

MUNICIPALITY OF ANCHORAGE



Schedule of Expenditures of Federal Awards, Schedule of State Financial Assistance, And Required Federal Information

December 31, 2001

**Prepared by:
DEPARTMENT OF FINANCE**

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MUNICIPALITY OF ANCHORAGE, ALASKA

Schedule of Expenditures of Federal Awards, Schedule of State Financial Assistance, And Required Federal Information

December 31, 2001

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Section I

Schedule of Expenditures of Federal Awards

MUNICIPALITY OF ANCHORAGE, ALASKA

Schedule of Expenditures of Federal Awards

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**Independent Auditors' Report on Compliance with Requirements Applicable
To Each Major Program, Internal Control over Compliance and Supplementary
Schedule of Expenditures of Federal Awards in Accordance with OMB Circular A-133**

Honorable Members of the Municipal Assembly
Municipality of Anchorage, Alaska:

Compliance

We have audited the compliance of the Municipality of Anchorage, Alaska with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended December 31, 2001. The Municipality of Anchorage, Alaska's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the Municipality of Anchorage, Alaska's management. Our responsibility is to express an opinion on the Municipality of Anchorage, Alaska's compliance based on our audit.

The Municipality of Anchorage, Alaska's general purpose financial statements include operations of its component unit, the Anchorage School District, which received \$40,288,498 in federal awards which are not included in the schedule of expenditures of federal awards for the year ended December 31, 2001. Our audit, described below, did not include the operations of the Anchorage School District, because it was subjected to a separate audit in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Municipality of Anchorage, Alaska'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. Our audit does not provide a legal determination on the Municipality of Anchorage, Alaska's compliance with those requirements.

In our opinion, the Municipality of Anchorage, Alaska complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2001. However, the results of our auditing procedures disclosed instances of noncompliance





Honorable Members of the Municipal Assembly
Municipality of Anchorage, Alaska

with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2001-1 and 2001-2.

Internal Control Over Compliance

The management of the Municipality of Anchorage, Alaska is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Municipality of Anchorage, Alaska's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses

Schedule of Expenditures of Federal Awards

We have audited the general purpose financial statements of the Municipality of Anchorage, Alaska as of and for the year ended December 31, 2001, and have issued our report thereon dated March 29, 2002. Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

This report is intended solely for the information and use of the Municipal Assembly, management, and the cognizant agency and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

June 21, 2002

**Municipality of Anchorage
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2001**

Federal Grantor/Pass-Through Grantor Program Title	Grant Number	CFDA Number	Award Amount	Expenditures
<u>Department of Public Safety:</u>				
Pass-Through Alaska Highway Safety Planning Agency:				
Non-Major Program:				
Highway Safety Grant	PT-00-05-02	20.600	\$ 60,000	\$ (360)
<u>Federal Emergency Management Agency:</u>				
Direct:				
Non-Major Programs:				
FEMA Arson Prevention & Awareness	EME-1999-GR-0412	83.542	15,450	6,871
FY 1999 Cooperative Agreement	EMS-1999-CA-3024	66.708	60,000	(314)
Total Direct Federal Emergency Management Agency			<u>75,450</u>	<u>6,557</u>
Pass-Through Alaska Division of Emergency Services:				
Non-Major Programs:				
FY 01 Office of Emergency Management		83.503	64,000	64,000
FY 01 Office of Emergency Management - LEPC		83.503	49,500	27,998
Hazard Mitigation	DR-1119-AK	83.503	194,800	(516)
Total Alaska Division of Emergency Services			<u>308,300</u>	<u>91,482</u>
Total Federal Emergency Management Agency			<u>383,750</u>	<u>98,039</u>
<u>National Endowment for the Arts:</u>				
Pass-Through Alaska State Council on the Arts:				
Non-Major Programs:				
FY 00 Museum Season Support	FY01-OS-15B	45.025	18,074	18,074
AKSCA Museum Season Support	FY02-OS-02	45.025	18,074	6,000
Total National Endowment for the Arts			<u>36,148</u>	<u>24,074</u>
<u>National Oceanic and Atmospheric Administration:</u>				
Pass-Through Alaska Department of Community & Economic Development:				
Non-Major Program:				
FY 01 Coastal Management	810523	11.419	56,200	54,000
<u>U.S. Department of Agriculture:</u>				
Direct:				
Non-Major Program:				
USFS Wildfire Mitigation	1580	10.664	1,750,000	509,195
Pass-Through Alaska Department of Community & Economic Development:				
Non-Major Program:				
FY 01 National Forest Receipts		10.655	7,325	7,325
Pass-Through Alaska Department of Health and Social Services:				
Non-Major Program:				
FY 00 Supplemental Food Program - WIC	06-0366	10.557	1,035,128	862
Women, Infants, and Children	06-2366	10.557	1,071,837	559,093
FY01 Women, Infants and Children	06-1366	10.557	1,115,606	571,426
Total Alaska Department of Health and Social Services			<u>3,222,571</u>	<u>1,131,381</u>
Total U.S. Department of Agriculture			<u>4,979,896</u>	<u>1,647,901</u>
<u>U.S. Department of Commerce:</u>				
Direct:				
Non-Major Programs:				
302(a) State and Urban Planning Grant	07-25-03764	11.305	60,000	(20,304)

(Continued)

Municipality of Anchorage
Schedule of Expenditures of Federal Awards - (Continued)
Year Ended December 31, 2001

