14,856,453)	6,843,433	20,186,197	12,173,177
Net Change in Fund Balances	1,697,080	33,650	(8,542,082)	(6,811,352)
Fund Balances, beginning	35,069,348	5,969,652	77,416,633	118,455,633
Fund Balances, ending	\$ 36,766,428	\$ 6,003,302	\$ 68,874,551	\$ 111,644,281

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GENERAL FUND

The General Fund accounts for the financial operations of the borough which are not required to be accounted for in any other fund. Principal sources of revenue are property taxes and intergovernmental revenues. Primary expenditures in the General Fund are for general government, emergency services and public services.

Matanuska-Susitna Borough, Alaska

General Fund
Balance Sheet

June 30,	2018	2017
Assets		
Cash and investments	\$ 49,842,274	\$ 41,818,178
Prepaid items	604,214	991,403
Receivables:		
Intergovernmental	1,544	4,851
Delinquent property taxes, including foreclosure costs, penalties and interest net of allowance for doubtful accounts of \$166,251 (\$166,294 in 2017)	8,487,211	8,828,091
Ambulance, net of allowance for doubtful accounts of \$238,862 (\$1,090,239,120 in 2017)	542,508	2,529,055
Excise taxes	230,543	1,206,558
Accrued interest	397,242	210,852
Other	888,572	3,757,034
Due from other funds	5,444,259	5,133,511
Interfund loans receivable	450,000	450,000
Inventory	215,813	245,514
Total Assets	\$ 67,104,180	\$ 65,175,047
Liabilities, Deferred Inflows of Resources and Fund Balance		
Liabilities		
Accounts payable	\$ 586,247	\$ 888,655
Accrued payroll and related liabilities	2,359,470	2,289,974
Other liabilities	65,831	72,685
Total Liabilities	3,011,548	3,251,314
Deferred Inflows of Resources		
Taxes collected in advance	983,836	813,271
Delinquent property taxes	7,696,761	7,927,557
Delinquent ambulance receivables	144,686	1,916,400
Delinquent foreclosure property sales	57,316	57,316
Total Liabilities and Deferred Inflows of Resources	11,894,147	13,965,858
Fund Balance		
Nonspendable:		
Prepaid items	604,214	991,403
Inventory	215,813	245,514
Long-term loan receivable	450,000	450,000
Committed:		
Self-insurance	150,000	150,000
Accrued leave	250,000	250,000
Assembly projects	57,217	57,217
Major repairs and renovations	29,248	29,248
Capital	500,000	500,000
Emergency response	1,200,000	1,200,000
Paving projects and calcium chloride	3,984,043	3,984,043
School site acquisition	1,898,798	1,898,798
Fund balance stabilization	25,000,000	25,000,000
Assigned - subsequent year expenditures	9,096,692	4,237,866
Unassigned	11,774,008	12,215,100
Total Fund Balance	55,210,033	51,209,189
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 67,104,180	\$ 65,175,047

Matanuska-Susitna Borough, Alaska

General Fund

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

<i>Years Ended June 30,</i>	2018			2017
	Budget	Actual	Variance	Actual
Revenues				
Taxes:				
Current year property tax levy	\$ 94,199,700	\$ 93,464,987	\$ (734,713)	\$ 86,923,802
Penalty and interest on taxes	1,000,000	282,084	(717,916)	996,648
Foreclosure costs	100,000	147,761	47,761	158,876
Recording and attorney fees	3,500	6,350	2,850	3,024
Vehicle taxes collected through State of Alaska	2,858,970	2,401,556	(457,414)	2,937,468
Excise taxes	8,309,000	7,768,567	(540,433)	8,229,211
Transient accommodations tax	1,202,500	1,268,575	66,075	1,206,741
Total taxes	107,673,670	105,339,880	(2,333,790)	100,455,770
Intergovernmental:				
State sources:				
Debt service reimbursement	22,597,038	22,610,591	13,553	17,764,283
Revenue sharing	1,700,000	2,417,338	717,338	2,751,236
PERS relief	-	583,926	583,926	786,213
In lieu of taxes	9,000	9,402	402	12,910
Other	-	127	127	181
Federal sources:				
In lieu of taxes	3,000,000	3,637,432	637,432	3,553,659
Other	55,000	30,524	(24,476)	11
Total intergovernmental	27,361,038	29,289,340	1,928,302	24,868,493
Charges for services:				
Ambulance	4,802,500	3,705,756	(1,096,744)	3,094,646
Engineering inspections	121,000	138,331	17,331	140,215
Planning and zoning	150,100	162,640	12,540	151,378
Ice arena	360,000	408,247	48,247	459,129
Community pool fees	535,000	481,208	(53,792)	667,607
Business licenses	250,000	360,900	110,900	464,100
Leases	400,000	400,000	-	400,000
Other	265,800	384,055	118,255	1,080,641
Total charges for services	6,884,400	6,041,137	(843,263)	6,457,716
Investment income	300,000	824,246	524,246	467,267
Total Revenues	142,219,108	141,494,603	(724,505)	132,249,246

Matanuska-Susitna Borough, Alaska

General Fund

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

Years Ended June 30,	2018			2017
	Budget	Actual	Variance	Actual
Expenditures				
General government:				
Mayor	\$ 83,519	\$ 74,649	\$ 8,870	\$ 74,527
Assembly	460,670	363,317	97,353	361,683
Clerk	531,386	496,833	34,553	512,936
Administration	1,680,701	1,579,428	101,273	1,446,629
Elections	406,356	341,433	64,923	395,412
Records management	457,834	439,947	17,887	433,813
Finance	787,524	424,292	363,232	497,070
Budgeting	1,622,529	1,370,617	251,912	1,501,175
Accounting	1,698,317	1,678,829	19,488	1,631,583
Law	1,691,437	1,244,738	446,699	1,321,255
Human resources	693,179	610,271	82,908	606,919
Common contractual	1,817,115	1,005,717	811,398	1,300,682
Adj. and appeals/bid review board	44,350	7,916	36,434	1,899
Planning	2,553,413	2,514,396	39,017	2,448,766
Planning administration	445,481	445,433	48	411,064
Economic development	735,406	740,800	(5,394)	742,890
Pass-through to cities	225,000	225,000	-	100,000
Assessments	2,618,241	2,599,873	18,368	2,603,401
Information technology	5,585,308	5,237,969	347,339	5,394,570
Total general government	24,137,766	21,401,458	2,736,308	21,786,274
Less recovery of expenditures from other funds	(433,000)	(454,939)	21,939	(480,675)
Net general government	23,704,766	20,946,519	2,758,247	21,305,599
Public works:				
Public works administration	176,213	163,120	13,093	126,074
Maintenance	1,867,869	1,771,409	96,460	1,747,837
Project management and engineering	3,726,584	3,548,640	177,944	3,389,672
Public works operations	117,818	108,812	9,006	119,456
Total public works	5,888,484	5,591,981	296,503	5,383,039

Matanuska-Susitna Borough, Alaska

General Fund

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

Years Ended June 30,	2018			2017
	Budget	Actual	Variance	Actual
Expenditures, continued				
Emergency services:				
Local emergency planning board	\$ 14,990	\$ 3,148	\$ 11,842	\$ 4,855
Rescue units	863,029	897,228	(34,199)	865,323
Ambulance operation	8,349,722	7,125,896	1,223,826	7,656,070
Ambulance services	168,119	74,429	93,690	-
Emergency services building	179,782	121,251	58,531	119,441
Fleet maintenance	243,666	181,121	62,545	172,721
Telecommunications network	1,119,017	751,749	367,268	754,786
Rural ambulance	271,374	189,451	81,923	138,493
Emergency services administration	1,787,203	1,536,978	250,225	1,672,956
Total emergency services	12,996,902	10,881,251	2,115,651	11,384,645
Less recovery of expenditures from other funds	(703,381)	(685,197)	(18,184)	(566,933)
Net emergency services	12,293,521	10,196,054	2,097,467	10,817,712
Public services:				
Vehicle removal	27,500	17,218	10,282	20,413
Community services	92,108	67,595	24,513	97,197
Cultural resources	3,000	2,025	975	-
Parks and recreation	461,451	410,287	51,164	402,895
Ice arena	822,216	751,268	70,948	821,961
Outdoor ice rinks	3,100	1,025	2,075	802
Recreational services	307,946	308,955	(1,009)	314,641
Community pools	1,376,489	1,254,811	121,678	1,566,265
Community development administration	910,094	767,205	142,889	837,879
Road service administration	2,379,376	2,174,166	205,210	2,231,133
Recreation infrastructure maintenance	310,173	244,290	65,883	216,715
Total public services	6,693,453	5,998,845	694,608	6,509,901
Less recovery of expenditures from other funds	(2,579,176)	(2,331,177)	(247,999)	(2,361,190)
Net public services	4,114,277	3,667,668	446,609	4,148,711

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>	2018			2017
	Budget	Actual	Variance	Actual
Expenditures, continued				
Education - contributions to School District	\$ 55,841,300	\$ 55,841,300	\$ -	\$ 55,841,300
Total Expenditures	101,842,348	96,243,522	5,598,826	97,496,361
Excess of Revenues				
Over Expenditures	40,376,760	45,251,081	4,874,321	34,752,885
Other Financing Sources (Uses)				
Sale of capital assets	10,000	34,905	24,905	17,821
Transfers in	200,000	4,964,497	4,764,497	960,854
Transfers out	(46,249,625)	(46,249,639)	(14)	(43,043,722)
Net Other Financing Sources (Uses)	(46,039,625)	(41,250,237)	4,789,388	(42,065,047)
Net Change in Fund Balance	<u>\$ (5,662,865)</u>	4,000,844	<u>\$ 9,663,709</u>	(7,312,162)
Fund Balance, beginning		<u>51,209,189</u>		<u>58,521,351</u>
Fund Balance, ending		<u>\$ 55,210,033</u>		<u>\$ 51,209,189</u>

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SPECIAL REVENUE FUNDS

These funds account for revenues from specific revenue sources, including grants, land sales, property taxes, service fees and rental charges, which are designated to finance particular functions and activities.

Land Management - To account for lease, sale, and use of the borough-owned real estate within the borough.

Nonareawide Services and Service Areas - To account for the nonareawide operations of the Borough such as economic development, animal care, and libraries. The service areas account for the road, fire, flood control, and water and sewer services.

Enhanced 911 - To account for the enhancement and maintenance of an enhanced 911 emergency reporting system.

Matanuska-Susitna Borough, Alaska

Special Revenue Funds
Combining Balance Sheet

June 30,	Nonareawide Services and Service Areas	Land Management	Totals	
			2018	2017
Assets				
Cash and investments	\$ 28,343,640	\$ 6,228,412	\$ 34,572,052	\$ 31,892,276
Prepaid items	52,734	-	52,734	53,368
Receivables:				
Intergovernmental	761,217	-	761,217	3,375
Property taxes, net of allowance	2,835,545	-	2,835,545	2,660,229
Land sales contracts, net	-	10,125	10,125	5,860
Interfund loan receivable	-	2,243,488	2,243,488	4,493,488
Other	253,321	6,346	259,667	260,088
Land sales contracts receivable, long-term	-	437,673	437,673	297,553
Total Assets	\$ 32,246,457	\$ 8,926,044	\$ 41,172,501	\$ 39,666,237
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 740,540	\$ 10,151	\$ 750,691	\$ 777,954
Deposits	20,265	71,524	91,789	90,289
Interfund loans payable	558,352	-	558,352	635,228
Due to General Fund	-	-	-	412,028
Total Liabilities	1,319,157	81,675	1,400,832	1,915,499
Deferred Inflows of Resources				
Special assessments	6,751	-	6,751	6,266
Delinquent property taxes	2,560,817	-	2,560,817	2,377,571
Land sales receivables not yet due	-	437,673	437,673	297,553
Total Liabilities and Deferred Inflows of Resources	3,886,725	519,348	4,406,073	4,596,889
Fund Balances				
Nonspendable - prepaid items	52,734	-	52,734	53,368
Committed:				
Long-term loan receivable	-	2,243,488	2,243,488	4,493,488
Land management	-	1,688,753	1,688,753	1,197,899
Self-insurance	10,000	-	10,000	10,000
Accrued leave	20,000	10,000	30,000	30,000
Equipment	100,000	-	100,000	100,000
Assigned:				
Subsequent year expenditures	3,078,896	973,670	4,052,566	2,165,217
Subsequent year appropriations	80,000	-	80,000	702,000
Land management	-	3,490,785	3,490,785	2,001,410
Service areas	25,265,189	-	25,265,189	24,776,091
Unassigned (deficits)	(247,087)	-	(247,087)	(460,125)
Total Fund Balances	28,359,732	8,406,696	36,766,428	35,069,348
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 32,246,457	\$ 8,926,044	\$ 41,172,501	\$ 39,666,237

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

<i>Years Ended June 30,</i>	Nonareawide Services and Service Areas	Land Management	Totals	
			2018	2017
Revenues				
Taxes	\$ 38,867,940	\$ -	\$ 38,867,940	\$ 37,512,258
Intergovernmental	933,570	18,036	951,606	998,530
Charges for services	2,963,025	825,328	3,788,353	5,353,617
Investment income	41,945	7,881	49,826	54,261
Interest on land sales	-	34,897	34,897	21,701
Other	1,319,310	225,850	1,545,160	880,291
Total Revenues	44,125,790	1,111,992	45,237,782	44,820,658
Expenditures				
Current -				
General government	517,633	-	517,633	581,648
Emergency services	13,591,495	-	13,591,495	12,573,501
Public services	13,173,686	1,396,865	14,570,551	13,826,145
Debt service	4,570	-	4,570	4,927
Total Expenditures	27,287,384	1,396,865	28,684,249	26,986,221
Excess (Deficiency) of Revenues Over Expenditures	16,838,406	(284,873)	16,553,533	17,834,437
Other Financing Sources (Uses)				
Transfers in	608,343	509	608,852	2,792,384
Transfers out	(15,461,141)	(32,004)	(15,493,145)	(18,108,682)
Sale of capital assets	27,840	-	27,840	-
Net Other Financing Sources (Uses)	(14,824,958)	(31,495)	(14,856,453)	(15,316,298)
Net Change in Fund Balances	2,013,448	(316,368)	1,697,080	2,518,139
Fund Balances, beginning	26,346,284	8,723,064	35,069,348	32,551,209
Fund Balances, ending	\$ 28,359,732	\$ 8,406,696	\$ 36,766,428	\$ 35,069,348

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

June 30, 2018	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 MacKenzie	Fire Fleet Maintenance	Roads Outside Service Areas	Combined		Totals
		Talkeetna Flood Control	Talkeetna Water and Sewer	Hills Sub-division						Fire Service Areas	Road Service Areas			
Assets														
Cash and investments	\$ 1,486,029	\$ 148,656	\$ 23,759	\$ 29,799	\$ 107,034	\$ 151,078	\$ 2,042,869	\$ 8,455	\$ 454,237	\$ 869	\$ 328	\$ 20,828,191	\$ 3,062,336	\$ 28,343,640
Receivables:														
Intergovernmental	761,048	-	-	-	-	-	-	-	-	-	-	169	-	761,217
Property taxes, net of allowance	334,800	781	-	-	-	2,825	-	10	100,919	-	-	1,031,470	1,364,740	2,835,545
Other	2,159	-	17,788	-	-	667	232,707	-	-	-	-	-	-	253,321
Prepaid items	21,415	-	640	-	-	-	27,425	-	-	-	-	3,254	-	52,734
Total Assets	\$ 2,605,451	\$ 149,437	\$ 42,187	\$ 29,799	\$ 107,034	\$ 154,570	\$ 2,303,001	\$ 8,465	\$ 555,156	\$ 869	\$ 328	\$ 21,863,084	\$ 4,427,076	\$ 32,246,457
Liabilities, Deferred Inflows of Resources and Fund Balances														
Liabilities														
Accounts payable	\$ 61,168	\$ -	\$ 31,226	\$ -	\$ -	\$ -	\$ 2,410	\$ -	\$ 2,647	\$ 869	\$ -	\$ 80,241	\$ 561,979	\$ 740,540
Interfund loans payable	-	-	247,913	-	-	102,000	-	-	-	-	-	50,000	158,439	558,352
Other	-	-	-	-	-	-	-	-	-	-	-	-	20,265	20,265
Total Liabilities	61,168	-	279,139	-	-	102,000	2,410	-	2,647	869	-	130,241	740,683	1,319,157
Deferred Inflows of Resources														
Special assessments	(49)	-	-	-	-	6,800	-	-	-	-	-	-	-	6,751
Delinquent property taxes	294,994	90	-	-	-	2,557	-	10	100,919	-	-	919,338	1,242,909	2,560,817
Total Liabilities and Deferred Inflows of Resources	356,113	90	279,139	-	-	111,357	2,410	10	103,566	869	-	1,049,579	1,983,592	3,886,725
Fund Balances														
Nonspendable - prepaid items	21,415	-	640	-	-	-	27,425	-	-	-	-	3,254	-	52,734
Committed:														
Self-insurance	10,000	-	-	-	-	-	-	-	-	-	-	-	-	10,000
Accrued leave	20,000	-	-	-	-	-	-	-	-	-	-	-	-	20,000
Equipment	100,000	-	-	-	-	-	-	-	-	-	-	-	-	100,000
Assigned:														
Subsequent year expenditures	1,587,341	12,786	9,495	15,000	-	-	-	6,453	25,929	-	233	1,421,659	-	3,078,896
Subsequent year appropriations	-	-	-	-	-	-	-	-	-	-	-	80,000	-	80,000
Service areas	510,582	136,561	-	14,799	107,034	43,213	2,273,166	2,002	425,661	-	95	19,308,592	2,443,484	25,265,189
Unassigned (deficit)	-	-	(247,087)	-	-	-	-	-	-	-	-	-	-	(247,087)
Total Fund Balances (Deficit)	2,249,338	149,347	(236,952)	29,799	107,034	43,213	2,300,591	8,455	451,590	-	328	20,813,505	2,443,484	28,359,732
Total Liabilities, Deferred Inflows of Resources and Fund Balances														
\$ 2,605,451	\$ 149,437	\$ 42,187	\$ 29,799	\$ 107,034	\$ 154,570	\$ 2,303,001	\$ 8,465	\$ 555,156	\$ 869	\$ 328	\$ 21,863,084	\$ 4,427,076	\$ 32,246,457	

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

Year Ended June 30, 2018	Non-areawide Services	Service Area 7 Talkeetna Flood Control	Service Area 36 Talkeetna Water and Sewer	Freedom Hills Sub-division	Garden Terrace Estates	Circle View/Stampede Estates	Enhanced 911 Service	Chase Trail	Service Area 69 Point MacKenzie	Fire Fleet Maintenance	Roads Outside Service Areas	Combined Fire Service Areas	Road Service Areas	Totals
Revenues														
Taxes	\$ 4,058,255	\$ 31,304	\$ 163,591	\$ -	\$ -	\$ 21,502	\$ -	\$ 600	\$ 21,286	\$ -	\$ -	\$ 16,436,106	\$ 18,135,296	\$ 38,867,940
Intergovernmental	865,613	-	1,533	-	-	-	-	-	-	6,642	-	59,782	-	933,570
Charges for services	263,069	-	369,540	-	-	-	2,330,416	-	-	-	-	-	-	2,963,025
Investment income	2,556	200	146	45	-	214	2,566	12	724	-	-	28,793	6,689	41,945
Other	110,205	-	-	-	-	-	3,774	-	-	362,517	-	842,814	-	1,319,310
Total Revenues	5,299,698	31,504	534,810	45	-	21,716	2,336,756	612	22,010	369,159	-	17,367,495	18,141,985	44,125,790
Expenditures														
Current -														
General government	517,633	-	-	-	-	-	-	-	-	-	-	-	-	517,633
Emergency services	2,269,124	-	-	-	-	-	1,631,483	-	-	268,180	-	9,422,708	-	13,591,495
Public services	1,501,895	672	313,862	-	-	-	-	-	47,712	-	-	-	11,309,545	13,173,686
Debt service	-	-	1,706	-	-	270	-	-	-	-	-	-	2,594	4,570
Total Expenditures	4,288,652	672	315,568	-	-	270	1,631,483	-	47,712	268,180	-	9,422,708	11,312,139	27,287,384
Excess (Deficiency) of Revenues Over Expenditures	1,011,046	30,832	219,242	45	-	21,446	705,273	612	(25,702)	100,979	-	7,944,787	6,829,846	16,838,406
Other Financing Sources (Uses)														
Transfers in	10,328	-	3,291	-	-	-	15,284	-	-	-	-	572,822	6,618	608,343
Transfers out	(680,329)	-	-	-	-	-	(53,276)	-	-	(100,979)	-	(5,247,566)	(9,378,991)	(15,461,141)
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-	27,840	-	27,840
Net Other Financing Sources (Uses)	(670,001)	-	3,291	-	-	-	(37,992)	-	-	(100,979)	-	(4,646,904)	(9,372,373)	(14,824,958)
Net Change in Fund Balances	341,045	30,832	222,533	45	-	21,446	667,281	612	(25,702)	-	-	3,297,883	(2,542,527)	2,013,448
Fund Balances (Deficits), beginning	1,908,293	118,515	(459,485)	29,754	107,034	21,767	1,633,310	7,843	477,292	-	328	17,515,622	4,986,011	26,346,284
Fund Balances (Deficit), ending	\$ 2,249,338	\$ 149,347	\$ (236,952)	\$ 29,799	\$ 107,034	\$ 43,213	\$ 2,300,591	\$ 8,455	\$ 451,590	\$ -	\$ 328	\$ 20,813,505	\$ 2,443,484	\$ 28,359,732

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

Years Ended June 30,	2018			2017
	Budget	Actual	Variance	Actual
Revenues				
Taxes	\$ 4,048,300	\$ 4,058,255	\$ 9,955	\$ 3,791,847
Intergovernmental:				
State PERS relief	-	65,936	65,936	93,447
Electric and telephone cooperative shared revenue	750,000	761,045	11,045	751,987
Library grants	41,250	38,632	(2,618)	34,500
Total intergovernmental	791,250	865,613	74,363	879,934
Charges for services:				
Animal care fees	220,750	237,823	17,073	219,125
User fees	31,000	25,246	(5,754)	29,238
Total charges for services	251,750	263,069	11,319	248,363
Investment income	1,000	2,556	1,556	2,748
Other	70,500	110,205	39,705	81,583
Total Revenues	5,162,800	5,299,698	136,898	5,004,475
Expenditures				
Current -				
General government:				
Administration	109,500	109,500	-	89,500
Information technology	165,501	144,335	21,166	213,602
Economic development	305,472	263,725	41,747	278,546
Animal care board	4,550	73	4,477	-
Total general government	585,023	517,633	67,390	581,648
Emergency services - animal care	2,284,807	2,269,124	15,683	2,166,292
Public services:				
Vehicle removal	61,666	50,748	10,918	54,870
Libraries	1,577,552	1,451,147	126,405	1,488,351
Medical supplies	-	-	-	334
Total public services	1,639,218	1,501,895	137,323	1,543,555
Total Expenditures	4,509,048	4,288,652	220,396	4,291,495
Excess of Revenues Over Expenditures	653,752	1,011,046	357,294	712,980
Other Financing Sources (Uses)				
Transfers in	-	10,328	10,328	231
Transfers out	(680,329)	(680,329)	-	(684,635)
Net Other Financing Uses	(680,329)	(670,001)	10,328	(684,404)
Net Change in Fund Balance	\$ (26,577)	341,045	\$ 367,622	28,576
Fund Balance, beginning		1,908,293		1,879,717
Fund Balance, ending		\$ 2,249,338		\$ 1,908,293

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

<i>Years Ended June 30,</i>	2018			2017
	Budget	Actual	Variance	Actual
Revenues				
Taxes	\$ 18,840	\$ 31,304	\$ 12,464	\$ 30,355
Investment income	150	200	50	186
Total Revenues	18,990	31,504	12,514	30,541
Expenditures				
Current -				
Public services	42,166	672	-	672
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (23,176)</u>	30,832	<u>\$ 54,008</u>	29,869
Fund Balance, beginning		<u>118,515</u>		<u>88,646</u>
Fund Balance, ending		<u>\$ 149,347</u>		<u>\$ 118,515</u>

Matanuska-Susitna Borough, Alaska

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

<i>Years Ended June 30,</i>	2018			2017
	Budget	Actual	Variance	Actual
Revenues				
Charges for services - water and sewer	\$ 386,760	\$ 369,540	\$ (17,220)	\$ 329,844
Intergovernmental - PERS relief	-	1,533	1,533	1,605
Taxes	-	163,591	163,591	-
Investment income	60	146	86	-
Total Revenues	386,820	534,810	147,990	331,449
Expenditures				
Current -				
Public services	387,312	313,862	73,450	350,786
Debt service	1,706	1,706	-	1,831
Total Expenditures	389,018	315,568	73,450	352,617
Excess (Deficiency) of Revenues Over Expenditures	\$ (2,198)	219,242	\$ 221,440	(21,168)
Other Financing Sources				
Transfers in		3,291		
Net Change in Fund Deficit	<u>\$ (2,198)</u>	222,533	<u>\$ 221,440</u>	(21,168)
Fund Deficit, beginning		<u>(459,485)</u>		<u>(438,317)</u>
Fund Deficit, ending		<u>\$ (236,952)</u>		<u>\$ (459,485)</u>

Matanuska-Susitna Borough, Alaska

Freedom Hills Subdivision Special Revenue Fund

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

Years Ended June 30,	2018			2017
	Budget	Actual	Variance	Actual
Revenues				
Investment income	\$ -	\$ 45	\$ 45	\$ 53
Expenditures				
Current -				
Public services	\$ 14,726	-	\$ (14,726)	672
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (14,726)</u>	45	<u>\$ 14,771</u>	53
Fund Balance, beginning		<u>29,754</u>		<u>29,701</u>
Fund Balance, ending		<u>\$ 29,799</u>		<u>\$ 29,754</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>	2018			2017
	Budget	Actual	Variance	Actual
Revenues				
Investment income	\$ -	\$ -	\$ -	\$ 192
Excess of Revenues Over Expenditures	<u>\$ -</u>	-	<u>\$ -</u>	192
Fund Balance, beginning		<u>107,034</u>		<u>106,842</u>
Fund Balance, ending		<u>\$ 107,034</u>		<u>\$ 107,034</u>

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

<i>Years Ended June 30,</i>	2018			2017
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 21,940	\$ 21,502	\$ (438)	\$ 21,389
Investment income	100	214	114	211
Total Revenues	22,040	21,716	(324)	21,600
Expenditures				
Current -				
Public services	5,000	-	(5,000)	-
Debt service	270	270	-	285
Total Expenditures	5,270	270	(5,000)	285
Excess of Revenues Over Expenditures	16,770	21,446	(5,324)	21,315
Other Financing Sources				
Transfers in	-	-	-	19,000
Net Change in Fund Balance	\$ 16,770	21,446	\$ 4,676	40,315
Fund Balance (Deficit), beginning		21,767		(18,548)
Fund Balance, ending		\$ 43,213		\$ 21,767

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>	2018			2017
	Budget	Actual	Variance	Actual
Revenues				
Intergovernmental - PERS relief	\$ -	\$ -	\$ -	\$ 6,969
Charges for services - telephone surcharge	2,380,000	2,330,416	(49,584)	2,357,488
Investment income	2,200	2,566	366	2,238
Other	-	3,774	3,774	4,043
Total Revenues	2,382,200	2,336,756	(45,444)	2,370,738
Expenditures				
Current -				
Emergency services	2,231,511	1,631,483	600,028	1,207,006
Excess of Revenues Over Expenditures	150,689	705,273	554,584	1,163,732
Other Financing Sources (Uses)				
Transfers in	-	15,284	15,284	-
Transfers out	(53,276)	(53,276)	-	(1,000,000)
Net Other Financing Uses	(53,276)	(37,992)	15,284	(1,000,000)
Net Change in Fund Balance	<u>\$ 97,413</u>	\$ 667,281	<u>\$ 569,868</u>	\$ 163,732
Fund Balance, beginning		<u>1,633,310</u>		<u>1,469,578</u>
Fund Balance, ending		<u>\$ 2,300,591</u>		<u>\$ 1,633,310</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>	2018			2017	
	Budget	Actual	Variance	Actual	
Revenues					
Property taxes	\$ 600	\$ 600	\$ -	\$	600
Investment income	10	12	2		14
Total Revenues	610	612	2		614
Expenditures					
Current -					
Public services	2,000	-	(2,000)		-
Deficiency of Revenues Over Expenditures	<u>\$ (1,390)</u>	612	<u>\$ 2,002</u>		614
Fund Balance, beginning		<u>7,843</u>			<u>7,229</u>
Fund Balance, ending		<u>\$ 8,455</u>			<u>\$ 7,843</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>	2018			2017
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 56,900	\$ 21,286	\$ (35,614)	\$ 20,265
Investment income	1,000	724	(276)	934
Total Revenues	57,900	22,010	(35,890)	21,199
Expenditures				
Current -				
Public services	73,676	47,712	25,964	68,494
Deficiency of Revenues Over Expenditures	<u>\$ (15,776)</u>	(25,702)	<u>\$ (9,926)</u>	(47,295)
Fund Balance, beginning		<u>477,292</u>		<u>524,587</u>
Fund Balance, ending		<u>\$ 451,590</u>		<u>\$ 477,292</u>

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

<i>Years Ended June 30,</i>	2018			2017
	Budget	Actual	Variance	Actual
Revenues				
Intergovernmental - PERS relief	\$ -	\$ 6,642	\$ 6,642	\$ 7,867
Investment income	-	-	-	236
Other	362,517	362,517	-	311,961
Total Revenues	362,517	369,159	6,642	320,064
Expenditures				
Current -				
Emergency services	362,517	268,180	94,337	300,751
Excess of Revenues Over Expenditures	-	100,979	100,979	19,313
Other Financing Uses				
Transfers out	-	(100,979)	(100,979)	(19,313)
Net Change in Fund Balance	\$ -	-	\$ -	-
Fund Balance, beginning		-		-
Fund Balance, ending		\$ -		\$ -

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>	2018			2017
	Budget	Actual	Variance	Actual
Expenditures				
Current -				
Public services	\$ -	\$ -	\$ -	\$ 761
Deficiency of Revenues Over Expenditures	-	-	-	(761)
Other Financing Uses				
Transfers out	-	-	-	(1,170)
Net Change in Fund Balance	<u>\$ -</u>	-	<u>\$ -</u>	(1,931)
Fund Balance, beginning		<u>-</u>		<u>1,931</u>
Fund Balance, ending		<u>\$ -</u>		<u>\$ -</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>	2018			2017	
	Budget	Actual	Variance	Actual	
Revenues					
Investment income	\$ -	\$ -	\$ -	\$ -	-
Expenditures					
Current -					
Public services	95	-	95	-	-
Deficiency of Revenues Over Expenditures	<u>\$ (95)</u>	-	<u>\$ (95)</u>	-	-
Fund Balance, beginning		<u>328</u>		<u>328</u>	
Fund Balance, ending		<u>\$ 328</u>		<u>\$ 328</u>	

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

	Service Area								Totals
	130 Central Mat-Su	2 Butte	132 Greater Palmer Consolidated	4 Sutton	24 Talkeetna	136 West Lakes	35 Willow	135 Caswell	
<i>June 30, 2018</i>									
Assets									
Cash and investments	\$ 11,691,316	\$ 1,534,090	\$ 4,152,333	\$ 315,304	\$ 396,128	\$ 1,377,416	\$ 891,237	\$ 470,367	\$ 20,828,191
Receivables:									
Intergovernmental	169	-	-	-	-	-	-	-	169
Property taxes, net of allowance	457,130	80,417	152,108	21,857	24,421	191,389	58,463	45,685	1,031,470
Prepaid items	3,254	-	-	-	-	-	-	-	3,254
Total Assets	\$ 12,151,869	\$ 1,614,507	\$ 4,304,441	\$ 337,161	\$ 420,549	\$ 1,568,805	\$ 949,700	\$ 516,052	\$ 21,863,084
Liabilities, Deferred Inflows of Resources and Fund Balances									
Liabilities									
Accounts payable	\$ 49,968	\$ 6,297	\$ 863	\$ 1,101	\$ 2,790	\$ 12,806	\$ 3,331	\$ 3,085	\$ 80,241
Interfund loans payable	-	-	-	-	-	-	50,000	-	50,000
Total Liabilities	49,968	6,297	863	1,101	2,790	12,806	53,331	3,085	130,241
Deferred Inflows of Resources									
Delinquent property taxes	399,577	74,460	145,014	19,198	19,123	170,138	51,288	40,540	919,338
Total Liabilities and Deferred Inflows of Resources	449,545	80,757	145,877	20,299	21,913	182,944	104,619	43,625	1,049,579
Fund Balances									
Nonspendable - prepaid items	3,254	-	-	-	-	-	-	-	3,254
Assigned:									
Subsequent year appropriations	-	-	80,000	-	-	-	-	-	80,000
Subsequent year expenditures	250,016	324,533	-	136,791	219,583	412,711	49,822	28,203	1,421,659
Service areas	11,449,054	1,209,217	4,078,564	180,071	179,053	973,150	795,259	444,224	19,308,592
Total Fund Balances	11,702,324	1,533,750	4,158,564	316,862	398,636	1,385,861	845,081	472,427	20,813,505
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 12,151,869	\$ 1,614,507	\$ 4,304,441	\$ 337,161	\$ 420,549	\$ 1,568,805	\$ 949,700	\$ 516,052	\$ 21,863,084

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

	Service Area								Totals
	130 Central Mat-Su	2 Butte	132 Greater Palmer Consolidated	4 Sutton	24 Talkeetna	136 West Lakes	35 Willow	135 Caswell	
<i>Year Ended June 30, 2018</i>									
Revenues									
Property taxes	\$ 9,853,969	\$ 865,320	\$ 1,266,070	\$ 222,984	\$ 349,114	\$ 2,742,696	\$ 820,699	\$ 315,254	\$ 16,436,106
Intergovernmental - PERS relief	52,590	-	-	-	-	-	3,596	3,596	59,782
Investment income	14,850	2,120	6,286	454	586	2,496	1,250	751	28,793
Other	423,102	35,800	-	-	26,001	357,911	-	-	842,814
Total Revenues	10,344,511	903,240	1,272,356	223,438	375,701	3,103,103	825,545	319,601	17,367,495
Expenditures									
Current:									
Emergency services:									
Administration	471,694	87,983	56,014	52,813	60,343	161,247	77,734	53,474	1,021,302
Fire services	4,429,804	471,833	439,554	152,486	259,416	1,855,025	543,064	250,224	8,401,406
Total Expenditures	4,901,498	559,816	495,568	205,299	319,759	2,016,272	620,798	303,698	9,422,708
Excess of Revenues Over Expenditures	5,443,013	343,424	776,788	18,139	55,942	1,086,831	204,747	15,903	7,944,787
Other Financing Sources (Uses)									
Transfers in	464,694	13,146	5,056	9,164	9,100	19,417	42,134	10,111	572,822
Transfers out	(2,327,600)	(125,697)	(860,000)	(827)	(50,833)	(1,696,624)	(100,401)	(85,584)	(5,247,566)
Sale of capital assets	-	-	-	-	-	27,840	-	-	27,840
Net Other Financing Uses	(1,862,906)	(112,551)	(854,944)	8,337	(41,733)	(1,649,367)	(58,267)	(75,473)	(4,646,904)
Net Change in Fund Balances	3,580,107	230,873	(78,156)	26,476	14,209	(562,536)	146,480	(59,570)	3,297,883
Fund Balances, beginning	8,122,217	1,302,877	4,236,720	290,386	384,427	1,948,397	698,601	531,997	17,515,622
Fund Balances, ending	\$ 11,702,324	\$ 1,533,750	\$ 4,158,564	\$ 316,862	\$ 398,636	\$ 1,385,861	\$ 845,081	\$ 472,427	\$ 20,813,505

Matanuska-Susitna Borough, Alaska

Fire Service Area 130 - Central Mat-Su Special Revenue Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual

Years Ended June 30,	2018			2017
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 9,907,330	\$ 9,853,969	\$ (53,361)	\$ 9,588,160
Intergovernmental - PERS relief	-	52,590	52,590	70,041
Investment income	12,000	14,850	2,850	16,507
Other	249,000	423,102	174,102	296,158
Total Revenues	10,168,330	10,344,511	176,181	9,970,866
Expenditures				
Current -				
Emergency services:				
Administration	485,855	471,694	14,161	440,775
Fire services	6,829,371	4,429,804	2,399,567	4,382,947
Total Expenditures	7,315,226	4,901,498	2,413,728	4,823,722
Excess of Revenues Over Expenditures	2,853,104	5,443,013	2,589,909	5,147,144
Other Financing Sources (Uses)				
Transfers in	-	464,694	464,694	9,077
Transfers out	(2,327,600)	(2,327,600)	-	(7,252,008)
Net Other Financing Uses	(2,327,600)	(1,862,906)	464,694	(7,242,931)
Net Change in Fund Balance	\$ 525,504	3,580,107	\$ 3,054,603	(2,095,787)
Fund Balance, beginning		8,122,217		10,218,004
Fund Balance, ending		\$ 11,702,324		\$ 8,122,217

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>	2018			2017
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 882,220	\$ 865,320	\$ (16,900)	\$ 869,375
Intergovernmental - PERS relief	-	-	-	67
Investment income	1,500	2,120	620	2,072
Other	13,000	35,800	22,800	24,095
Total Revenues	896,720	903,240	6,520	895,609
Expenditures				
Current -				
Emergency services:				
Administration	92,150	87,983	4,167	73,858
Fire services	694,801	471,833	222,968	458,592
Total Expenditures	786,951	559,816	227,135	532,450
Excess of Revenues Over Expenditures	109,769	343,424	233,655	363,159
Other Financing Sources (Uses)				
Transfers in	-	13,146	13,146	4,748
Transfers out	(126,808)	(125,697)	1,111	(75,665)
Net Other Financing Uses	(126,808)	(112,551)	14,257	(70,917)
Net Change in Fund Balance	<u>\$ (17,039)</u>	230,873	<u>\$ 247,912</u>	292,242
Fund Balance, beginning		<u>1,302,877</u>		<u>1,010,635</u>
Fund Balance, ending		<u>\$ 1,533,750</u>		<u>\$ 1,302,877</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>	2018			2017
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 1,269,750	\$ 1,266,070	\$ (3,680)	\$ 1,225,075
Investment income	6,000	6,286	286	7,510
Other	1,000	-	(1,000)	19,740
Total Revenues	1,276,750	1,272,356	(4,394)	1,252,325
Expenditures				
Current -				
Emergency services:				
Administration	58,703	56,014	2,689	36,223
Fire services	542,002	439,554	102,448	396,222
Total Expenditures	600,705	495,568	105,137	432,445
Excess of Revenues Over Expenditures	676,045	776,788	100,743	819,880
Other Financing Sources (Uses)				
Transfers in	-	5,056	5,056	65,077
Transfers out	(860,000)	(860,000)	-	(765,500)
Net Other Financing Uses	(860,000)	(854,944)	5,056	(700,423)
Net Change in Fund Balance	\$ (183,955)	(78,156)	\$ 105,799	119,457
Fund Balance, beginning		4,236,720		4,117,263
Fund Balance, ending		\$ 4,158,564		\$ 4,236,720

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

<i>Years Ended June 30,</i>	2018			2017
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 231,070	\$ 222,984	\$ (8,086)	\$ 223,441
Intergovernmental - PERS relief	-	-	-	33
Investment income	400	454	54	470
Other	-	-	-	33,880
Total Revenues	231,470	223,438	(8,032)	257,824
Expenditures				
Current -				
Emergency services:				
Administration	50,901	52,813	(1,912)	42,873
Fire services	224,415	152,486	71,929	151,576
Total Expenditures	275,316	205,299	70,017	194,449
Excess (Deficiency) of Revenues Over Expenditures	(43,846)	18,139	61,985	63,375
Other Financing Sources (Uses)				
Transfers in	-	9,164	9,164	1,738
Transfers out	(827)	(827)	-	(10,392)
Net Other Financing Uses	(827)	8,337	9,164	(8,654)
Net Change in Fund Balance	\$ (44,673)	26,476	\$ 71,149	54,721
Fund Balance, beginning		290,386		235,665
Fund Balance, ending		\$ 316,862		\$ 290,386

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

<i>Years Ended June 30,</i>	2018			2017
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 354,380	\$ 349,114	\$ (5,266)	\$ 344,294
Intergovernmental - PERS relief	-	-	-	34
Investment income	1,000	586	(414)	901
Other	-	26,001	26,001	26,001
Total Revenues	355,380	375,701	20,321	371,230
Expenditures				
Current -				
Emergency services:				
Administration	59,482	60,343	(861)	49,953
Fire services	313,971	259,416	54,555	196,340
Total Expenditures	373,453	319,759	53,694	246,293
Excess (Deficiency) of Revenues Over Expenditures	(18,073)	55,942	74,015	124,937
Other Financing Sources (Uses)				
Transfers in	-	9,100	9,100	1,738
Transfers out	(50,833)	(50,833)	-	(360,651)
Sale of capital assets	1,000	-	(1,000)	-
Net Other Financing Uses	(49,833)	(41,733)	8,100	(358,913)
Net Change in Fund Balance	\$ (67,906)	14,209	\$ 82,115	(233,976)
Fund Balance, beginning		384,427		618,403
Fund Balance, ending		\$ 398,636		\$ 384,427

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,	2018			2017
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 2,777,890	\$ 2,742,696	\$ (35,194)	\$ 2,647,399
Intergovernmental - PERS relief	-	-	-	198
Investment income	2,500	2,496	(4)	3,365
Other	367,631	357,911	(9,720)	43,076
Total Revenues	3,148,021	3,103,103	(44,918)	2,694,038
Expenditures				
Current -				
Emergency services:				
Administration	161,808	161,247	561	103,043
Fire services	2,204,535	1,855,025	349,510	1,770,964
Total Expenditures	2,366,343	2,016,272	350,071	1,874,007
Excess of Revenues Over Expenditures	781,678	1,086,831	305,153	820,031
Other Financing Sources (Uses)				
Transfers in	-	19,417	19,417	3,233
Transfers out	(1,693,333)	(1,696,624)	(3,291)	(656,832)
Sale of capital assets	-	27,840	27,840	-
Net Other Financing Uses	(1,693,333)	(1,649,367)	43,966	(653,599)
Net Change in Fund Balance	\$ (911,655)	(562,536)	\$ 349,119	166,432
Fund Balance, beginning		1,948,397		1,781,965
Fund Balance, ending		\$ 1,385,861		\$ 1,948,397

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>	2018			2017
	Budget	Actual	Variance	Actual
Revenues				
Property Taxes	\$ 825,010	\$ 820,699	\$ (4,311)	\$ 816,488
Intergovernmental - PERS relief	-	3,596	3,596	4,948
Investment income	800	1,250	450	1,202
Other	2,000	-	(2,000)	2,585
Total Revenues	827,810	825,545	(2,265)	825,223
Expenditures				
Current -				
Emergency services:				
Administration	80,655	77,734	2,921	63,981
Fire Services	677,686	543,064	134,622	434,205
Total Expenditures	758,341	620,798	137,543	498,186
Excess of Revenues Over Expenditures	69,469	204,747	135,278	327,037
Other Financing Sources (Uses)				
Transfers in	-	42,134	42,134	2,345
Transfers out	(100,828)	(100,401)	427	(94,632)
Net Other Financing Uses	(100,828)	(58,267)	42,561	(92,287)
Net Change in Fund Balance	\$ (31,359)	146,480	\$ 177,839	234,750
Fund Balance, beginning		698,601		463,851
Fund Balance, ending		\$ 845,081		\$ 698,601

Matanuska-Susitna Borough, Alaska

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

Years Ended June 30,	2018			2017
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 333,400	\$ 315,254	\$ (18,146)	\$ 311,956
Intergovernmental - PERS relief	-	3,596	3,596	4,948
Investment income	750	751	1	1,018
Total Revenues	334,150	319,601	(14,549)	317,922
Expenditures				
Current -				
Emergency services:				
Administration	54,044	53,474	570	43,830
Fire services	357,443	250,224	107,219	254,070
Total Expenditures	411,487	303,698	107,789	297,900
Excess (Deficiency) of Revenues Over Expenditures	(77,337)	15,903	93,240	20,022
Other Financing Sources (Uses)				
Transfers in	-	10,111	10,111	1,947
Transfers out	(85,584)	(85,584)	-	(92,504)
Net Other Financing Uses	(85,584)	(75,473)	10,111	(90,557)
Net Change in Fund Balance	<u>\$ (162,921)</u>	(59,570)	<u>\$ 103,351</u>	(70,535)
Fund Balance, beginning		<u>531,997</u>		<u>602,532</u>
Fund Balance, ending		<u>\$ 472,427</u>		<u>\$ 531,997</u>

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

	Service Area								
	9	14	15	16	17	19	20	21	23
<i>June 30, 2018</i>	Midway Road	Fairview Road	Caswell Lake	South Colony	Knik Road	Lazy Mountain	Greater Willow	Lake Road	North Colony
Assets									
Cash and investments	\$ 272,280	\$ 161,675	\$ 105,711	\$ 275,363	\$ 206,525	\$ 99,825	\$ 177,855	\$ 196,359	\$ 118,857
Receivables - property taxes, net of allowance	170,315	27,965	95,870	269,571	124,348	34,299	51,924	92,864	26,303
Total Assets	\$ 442,595	\$ 189,640	\$ 201,581	\$ 544,934	\$ 330,873	\$ 134,124	\$ 229,779	\$ 289,223	\$ 145,160
Liabilities, Deferred Inflows of Resources and Fund Balances									
Liabilities									
Accounts payable	\$ 36,675	\$ 33,603	\$ 28,426	\$ 61,887	\$ 76,862	\$ 10,866	\$ 24,834	\$ 47,939	\$ 7,543
Interfund loans payable	21,437	12,596	-	46,217	-	254	-	-	5,704
Deposits	3,521	-	-	8,535	-	2,000	-	-	-
Total Liabilities	61,633	46,199	28,426	116,639	76,862	13,120	24,834	47,939	13,247
Deferred Inflows of Resources									
Delinquent property taxes	154,743	24,388	87,773	263,520	110,269	31,394	44,201	79,526	23,556
Total Liabilities and Deferred Inflows of Resources	216,376	70,587	116,199	380,159	187,131	44,514	69,035	127,465	36,803
Fund Balances									
Assigned:									
Service areas	226,219	119,053	85,382	164,775	143,742	89,610	160,744	161,758	108,357
Total Fund Balances	226,219	119,053	85,382	164,775	143,742	89,610	160,744	161,758	108,357
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 442,595	\$ 189,640	\$ 201,581	\$ 544,934	\$ 330,873	\$ 134,124	\$ 229,779	\$ 289,223	\$ 145,160

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, 2018</i>								
Assets								
Cash and investments	\$ 258,025	\$ 228,749	\$ 192,899	\$ 195,963	\$ 252,875	\$ 194,010	\$ 125,365	\$ 3,062,336
Receivables - property taxes, net of allowance	50,435	82,237	153,143	82,522	48,114	34,905	19,925	1,364,740
Total Assets	\$ 308,460	\$ 310,986	\$ 346,042	\$ 278,485	\$ 300,989	\$ 228,915	\$ 145,290	\$ 4,427,076
Liabilities, Deferred Inflows of Resources and Fund Balances								
Liabilities								
Accounts payable	\$ 39,735	\$ 22,001	\$ 70,361	\$ 46,857	\$ 34,163	\$ 9,030	\$ 11,197	\$ 561,979
Loans payable to other funds	42,841	2,408	-	25,826	-	-	1,156	158,439
Deposits	5,209	1,000	-	-	-	-	-	20,265
Total Liabilities	87,785	25,409	70,361	72,683	34,163	9,030	12,353	740,683
Deferred Inflows of Resources								
Delinquent property taxes	43,871	76,742	136,975	75,744	40,024	32,673	17,510	1,242,909
Total Liabilities and Deferred Inflows of Resources	131,656	102,151	207,336	148,427	74,187	41,703	29,863	1,983,592
Fund Balances								
Assigned:								
Subsequent year expenditures	-	-	-	-	-	-	-	-
Subsequent year appropriations	-	-	-	-	-	-	-	-
Service areas	176,804	208,835	138,706	130,058	226,802	187,212	115,427	2,443,484
Total Fund Balances	176,804	208,835	138,706	130,058	226,802	187,212	115,427	2,443,484
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 308,460	\$ 310,986	\$ 346,042	\$ 278,485	\$ 300,989	\$ 228,915	\$ 145,290	\$ 4,427,076

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, 2018</i>									
Revenues									
Property taxes	\$ 1,696,953	\$ 1,171,278	\$ 633,644	\$ 1,554,338	\$ 2,909,483	\$ 255,729	\$ 943,053	\$ 1,291,967	\$ 186,107
Investment income	643	377	197	684	762	280	406	455	244
Total Revenues	1,697,596	1,171,655	633,841	1,555,022	2,910,245	256,009	943,459	1,292,422	186,351
Expenditures									
Current -									
Public services:									
Administration	196,389	150,150	115,403	180,998	407,765	22,145	125,073	158,828	19,854
Road service	446,459	480,587	452,952	969,502	1,243,946	178,437	482,638	933,916	114,794
Total public services	642,848	630,737	568,355	1,150,500	1,651,711	200,582	607,711	1,092,744	134,648
Debt service	351	206	-	757	-	4	-	-	93
Total Expenditures	643,199	630,943	568,355	1,151,257	1,651,711	200,586	607,711	1,092,744	134,741
Excess of Revenues Over Expenditures	1,054,397	540,712	65,486	403,765	1,258,534	55,423	335,748	199,678	51,610
Other Financing Sources (Uses)									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	(1,370,400)	(726,480)	(113,275)	(774,040)	(1,556,600)	(231,360)	(515,130)	(449,200)	(139,000)
Net Other Financing Sources (Uses)	(1,370,400)	(726,480)	(113,275)	(774,040)	(1,556,600)	(231,360)	(515,130)	(449,200)	(139,000)
Net Change in Fund Balances	(316,003)	(185,768)	(47,789)	(370,275)	(298,066)	(175,937)	(179,382)	(249,522)	(87,390)
Fund Balances, beginning	542,222	304,821	133,171	535,050	441,808	265,547	340,126	411,280	195,747
Fund Balances, ending	\$ 226,219	\$ 119,053	\$ 85,382	\$ 164,775	\$ 143,742	\$ 89,610	\$ 160,744	\$ 161,758	\$ 108,357

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, 2018</i>								
Revenues								
Property taxes	\$ 1,749,395	\$ 929,988	\$ 1,936,417	\$ 1,777,624	\$ 619,499	\$ 223,640	\$ 256,181	\$ 18,135,296
Investment income	712	398	315	386	327	273	230	6,689
Total Revenues	1,750,107	930,386	1,936,732	1,778,010	619,826	223,913	256,411	18,141,985
Expenditures								
Current -								
Public services:								
Administration	209,708	115,078	250,058	228,933	92,064	31,768	26,964	2,331,178
Road service	818,425	315,471	844,651	940,947	431,375	134,394	189,873	8,978,367
Total public services	1,028,133	430,549	1,094,709	1,169,880	523,439	166,162	216,837	11,309,545
Debt service	702	39	-	423	-	-	19	2,594
Total Expenditures	1,028,835	430,588	1,094,709	1,170,303	523,439	166,162	216,856	11,312,139
Excess of Revenues Over Expenditures	721,272	499,798	842,023	607,707	96,387	57,751	39,555	6,829,846
Other Financing Sources (Uses)								
Transfers in	-	5,001	1,617	-	-	-	-	6,618
Transfers out	(1,143,000)	(572,500)	(907,200)	(726,000)	(24,700)	(34,106)	(96,000)	(9,378,991)
Net Other Financing Sources (Uses)	(1,143,000)	(567,499)	(905,583)	(726,000)	(24,700)	(34,106)	(96,000)	(9,372,373)
Net Change in Fund Balances	(421,728)	(67,701)	(63,560)	(118,293)	71,687	23,645	(56,445)	(2,542,527)
Fund Balances, beginning	598,532	276,536	202,266	248,351	155,115	163,567	171,872	4,986,011
Fund Balances, ending	\$ 176,804	\$ 208,835	\$ 138,706	\$ 130,058	\$ 226,802	\$ 187,212	\$ 115,427	\$ 2,443,484

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,	2018			2017
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 1,683,620	\$ 1,696,953	\$ 13,333	\$ 1,681,926
Investment income	500	643	143	827
Total Revenues	1,684,120	1,697,596	13,476	1,682,753
Expenditures				
Current -				
Public services:				
Administration	217,270	196,389	20,881	209,290
Road service	579,066	446,459	132,607	443,170
Total public services	796,336	642,848	153,488	652,460
Debt service	351	351	-	380
Total Expenditures	796,687	643,199	153,488	652,840
Excess of Revenues Over Expenditures	887,433	1,054,397	166,964	1,029,913
Other Financing Sources (Uses)				
Transfers in	-	-	-	74,780
Transfers out	(1,370,400)	(1,370,400)	-	(851,880)
Net Other Financing Uses	(1,370,400)	(1,370,400)	-	(777,100)
Net Change in Fund Balance	\$ (482,967)	(316,003)	\$ 166,964	252,813
Fund Balance, beginning		542,222		289,409
Fund Balance, ending		\$ 226,219		\$ 542,222

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

<i>Years Ended June 30,</i>	2018			2017
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 1,163,340	\$ 1,171,278	\$ 7,938	\$ 1,141,999
Investment income	600	377	(223)	613
Total Revenues	1,163,940	1,171,655	7,715	1,142,612
Expenditures				
Current -				
Public services:				
Administration	166,121	150,150	15,971	154,630
Road service	523,938	480,587	43,351	460,068
Total public services	690,059	630,737	59,322	614,698
Debt service	206	206	-	223
Total Expenditures	690,265	630,943	59,322	614,921
Excess of Revenues Over Expenditures	473,675	540,712	67,037	527,691
Other Financing Sources (Uses)				
Transfers in	-	-	-	33,826
Transfers out	(726,480)	(726,480)	-	(547,550)
Net Other Financing Uses	(726,480)	(726,480)	-	(513,724)
Net Change in Fund Balance	<u>\$ (252,805)</u>	(185,768)	<u>\$ 67,037</u>	13,967
Fund Balance, beginning		<u>304,821</u>		<u>290,854</u>
Fund Balance, ending		<u>\$ 119,053</u>		<u>\$ 304,821</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>	2018			2017
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 650,750	\$ 633,644	\$ (17,106)	\$ 610,916
Investment income	250	197	(53)	260
Other	-	-	-	4,690
Total Revenues	651,000	633,841	(17,159)	615,866
Expenditures				
Current -				
Public services:				
Administration	127,679	115,403	12,276	114,994
Road service	468,036	452,952	15,084	428,884
Total Expenditures	595,715	568,355	27,360	543,878
Excess of Revenues Over Expenditures	55,285	65,486	10,201	71,988
Other Financing Uses				
Transfers out	(113,275)	(113,275)	-	(46,970)
Net Change in Fund Balance	<u>\$ (57,990)</u>	(47,789)	<u>\$ 10,201</u>	25,018
Fund Balance, beginning		<u>133,171</u>		<u>108,153</u>
Fund Balance, ending		<u>\$ 85,382</u>		<u>\$ 133,171</u>

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

<i>Years Ended June 30,</i>	2018			2017
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 1,536,210	\$ 1,554,338	\$ 18,128	\$ 1,516,074
Investment income	1,200	684	(516)	1,114
Other	-	-	-	9,710
Total Revenues	1,537,410	1,555,022	17,612	1,526,898
Expenditures				
Current -				
Public services:				
Administration	200,267	180,998	19,269	181,897
Road service	1,037,081	969,502	67,579	812,051
Total public services	1,237,348	1,150,500	86,848	993,948
Debt service	757	757	-	820
Total Expenditures	1,238,105	1,151,257	86,848	994,768
Excess of Revenues Over Expenditures	299,305	403,765	104,460	532,130
Other Financing Sources (Uses)				
Transfers in	-	-	-	163,503
Transfers out	(774,040)	(774,040)	-	(648,490)
Net Other Financing Uses	(774,040)	(774,040)	-	(484,987)
Net Change in Fund Balance	\$ (474,735)	(370,275)	\$ 104,460	47,143
Fund Balance, beginning		535,050		487,907
Fund Balance, ending		\$ 164,775		\$ 535,050

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

Years Ended June 30,	2018			2017
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 2,890,440	\$ 2,909,483	\$ 19,043	\$ 2,761,233
Investment income	500	762	262	736
Other	-	-	-	5,868
Total Revenues	2,890,940	2,910,245	19,305	2,767,837
Expenditures				
Current -				
Public services:				
Administration	451,115	407,765	43,350	398,786
Road service	1,274,181	1,243,946	30,235	1,228,708
Total Expenditures	1,725,296	1,651,711	73,585	1,627,494
Excess of Revenues Over Expenditures	1,165,644	1,258,534	92,890	1,140,343
Other Financing Sources (Uses)				
Transfers in	-	-	-	54,976
Transfers out	(1,556,600)	(1,556,600)	-	(980,790)
Net Other Financing Uses	(1,556,600)	(1,556,600)	-	(925,814)
Net Change in Fund Balance	\$ (390,956)	(298,066)	\$ 92,890	214,529
Fund Balance, beginning		441,808		227,279
Fund Balance, ending		\$ 143,742		\$ 441,808

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>	2018			2017
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 254,560	\$ 255,729	\$ 1,169	\$ 252,810
Investment income	250	280	30	426
Total Revenues	254,810	256,009	1,199	253,236
Expenditures				
Current -				
Public services:				
Administration	24,501	22,145	2,356	22,045
Road service	211,914	178,437	33,477	133,659
Total public services	236,415	200,582	35,833	155,704
Debt service	5	4	1	5
Total Expenditures	236,420	200,586	35,834	155,709
Excess of Revenues Over Expenditures	18,390	55,423	37,033	97,527
Other Financing Uses				
Transfers out	(231,360)	(231,360)	-	(15,240)
Net Change in Fund Balance	<u>\$ (212,970)</u>	(175,937)	<u>\$ 37,033</u>	82,287
Fund Balance, beginning		<u>265,547</u>		<u>183,260</u>
Fund Balance, ending		<u>\$ 89,610</u>		<u>\$ 265,547</u>

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

<i>Years Ended June 30,</i>	2018			2017
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 941,720	\$ 943,053	\$ 1,333	\$ 944,617
Investment income	250	406	156	611
Total Revenues	941,970	943,459	1,489	945,228
Expenditures				
Current -				
Public services:				
Administration	138,391	125,073	13,318	124,993
Road service	578,437	482,638	95,799	483,837
Total Expenditures	716,828	607,711	109,117	608,830
Excess of Revenues Over Expenditures	225,142	335,748	110,606	336,398
Other Financing Sources (Uses)				
Transfers in	-	-	-	24
Transfers out	(515,130)	(515,130)	-	(291,890)
Net Other Financing Uses	(515,130)	(515,130)	-	(291,866)
Net Change in Fund Balance	\$ (289,988)	(179,382)	\$ 110,606	44,532
Fund Balance, beginning		340,126		295,594
Fund Balance, ending		\$ 160,744		\$ 340,126

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,	2018			2017
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 1,277,310	\$ 1,291,967	\$ 14,657	\$ 1,253,801
Investment income	300	455	155	628
Other	-	-	-	500
Total Revenues	1,277,610	1,292,422	14,812	1,254,929
Expenditures				
Current -				
Public services:				
Administration	175,717	158,828	16,889	172,086
Road service	1,012,684	933,916	78,768	782,776
Total Expenditures	1,188,401	1,092,744	95,657	954,862
Excess of Revenues Over Expenditures	89,209	199,678	110,469	300,067
Other Financing Sources (Uses)				
Transfers in	-	-	-	44,835
Transfers out	(449,200)	(449,200)	-	(166,080)
Net Other Financing Uses	(449,200)	(449,200)	-	(121,245)
Net Change in Fund Balance	<u>\$ (359,991)</u>	(249,522)	<u>\$ 110,469</u>	178,822
Fund Balance, beginning		<u>411,280</u>		<u>232,458</u>
Fund Balance, ending		<u>\$ 161,758</u>		<u>\$ 411,280</u>

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>	2018			2017
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 188,280	\$ 186,107	\$ (2,173)	\$ 186,478
Investment income	250	244	(6)	351
Total Revenues	188,530	186,351	(2,179)	186,829
Expenditures				
Current -				
Public services:				
Administration	21,962	19,854	2,108	20,106
Road service	179,430	114,794	64,636	138,956
Total public services	201,392	134,648	66,744	159,062
Debt service	93	93	-	101
Total Expenditures	201,485	134,741	66,744	159,163
Excess of Revenues Over Expenditures	(12,955)	51,610	64,565	27,666
Other Financing Uses				
Transfers out	(139,000)	(139,000)	-	-
Net Change in Fund Balance	\$ (151,955)	(87,390)	\$ 64,565	27,666
Fund Balance, beginning		195,747		168,081
Fund Balance, ending		\$ 108,357		\$ 195,747

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

<i>Years Ended June 30,</i>	2018			2017
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 1,728,060	\$ 1,749,395	\$ 21,335	\$ 1,652,989
Investment income	1,000	712	(288)	1,014
Total Revenues	1,729,060	1,750,107	21,047	1,654,003
Expenditures				
Current -				
Public services:				
Administration	232,028	209,708	22,320	209,206
Road service	898,344	818,425	79,919	677,208
Total public services	1,130,372	1,028,133	102,239	886,414
Debt service	702	702	-	760
Total Expenditures	1,131,074	1,028,835	102,239	887,174
Excess of Revenues Over Expenditures	597,986	721,272	123,286	766,829
Other Financing Sources (Uses)				
Transfers in	-	-	-	412
Transfers out	(1,143,000)	(1,143,000)	-	(526,080)
Net Other Financing Uses	(1,143,000)	(1,143,000)	-	(525,668)
Net Change in Fund Balance	\$ (545,014)	(421,728)	\$ 123,286	241,161
Fund Balance, beginning		598,532		357,371
Fund Balance, ending		\$ 176,804		\$ 598,532

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,	2018			2017
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 941,330	\$ 929,988	\$ (11,342)	\$ 932,087
Investment income	300	398	98	459
Total Revenues	941,630	930,386	(11,244)	932,546
Expenditures				
Current -				
Public services:				
Administration	127,329	115,078	12,251	119,333
Road service	472,488	315,471	157,017	408,348
Total public services	599,817	430,549	169,268	527,681
Debt service	39	39	-	43
Total Expenditures	599,856	430,588	169,268	527,724
Excess of Revenues Over Expenditures	341,774	499,798	158,024	404,822
Other Financing Sources (Uses)				
Transfers in	-	5,001	5,001	7,956
Transfers out	(572,500)	(572,500)	-	(318,440)
Net Other Financing Uses	(572,500)	(567,499)	5,001	(310,484)
Net Change in Fund Balance	\$ (230,726)	(67,701)	\$ 163,025	94,338
Fund Balance, beginning		276,536		182,198
Fund Balance, ending		\$ 208,835		\$ 276,536

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,	2018			2017
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 1,935,310	\$ 1,936,417	\$ 1,107	\$ 1,865,955
Investment income	700	315	(385)	576
Total Revenues	1,936,010	1,936,732	722	1,866,531
Expenditures				
Current -				
Public services:				
Administration	276,668	250,058	26,610	248,455
Road service	904,075	844,651	59,424	866,886
Total Expenditures	1,180,743	1,094,709	86,034	1,115,341
Excess of Revenues Over Expenditures	755,267	842,023	86,756	751,190
Other Financing Sources (Uses)				
Transfers in	-	1,617	1,617	55,976
Transfers out	(907,200)	(907,200)	-	(964,510)
Net Other Financing Uses	(907,200)	(905,583)	1,617	(908,534)
Net Change in Fund Balance	<u>\$ (151,933)</u>	(63,560)	<u>\$ 88,373</u>	(157,344)
Fund Balance, beginning		<u>202,266</u>		<u>359,610</u>
Fund Balance, ending		<u>\$ 138,706</u>		<u>\$ 202,266</u>

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

<i>Years Ended June 30,</i>	2018			2017
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 1,780,100	\$ 1,777,624	\$ (2,476)	\$ 1,738,935
Investment income	700	386	(314)	655
Other	-	-	-	5,000
Total Revenues	1,780,800	1,778,010	(2,790)	1,744,590
Expenditures				
Current -				
Public services:				
Administration	253,286	228,933	24,353	230,899
Road service	998,702	940,947	57,755	852,571
Total public services	1,251,988	1,169,880	82,108	1,083,470
Debt service	423	423	-	458
Total Expenditures	1,252,411	1,170,303	82,108	1,083,928
Excess of Revenues Over Expenditures	528,389	607,707	79,318	660,662
Other Financing Sources (Uses)				
Transfers in	-	-	-	3,415
Transfers out	(726,000)	(726,000)	-	(736,010)
Net Other Financing Uses	(726,000)	(726,000)	-	(732,595)
Net Change in Fund Balance	\$ (197,611)	(118,293)	\$ 79,318	(71,933)
Fund Balance, beginning		248,351		320,284
Fund Balance, ending		\$ 130,058		\$ 248,351

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,	2018			2017
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 617,380	\$ 619,499	\$ 2,119	\$ 591,848
Investment income	300	327	27	304
Total Revenues	617,680	619,826	2,146	592,152
Expenditures				
Current -				
Public services:				
Administration	101,860	92,064	9,796	93,315
Road service	506,109	431,375	74,734	478,838
Total Expenditures	607,969	523,439	84,530	572,153
Excess of Revenues Over Expenditures	9,711	96,387	86,676	19,999
Other Financing Sources (Uses)				
Transfers out	(24,700)	(24,700)	-	10,625
Net Change in Fund Balance	\$ (14,989)	71,687	\$ 86,676	30,624
Fund Balance, beginning		155,115		124,491
Fund Balance, ending		\$ 226,802		\$ 155,115

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

<i>Years Ended June 30,</i>	2018			2017
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 227,160	\$ 223,640	\$ (3,520)	\$ 226,776
Investment income	300	273	(27)	298
Total Revenues	227,460	223,913	(3,547)	227,074
Expenditures				
Current -				
Public services:				
Administration	36,641	31,768	4,873	33,989
Road service	174,970	134,394	40,576	121,316
Total Expenditures	211,611	166,162	45,449	155,305
Excess of Revenues Over Expenditures	15,849	57,751	41,902	71,769
Other Financing Uses				
Transfers out	(34,106)	(34,106)	-	(61,450)
Net Change in Fund Balance	\$ (18,257)	23,645	\$ 41,902	10,319
Fund Balance, beginning		163,567		153,248
Fund Balance, ending		\$ 187,212		\$ 163,567

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

Years Ended June 30,	2018			2017
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 258,100	\$ 256,181	\$ (1,919)	\$ 263,170
Investment income	280	230	(50)	300
Total Revenues	258,380	256,411	(1,969)	263,470
Expenditures				
Current -				
Public services:				
Administration	29,841	26,964	2,877	27,165
Road service	261,908	189,873	72,035	183,967
Total public services	291,749	216,837	74,912	211,132
Debt service	19	19	-	21
Total Expenditures	291,768	216,856	74,912	211,153
Excess (Deficiency) of Revenues Over Expenditures	(33,388)	39,555	72,943	52,317
Other Financing Sources (Uses)				
Transfers in	-	-	-	844
Transfers out	(96,000)	(96,000)	-	(25,000)
Net Other Financing Sources (Uses)	(96,000)	(96,000)	-	(24,156)
Net Change in Fund Balance	\$ (129,388)	(56,445)	\$ 72,943	28,161
Fund Balance, beginning		171,872		143,711
Fund Balance, ending		\$ 115,427		\$ 171,872

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

<i>June 30,</i>	2018	2017
Assets		
Cash and investments	\$ 6,228,412	\$ 4,288,079
Interfund loan receivable	2,243,488	4,493,488
Other receivables	6,346	6,346
Land Sales Contracts Receivable		
Current	10,125	5,860
Delinquent	222,460	237,022
Unbilled	437,673	297,553
Total land sales contracts receivable	670,258	540,435
Less allowance for uncollectible contracts	(222,460)	(237,022)
Net Land Sales Contracts Receivable	447,798	303,413
Total Assets	\$ 8,926,044	\$ 9,091,326
Liabilities, Deferred Inflows of Resources and Fund Balance		
Liabilities		
Accounts payable	\$ 10,151	\$ 685
Deposits	71,524	70,024
Total Liabilities	81,675	70,709
Deferred Inflows of Resources		
Land sales receivables not yet due	437,673	297,553
Total Liabilities and Deferred Inflows of Resources	519,348	368,262
Fund Balance		
Committed:		
Long-term loan receivable	2,243,488	4,493,488
Land management	1,688,753	1,197,899
Accrued leave	10,000	10,000
Assigned:		
Subsequent year expenditures	973,670	870,267
Subsequent year appropriations	-	150,000
Land management	3,490,785	2,001,410
Total Fund Balance	8,406,696	8,723,064
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 8,926,044	\$ 9,091,326

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>	2018			2017
	Budget	Actual	Variance	Actual
Revenues				
Charges for services:				
Land sales and leases	760,000	\$ 801,430	\$ 41,430	\$ 2,400,092
Management fees	10,000	12,100	2,100	10,400
User fees	8,000	11,798	3,798	7,430
Intergovernmental - PERS relief	-	18,036	18,036	21,886
Investment income	10,000	7,881	(2,119)	5,232
Interest on land sales	14,500	34,897	20,397	21,701
Other	1,500	225,850	224,350	11,401
Total Revenues	804,000	1,111,992	307,992	2,478,142
Expenditures				
Current -				
Public services:				
Land management and development	1,109,617	1,198,236	(88,619)	864,975
Community development administration	399,396	198,629	200,767	134,470
Total Expenditures	1,509,013	1,396,865	112,148	999,445
Excess (Deficiency) of Revenues Over Expenditures	(705,013)	(284,873)	420,140	1,478,697
Other Financing Sources (Uses)				
Transfers in	-	509	509	2,232,078
Transfers out	(32,004)	(32,004)	-	(915,000)
Net Other Financing Sources (Uses)	(32,004)	(31,495)	509	1,317,078
Net Change in Fund Balance	\$ (737,017)	(316,368)	\$ 420,649	2,795,775
Fund Balance, beginning		8,723,064		5,927,289
Fund Balance, ending		\$ 8,406,696		\$ 8,723,064

DEBT SERVICE FUNDS

These funds account for the retirement of general obligation debt and certificates of participation used for capital improvement projects such as schools, public safety buildings, parks and recreation facilities, the Animal Care Facility and transportation systems. In addition, the fund accounts for repayment of government office building loans and school building loans.

Matanuska-Susitna Borough, Alaska

School Buildings Debt Service Fund
Balance Sheet

<i>June 30,</i>	2018	2017
Assets		
Cash and investments	\$ 887,620	\$ 819,395
Restricted cash - debt retirement	1,553,274	1,539,332
Total Assets	2,440,894	2,358,727
Fund Balance		
Restricted - debt service	1,553,274	1,539,332
Assigned - debt service	887,620	819,395
Total Fund Balance	\$ 2,440,894	\$ 2,358,727

Matanuska-Susitna Borough, Alaska

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

<i>Years Ended June 30,</i>	2018	2017
Revenues		
Investment income	\$ 71	\$ 38
Expenditures - debt service		
Redemption of principal	21,505,000	20,665,000
Interest	11,811,944	12,341,441
Other	14,102	2,831
Total Expenditures	33,331,046	33,009,272
Deficiency of Revenues Over Expenditures	(33,330,975)	(33,009,234)
Other Financing Sources (Uses)		
Bonds issued	-	31,690,000
Premium on bond issuance	-	5,090,765
Payment to refunded bond escrow agent	-	(36,780,765)
Transfers in	33,415,085	35,521,179
Transfers out	(1,943)	(326,243)
Net Other Financing Sources	33,413,142	35,194,936
Net Change in Fund Balance	82,167	2,185,702
Fund Balance, beginning	2,358,727	173,025
Fund Balance, ending	\$ 2,440,894	\$ 2,358,727

Matanuska-Susitna Borough, Alaska

Fronteras School Debt Service Fund

Balance Sheet

<i>June 30,</i>	2018	2017
Assets		
Lease receivable, long-term	\$ 10,619,651	\$ 11,114,153
Total Assets	10,619,651	11,114,153
Deferred Inflows of Resources		
Lease receivable not yet due	10,619,651	11,114,153
Total Deferred Inflows of Resources	\$ 10,619,651	\$ 11,114,153

Matanuska-Susitna Borough, Alaska

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

<i>Years Ended June 30,</i>	2018	2017
Revenues		
Lease interest	\$ 361,258	\$ 133,977
Expenditures		
Interest	361,258	133,977
Net Change in Fund Balance	-	-
Fund Balance, beginning	-	-
Fund Balance, ending	\$ -	\$ -

Matanuska-Susitna Borough, Alaska

Nonmajor Debt Service Funds
Combining Balance Sheet

<i>June 30, 2018</i>	Public Safety Building 61	Public Safety Building 51	New in FY17 Public Safety Building 62	Public Safety Building 73	Parks and Recreation	Animal Control	Transpor- tation System	Totals
Assets								
Cash and investments	\$ -	\$ 186,851	\$ 574,903	\$ 360,901	\$ 1,680,097	\$ 26,862	\$ 772,314	\$ 3,601,928
Restricted cash and investments - debt retirement	-	768,863	504,854	572,962	-	554,695	-	2,401,374
Total Assets	\$ -	\$ 955,714	\$ 1,079,757	\$ 933,863	\$ 1,680,097	\$ 581,557	\$ 772,314	\$ 6,003,302
Fund Balances								
Restricted - debt service	\$ -	\$ 768,863	\$ 504,854	\$ 572,962	\$ -	\$ 554,695	\$ -	\$ 2,401,374
Assigned - debt service	-	186,851	574,903	360,901	1,680,097	26,862	772,314	3,601,928
Total Fund Balances	\$ -	\$ 955,714	\$ 1,079,757	\$ 933,863	\$ 1,680,097	\$ 581,557	\$ 772,314	\$ 6,003,302

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

<i>Year Ended June 30, 2018</i>	Fireweed Building	Public Safety Building 61	Public Safety Building 51	New in FY17 Public Safety Building 62	Public Safety Building 73	Parks and Recreation	Animal Control	Transpor- tation System	Totals
Revenues -									
Investment income	\$ -	\$ -	\$ 6,134	\$ 4,854	\$ 5,512	\$ -	\$ 5,279	\$ 22	\$ 21,801
Expenditures - debt service									
Redemption of principal	89,614	-	485,000	260,000	305,000	975,000	405,000	1,180,000	3,699,614
Interest	-	-	279,125	236,550	262,450	1,025,505	124,490	1,203,850	3,131,970
Total Expenditures	89,614	-	764,125	496,550	567,450	2,000,505	529,490	2,383,850	6,831,584
Deficiency of Revenues									
Over Expenditures	(89,614)	-	(757,991)	(491,696)	(561,938)	(2,000,505)	(524,211)	(2,383,828)	(6,809,783)
Other Financing Sources (Uses)									
Transfers in	89,614	-	764,223	510,823	581,723	2,160,890	533,630	2,383,000	7,023,903
Transfers out	-	(42,670)	-	-	-	(137,800)	-	-	(180,470)
Net Other Financing Sources (Uses)	89,614	(42,670)	764,223	510,823	581,723	2,023,090	533,630	2,383,000	6,843,433
Net Change in Fund Balances	-	(42,670)	6,232	19,127	19,785	22,585	9,419	(828)	33,650
Fund Balances, beginning	-	42,670	949,482	1,060,630	914,078	1,657,512	572,138	773,142	5,969,652
Fund Balances, ending	\$ -	\$ -	\$ 955,714	\$ 1,079,757	\$ 933,863	\$ 1,680,097	\$ 581,557	\$ 772,314	\$ 6,003,302

CAPITAL PROJECT FUNDS

These funds account for general government capital projects financed by General Obligation Bond issues, State and Federal grants, contributions from other funds and interest income.

School Projects -- To account for the construction, renovation or renewal of school facilities.

Sewage Facility -- To account for the construction of the wastewater and septage facilities.

Fire Protection -- To account for capital improvements to support fire operations within the Borough.

Road Service Areas Repair -- To account for capital Improvements of roads for the Borough's road service districts.

Ambulance and Emergency Medical Services -- To account for capital acquisition or improvements related to ambulance and emergency services.

Roads and Bridges -- To account for the capital improvements of roads and bridges not accounted for in the Road Services Area Funds.

Borough Facilities -- To account for the construction, renovation or renewal of Boroughwide facilities.

Cultural and Recreational -- To account for various cultural and recreational construction or improvements projects.

Infrastructure -- To account for major infrastructure capital projects including the South Central Rail Corridor, and development of Hatcher Pass recreational area and trail system.

Miscellaneous -- To account for funding for the Matanuska-Susitna Convention & Visitors Bureau and other miscellaneous projects.

Pass-through Grants -- To account for capital projects directed or built by the borough but owned by other parties.

Matanuska-Susitna Borough, Alaska

School Projects Capital Project Fund

Balance Sheet

June 30,	2018	2017
Assets		
Cash and investments	\$ 7,413,716	\$ 12,745,608
Prepaid items	-	101,697
Receivables:		
Intergovernmental	59,657	80,661
Loan receivable	-	400,000
Restricted cash and investments	24,439,001	28,110,323
Total Assets	\$ 31,912,374	\$ 41,438,289
Liabilities, Deferred Inflows of Resources and Fund Balance		
Liabilities		
Accounts, contracts and retentions payable	\$ 882,000	\$ 1,195,952
Payable to School District	61,683	473,690
Deposits	20,447	5,447
Unearned revenue	-	79,270
Total Liabilities	964,130	1,754,359
Deferred Inflows of Resources		
Loan receivable not yet due	-	400,000
Total Liabilities and Deferred Inflows of Resources	964,130	2,154,359
Fund Balance		
Nonspendable - prepaid items	-	101,697
Restricted for school construction	24,439,001	28,110,323
Assigned for capital projects	6,509,243	11,071,910
Total Fund Balance	30,948,244	39,283,930
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 31,912,374	\$ 41,438,289

Matanuska-Susitna Borough, Alaska

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

<i>Years Ended June 30,</i>	2018	2017
Revenues		
Intergovernmental	\$ 303,039	\$ 252,797
Investment income	382,544	592,466
Contributions	-	90,479
Total Revenues	685,583	935,742
Expenditures		
Current-education	624,048	4,741,646
Debt service	-	337,688
Capital outlay	3,424,636	9,697,717
Total Expenditures	4,048,684	14,777,051
Deficiency of Revenues Over Expenditures	(3,363,101)	(13,841,309)
Other Financing Sources (Uses)		
Transfers in	1,943	1,126,243
Transfers out	(4,974,528)	(2,046,436)
Notes payable issued	-	818,245
Net Other Financing Sources (Uses)	(4,972,585)	(101,948)
Net Change in Fund Balance	(8,335,686)	(13,943,257)
Fund Balance, beginning	39,283,930	53,227,187
Fund Balance, ending	\$ 30,948,244	\$ 39,283,930

Matanuska-Susitna Borough, Alaska

Nonmajor Capital Project Funds
Combining Balance Sheet

<i>June 30, 2018</i>	Fire Protection	Road Service Area Repairs	Sewage Facility	Ambulance and Emergency Services	Roads and Bridges	Borough Facilities	Cultural and Recreational	Misc- ellaneous	Infrastructure	Pass- through Grants	Totals
Assets											
Cash and investments	\$ 14,292,750	\$ 21,753,631	\$ 259,922	\$ 1,940,607	\$ 492,255	\$ 1,066,538	\$ 20,052,916	\$ 8,882,198	\$ 226,052	\$ 1,299,860	\$ 70,266,729
Receivables -											
Intergovernmental	361,204	483,862	-	89,698	429,837	-	-	228,971	136,166	85,280	1,815,018
Other	-	-	-	-	-	-	1,312	-	-	-	1,312
Restricted cash and investments	3,701,223	-	-	-	-	-	-	-	-	-	3,701,223
Total Assets	\$ 18,355,177	\$ 22,237,493	\$ 259,922	\$ 2,030,305	\$ 922,092	\$ 1,066,538	\$ 20,054,228	\$ 9,111,169	\$ 362,218	\$ 1,385,140	\$ 75,784,282
Liabilities and Fund Balances											
Liabilities											
Accounts, contracts and retentions payable	\$ 1,338,894	\$ 1,144,929	\$ 11,054	\$ 116,756	\$ 34,764	\$ 82,094	\$ 2,554,036	\$ 115,915	\$ 124,332	\$ 28,689	\$ 5,551,463
Deposits	3,898	-	-	-	-	-	(3,869)	-	2,500	-	2,529
Unearned revenue	41,821	-	-	735	-	-	32,000	7,500	139,253	1,134,430	1,355,739
Total Liabilities	1,384,613	1,144,929	11,054	117,491	34,764	82,094	2,582,167	123,415	266,085	1,163,119	6,909,731
Fund Balances											
Restricted - capital projects	3,701,223	-	-	-	-	-	-	-	-	-	3,701,223
Assigned - capital projects	13,269,341	21,092,564	248,868	1,912,814	887,328	984,444	17,472,061	8,987,754	96,133	222,021	65,173,328
Total Fund Balances	16,970,564	21,092,564	248,868	1,912,814	887,328	984,444	17,472,061	8,987,754	96,133	222,021	68,874,551
Total Liabilities and Fund Balances	\$ 18,355,177	\$ 22,237,493	\$ 259,922	\$ 2,030,305	\$ 922,092	\$ 1,066,538	\$ 20,054,228	\$ 9,111,169	\$ 362,218	\$ 1,385,140	\$ 75,784,282

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

<i>Year Ended June 30, 2018</i>	Fire Protection	Road Service Area Repairs	Sewage Facility	Ambulance and Emergency Services	Roads and Bridges	Borough Facilities	Cultural and Recreational	Misc- ellaneous Infrastructure	Pass- through Grants	Prison Infrastructure	Totals	
Revenues												
Intergovernmental	\$ 4,686,404	\$ 1,762,067	\$ 8,860	\$ 495,344	\$ 2,104,676	\$ -	\$ -	\$ 168,232	\$ 440,742	\$ 545,415	\$ -	\$ 10,211,740
Investment income	56,089	-	-	-	13,723	6	290,617	-	-	-	-	360,435
Other	-	-	-	58,527	-	31,084	46,107	(3,940)	8,000	-	-	139,778
Total Revenues	4,742,493	1,762,067	8,860	553,871	2,118,399	31,090	336,724	164,292	448,742	545,415	-	10,711,953
Expenditures												
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,235	\$ -	\$ 204,798	\$ -	\$ -	\$ -	\$ 245,033
Emergency services	1,082,781	-	-	448,621	-	-	-	74,991	-	-	-	1,606,393
Public services	-	8,024,296	-	-	17,645	32,380	628,549	1,264,470	3,964	667,245	10,000	10,648,549
Capital outlay	12,953,992	1,197,528	29,021	1,535,848	2,833,632	264,204	6,504,368	1,130,922	490,742	-	-	26,940,257
Total Expenditures	14,036,773	9,221,824	29,021	1,984,469	2,851,277	336,819	7,132,917	2,675,181	494,706	667,245	10,000	39,440,232
Deficiency of Revenues Over Expenditures	(9,294,280)	(7,459,757)	(20,161)	(1,430,598)	(732,878)	(305,729)	(6,796,193)	(2,510,889)	(45,964)	(121,830)	(10,000)	(28,728,279)
Other Financing Sources (Uses)												
Transfers in	3,835,176	10,268,990	-	2,732,540	150,000	544,110	262,467	2,998,848	-	150,000	-	20,942,131
Transfers out	(473,542)	(6,618)	-	(53,787)	-	(13,957)	(166,630)	(41,400)	-	-	-	(755,934)
Net Other Financing Sources (Uses)	3,361,634	10,262,372	-	2,678,753	150,000	530,153	95,837	2,957,448	-	150,000	-	20,186,197
Net Change in Fund Balances	(5,932,646)	2,802,615	(20,161)	1,248,155	(582,878)	224,424	(6,700,356)	446,559	(45,964)	28,170	(10,000)	(8,542,082)
Fund Balances, beginning	22,903,210	18,289,949	269,029	664,659	1,470,206	760,020	24,172,417	8,541,195	142,097	193,851	10,000	77,416,633
Fund Balances, ending	\$ 16,970,564	\$ 21,092,564	\$ 248,868	\$ 1,912,814	\$ 887,328	\$ 984,444	\$ 17,472,061	\$ 8,987,754	\$ 96,133	\$ 222,021	\$ -	\$ 68,874,551

Matanuska-Susitna Borough, Alaska

Capital Project Funds

Project Length of Construction Projects

<i>Beginning of Projects to June 30, 2018</i>	School Projects	Fire Protection	Road Service Areas Repairs	Sewage Facility	Sanitary Landfills	Ambulance and Emergency Services	Roads and Bridges	Borough Facilities
Total Project Authorizations	\$ 729,236,331	\$ 106,536,505	\$ 167,225,866	\$ 16,169,861	\$ 37,768,230	\$ 37,382,209	\$ 176,682,865	\$ 68,761,766
Revenues and Other Financing Sources								
Intergovernmental	\$ 68,902,269	\$ 21,642,208	\$ 55,397,869	\$ 14,471,095	\$ 8,717,496	\$ 19,322,510	\$ 131,136,182	\$ 25,680,605
LID bonds/other debt	6,900,000	10,635,713	186,095	-	-	-	-	515,000
Other	635,922,304	13,369,902	1,029,713	100,000	225,091	562,473	34,436,686	8,737,921
Transfers from other funds	30,461,146	65,241,261	118,407,671	765,043	17,008,468	18,980,811	7,380,007	33,637,033
Total Revenues and Other Financing Sources	\$ 742,185,719	\$ 110,889,084	\$ 175,021,348	\$ 15,336,138	\$ 25,951,055	\$ 38,865,794	\$ 172,952,875	\$ 68,570,559
Expenditures and Other Financing Uses								
Capital projects	\$ 701,696,634	\$ 90,430,722	\$ 151,953,278	\$ 15,024,596	\$ 24,124,718	\$ 36,134,628	\$ 171,760,176	\$ 65,557,070
Transfers to other funds	9,540,841	3,487,798	1,975,506	62,674	414,370	818,352	305,371	2,029,045
Total Expenditures and Other Financing Uses	\$ 711,237,475	\$ 93,918,520	\$ 153,928,784	\$ 15,087,270	\$ 24,539,088	\$ 36,952,980	\$ 172,065,547	\$ 67,586,115

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

<i>Beginning of Projects to June 30, 2018</i>	Cultural and Recreational	Port	Pass- Through Grants	Miscellaneous	Infra- structure	Maintenance	Totals
Total Project Authorizations	\$ 38,876,390	\$ 62,803,838	\$ 15,170,716	\$ 93,147,304	\$ 189,528,147	\$ 1,149,094	\$ 1,740,439,122
Revenues and Other Financing Sources							
Intergovernmental	\$ 2,896,878	\$ 34,337,345	\$ 12,388,356	\$ 31,045,300	\$ 183,947,401	\$ -	\$ 609,885,514
LID bonds/other debt	22,280,000	-	-	-	-	-	40,516,808
Other	4,897,642	13,507,570	14,387	1,295,551	657,561	-	714,756,801
Transfers from other funds	9,351,294	15,007,634	2,517,506	63,042,418	2,261,000	-	384,061,292
Total Revenues and Other Financing Sources	\$ 39,425,814	\$ 62,852,549	\$ 14,920,249	\$ 95,383,269	\$ 186,865,962	\$ -	\$ 1,749,220,415
Expenditures and Other Financing Uses							
Capital projects	\$ 21,481,635	\$ 57,064,924	\$ 14,631,915	\$ 80,523,246	\$ 186,769,427	\$ -	\$ 1,617,152,969
Transfers to other funds	472,118	3,427,937	66,313	5,872,269	402	-	28,472,996
Total Expenditures and Other Financing Uses	\$ 21,953,753	\$ 60,492,861	\$ 14,698,228	\$ 86,395,515	\$ 186,769,829	\$ -	\$ 1,645,625,965

Matanuska-Susitna Borough, Alaska

Solid Waste Enterprise Fund
Statement of Net Position

<i>June 30,</i>	2018	2017
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 7,040,838	\$ 5,446,999
Receivables:		
Accounts	584,880	663,926
Allowance for doubtful accounts	(1,313)	(459)
Intergovernmental	979,532	19,964
Total Current Assets	8,603,937	6,130,430
Noncurrent Assets		
Restricted cash - landfill closure	2,250,481	2,247,110
Property, plant and equipment:		
Buildings	8,129,593	8,129,593
Improvements other than buildings	1,941,119	1,852,730
Equipment	2,785,030	2,364,376
Landfill cells	9,905,087	8,818,800
Construction in progress	141,217	-
Total property, plant and equipment	22,902,046	21,165,499
Accumulated depreciation and amortization	(12,952,488)	(12,116,906)
Net property, plant and equipment	9,949,558	9,048,593
Total Noncurrent Assets	12,200,039	11,295,703
Total Assets	20,803,976	17,426,133
Deferred Outflows of Resources		
Related to pensions	182,959	489,934
Related to other postemployment benefits	40,880	-
Total Deferred Outflows of Resources	223,839	489,934
Total Assets and Deferred Outflows of Resources	\$ 21,027,815	\$ 17,916,067
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Accounts payable	\$ 893,360	\$ 276,241
Accrued leave	100,634	118,915
Accrued interest payable	9,376	7,298
Current portion of loans payable	322,553	220,390
Total Current Liabilities	1,325,923	622,844
Noncurrent Liabilities		
Net pension liability	1,580,755	1,894,494
Net other postemployment benefits liability	251,985	-
Loans payable	6,534,616	5,736,332
Landfill closure costs payable	5,463,707	4,882,885
Total Noncurrent Liabilities	13,831,063	12,513,711
Total Liabilities	15,156,986	13,136,555
Deferred Inflows of Resources		
Related to pensions	110,232	21,117
Related to other postemployment benefits	112,754	-
Total Deferred Inflows of Resources	222,986	21,117
Net Position		
Net investment in capital assets	3,092,389	3,091,871
Unrestricted	2,555,454	1,666,524
Total Net Position	5,647,843	4,758,395
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 21,027,815	\$ 17,916,067

Matanuska-Susitna Borough, Alaska

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

<i>Years Ended June 30,</i>	2018	2017
Operating Revenues		
Charges for services	\$ 8,925,931	\$ 9,046,715
Operating Expenses		
Public service:		
Landfill operations	4,107,004	4,809,057
Transfer sites	2,630,493	2,029,040
Depreciation and amortization	851,589	850,594
Allocated administrative and billing expenses	62,140	57,489
Total Operating Expenses	7,651,226	7,746,180
Operating Income (Loss)	1,274,705	1,300,535
Nonoperating Revenues (Expenses)		
Intergovernmental - PERS relief	38,007	15,641
Interest expense	(108,152)	(58,220)
Interest income	10,233	8,879
Gain (loss) on disposal of capital assets	2,375	9,372
Net Nonoperating Revenues (Expenses)	(57,537)	(24,328)
Change in Net Position	1,217,168	1,276,207
Net Position, beginning as restated (Note 2)	4,430,675	3,482,188
Net Position, ending	\$ 5,647,843	\$ 4,758,395

Matanuska-Susitna Borough, Alaska

Solid Waste Enterprise Fund
Statement of Cash Flows

<i>Years Ended June 30,</i>	2018	2017
Cash Flows from Operating Activities		
Receipts from customers	\$ 9,005,831	\$ 8,934,794
Payments to suppliers	(3,919,167)	(4,168,547)
Payments to employees	(2,046,008)	(1,349,201)
Payments for interfund services used	(62,140)	(57,489)
Net cash flows from operating activities	2,978,516	3,359,557
Cash Flows from (for) Capital and Related Financing Activities		
Purchases of property, plant and equipment	(1,228,719)	(49,476)
Sale of capital assets	2,375	10,352
Loans proceeds received	258,666	25,861
Principal and interest paid on loans	(423,861)	(275,958)
Capital contributions received	-	208,698
Net cash flows from (for) capital and related financing activities	(1,391,539)	(80,523)
Cash Flows from Investing Activities - interest income	10,233	8,879
Net Increase in Cash and Investments	1,597,210	3,287,913
Cash and Investments, beginning of year	7,694,109	4,406,196
Cash and Investments, end of year	\$ 9,291,319	\$ 7,694,109
Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities		
Operating income (loss)	\$ 1,274,705	\$ 1,300,535
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:		
Depreciation and amortization	851,589	850,594
Noncash expense - PERS relief	38,007	15,641
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable and related allowance	79,900	(111,921)
Prepays	-	804
Deferred outflows of resources related to pension	306,975	(282,523)
Deferred outflows of resources related to other postemployment benefits	15,696	-
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable, operations	93,284	46,081
Accrued leave	(18,281)	17,558
Net pension liability	(313,739)	819,736
Net other postemployment benefits liability	(132,311)	-
Landfill closure costs payable	580,822	687,071
Deferred inflows of resources related to pension	89,115	15,981
Deferred inflows of resources related to other postemployment benefits	112,754	-
Net Cash Flows from Operating Activities	\$ 2,978,516	\$ 3,359,557

Matanuska-Susitna Borough, Alaska

Port Enterprise Fund
Statement of Net Position

<i>June 30,</i>	2018	2017
Assets and Deferred Outflows of Resources		
Noncurrent Assets		
Property, plant and equipment:		
Buildings	\$ 7,948,617	\$ 7,948,617
Equipment	64,024	64,024
Infrastructure	33,321,302	33,321,302
Total property, plant and equipment	41,333,943	41,333,943
Accumulated depreciation	(11,324,119)	(10,207,287)
Net property, plant and equipment	30,009,824	31,126,656
Total Assets	30,009,824	31,126,656
Deferred Outflows of Resources		
Unamortized deferred loss on bonds	186,095	218,935
Related to pensions	78,120	105,743
Related to other postemployment benefits	3,679	-
Total Deferred Outflows of Resources	267,894	324,678
Total Assets and Deferred Outflows of Resources	\$ 30,277,718	\$ 31,451,334
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 125,752	\$ 526,051
Accrued leave	6,673	45,580
Due to other funds	5,444,259	4,575,731
Accrued interest payable	49,171	42,278
Current portion of general obligation bonds	565,000	540,000
Total Current Liabilities	6,190,855	5,729,640
Noncurrent Liabilities		
Net pension liability	380,657	408,889
Net other postemployment benefits liability	22,674	-
Lease credits payable	1,314,851	1,318,724
General obligation bonds, net of premium	3,457,274	4,080,911
Interfund loan payable	2,693,488	4,943,488
Total Noncurrent Liabilities	7,868,944	10,752,012
Total Liabilities	14,059,799	16,481,652
Deferred Inflows of Resources		
Related to pensions	12,577	4,558
Related to other postemployment benefits	10,146	-
Total Deferred Inflows of Resources	22,723	4,558
Net Position		
Net Investment in capital assets	26,173,645	26,724,680
Unrestricted (deficit)	(9,978,449)	(11,759,556)
Total Net Position	16,195,196	14,965,124
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 30,277,718	\$ 31,451,334

Matanuska-Susitna Borough, Alaska

Port Enterprise Fund

Statement of Revenues, Expenses, and
Changes in Net Position

<i>Years Ended June 30,</i>	2018	2017
Operating Revenues		
Charges for services	\$ 10,290	\$ 232,139
Operating Expenses		
Dock operations	1,306,423	1,368,299
Depreciation	1,116,832	1,114,715
Total Operating Expenses	2,423,255	2,483,014
Operating Loss	(2,412,965)	(2,250,875)
Nonoperating Revenues (Expenses)		
Intergovernmental - State sources:		
PERS relief	2,205	10,741
Debt service reimbursement	709,913	709,913
Insurance recovery	2,400,000	-
Interest expense	(150,209)	(158,916)
Net Nonoperating Revenues (Expenses)	2,961,909	561,738
Loss Before Capital Contributions, Transfers, and Extraordinary Items	548,944	(1,689,137)
Capital contributions	10,618	4,026
Transfers in	700,000	1,897,000
Transfers out	-	(1,993,487)
Change in Net Position	1,259,562	(1,781,598)
Net Position, beginning as restated (Note XX)	14,935,634	16,746,722
Net Position, ending	\$ 16,195,196	\$ 14,965,124

Matanuska-Susitna Borough, Alaska

Port Enterprise Fund
Statement of Cash Flows

<i>Years Ended June 30,</i>	2018	2017
Cash Flows for Operating Activities		
Receipts from customers	\$ 6,417	\$ 378,395
Insurance recovery	2,400,000	-
Payments to suppliers	(1,526,232)	(2,854,677)
Payments to employees	(210,131)	(313,121)
Net cash flows for operating activities	670,054	(2,789,403)
Cash Flows from (for) Noncapital Financing Activities		
Transfers in	700,000	1,897,000
Transfers out	-	(1,993,487)
Net cash flows from noncapital financing activities	700,000	(96,487)
Cash Flows from Capital and Related Financing Activities		
Capital contributions received	10,618	675,770
Issuance of interfund loan	-	450,000
Payments on interfund loan	(2,250,000)	-
Principal and interest paid on bonds	(709,113)	(709,913)
Debt service reimbursement	709,913	709,913
Increase in due to other funds	868,528	1,760,120
Net cash flows from capital and related financing activities	(1,370,054)	2,885,890
Net Increase in Cash and Investments	-	-
Cash and Investments, beginning of year	-	-
Cash and Investments, end of year	\$ -	\$ -
Reconciliation of Operating Loss to Net Cash Flows for Operating Activities		
Operating loss	\$ (2,412,965)	\$ (2,250,875)
Adjustments to reconcile operating loss to net cash flows for operating activities:		
Depreciation	1,116,832	1,114,715
Lease credits exercised	(3,873)	(3,873)
Noncash expense - PERS relief	2,205	10,741
Insurance recovery	2,400,000	-
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable	-	150,129
Inventory	-	766
Deferred outflows of resources related to pension	27,623	(51,879)
Deferred outflows of resources related to other postemployment benefits	1,412	-
Increase (decrease) in liabilities and deferred inflows of resources:		
Net pension liability	(28,232)	92,677
Net other postemployment benefits liability	(11,907)	-
Accounts payable	(400,299)	(1,834,859)
Accrued leave	(38,907)	(10,990)
Deferred inflows of resources related to pension	8,019	(5,955)
Deferred inflows of resources related to other postemployment benefits	10,146	-
Net Cash Flows for Operating Activities	\$ 670,054	\$ (2,789,403)

Matanuska-Susitna Borough, Alaska

Internal Service Funds
Combining Statement of Net Position

<i>June 30, 2018</i>	Revolving Loan	Self- Insurance	Totals
Assets			
Current Assets			
Cash and investments	\$ 928,800	\$ 26,271,932	\$ 27,200,732
Interfund loans receivable	77,168	-	77,168
Deposits with others	-	48,905	48,905
Total Current Assets	1,005,968	26,320,837	27,326,805
Interfund Loans Receivable, long-term	481,184	-	481,184
Total Assets	\$ 1,487,152	\$ 26,320,837	\$ 27,807,989
Liabilities and Net Position			
Liabilities			
Current Liabilities			
Insurance claims incurred but not reported and claims payable	\$ -	\$ 1,675,763	\$ 1,675,763
Current portion of loans payable	19,768	-	19,768
Total Current Liabilities	19,768	1,675,763	1,695,531
Noncurrent Liabilities - loans payable	215,384	-	215,384
Total Liabilities	235,152	1,675,763	1,910,915
Net Position			
Unrestricted	1,252,000	24,645,074	25,897,074
Total Liabilities and Net Position	\$ 1,487,152	\$ 26,320,837	\$ 27,807,989

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

<i>Year Ended June 30, 2018</i>	Revolving Loan	Self- Insurance	Totals
Operating Revenues			
Intragovernmental	\$ -	\$ 8,910,020	\$ 8,910,020
Interest on loans	752	-	752
Employee contributions	-	1,102,818	1,102,818
Total Operating Revenues	752	10,012,838	10,013,590
Operating Expenses			
Claims	-	7,128,407	7,128,407
Administrative fees	-	1,098,382	1,098,382
Premium	-	218,517	218,517
Total Operating Expenses	-	8,445,306	8,445,306
Operating Income	752	1,567,532	1,568,284
Nonoperating Revenue - interest income	-	23,499	23,499
Income Before Transfers	752	1,591,031	1,591,783
Transfers out	(752)	-	(752)
Change in Net Position	-	1,591,031	1,591,031
Net Position, beginning	1,252,000	23,054,043	24,306,043
Net Position, ending	\$ 1,252,000	\$ 24,645,074	\$ 25,897,074

Matanuska-Susitna Borough, Alaska

Internal Service Funds
Combining Statement of Cash Flows

<i>Year Ended June 30, 2018</i>	Revolving Loan	Self- Insurance	Totals
Cash Flows from Operating Activities			
Principal payments received on loans	\$ 62,291	\$ -	62,291
Interest payments received on loans	752	-	752
Principal payments on loans payable	(4,891)	-	(4,891)
Internal activity - payments from other funds	-	8,910,020	8,910,020
Receipts from employees and other	-	1,102,818	1,102,818
Payments for claims and services	-	(8,437,383)	(8,437,383)
Net cash flows from operating activities	58,152	1,575,455	1,633,607
Cash Flows for Noncapital Financing Activities			
Transfers out	(752)	-	(752)
Cash Flows from Investing Activities			
Investment income	-	23,499	23,499
Net Increase in Cash and Investments	57,400	1,598,954	1,656,354
Cash and Investments, beginning of year	871,400	24,672,978	25,544,378
Cash and Investments, end of year	\$ 928,800	\$ 26,271,932	\$ 27,200,732
Reconciliation of Operating Income to Net Cash			
Flows from Operating Activities			
Operating income	\$ 752	\$ 1,567,532	1,568,284
Adjustments to reconcile operating income to net cash flows from operating activities:			
Decrease in assets - loans receivable	62,291	-	62,291
Increase (decrease) in liabilities:			
Accounts payable	-	(21,629)	(21,629)
Loans payable	(4,891)	-	(4,891)
Insurance claims incurred but not reported	-	29,552	29,552
Net Cash Flows from Operating Activities	\$ 58,152	\$ 1,575,455	\$ 1,633,607

Matanuska-Susitna Borough, Alaska

Revolving Loan Internal Service Funds
Combining Statement of Net Position

<i>June 30, 2018</i>	Service Area Operating	Fire Capital Equipment	Road Service Areas	Totals
Assets				
Current Assets				
Cash and investments	\$ 55,350	\$ 350,000	\$ 523,450	\$ 928,800
Interfund loans receivable	32,365	30,000	14,803	77,168
Total Current Assets	87,715	380,000	538,253	1,005,968
Interfund Loans Receivable, long-term	317,548	20,000	143,636	481,184
Total Assets	\$ 405,263	\$ 400,000	\$ 681,889	\$ 1,487,152
Liabilities and Net Position				
Liabilities				
Current liabilities - current portion of loans payable	\$ 4,965	\$ -	\$ 14,803	\$ 19,768
Noncurrent liability - loans payable	71,748	-	143,636	215,384
Total Liabilities	76,713	-	158,439	235,152
Net Position				
Unrestricted	328,550	400,000	523,450	1,252,000
Total Liabilities and Net Position	\$ 405,263	\$ 400,000	\$ 681,889	\$ 1,487,152

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

<i>Year Ended June 30, 2018</i>	Service Area Operating	Fire Capital Equipment	Road Service Areas	Totals
Operating Revenues				
Interest on loans	\$ 752	\$ -	\$ -	\$ 752
Transfers out	(752)	-	-	(752)
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, 2018</i>	Service Area Operating	Fire Capital Equipment	Road Service Areas	Totals
Cash Flows from Operating Activities				
Principal payments received on loans	\$ 32,291	\$ 30,000	\$ -	\$ 62,291
Interest payments received on loans	752	-	-	752
Principal payments on loans payable	(4,891)	-	-	(4,891)
Net cash flows from operating activities	28,152	30,000	-	58,152
Cash Flows for Noncapital Financing Activities				
Transfers out	(752)	-	-	(752)
Net Increase in Cash and Investments	27,400	30,000	-	57,400
Cash and Investments, beginning of year	27,950	320,000	523,450	871,400
Cash and Investments, end of year	\$ 55,350	\$ 350,000	\$ 523,450	\$ 928,800
Reconciliation of Operating Income to Net Cash Flows from Operating Activities				
Operating income	\$ 752	\$ -	\$ -	\$ 752
Adjustments to reconcile operating income to net cash flows from operating activities:				
Decrease in loans receivable	32,291	30,000	-	62,291
Decrease in loans payable	(4,891)	-	-	(4,891)
Net Cash Flows from Operating Activities	\$ 28,152	\$ 30,000	\$ -	\$ 58,152

Matanuska-Susitna Borough, Alaska

Self-Insurance Internal Service Funds
Combining Statement of Net Position

<i>June 30, 2007</i>	Unemploy- ment Insurance	Health Insurance	Property and Casualty Insurance	Workers' Comp Insurance	Totals
Assets					
Current Assets					
Cash and investments	\$ 452,306	\$ 16,256,992	\$ 1,500,000	\$ 8,062,634	\$ 26,271,932
Deposits with others	-	-	-	48,905	48,905
Total Current Assets	\$ 452,306	\$ 16,256,992	\$ 1,500,000	\$ 8,111,539	\$ 26,320,837
Liabilities and Net Position					
Current Liabilities					
Insurance claims incurred but not reported and claims payable	\$ -	\$ 1,515,707	\$ -	\$ 160,056	\$ 1,675,763
Total Current Liabilities	\$ -	\$ 1,515,707	\$ -	\$ 160,056	\$ 1,675,763
Net Position					
Unrestricted	452,306	14,741,285	1,500,000	7,951,483	24,645,074
Total Liabilities and Net Position	\$ 452,306	\$ 16,256,992	\$ 1,500,000	\$ 8,111,539	\$ 26,320,837

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

<i>Year Ended June 30, 2018</i>	Unemploy- ment Insurance	Health Insurance	Property and Casualty Insurance	Workers' Comp Insurance	Totals
Operating Revenues					
Intragovernmental	\$ 158,169	\$ 7,623,961	\$ -	\$ 1,127,890	\$ 8,910,020
Employee contributions	-	1,102,818	-	-	1,102,818
Total Operating Revenues	158,169	8,726,779	-	1,127,890	10,012,838
Operating Expenses					
Claims	26,650	6,704,694	-	397,063	7,128,407
Administrative fees	-	1,048,338	-	50,044	1,098,382
Premium	-	-	-	218,517	218,517
Total Operating Expenses	26,650	7,753,032	-	665,624	8,445,306
Operating Income (Loss)	131,519	973,747	-	462,266	1,567,532
Nonoperating Revenue - investment income	-	23,499	-	-	23,499
Change in Net Position	131,519	997,246	-	462,266	1,591,031
Net Position, beginning	320,787	13,744,039	1,500,000	7,489,217	23,054,043
Net Position, ending	\$ 452,306	\$ 14,741,285	\$ 1,500,000	\$ 7,951,483	\$ 24,645,074

Matanuska-Susitna Borough, Alaska

Self-Insurance Internal Service Funds
Combining Statement of Cash Flows

<i>Year Ended June 30, 2018</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	\$ 158,169	\$ 7,623,961	\$ -	\$ 1,127,890	\$ 8,910,020
Receipts from employees and other	-	1,102,818	-	-	1,102,818
Payments for claims and services	(48,279)	(7,592,418)	-	(796,686)	(8,437,383)
Net cash flows from (for) operating activities	109,890	1,134,361	-	331,204	1,575,455
Cash Flows from Investing Activities					
Investment income	-	23,499	-	-	23,499
Net Increase (Decrease) in Cash and Investments	109,890	1,157,860	-	331,204	1,598,954
Cash and Investments, beginning of year	342,416	15,099,132	1,500,000	7,731,430	24,672,978
Cash and Investments, end of year	\$ 452,306	\$ 16,256,992	\$ 1,500,000	\$ 8,062,634	\$ 26,271,932
Reconciliation of Operating Income (Loss) to Net Cash					
Flows from (for) Operating Activities					
Operating income (loss)	\$ 131,519	\$ 973,747	\$ -	\$ 462,266	\$ 1,567,532
Adjustments to reconcile operating income (loss) to net cash flows from (for) operating activities:					
Increase (decrease) in liabilities:					
Accounts payable	(21,629)	-	-	-	(21,629)
Insurance claims incurred but not reported	-	160,614	-	(131,062)	29,552
Net Cash Flows from (for) Operating Activities	\$ 109,890	\$ 1,134,361	\$ -	\$ 331,204	\$ 1,575,455

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AGENCY FUNDS

To account for resources received and held by the Borough in a fiduciary capacity. Disbursements from these funds are made in accordance with the applicable legislative enactment for each fund.

Property Tax Agency -- To account for property taxes collected for the cities of Houston, Wasilla and Palmer.

Local Improvements District (LID) Road, Gas Line, Community Water, and Erosion Control Agency -- To account for monies collected from property owners by the Borough for the construction of a natural gas pipeline distribution system, water distribution system and for the paving of roads which benefit those property owners.

Matanuska-Susitna Borough, Alaska

Agency Funds

Combining Statement of Changes in Assets and Liabilities

<i>Year Ended June 30, 2018</i>	Property Tax Agency			Balance at June 30, 2018
	Balance at July 1, 2017	Additions	Deletions	
Assets				
Cash and investments	\$ 7,668	\$ 3,270,011	\$ 3,268,816	\$ 8,863
Property taxes receivable:				
Real	85,092	1,906,876	1,928,658	63,310
Personal	10,545	21,595	21,676	10,464
Total Assets	\$ 103,305	\$ 5,198,482	\$ 5,219,150	\$ 82,637
Liabilities				
Accounts payable	\$ 7,668	\$ 2,219,573	\$ 2,218,378	\$ 8,863
Taxes collected in advance	95,637	1,884,875	1,906,738	73,774
Intergovernmental	-	3,267,298	3,267,298	-
Total Liabilities	\$ 103,305	\$ 7,371,746	\$ 7,392,414	\$ 82,637
Road, Gas Line and Community Water Agency				
<i>Year Ended June 30, 2018</i>	Balance at July 1, 2017	Additions	Deletions	Balance at June 30, 2018
Assets				
Cash and investments	\$ 268,182	\$ 667,654	\$ 704,144	\$ 231,692
Special assessments receivable	1,691,821	73,402	685,136	1,080,087
Total Assets	\$ 1,960,003	\$ 741,056	\$ 1,389,280	\$ 1,311,779
Liabilities				
Accounts payable	\$ 319	\$ 90,785	\$ 91,104	\$ -
Payable to Mat-Su Borough	-	63,972	63,972	-
Deposits	790,029	485,817	655,681	620,165
Bonds payable - gas lines	924,095	69,800	421,191	572,704
Bonds payable - road improvements	141,460	-	84,450	57,010
Bonds payable - water	104,100	-	42,200	61,900
Total Liabilities	\$ 1,960,003	\$ 710,374	\$ 1,358,598	\$ 1,311,779

Matanuska-Susitna Borough, Alaska
Agency Funds
Combining Statement of Changes in Assets and Liabilities, continued

<i>Year Ended June 30, 2017</i>	Totals			Balance at June 30, 2018
	Balance at July 1, 2017	Additions	Deletions	
Assets				
Cash and investments	\$ 275,850	\$ 3,937,665	\$ 3,972,960	\$ 240,555
Property taxes receivable:				
Real	85,092	1,980,278	1,928,658	63,310
Personal	10,545	21,595	21,676	10,464
Special assessments receivable	1,691,821	73,402	685,136	1,080,087
Total Assets	\$ 2,063,308	\$ 6,012,940	\$ 6,608,430	\$ 1,394,416
Liabilities				
Accounts payable	\$ 7,987	\$ 2,310,358	\$ 2,309,482	\$ 8,863
Deposits	790,029	485,817	655,681	620,165
Taxes collected in advance	95,637	1,884,875	1,906,738	73,774
Intergovernmental	-	3,267,298	3,267,298	-
Bonds payable - gas lines	924,095	69,800	421,191	572,704
Bonds payable - road improvements	141,460	-	84,450	57,010
Bonds payable - water	104,100	-	42,200	61,900
Total Liabilities	\$ 2,063,308	\$ 8,018,148	\$ 8,687,040	\$ 1,394,416

FEDERAL AND STATE EXPENDITURES

The schedules of expenditures of federal awards and state financial assistance itemize the sources of grant funds received by the Borough during the year and corresponding expenditures as required by Government Auditing Standards and State of Alaska Audit Guide and Compliance Supplement for State Single Audits.

Matanuska-Susitna Borough, Alaska
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Award Amount	Passed Through to Subrecipients	Total Federal Expenditures
Department of Agriculture					
Cooperative Forestry Assistance - Direct	10.664		\$ 1,084,000	\$ -	\$ 1,023
FY18 National Forest Receipts	10.665		21,343	-	21,343
Passed through State of Alaska,					
Department of Natural Resources:					
FY16 Talkeetna VFA	10.664	13DG11100106-771	9,676	-	9,676
FY17 Butte VFA	10.664	14DG11100106-800	7,500	-	7,500
FY17 Caswell Lks VFA	10.664	14DG11100106-800	7,015	-	7,015
FY17 West Lakes VFA	10.664	14DG11100106-800	7,485	-	7,485
FY17 Willow VFA	10.664	14DG11100106-800	7,015	-	7,015
Total Passed through the State of Alaska,					
Department of Natural Resources					
				-	38,691
Total Department of Agriculture					
				-	61,057
Department of Commerce					
Passed through State of Alaska, Department of Fish and Game -					
Pacific Coast Salmon Recovery Treaty Program	11.438	NA15NMF4380231	355,000	-	257,161
Department of Homeland Security					
Passed through State of Alaska, Department of Military and Veterans Affairs:					
Homeland Security Grant Program - 2016	97.067	EMW-2016-SS-0002	49,895	-	35,000
Homeland Security Grant Program - 2017	97.067	EMW-2017-SS-00048-S01	108,900	-	53,220
Total CFDA 97.067					
				-	88,220
Emergency Management Performance Grant	97.042	EMW-2017-EP-00002-S01	108,040	-	108,013
Disaster Grants - Public Assistance					
(Presidentially Declared Disasters)					
2012 Flood	97.036	FEMA-DR-4094-AK	2,463,926	-	196,385
Total Passed through State of Alaska,					
Department of Military and Veterans Affairs					
				-	392,618
Total Department of Homeland Security					
				-	392,618
Department of the Interior					
Payments in Lieu of Taxes	15.226		3,637,432	-	3,637,432
Fish and Wildlife Management Assistance					
Mat-Su Fish Passage 2020	15.608		1,246,000	-	168,123
Passed through State of Alaska, Department of Natural Resources -					
Historic Preservation Fund Grants-In-Aid					
National Alliance of Preservation	15.904	17019	4,078	-	1,121
Total Department of the Interior					
				-	3,806,676

Matanuska-Susitna Borough, Alaska

Schedule of Expenditures of Federal Awards, continued
Year Ended June 30, 2018

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 Transportation					
Passed through the State of Alaska, Department of Transportation and Public Facilities -					
Airport Improvement Program -					
Conduct Regional Aviation System Plan Study	20.106	3-02-0469-003-2014	\$ 437,000	\$ -	\$ (5,718)
Highway Planning and Construction Cluster:					
Passed through the State of Alaska, Department of Transportation and Public Facilities -					
Highway Planning and Construction -					
Update of the MSB Long Range Transportation Plan	20.205	ACSPR-2000(37) &	795,000	-	6,827
Total Department of Transportation				-	1,109
Department of Environmental Protection					
Brownfields Assessment and Cleanup Cooperative Agreements	66.818		550,000	-	115,779
Passed through the State of Alaska, Department of Environmental Conservation:					
Mat-Su Septage & Leachate Treatment Facility	66.458		4,166,500	-	109,951
Central Landfill Cell 4 Design and Construction	66.458		5,833,100	-	905,203
Total 66.458 Capitalization Grants for Clean Water State Revolving Funds				-	1,015,154
Total Department of Environmental Protection				-	1,130,933
Department of Health and Human Services					
Public Health Emergency Preparedness - 2018	93.074		40,000	-	37,265
Total Department of Health and Human Services				-	37,265
Total Expenditures of Federal Awards				\$ -	\$5,686,819

See accompanying notes to the schedule of expenditures of federal awards.

Matanuska-Susitna Borough, Alaska

Schedule of State Financial Assistance

Year Ended June 30, 2018

State Grantor / Pass-Through Grantor Program Title	Grant Number	Award Amount	State Share of Expenditures
Department of Commerce, Community and Economic Development			
Major Programs:			
Alaska DCCED - Community Assistance Program	FY18 CAP	\$ 6,760,140	\$ 2,678,483
West Lakes Fire Service Area Station 7-3	15-DC-109	2,337,000	2,315,400
Road Bond Package State Match	13-DC-632	32,200,000	1,809,134
Fisheries and Fish Protection	14-DC-080	2,500,000	618,658
West Lakes Fire Service Area Station 7-3	14-DC-099	2,700,000	2,324,949
Total Major Programs			<u>\$ 9,746,624</u>
Nonmajor Programs:			
Wasilla Middle School Outdoor Recreation Facility	13-DC-063	75,000	42,878
Houston High School Lighting	13-DC-174	115,000	89,735
School District Cyber Centers	14-DC-089	500,000	1,754
School District STEM Initiative	14-DC-091	750,000	111,183
American Charter Academy STEM Equipment & Materials	14-DM-026	35,000	33,250
Big Lake Elem School Digital Literacy and Story	14-DM-027	6,300	5,948
Midnight Sun Family Learning Crisis Preparedness	14-DM-036	25,000	23,750
Joe Redington Junior/Senior High School Utilities Extension	15-DC-102	799,541	(5,458)
Warm Storage Fire Station - Four Mile Rd	14-DC-098	388,000	516
Willow Fire Service Area Fire Station Addition Construction	14-DC-102	100,000	8,410
Willow-Warm Storage Fire St Construction - Nancy Lakes Area	15-DC-496	600,000	(1,562)
Bodenburg Creek Bridge Replacements and Repairs	12-DC-394	1,000,000	428,636
South Big Lake Road Realignment	13-RR-016	4,704,775	281,031
Michelle Dr and Gina Circle Reconstruction	14-DC-083	160,000	7,235
Upgrade .85 miles Michelle Dr, Gina Cir & Getts Way	15-DC-107	250,000	1,223
Talkeetna Water Dist and Wastewater Systems Equipment & Supplies (MEAP)	FY17	20,000	8,860
Bogard Road Extension East	13-GO-009	13,500,000	100,528
Bogard Road Extension East	15-DC-099	7,000,000	165,981
Oilwell Road Upgrade	15-DC-103	630,000	4,527
AK State 50% Match for Transportation School Access Bonds	15-DC-105	1,600,000	23,909
Port MacKenzie Cathodic Protection	14-DC-085	2,500,000	10,618
Port MacKenzie Rail Extension	13-DC-630	23,500,000	115,700
River Management	14-DC-087	2,500,000	(107,021)
Rail Extension to Port MacKenzie	15-DC-104	13,000,000	432,064

Matanuska-Susitna Borough, Alaska

Schedule of State Financial Assistance, continued
Year Ended June 30, 2018

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:			
Passed through City of Palmer - Bogard Waterline Extension Project	14-DC-125	\$3,395,000	\$ 597
Total Nonmajor Programs			<u>1,784,292</u>
Total Department of Commerce, Community and Economic Development			<u>11,530,916</u>
Department of Education and Early Development			
Major Program -			
FY18 Debt Retirement Program	N/A	22,610,591	<u>22,610,591</u>
Nonmajor Programs:			
Big Lake Public Library Assistance	PLA-18-807-01	7,000	7,000
Sutton Public Library Assistance	PLA-18-775-01	7,000	7,000
Talkeetna Public Library Assistance	PLA-18-777-01	7,000	7,000
Trapper Creek Public Library Assistance	PLA-18-827-01	7,000	7,000
Willow Public Library Assistance	PLA-18-789-01	7,000	7,000
Big Lake Library - Continuing Education	CED1880701	808	808
Talkeetna Library - Continuing Education	CED1877701	982	982
Trapper Creek Library - Continuing Education	CED1882701	497	497
Willow Library - Continuing Education	CED1878901	746	746
Total Nonmajor Programs			<u>38,033</u>
Total Department of Education and Early Development			<u>22,648,624</u>
Department of Health and Social Services			
Nonmajor Program:			
Human Services Community Matching Grant FY18	605-231-18003	284,270	284,270
Code Blue Ph 15 Lk Louise Patient Transport Vehicle	N/A	30,000	<u>30,000</u>
Total Department of Health and Social Services			<u>314,270</u>

Matanuska-Susitna Borough, Alaska

Schedule of State Financial Assistance, continued
Year Ended June 30, 2018

State Grantor/Pass-Through Grantor Program Title	Grant Number	Award Amount	State Share of Expenditures
Department of Revenue			
Major Program - Electric & Telephone Shared Revenue	FY18	\$ 761,048	\$ 761,048
Nonmajor Program - Fisheries Bus Share Tax	FY17	127	127
Total Department of Revenue			761,175
Department of Transportation and Public Facilities			
Major Program - 2004 Series C Port Bond	N/A	709,913	709,913
Total Department of Transportation and Public Facilities			709,913
Department of Military and Veterans Affairs			
Nonmajor Programs:			
FY18 Local Emergency Planning Committee	20LEPC-GY18	19,200	19,200
Passed through U.S. Department of Homeland Security: Mat Su Valley Flooding-September 2012-FEMA(25%)	DR-4094-AK	821,309	65,459
Total Department of Military and Veterans Affairs			84,659
Department of Natural Resources			
Nonmajor Programs:			
Umpqua North Complex Fire - FY18	2017-IT-002	13,757	13,757
Montana Wildfire Support - FY18	2017-IT-001	44,770	44,770
Total Department of Natural Resources			58,527
Department of Administration			
Major Program - PERS Relief	FY17	762,454	762,454
Total State Financial Assistance			\$ 36,870,538

See accompanying notes to the schedule of state financial assistance.

Matanuska-Susitna Borough, Alaska

Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance Year Ended June 30, 2018

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, 2018. 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 \$762,454 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 FY18.

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 Statement No. 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.

STATISTICAL SECTION

This part of the Matanuska-Susitna Borough's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the borough's overall financial health.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The borough implemented GASB Statement 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that year.

MATANUSKA-SUSITNA BOROUGH
Statistical Section Contents

	<u>Schedule(s)</u>	<u>Page(s)</u>
<u>Financial Trends</u>		
These schedules contain trend information to help the reader understand how the Borough's financial performance and well-being have changed over time.	1-5	171-176
<u>Revenue Capacity</u>		
These schedules contain information to help the reader assess the factors affecting the Borough's ability to generate it's property taxes.	6-9	177-181
<u>Debt Capacity</u>		
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	182-186
<u>Demographic and Economic Information</u>		
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	187-188
<u>Operating Information</u>		
These schedules contain information about the Borough's operations and resources to help the reader understand how the Borough's financial information related to the services the Borough provides and the activities it performs.	17-19	189-191

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

	2009	2010	2011*	2012*	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$ 358,980,408	\$ 389,804,017	\$ 382,358,825	\$ 457,114,641	\$ 508,684,140	\$ 586,832,955	\$ 655,967,658	\$ 711,672,450	\$ 717,796,172	\$ 731,250,626
Restricted	74,897,428	76,147,545	1,087,682	1,085,976	1,084,439	1,848,836	6,927,928	5,088,112	33,138,798	3,954,648
Unrestricted (deficit)	51,392,992	55,367,352	189,689,534	154,048,260	157,782,247	154,221,875	127,774,151	131,390,966	114,019,063	151,368,002
Total governmental activities net position	<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>	<u>\$ 864,954,033</u>	<u>\$ 886,573,276</u>
Business-type activities										
Net investment in capital assets	\$ 32,734,626	\$ 36,507,656	\$ 41,544,009	\$ 42,661,168	\$ 36,163,919	\$ 31,191,467	\$ 33,602,838	\$ 30,996,296	\$ 29,816,551	\$ 29,266,034
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted (deficit)	(2,043,598)	(4,500,251)	(8,145,505)	(9,410,516)	(3,378,407)	(7,339,896)	(10,177,832)	(10,767,386)	(10,093,032)	(7,422,995)
Total business-type activities net position	<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>	<u>\$ 19,723,519</u>	<u>\$ 21,843,039</u>
Primary government										
Net investment in capital assets	\$ 391,715,034	\$ 426,311,673	\$ 423,902,834	\$ 499,775,809	\$ 544,848,059	\$ 618,024,422	\$ 689,570,496	\$ 742,668,746	\$ 747,612,723	\$ 760,516,660
Restricted	74,897,428	76,147,545	1,087,682	1,085,976	1,084,439	1,848,836	6,927,928	5,088,112	33,138,798	3,954,648
Unrestricted (deficit)	49,349,394	50,867,101	181,544,029	144,637,744	154,403,840	146,881,979	117,596,319	120,623,580	103,926,031	143,945,007
Total primary government net position	<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>	<u>\$ 884,677,552</u>	<u>\$ 908,416,315</u>

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

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses											
Governmental activities:											
General government	\$ 17,783,066	18,417,947	21,609,559	18,348,693	19,309,310	15,966,207	20,704,665	21,492,676	24,261,580	26,668,270	22,771,086
Public works	3,250,207	3,971,267	3,888,031	3,600,452	4,115,712	4,212,583	4,276,429	13,967,990	12,934,880	5,414,122	6,667,478
Emergency services	16,595,807	15,760,106	17,038,974	18,214,176	19,608,706	22,058,588	20,545,881	23,826,995	28,733,622	31,121,723	28,203,210
Public services	23,159,984	22,448,088	21,204,922	21,086,908	24,115,247	26,506,256	28,059,904	41,185,883	29,676,676	33,680,511	33,191,962
Education	47,407,612	50,384,218	50,612,473	55,239,633	58,291,435	60,903,056	73,489,025	61,590,136	64,367,590	71,723,081	67,801,827
Interest	7,991,327	7,868,206	8,223,394	8,464,045	9,199,614	11,621,596	12,361,995	14,776,978	12,741,667	12,786,263	12,809,176
Total governmental activities expenses	116,188,003	118,849,832	122,577,353	124,953,907	134,640,024	141,268,286	159,437,899	176,840,658	172,716,015	181,393,970	171,444,739
Business-type activities:											
Solid waste	4,041,099	4,514,113	4,879,075	4,674,968	4,826,419	4,800,883	5,404,454	5,969,325	8,801,323	7,795,028	7,757,003
Port	1,619,559	1,605,330	1,854,603	1,698,154	1,833,823	3,449,726	2,333,191	2,256,226	4,718,707	2,641,930	2,573,464
Total business-type activities expenses	5,660,658	6,119,443	6,733,678	6,373,122	6,660,242	8,250,609	7,737,645	8,225,551	13,520,030	10,436,958	10,330,467
Total primary government expenses	\$ 121,848,661	124,969,275	129,311,031	131,327,029	141,300,266	149,518,895	167,175,544	185,066,209	186,236,045	191,830,928	181,775,206
Program Revenues (see Schedule 3)											
Governmental activities:											
Fees, fines, and charges for services:											
General government	\$ 412,218	640,864	384,406	602,252	424,821	526,033	528,579	585,129	456,938	1,966,442	715,602
Public works	337,856	111,002	69,291	62,032	60,634	77,374	59,317	186,843	114,475	140,215	254,899
Emergency services	2,768,108	3,525,227	3,383,052	3,688,584	3,642,523	3,915,237	4,810,309	7,430,769	7,226,326	7,274,015	6,289,248
Public services	-	-	-	-	-	-	-	-	-	4,304,319	2,168,518
Education	2,393,456	2,324,651	1,233,744	1,822,252	1,499,207	1,809,999	3,193,367	2,390,785	3,525,098	-	361,258
Interest	-	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	31,750	32,139	32,044	12,312,812	16,098,041	21,534,532	22,293,350	21,644,248	24,270,603	16,009,319	23,385,078
Capital grants and other contributions	18,175,331	30,456,461	17,717,288	32,873,329	31,327,802	44,236,489	83,419,592	77,432,954	55,623,908	17,647,089	10,887,779
Total governmental activities program revenues	24,118,719	37,090,344	22,819,825	51,361,261	53,053,028	72,099,664	114,304,514	109,670,728	91,217,348	47,341,399	44,062,382
Business-type activities:											
Fees, fines, and charges for services:											
Solid waste	3,595,172	3,319,903	3,398,656	3,510,305	4,268,602	5,586,782	5,598,895	6,746,489	8,606,426	9,046,715	8,925,931
Port	51,151	640,144	52,368	51,333	24,505	74,737	22,851	102,134	292,936	232,139	10,290
Operating grants and contributions	751,588	754,870	755,120	752,450	754,613	1,225,263	707,350	773,840	769,065	736,295	3,150,125
Capital grants and other contributions	574,338	979,938	2,910,702	4,797,253	1,245,246	742,939	1,013,727	2,705,520	1,838,861	4,026	10,618
Total business-type activities program revenues	4,972,249	5,694,855	7,116,846	9,111,341	6,292,966	7,629,721	7,342,823	10,327,983	11,507,288	10,019,175	12,096,964
Total primary government program revenues	\$ 29,090,968	42,785,199	29,936,671	60,472,602	59,345,994	79,729,385	121,647,337	119,998,711	102,724,636	57,360,574	56,159,346
Net (Expenses)/Revenue											
Governmental activities	\$ (92,069,284)	(81,759,488)	(99,757,528)	(73,592,646)	(81,586,996)	(69,168,622)	(45,133,385)	(67,169,930)	(81,498,667)	(134,052,571)	(127,382,357)
Business-type activities	(688,409)	(424,588)	383,168	2,738,219	(367,276)	(620,888)	(759,876)	2,102,432	(2,012,742)	(417,783)	1,766,497
Total primary government net expense	\$ (92,757,693)	(82,184,076)	(99,374,360)	(70,854,427)	(81,954,272)	(69,789,510)	(45,893,261)	(65,067,498)	(83,511,409)	(134,470,354)	(125,615,860)

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues and Other Changes in Net Position											
Governmental activities:											
Taxes:											
Property taxes	\$ 92,538,831	100,265,473	104,151,614	107,145,689	104,693,752	110,238,571	114,243,341	116,399,253	122,362,726	129,146,156	135,123,613
Excise taxes	4,528,494	4,688,563	4,901,735	4,927,058	4,871,649	4,913,901	7,326,269	7,548,977	8,286,431	8,229,211	7,768,567
Transient accommodation taxes	1,038,308	1,037,673	1,285,834	957,362	1,084,282	1,099,803	1,113,368	1,117,249	1,205,702	1,206,741	1,268,575
Grants and entitlements not restricted to a specific purpose	18,018,590	20,979,431	19,974,453	11,269,679	9,413,627	9,945,813	8,132,177	11,532,940	8,597,526	7,082,528	6,855,868
Investment income	7,323,727	3,269,398	877,430	619,682	443,957	483,938	1,306,079	1,043,112	366,486	1,320,781	1,663,174
Other	419,868	509,602	504,237	426,584	292,565	347,299	721,061	704,245	749,135	741,802	339,052
Extraordinary items	-	10,000,000	4,979,518	-	-	-	(12,319,299.00)	-	(2,587,548.00)	-	-
Transfers	(1,175,000)	(659,930)	(869,207)	63,719	(100,000)	-	-	(1,354,373)	-	96,487	(700,000)
Special items	-	1,982,862	-	-	-	-	-	-	-	3,031,370.00	-
Total governmental activities	122,692,818	142,073,072	135,805,614	125,409,773	120,699,832	127,029,325	120,522,996	136,991,403	138,980,458	150,855,076	152,318,849
Business-type activities:											
Grants and entitlements not restricted to a specific purpose	54,532	124,116	56,006	84,909	111,833	149,927	132,341	-	-	-	-
Investment income	90,018	37,555	7,996	6,018	3,576	4,477	-	-	574	8,879	10,233
Other	10	-	-	672	4,015	1,344	460	108,775	-	-	-
Extraordinary items	-	-	-	(1,375,000)	-	-	(2,598,884.00)	(3,000,000.00)	(2,937,431.00)	-	-
Transfers	1,175,000	659,930	869,207	(63,719)	100,000	-	-	1,354,373	2,587,548	(96,487)	700,000
Special items	-	116,462	-	-	-	-	-	-	-	-	-
Total business-type activities	1,319,560	938,063	933,209	(1,347,120)	219,424	155,748	(2,466,083)	(1,536,852)	(349,309)	(87,608)	710,233
Total primary government	\$ 124,012,378	143,011,135	136,738,823	124,062,653	120,919,256	127,185,073	118,056,913	135,454,551	138,631,149	150,767,468	153,029,082
Change in Net Position											
Governmental activities	\$ 30,623,534	60,313,584	36,048,086	51,817,127	39,112,836	57,860,703	75,389,611	69,821,473	57,481,791	16,802,505	24,936,492
Business-type activities	631,151	513,475	1,316,377	1,391,099	(147,852)	(465,140)	(3,225,959)	565,580	(2,362,051)	(505,391)	2,476,730
Total primary government	\$ 31,254,685	60,827,059	37,364,463	53,208,226	38,964,984	57,395,563	72,163,652	70,387,053	55,119,740	16,297,114	27,413,222

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Function/Program										
Governmental activities:										
General government	\$ 1,795,781	459,992	989,981	1,427,941	1,835,073	1,824,014	1,531,324	1,304,323	2,352,097	1,442,771
Public works	1,597,735	1,207,832	1,672,553	7,871,216	10,130,146	5,234,620	31,935,911	35,498,579	2,756,713	361,018
Emergency services	5,279,540	4,984,630	6,367,187	5,359,587	4,996,193	6,989,455	10,487,098	8,896,045	9,349,662	11,587,522
Public services	27,833,504	15,758,097	25,187,846	21,172,198	29,754,735	67,048,190	42,025,535	21,050,237	17,417,743	7,396,183
Education	583,784	409,274	17,143,694	17,222,086	25,383,518	33,208,235	23,690,860	24,468,164	15,465,184	23,274,888
Interest	-	-	-	-	-	-	-	-	-	-
Subtotal governmental activities	<u>37,090,344</u>	<u>22,819,825</u>	<u>51,361,261</u>	<u>53,053,028</u>	<u>72,099,665</u>	<u>114,304,514</u>	<u>109,670,728</u>	<u>91,217,348</u>	<u>47,341,399</u>	<u>44,062,382</u>
Business-type activities:										
Solid waste	3,319,903	4,925,464	4,721,503	4,442,028	5,753,223	6,554,145	7,292,457	8,658,408	9,062,356	8,963,938
Port	2,374,952	2,191,382	4,389,838	1,850,938	1,876,498	788,678	2,969,549	2,848,880	956,819	3,133,026
Subtotal business-type activities	<u>5,694,855</u>	<u>7,116,846</u>	<u>9,111,341</u>	<u>6,292,966</u>	<u>7,629,721</u>	<u>7,342,823</u>	<u>10,262,006</u>	<u>11,507,288</u>	<u>10,019,175</u>	<u>12,096,964</u>
Total primary government	<u>\$ 42,785,199</u>	<u>29,936,671</u>	<u>60,472,602</u>	<u>59,345,994</u>	<u>79,729,386</u>	<u>121,647,337</u>	<u>119,932,734</u>	<u>102,724,636</u>	<u>57,360,574</u>	<u>56,159,346</u>

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

	2009	2010	2011*	2012*	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 334,433	\$ 370,359								
Unreserved	<u>50,404,066</u>	<u>56,569,091</u>								
Nonspendable			\$ 609,888	\$ 754,433	\$ 535,315	\$ 797,507	\$ 1,358,788	\$ 2,090,291	\$ 1,236,917	\$ 1,270,027
Restricted			-	-	-	-	-	-	-	-
Committed			35,963,397	30,555,043	32,922,316	31,293,075	31,536,947	29,011,538	33,069,306	33,069,306
Assigned			13,255,252	10,445,811	12,703,069	13,383,261	11,907,107	13,562,914	4,237,866	9,096,692
Unassigned			15,135,905	12,277,156	12,418,295	14,294,595	14,498,345	13,856,608	14,267,853	11,774,008
Total general fund	<u>\$ 50,738,499</u>	<u>\$ 56,939,450</u>	<u>\$ 64,964,442</u>	<u>\$ 54,032,443</u>	<u>\$ 58,578,995</u>	<u>\$ 59,768,438</u>	<u>\$ 59,301,187</u>	<u>\$ 58,521,351</u>	<u>\$ 52,811,942</u>	<u>\$ 55,210,033</u>
All Other Governmental Funds										
Reserved	\$ 22,074,484	\$ 15,664,470								
Unreserved, reported in:										
Special revenue funds	16,283,563	19,986,155								
Debt service funds	881,904	340,155								
Capital projects funds	<u>38,267,452</u>	<u>40,156,765</u>								
Nonspendable			\$ 417,866	\$ 316,604	\$ 161,997	\$ 503,533	\$ 821,311	\$ 391,023	\$ 178,196	\$ 52,734
Restricted			1,087,550	131,923,349	132,496,668	124,092,473	116,689,273	50,892,523	42,221,924	32,094,872
Committed			6,881,400	6,689,183	6,954,633	7,024,812	7,726,329	6,430,783	5,831,387	4,072,241
Assigned			100,523,387	75,850,146	73,504,267	78,158,604	70,779,374	76,828,637	112,355,394	109,060,659
Unassigned (deficit)			(182,245)	(227,590)	(303,377)	(180,108)	(201,255)	(467,984)	(488,615)	(247,087)
Total all other governmental funds	<u>\$ 77,507,403</u>	<u>\$ 76,147,545</u>	<u>\$ 108,727,958</u>	<u>\$ 214,551,692</u>	<u>\$ 212,814,188</u>	<u>\$ 209,599,314</u>	<u>\$ 195,815,032</u>	<u>\$ 134,074,982</u>	<u>\$ 160,098,286</u>	<u>\$ 145,033,419</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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes:										
Property	\$ 99,905,339	105,234,713	107,616,264	103,712,415	109,941,885	113,979,370	116,997,572	123,043,080	128,589,866	135,170,678
Transient accommodations	1,037,673	1,285,834	957,362	1,084,282	1,099,803	1,113,369	1,117,249	1,205,702	1,206,741	1,268,575
Excise	4,688,563	4,901,735	4,723,063	5,075,644	4,913,901	7,326,269	7,548,977	8,286,431	8,171,681	7,768,567
Intergovernmental	50,554,373	37,670,530	56,442,470	56,583,156	75,538,593	114,234,610	117,684,505	87,801,977	43,513,929	40,755,725
Charges for services	6,270,066	5,660,812	5,898,919	5,411,508	6,869,062	8,340,514	9,055,915	11,691,184	13,552,651	9,829,490
Investment income	3,086,763	773,087	542,742	389,963	573,412	876,148	996,637	364,710	1,293,704	1,638,923
Interest on land sales	81,397	79,502	59,575	42,442	25,332	16,009	12,060	22,164	21,701	34,897
Other revenues	1,660,498	562,521	457,206	548,879	393,074	743,758	1,415,641	799,151	2,869,207	2,046,196
Total revenues	167,284,672	156,168,734	176,697,601	172,848,289	199,355,062	246,630,047	254,828,556	233,214,399	199,219,480	198,513,051
Expenses										
General government	18,885,357	21,300,784	19,646,372	19,853,424	17,009,544	20,975,235	26,339,550	21,834,903	23,030,433	21,709,185
Public works	3,856,964	3,891,504	3,626,363	4,177,386	4,460,596	4,779,986	7,024,663	6,170,341	5,383,039	5,591,981
Emergency services	14,223,772	15,474,541	16,533,229	18,147,836	20,431,796	18,499,252	22,542,115	22,199,305	26,011,974	25,393,942
Public services	19,914,633	18,332,933	18,551,909	21,755,463	24,006,043	26,361,372	28,220,165	26,434,763	27,281,620	28,886,768
Education	44,918,971	44,451,135	48,601,849	51,177,721	53,532,128	55,565,878	52,764,262	53,773,607	60,582,946	56,465,348
Debt service:										
Interest	8,283,862	8,043,372	8,261,914	9,742,827	12,018,693	12,675,315	20,165,000	16,242,549	14,313,688	15,305,172
Principal	10,325,000	10,800,000	11,915,000	13,560,000	17,645,000	18,975,000	14,688,308	22,564,565	23,667,813	25,223,286
Capital outlay	66,452,509	33,947,380	43,987,644	40,718,502	76,112,705	152,317,206	161,810,925	130,600,411	33,657,132	30,364,893
Total expenditures	186,861,068	156,241,649	171,124,280	179,133,159	225,216,505	310,149,244	333,554,988	299,820,444	213,928,645	208,940,575
Excess of revenues over (under) expenditures	(19,576,396)	(72,915)	5,573,321	(6,284,870)	(25,861,443)	(63,519,197)	(78,726,432)	(66,606,045)	(14,709,165)	(10,427,524)
Other Financing Sources (Uses)										
Sale of capital assets	13,944	-	12,921	10,756	50,165	34,370	26,427	76,637	17,821	62,745
Transfers in	34,455,025	35,943,357	40,209,920	51,837,142	54,882,849	54,523,841	53,740,727	56,742,020	63,798,013	66,956,411
Transfers out	(35,095,150)	(36,008,867)	(40,045,435)	(51,936,582)	(54,882,570)	(54,523,375)	(55,094,747)	(59,329,253)	(65,383,402)	(67,655,659)
Bond issuance	19,030,000	-	33,785,000	100,480,000	24,465,000	47,240,000	94,105,000	-	60,826,426	-
Premium on bond issuance	859,426	-	1,069,678	10,691,728	4,155,047	5,302,804	12,793,446	-	-	-
COP Issuance	-	-	-	-	-	8,585,000	-	-	14,297,344	-
Note Issuance	-	-	-	-	-	-	-	6,596,755	818,245	-
Premium on COP issuance	-	-	-	-	-	331,126	-	-	-	-
Payment to refunded debt escrow agent	-	-	-	(9,906,439)	-	-	(41,095,954)	-	(39,351,386)	-
Total other financing sources (uses)	19,263,245	(65,510)	35,032,084	101,176,605	28,670,491	61,493,766	64,474,899	4,086,159	35,023,061	(636,503)
Extraordinary items	10,000,000	4,979,518	-	-	-	-	-	-	-	-
Net change in fund balances	\$ 9,686,849	4,841,093	40,605,405	94,891,735	2,809,048	(2,025,431)	(14,251,533)	(62,519,886)	20,313,896	(11,064,027)
Debt service as a percentage of noncapital expenditures	11.97%	11.90%	12.07%	12.24%	14.54%	14.90%	15.36%	16.98%	15.46%	22.81%

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	(1) 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
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	9.98	8,929,096,710	90.40
2011	9,538,236,712	70,594,984	1,399,139,093	8,209,692,603	9.956	9,103,817,690	90.18
2012	9,844,733,062	71,482,452	1,532,187,448	8,384,028,066	10.051	9,063,680,270	92.50
2013	10,083,251,287	50,340,319	1,600,527,289	8,533,064,317	9.691	9,568,003,300	89.18
2014	10,350,396,337	63,442,515	1,711,599,833	8,702,239,019	9.852	10,064,353,720	86.47
2015	10,700,459,143	52,590,547	1,748,972,499	9,004,077,191	9.662	10,268,301,740	87.69
2016	11,241,555,014	55,738,480	2,031,032,480	9,266,261,014	9.984	10,985,826,830	84.35
2017	11,827,850,040	57,210,951	2,149,070,847	9,735,990,144	9.984	11,715,012,530	83.11
2018	12,143,847,289	55,474,108	2,189,734,774	10,009,586,623	10.332	11,715,012,530	85.44

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	Service Areas			
						2	4	7	8
2009	10.326	0.383	3.00	-	3.00	2.51	3.18	1.08	8.51
2010	9.980	0.429	3.00	-	3.00	2.77	3.55	1.21	8.51
2011	9.956	0.394	3.00	-	3.00	2.94	3.71	1.32	8.51
2012	10.051	0.425	3.00	-	3.00	2.94	3.96	1.32	8.22
2013	9.691	0.489	3.00	-	3.00	3.05	4.06	1.39	4.00
2014	9.852	0.520	3.00	-	3.00	3.05	4.41	1.39	4.00
2015	9.662	0.520	3.00	-	3.00	3.24	4.59	1.39	-
2016	9.984	0.517	3.00	-	3.00	3.43	4.82	1.07	-
2017	9.984	0.525	3.00	-	3.00	3.43	4.59	0.91	-
2018	10.332	0.548	3.00	-	3.00	3.43	4.59	0.91	-

Fiscal Year	Overlapping Rates Service Areas, continued								
	9	14	15	16	17	19	20	21	23
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	1.85	4.10	1.50	2.92	2.51	3.50	2.57	4.59
2017	2.78	1.85	4.10	1.50	2.92	2.51	3.50	2.57	4.59
2018	2.78	1.85	4.10	1.50	2.92	2.50	3.50	2.57	4.59

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

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

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

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

Overlapping Rates								
Service Areas, continued								
Fiscal Year	24	25	26	27	28	29	30	31
2009	1.60	1.33	2.59	2.93	2.01	2.53	3.53	3.12
2010	1.73	1.46	2.86	3.24	2.25	2.73	3.74	3.35
2011	1.84	1.53	3.04	3.24	2.00	2.73	3.74	3.35
2012	1.84	1.61	3.23	3.24	2.00	2.73	3.97	3.68
2013	1.95	1.73	3.45	3.48	2.00	2.89	4.41	3.68
2014	1.95	1.73	3.45	3.48	2.00	2.89	4.41	3.68
2015	2.04	1.73	3.45	3.48	2.00	2.89	4.41	3.68
2016	2.04	1.73	3.45	3.48	2.00	3.01	4.41	3.68
2017	2.04	1.73	3.45	3.48	1.99	3.01	4.41	3.68
2018	2.04	1.73	3.45	3.48	1.99	3.12	4.41	3.68

Overlapping Rates									
Service Areas, continued									
Fiscal Year	33*	34*	35	69	130	131	132	135	136*
2009	1.94	1.49	1.02	5.79	1.56	3.07	0.73	-	3.43
2010	-	-	1.14	6.61	1.72	3.51	0.80	3.00	1.49
2011	-	-	1.21	7.33	1.83	3.47	0.84	3.00	1.56
2012	-	-	1.29	8.21	1.92	3.68	0.88	3.00	1.56
2013	-	-	1.37	9.12	1.97	4.13	0.88	2.96	1.67
2014	-	-	1.46	9.12	1.99	3.24	0.90	2.96	1.67
2015	-	-	1.34	9.12	1.99	3.24	0.90	2.96	1.78
2016	-	-	2.75	9.12	1.99	3.24	0.94	3.21	1.88
2017	-	-	2.75	9.40	2.15	3.24	0.96	3.21	2.20
2018	-	-	2.75	9.40	2.15	3.24	0.96	3.21	2.20

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

Taxpayer	2018			2009		
	Taxable Assessed Valuation	Rank	Percentage of Borough's Taxable Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Borough's Taxable Assessed Valuation
Mat-Su Valley Medical Center	\$ 99,232,100	1	0.99 %	\$ 111,371,636	1	1.38 %
Enstar Natural Gas	62,734,300	2	0.63	42,168,500	2	0.52
Fred Meyer Stores, Inc.	45,312,300	3	0.45	37,634,889	4	0.47
Alaska Hotel Properties, Inc.	40,853,700	4	0.41	38,459,800	3	0.48
GCI Cable/Alaska Wireless	28,607,100	5	0.29	22,546,500	8	0.28
Cook Inlet Region, Inc.	27,766,100	6	0.28	17,936,950	10	0.22
Wal-Mart Stores, Inc.	20,018,900	7	0.20	31,930,902	6	0.40
Global Finance & Investments						
S.A./Gary Lundgren	24,926,000	8	0.25			
Legacy, LLC	18,481,200	9	0.18			
DBC, LLC/Target	18,329,100	10	0.18	35,490,013	5	0.44
Alaska Pipeline Co.	-		-	22,932,000	7	0.28
Lowe's HIW Inc.	-		-	22,371,337	9	0.28
Total	\$ 386,260,800		3.86 %	\$ 382,842,527		4.75 %

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
2009	\$ 107,223,469	\$ 6,790,265	\$ 100,433,204	\$ 96,318,045	95.90 %	\$ 4,018,945	\$ 100,336,990	99.90 %
2010	108,123,032	7,386,682	100,736,350	97,109,667	96.40	3,483,073	100,592,740	99.86
2011	110,203,515	7,743,976	102,459,539	98,954,998	96.58	3,272,308	102,227,306	99.77
2012	114,442,314	8,325,740	106,116,574	101,881,857	96.01	3,832,540	105,714,397	99.62
2013	114,904,572	8,834,593	106,069,979	102,321,617	96.47	3,202,428	105,524,045	99.49
2014	118,906,810	8,920,224	109,986,586	106,109,708	96.48	3,066,061	109,175,769	99.26
2015	121,650,445	9,906,339	111,744,106	108,285,996	96.91	2,352,550	110,638,546	99.01
2016	130,590,976	11,295,573	119,295,403	116,527,024	97.68	1,396,637	117,923,661	98.85
2017	138,589,875	12,166,401	126,423,474	122,648,889	97.01	1,192,849	123,841,738	97.96
2018	144,622,503	13,588,979	131,033,524	126,903,605	96.85	-	126,903,605	96.85

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	Loans and Notes Payable	Unamortized bond premium	Capital Leases	General Obligation Bonds	Notes Payable	Unamortized bond premium			
2009	\$ 171,850,000	\$ 8,420,000	\$ 282,203	\$ 6,006,827	\$ -	\$ 8,025,000	\$ 3,984,802	\$ 142,444	\$ 198,711,276	6.02 %	2,408
2010	161,695,000	7,775,000	282,993	5,363,354	-	7,630,000	3,951,150	132,948	186,830,445	5.49	2,216
2011	184,240,000	7,100,000	359,063	5,812,872	-	7,220,000	4,606,769	123,452	209,462,156	5.74	2,354
2012	262,845,000	6,390,000	347,777	15,848,933	-	6,665,000	4,561,767	684,094	297,342,571	7.72	3,243
2013	270,410,000	5,645,000	329,698	18,592,433	-	6,200,000	4,434,462	625,457	306,237,050	7.19	3,265
2014	299,455,000	13,450,000	311,347	22,851,440	-	5,735,000	4,346,366	566,821	346,715,974	7.90	3,609
2015	335,920,000	12,195,000	292,721	33,411,389	-	5,250,000	4,395,179	508,184	391,972,473	8.33	3,997
2016	314,755,000	10,885,000	6,781,005	30,910,711	-	4,750,000	6,147,994	449,547	374,679,257	8.00	3,740
2017	313,680,000	20,585,000	7,490,499	36,422,155	-	4,230,000	5,956,722	390,911	388,755,287	8.14	3,789
2018	290,020,000	19,130,000	7,248,163	33,744,998	-	3,690,000	6,857,169	332,274	361,022,604	N/A	-

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

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

<u>Net General Bonded Debt Outstanding</u>					
<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Debt Service Monies Available</u>	<u>Total</u>	<u>Percentage of Total Taxable Assessed Value of Property*</u>	<u>Per Capita**</u>
2009	\$ 186,024,271	\$ 791,345	\$ 185,232,926	2.33 %	2,245
2010	174,821,302	291,195	174,530,107	2.16	2,070
2011	197,396,324	1,016,788	196,379,536	2.39	2,207
2012	286,043,027	1,038,091	285,004,936	3.40	3,108
2013	295,827,890	1,041,305	294,786,585	3.45	3,143
2014	328,608,261	1,106,592	327,501,669	3.76	3,409
2015	375,089,573	1,100,905	373,988,668	4.15	3,814
2016	350,865,258	957,077	349,908,181	3.78	3,493
2017	354,723,066	4,789,381	349,933,685	3.59	3,411
2018	327,787,272	4,893,305	322,893,967	3.23	3,100

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, 2018

Governmental Unit	Debt Outstanding	Percentage Applicable to the Governmental Unit	Share of Direct and Overlapping Debt
Education Debt	\$ 242,920,000	100%	\$ 242,920,000
Certificates of Participations-Public Safety Building	16,765,000	100%	16,765,000
Certificates of Participations-Animal Care Facility	2,365,000	100%	2,365,000
Notes Payable-Ak Clean Water Fund Loans	235,152	100%	235,152
Notes Payable-USDA	6,766,756	100%	6,766,756
Notes Payable-University of Alaska	246,255	100%	246,255
Parks and Recreation	21,425,000	100%	21,425,000
Transportation	25,675,000	100%	25,675,000
	<u>316,398,163</u>		<u>316,398,163</u>
Unamortized bond premiums	33,744,998	100%	33,744,998
	<u>33,744,998</u>		<u>33,744,998</u>
Total	\$ <u>350,143,161</u>		\$ <u>350,143,161</u>
Cities Within the Borough, (Palmer and Wasilla)			
General Obligation Bonds as of June 30, 2018			
Palmer Ice Rink	\$ 635,000	100%	635,000
Wasilla Road Improvements	413,742	100%	413,742
	<u>413,742</u>		<u>413,742</u>
Total	\$ <u>1,048,742</u>		\$ <u>1,048,742</u>
Net Direct and Overlapping Debt			\$ <u>351,191,903</u>

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

MATANUSKA-SUSITNA BOROUGH
General Obligation Debt
As of June 30, 2018

Total Direct Debt	\$ 350,143,161
Total Overlapping Debt	1,048,742
Total Direct and Overlapping Debt	<u>351,191,903</u>
FY2018 Certified Taxable Assessed Value	10,009,586,623
FY2018 Estimated Borough Population*	104,166
Ratio of:	
Direct Debt to FY2018 Certified Taxable Assessed Value	3.50%
Direct and Overlapping Debt to FY2018 Certified Taxable Assessed Value	3.51%
Per Capita:	
FY2018 Certified Taxable Assessed Value	\$ 96,093
Direct Debt	3,361
Direct and Overlapping Debt	3,371
Debt Amortization:	
Within 5 years	35%
Within 10 years	67%

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 2018

Total taxable assessed value	\$ 10,009,586,623
Debt Limit (7% of total taxable assessed value)	700,671,064
Total debt applicable to limit	<u>293,710,000</u>
Legal debt margin	<u>\$ 406,961,064</u>

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u> *	<u>2015</u> *	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt Limit	\$ 557,026,517	\$ 565,029,122	\$ 574,678,482	\$ 586,881,965	\$ 597,314,502	\$ 625,791,775	\$ 630,285,403	\$ 648,638,271	\$ 681,519,310	\$ 700,671,064
Total debt applicable to limit	<u>179,875,000</u>	<u>169,325,000</u>	<u>191,460,000</u>	<u>269,510,000</u>	<u>295,827,890</u>	<u>299,455,000</u>	<u>335,920,000</u>	<u>319,505,000</u>	<u>317,910,000</u>	<u>293,710,000</u>
Legal debt margin	<u>\$ 377,151,517</u>	<u>\$ 395,704,122</u>	<u>\$ 383,218,482</u>	<u>\$ 317,371,965</u>	<u>\$ 301,486,612</u>	<u>\$ 326,336,775</u>	<u>\$ 294,365,403</u>	<u>\$ 329,133,271</u>	<u>\$ 363,609,310</u>	<u>\$ 406,961,064</u>
Total debt applicable to the as a percentage of debt limit	32%	30%	33%	46%	50%	48%	53%	49%	47%	42%

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

*2014 and 2015 are restated

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

Fiscal Year	(1) Population	(2) Personal Income <i>(thousands of dollars)</i>	Per Capita Income	(3) School Enrollment	(4) Unemployment Rate
2007	77,174	\$ 2,603,465	\$ 33,735	15,847	7.4 %
2008	80,088	2,834,775	35,396	16,115	7.4
2009	82,515	3,298,218	39,971	16,464	8.8
2010	84,314	3,403,299	40,365	16,653	9.6
2011	88,995	3,649,774	41,011	16,962	8.9
2012	91,697	3,852,961	42,018	17,338	8.6
2013	93,801	4,257,875	45,333	17,247	7.3
2014	96,074	4,387,086	44,820	17,500	7.2
2015	98,063	4,706,391	46,554	17,757	8.6
2016	100,178	4,683,902	44,880	18,745	8.1
2017	102,598	4,772,994	44,803	18,935	8.2
2018	104,166	N/A	N/A	19,369	7.2

N/A - Not available

Sources:

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

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

Employer Type	2018		2009	
	Employees	Rank	Employees	Rank
Trade, Transportation, and Utilities	4,562	1	4,583	1
Educational and Health Services	4,534	2	3,353	2
Local Government	3,812	3	2,694	3
Leisure and Hospitality	2,377	4	2,274	4
Construction	1,833	5	1,577	5
State Government	1,376	6	1,111	6
Professional and Business Services	1,190	7	989	7
Other Services	866	8	691	9
Financial Activities	817	9	751	8
Information	524	10	359	10
Manufacturing	261	11	249	11
Federal Government	213	12	235	12
Natural Resources and Mining	114	13	128	13
Unclassified Employers	40	14	27	14
Total	22,519		19,021	

Source: Alaska Department of Labor, Research and Analysis Division

Note: Beginning in 2012, according to the Alaska Department of Labor, their non-disclosure rules no longer allow them to provide employment information that relates to or identifies employers for the current or previous years. Therefore, we 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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General government	131.520	132.500	136.280	148.550	149.700	145.590	141.000	141.850	141.900	142.900
Public works	51.000	52.000	51.000	54.000	54.000	54.010	63.000	66.010	66.000	66.000
Emergency services	50.730	49.750	50.650	45.000	49.850	51.850	62.850	71.850	71.500	71.750
Public services	41.690	41.690	36.590	36.690	36.940	37.290	36.090	34.490	32.990	33.040
Total	<u>274.940</u>	<u>275.940</u>	<u>274.520</u>	<u>284.240</u>	<u>290.490</u>	<u>288.740</u>	<u>302.940</u>	<u>314.200</u>	<u>312.390</u>	<u>313.690</u>

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

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

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government										
Planning										
Comprehensive and special land use district plans in process	11	11	4	4	4	3	3	2	1	1
Finance										
Number of purchasing solicitations processed	170	150	158	202	156	168	163	138	134	148
Number of vendor/employee payments processed	26,057	26,493	27,387	27,665	27,386	27,474	27,824	28,708	28,575	26,515
Collections of delinquent land lease accounts (in dollars)	64,578	87,263	156,842	100,463	114,934	61,108	82,719	73,410	80,473	61,726
Real property assessments	74,588	74,990	75,321	75,540	75,913	76,283	76,744	77,334	77,670	77,670
Property sales analyzed for assessment purposes	2,911	2,453	1,503	1,560	1,628	3,413	4,560	4,766	4,709	4,709
Code Compliance										
Code violation complaints received	230	265	578	237	246	373	339	330	314	439
Public works										
Road maintenance (monthly average)										
Citizen requests for repairs requiring action	165	141	158	333	285	225	148	180	217	227
Surveying and right-of-way										
Platting actions	99	88	65	77	98	92	130	158	148	185
Utility permits issued	378	275	323	293	335	358	526	481	392	359
Driveway permits issued	371	291	483	553	615	608	634	716	537	572
Construction permits issued	24	33	23	12	49	55	47	36	32	16
Encroachment permits issued	32	36	11	3	19	21	64	32	20	22
Solid waste disposal										
Loads hauled from transfer sites to Central Landfill	1,368	1,490	1,415	1,349	1,444	1,532	1,421	1,198	1,121	1,170
Refuse collected through community clean-up efforts (in tons)	158	192	205	63	122	80	181	194	241	115
Abandoned vehicles removed	381	366	529	130	137	115	48	98	121	108
Hazardous waste processed (in pounds)	589,078	625,000	102,672	85,664	136,533	156,735	149,227	162,266	486,933	362,729
Emergency services										
Ambulance Runs										
Ambulance Runs	4,890	4,894	5,380	5,971	6,314	7,972	8,272	8,268	7,904	8,210
Animal Shelter										
Animals lodged at shelter	3,377	3,494	3,994	3,786	3,219	3,159	2,581	2,822	3,164	N/A
Animals adopted to new homes	1,405	1,534	1,645	1,457	1,364	1,266	1,220	1,371	1,643	N/A
Animals adopted by local rescue groups	134	216	402	455	462	420	258	269	151	N/A
Animals euthanized at shelter	1,123	832	1,000	675	469	568	393	543	577	N/A
Public services										
Land and resource management (cumulative unless otherwise noted)										
Trails dedicated (in miles)	2,092	2,098	2,140	2,141	2,209	2,209	2,209	2,215	2,224	2,230
Asset management plans completed for Borough owned land (in acres)										
Land classifications (in acres)	20,332	20,332	164,018	164,018	164,018	164,018	164,018	164,018	164,562	165,452
Parcels sold (annually)	190,691	208,465	352,165	361,320	361,428	361,846	362,266	362,878	364,158	365,394
Community enrichment and development	36	43	17	9	28	37	43	53	60	47
Community enrichment and development										
Community enrichment class varieties offered	68	69	79	52	44	35	32	37	34	37
Total contact hours with public	830	1,302	1,464	1,280	794	673	445	497	838	1,159
Libraries										
Participants in summer reading program	2,446	3,820	2,865	2,552	2,982	2,693	2,095	2,465	2,662	2,339
Participants in pre-school story time	2,672	3,382	3,683	3,511	2,464	2,470	2,252	2,411	3,189	3,448
Volunteer hours utilized	1,839	2,311	3,193	2,649	3,466	1,808	1,954	1,764	1,812	1,894
Pools										
Participants in swim lesson programs (quarterly average)	747	696	708	650	711	1,220	1,061	1,234	1,464	977

N/A - Not available

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

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

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

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General government										
Administration and related buildings	3	3	3	3	3	3	3	2	2	2
Public works										
Utility trailers	6	6	6	11	11	11	11	11	12	19
Paving and Heavy Equipment	-	-	-	-	-	-	-	5	5	5
Paved roads (miles)	270	279	287	291	295	303	308	315	326	335
Bridges	23	23	23	23	23	23	26	27	27	28
Public works and related buildings	1	1	1	1	3	3	4	4	4	4
Emergency services										
Ambulances	27	28	27	30	30	29	31	31	29	29
Fire pumper/tankers	57	57	61	64	67	68	69	69	79	79
Tractors, forklifts, and related equipment	3	6	8	12	12	12	12	12	12	12
Utility/Rescue trailers	10	12	14	16	16	17	19	19	22	22
Rescue vehicles	25	26	29	29	31	31	31	31	31	31
Trucks and utility vehicles	64	74	75	80	81	81	85	85	83	83
Rescue boats	1	2	2	2	2	2	3	3	5	6
ATVs and snowmobiles	20	23	26	29	29	30	31	31	33	35
Public safety and related buildings	27	27	29	30	32	33	36	36	38	38
Public services										
Tractors, forklifts, and related equipment	17	17	17	20	23	22	22	23	23	23
Utility trailers	5	5	5	5	7	8	9	12	12	10
Trucks and utility vehicles	23	25	26	29	31	34	30	29	29	21
ATVs and snowmobiles	7	7	8	8	8	8	11	15	15	12
Riverboats	1	1	1	1	1	1	1	1	1	4
Community buildings (libraries, ice arenas, etc.)	12	13	13	13	14	14	14	15	15	15
Education										
Schools and related buildings	47	48	51	52	53	55	56	57	57	57

Source: Matanuska-Susitna Borough capital asset records.

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SINGLE AUDIT SECTION



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

Honorable Mayor and
Members of the Assembly
Matanuska-Susitna Borough
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, 2018, 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 February 13, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

BDO USA, LLP

Anchorage, Alaska
February 13, 2019



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3601 C Street, Suite 600
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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, 2018. Matanuska-Susitna Borough's major federal programs are identified in the accompanying Schedule of Findings and Questioned Costs.

Matanuska-Susitna Borough's basic financial statements include the operations of the Matanuska-Susitna Borough School District which received \$19,585,943 in federal awards which is not included in Matanuska-Susitna Borough's Schedule of Expenditures of Federal Awards during the year ended June 30, 2018. Our audit, described below, did not include the operations of Matanuska-Susitna Borough School District because it was subjected to a separate audit in accordance with the Uniform Guidance.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Matanuska-Susitna Borough complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

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
February 13, 2019



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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, 2018. 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 \$203,587,903 in state awards which is not included in Matanuska-Susitna Borough's Schedule of State Financial Assistance during the year ended June 30, 2018. 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, 2018.

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
February 13, 2019

Matanuska-Susitna Borough, Alaska

Schedule of Findings and Questioned Costs Year Ended June 30, 2018

Section I - Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? yes X no

Federal Financial Assistance

Internal control over major federal programs:

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

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

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

Identification of major federal programs:

<i>CFDA Number</i>	<i>Name of Federal Program or Cluster</i>	<i>Agency</i>
15.226	Payment in Lieu of Taxes	<i>Department of the Interior</i>
	Capitalization Grants for Clean Water	<i>Department of Environmental</i>
66.458	State Revolving Funds	<i>Protection</i>

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

Auditee qualified as low-risk auditee? yes X no

State Financial Assistance

Internal control over major state programs:

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

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

Dollar threshold used to distinguish a major state program: \$ 500,000

Matanuska-Susitna Borough, Alaska

Schedule of Findings and Questioned Costs, continued Year Ended June 30, 2018

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

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

Section III - Federal Award Findings and Questioned Costs

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

Section IV - State Award Findings and Questioned Costs

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

Matanuska-Susitna Borough, Alaska

**Summary Schedule of Prior Audit Findings
Year Ended June 30, 2018**

Government Auditing Standards Findings

There were no prior year audit findings.

Federal Award Findings and Questioned Costs

There were no prior year audit findings.

State of Alaska Award Findings and Questioned Costs

There were no prior year audit findings.

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OTHER SUPPLEMENTARY INFORMATION

Matanuska-Susitna Borough, Alaska
 Department of Health and Social Services
 Human Services Community Matching Grants
 605-231-18004

Schedule of Revenues and Expenditures - Budget and Actual
 Grant Period Ended June 30, 2018

<i>June 30, 2018</i>	Total Expenditures	Budget	Variance
Revenues			
State of Alaska	\$ 284,270	\$ 284,270	\$ -
Matanuska-Susitna Borough	121,830	121,830	-
Total Revenues	406,100	406,100	-
Expenditures - other costs	\$ 406,100	\$ 406,100	\$ -

Matanuska-Susitna Borough, Alaska

Department of Health and Social Services

Code Blue Ph 15 Lk Louise Patient Transport Vehicle

Schedule of Revenues and Expenditures - Budget and Actual

Grant Period Ended June 30, 2018

<i>June 30, 2018</i>	Total Expenditures	Budget	Variance
Revenues			
State of Alaska - passed through SREMS	\$ 30,000	\$ 30,000	\$ -
Matanuska-Susitna Borough and local sources	15,186	45,000	29,814
Total Revenues	45,186	75,000	29,814
Expenditures - other costs	\$ 45,186	\$ 75,000	\$ 29,814

COMPONENT UNIT

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

Statement of Net Position

<i>June 30, 2018</i>	<i>Governmental Activities</i>
Assets and Deferred Outflows of Resources	
Assets	
Cash	\$ 25,744,752
Accounts receivable:	
Federal and state grants	4,532,659
Other	326,688
Receivable from the Borough	61,683
Inventory	2,035,677
Prepaid items	1,325,677
Net other postemployment benefits assets	1,130,890
Capital assets not being depreciated	119,632
Capital assets, net of accumulated depreciation	19,067,474
Total Assets	54,345,132
Deferred Outflows of Resources:	
Pension related	15,704,494
Other postemployment benefits related	4,243,394
Total Deferred Outflows of Resources	19,947,888
Total Assets and Deferred Outflows of Resources	\$ 74,293,020
Liabilities, Deferred Inflows of Resources and Net Position	
Liabilities	
Accounts payable	\$ 1,273,807
Accrued payroll and related liabilities	7,940,290
Unearned revenue	1,064,930
Insurance claims incurred but not reported	1,182,319
Noncurrent liabilities:	
Capital lease and note payable- due within one year	150,489
Capital lease payable - due in more than one year	6,616,267
Accrued leave - due within one year	3,757,617
Net pension liability	151,802,472
Net other postemployment benefits liability	17,960,412
Total Liabilities	191,748,603
Deferred Inflows of Resources	
Pension related	17,733,055
Other postemployment benefits related	11,060,337
Total Deferred Inflows of Resources	28,793,392
Net Position	
Net investment in capital assets	12,420,350
Restricted for scholarships	4,285
Restricted for correspondence program	1,768,396
Unrestricted (deficit)	(160,442,006)
Total Net Position	(146,248,975)
Total Liabilities, Deferred Inflows of Resources of Resources and Net Position	\$ 74,293,020

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

Statement of Activities

<i>Year Ended June 30, 2018</i>	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contri- butions	
Governmental Activities				
Instruction	\$107,165,419	\$ -	\$ 13,585,529	\$ (93,579,890)
Special education instruction	40,822,523	-	4,997,862	(35,824,661)
Special education support services - students	17,627,881	-	2,860,943	(14,766,938)
Support services - students	9,372,277	-	1,537,324	(7,834,953)
Support services - instruction	11,487,186	-	3,138,404	(8,348,782)
School administration	10,249,983	-	1,527,248	(8,722,735)
School administration support services	10,107,832	-	107,465	(10,000,367)
District administration	1,540,370	-	244,123	(1,296,247)
District administration support services	12,205,977	-	1,698,138	(10,507,839)
Operations and maintenance of plant	24,384,005	-	426,840	(23,957,165)
Student activities	3,545,267	-	251,177	(3,294,090)
Student transportation - other transportation services	400,198	-	400,198	-
Student transportation - to and from school	17,462,016	-	16,441,522	(1,020,494)
Community services	22,180	-	22,006	(174)
Food services	6,940,007	1,097,620	5,703,365	(139,022)
Construction and facilities acquisition	1,926,253	-	5,000	(1,921,253)
Interest on long-term debt	401,222	-	-	(401,222)
Total Governmental Activities	\$275,660,596	\$ 1,097,620	\$ 52,947,144	\$ (221,615,832)

General Revenues

Borough contribution	55,841,300
State grants and entitlements not restricted to a specific purpose	170,625,841
E-rate	1,280,412
Medicaid reimbursement	1,356,014
Out of district reimbursement	445,329
Other	516,669

Total General Revenues 230,065,565

Change in net position 8,449,733

Net Position, beginning, as restated (154,698,708)

Net Position, end of year **\$ (146,248,975)**

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

Governmental Funds
Balance Sheet

	Major Funds			Total Govern- mental Funds
	General	Capital Improvement Projects Capital Project	Special Revenue Nonmajor Funds	
<i>June 30, 2018</i>				
Assets				
Cash	\$ 14,985,912	\$ 3,754,998	\$ 2,022,037	\$ 20,762,947
Accounts receivable:				
Federal and state grants	-	-	4,532,659	4,532,659
Other	314,294	-	74,077	388,371
Inventory	1,276,988	-	758,689	2,035,677
Prepaid items	1,323,677	-	-	1,323,677
Due from other funds	8,069,947	-	-	8,069,947
Total Assets	\$ 25,970,818	\$ 3,754,998	\$ 7,387,462	\$ 37,113,278
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 1,036,871	\$ 19,068	\$ 204,102	\$ 1,260,041
Accrued payroll and related liabilities	7,940,290	-	-	7,940,290
Unearned revenue	600	-	1,063,904	1,064,504
Due to other funds	-	-	4,589,951	4,589,951
Total Liabilities	8,977,761	19,068	5,857,957	14,854,786
Fund Balances				
Nonspendable	2,600,665	-	758,689	3,359,354
Restricted	1,768,396	-	4,285	1,772,681
Committed	500,000	3,735,930	-	4,235,930
Assigned	500,000	-	775,924	1,275,924
Unassigned	11,623,996	-	(9,393)	11,614,603
Total Fund Balances	16,993,057	3,735,930	1,529,505	22,258,492
Total Liabilities and Fund Balances	\$ 25,970,818	\$ 3,754,998	\$ 7,387,462	\$ 37,113,278

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, 2018

Total fund balances of governmental funds		\$ 22,258,492
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets net of accumulated depreciation used in governmental activities are not financial resources and therefore are not reported in the funds.		
Land	\$ 119,632	
Building, furnishings and equipment	33,418,622	
Accumulated depreciation	<u>(14,351,148)</u>	
Total capital assets		<u>19,187,106</u>
Long-term assets are not due and receivable in the current period and therefore are not reported as fund assets. This consist of net other postemployment benefits assets		
		<u>1,130,890</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	(3,757,617)	
Capital lease payable	(6,766,756)	
Net pension liability	(151,802,472)	
Net other postemployment benefits liability	<u>(17,960,412)</u>	
Total long-term liabilities		<u>(180,287,257)</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	15,704,494	
Deferred inflows of resources related to pensions	(17,733,055)	
Deferred outflows of resources related to other postemployment benefits	4,243,394	
Deferred inflows of resources related to other postemployment benefits	<u>(11,060,337)</u>	
Total deferred pension items		<u>(8,845,504)</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>307,298</u>
Net Position of Governmental Activities		<u>\$ (146,248,975)</u>

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

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

	Major Funds			Total Govern- mental Funds
	General	Capital Improvement Projects Capital Project	Nonmajor Funds	
<i>Year Ended June 30, 2018</i>				
Revenues				
Local sources:				
Borough appropriation	\$ 55,841,300	\$ -	\$ -	\$ 55,841,300
Other local	961,998	-	1,514,651	2,476,649
Borough capital projects	-	-	540,626	540,626
State of Alaska	186,069,895	-	17,661,408	203,731,303
Federal sources:				
E-rate	1,280,412	-	-	1,280,412
Medicaid reimbursement	1,356,014	-	-	1,356,014
Direct grants	-	-	629,961	629,961
Grants passed through the State of Alaska	-	-	18,973,568	18,973,568
Grants passed through intermediate agencies	-	-	95,434	95,434
Total Revenues	245,509,619	-	39,415,648	284,925,267
Expenditures				
Current:				
Instruction	101,794,578	26,798	5,595,687	107,417,063
Special education instruction	39,081,449	-	2,548,617	41,630,066
Special education support services - students	16,060,550	-	1,735,430	17,795,980
Support services - students	8,995,374	-	689,200	9,684,574
Support services - instruction	8,970,031	-	2,501,386	11,471,417
School administration	9,829,034	-	426,979	10,256,013
School administration support services	10,522,280	-	-	10,522,280
District administration	1,531,827	-	11,653	1,543,480
District administration support services	10,970,020	-	1,393,470	12,363,490
Operations and maintenance of plant	24,128,328	392,227	290,416	24,810,971
Student activities	3,609,356	-	12,863	3,622,219
Student transportation - to and from school	-	-	17,452,335	17,452,335
Student transportation - other transportation services	-	-	400,198	400,198
Community services	549	-	21,673	22,222
Food services	-	-	6,901,329	6,901,329
Construction and facilities acquisition	444,271	1,748,469	545,626	2,738,366
Debt Service:				
Principal	-	-	133,244	133,244
Interest	-	-	401,222	401,222
Total Expenditures	235,937,647	2,167,494	41,061,328	279,166,469
Excess (deficiency) of revenues over expenditures	9,571,972	(2,167,494)	(1,645,680)	5,758,798
Other Financing Sources (Uses)				
Transfers in	-	2,880,730	1,512,119	4,392,849
Transfers out	(4,361,620)	(31,229)	-	(4,392,849)
Net Other Financing Sources (Uses)	(4,361,620)	2,849,501	1,512,119	-
Net change in fund balances	5,210,352	682,007	(133,561)	5,758,798
Fund Balances, beginning of year	11,782,705	3,053,923	1,663,066	16,499,694
Fund Balances, end of year	\$ 16,993,057	\$ 3,735,930	\$ 1,529,505	\$ 22,258,492

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, 2018

Net change in fund balances - total governmental funds \$ 5,758,798

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

Governmental funds report capital outlays as expenditures.

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

Capital outlay	\$ 2,354,168	
Depreciation expense	<u>(3,015,202)</u>	(661,034)

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.

1,054

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	(2,880,044)	
Expenditures	<u>2,880,044</u>	-

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

612,876

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.

Increase in annual leave		(198,491)
Decrease in net pension liability and related deferred outflows and inflows of resources		5,410,173
Increase in net OPEB liability and related deferred outflows and inflows of resources		<u>(2,473,643)</u>

Change in Net Position of Governmental Activities \$ 8,449,733

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, 2018</i>		
Assets		
Current:		
Cash	\$ 305,724	\$ 4,676,081
Prepaid items	2,000	-
Total Assets	\$ 307,724	\$ 4,676,081
Liabilities and Net Position		
Current Liabilities		
Accounts payable	\$ -	\$ 13,766
Due to other funds	-	3,479,996
Unearned revenue	426	-
Insurance claims incurred but not reported	-	1,182,319
Total Current Liabilities	426	4,676,081
Net Position - unrestricted	307,298	-
Total Liabilities and Net Position	\$ 307,724	\$ 4,676,081

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, 2018</i>		
Operating Revenues		
Interfund charges	\$ -	\$ 2,339,069
Sales	5,677	-
Total Operating Revenues	5,677	2,339,069
Operating Expenses		
Claims expense	-	1,812,411
Instruction	4,623	-
General and administrative	-	527,007
Total Operating Expenses	4,623	2,339,418
Operating income (loss)	1,054	(349)
Nonoperating Revenue - interest income	-	349
Change in net position	1,054	-
Net Position, beginning of year	306,244	-
Net Position, end of year	\$ 307,298	\$ -

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, 2018</i>		
Cash Flows for Operating Activities		
Receipts from interfund charges	\$ -	\$ 3,263,021
Receipts from customers and users	4,600	-
Payments to suppliers	(4,623)	(2,185,414)
Net cash flows from (for) operating activities	(23)	1,077,607
Cash Flows from Investing Activities		
Interest received	-	349
Net increase (decrease) in cash and cash equivalents	(23)	1,077,956
Cash and Cash Equivalents, beginning of year	305,747	3,598,125
Cash and Cash Equivalents, end of year	\$ 305,724	\$ 4,676,081
Reconciliation of Operating Loss to		
Net Cash Flows for Operating Activities		
Operating loss	\$ 1,054	\$ (349)
Adjustments to reconcile operating loss		
to net cash flows for operating activities:		
Decrease in accounts receivable	-	-
Increase in due to other funds	-	923,952
Increase in accounts payable	-	906
Decrease in deferred revenue	(1,077)	-
Increase in insurance claims incurred but not reported	-	153,098
Total adjustments	(1,077)	1,077,956
Net Cash Flows from (for) Operating Activities	\$ (23)	\$ 1,077,607

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, 2018

Assets

Cash	\$ 2,329,033
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Liabilities

Due to student activities and community schools	\$ 2,329,033
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