Federal Grantor/Pass-Through Grantor Program Title	Grant Number	CFDA Number	Award Amount	Expenditures
<u>U.S. Department of Education:</u>				
Pass-Through Alaska Department of Education & Early Development:				
Non-Major Programs:				
Outreach Services, Interlibrary Coop		45.310	60,000	60,000
FY01 800# ILL & Backup Reference	511996	45.310	35,640	21,654
800# ILL & Ref Backup 2001		45.310	34,852	12,108
Interlibrary Cooperation		45.310	12,000	11,930
Library Storypacket Grant	ILC-02-713-94	45.310	19,645	2,189
FY99 800# ILL & Backup Reference	LS-80001-98	45.310	28,640	516
Total U.S. Department of Education			190,777	108,397
<u>U.S. Department of Energy:</u>				
Pass-Through Alaska Housing Finance Corporation:				
Non-Major Programs:				
WX Weatherization Assistance Program	01G11-100	81.042	263,843	161,260
Weatherization Assistance Program	00G11-094	81.042	234,939	78,013
Weatherization Non-WAP	00G11-094	81.041	51,000	12,499
WX Non Weatherization Assistance Program	01G11-100	81.041	15,883	8,006
Total U.S. Department of Energy			565,665	259,778
<u>U.S. Department of Health and Human Services:</u>				
Direct:				
Non-Major Program:				
Metro Medical Strike Team	282-97-0051	93.990	524,950	386,522
FY01 Family Planning	5FPHPA100024-23-0	93.217	427,336	257,989
Family Planning	5FPHPA100024-24-0	93.217	436,336	195,059
FY00 Title X Family Planning Project	10-H-900024-20-1	93.217	400,236	9,100
Total U.S. Department of Health and Human Services			1,788,858	848,670
Pass-Through Alaska Department of Health & Human Services				
Non-Major Programs				
AIDS Prevention	06-2384	93.940/93.977	229,500	109,551
FY01 Community Health Nursing STD	06-1359	93.116	75,500	46,344
Community Health Nursing FY02	06-2359	93.116	75,500	35,237
FY01 Community Health Nursing STD	06-1359	93.217	42,400	42,400
Community Health Nursing FY02	06-2359	93.217	42,400	15,947
FY01 Community Health Nursing STD	06-1359	93.268	91,300	59,845
Community Health Nursing FY02	06-2359	93.268	91,300	19,882
FY01 Healthy Baby	06-1596	93.778	74,958	74,590
Healthy Baby	06-2596	93.778	75,000	73,712
FY01 Community Health Nursing STD	06-1359	93.977	70,000	42,620
FY01 HIV/AIDS Prevention Project	06-1384	93.940	95,000	50,404
Total Alaska Department of Health & Human Service			962,858	570,532
Pass-Through Alaska Department of Education & Early Development				
Major Programs:				
Day Care Subsidy		93.596	10,712,910	6,223,336
FY01 Day Care Programs		93.596/93.558/93.575	10,345,245	5,553,713
FY01 Day Care Programs Admin		93.596/93.558/93.575	1,455,692	784,026
Daycare Administration		93.596/96.558/93.575	1,460,852	816,630
Total Alaska Department of Education & Early Development Major Programs			23,974,699	13,377,705
Total U.S. Department of Health and Human Services			26,726,415	14,796,907
<u>U.S. Department of Housing and Urban Development:</u>				
Direct:				
Major Programs:				
FY00 Community Development Block Grant	B-00-MC-02-0001	14.218	2,263,000	974,758
FY95 Community Development Block Grant	B-95-MC-02-0001	14.218	2,450,000	110,077
FY98 Community Development Block Grant	B-98-MC-02-0001	14.218	2,255,000	182,167
FY96 Community Development Block Grant	B-96-MC-02-0001	14.218	2,388,000	36,454
FY93 Community Development Block Grant	B-93-MC-02-0001	14.218	2,066,100	40,601
FY94 Community Development Block Grant	B-94-MC-02-0001	14.218	2,286,000	80,708
Community Development Block Grant PY 01	B-01-MC-02-0001	14.218	2,344,000	220,025
FY99 Community Development Block Grant	B-99-MC-02-0001	14.218	2,268,000	154,028
FY 90 Community Development Block Grant	B-90-MC-02-0001	14.218	1,479,000	10,439

(Continued)

**Municipality of Anchorage
Schedule of Expenditures of Federal Awards - (Continued)
Year Ended December 31, 2001**

Federal Grantor/Pass-Through Grantor Program Title	Grant Number	CFDA Number	Award Amount	Expenditures
FY 97 Community Development Block Grant	B-97-MC-02-0001	14.218	2,353,000	301,899
Total U.S. Department of Housing and Urban Development Major Programs			<u>22,152,100</u>	<u>2,111,156</u>
Non-Major Programs:				
HUD Innovative Housing 2001	AK06B000003	14.231	526,412	365,902
FY2000 Emergency Shelter	S-00-MC-02-0001	14.231	80,000	68,259
Emergency Shelter	S-01-MC-02-0001	14.231	80,000	13,702
FY 99 Emergency Shelter	S-99-MC-02-0001	14.231	80,000	7,193
FY 97 Emergency Shelter	S-97-MC-02-0001	14.231	62,000	1,155
FY 98 Emergency Shelter	S-98-MC-02-0001	14.231	90,000	1,091
HUD-Supportive Housing	AK06B900004	14.235	586,698	222,110
FY00 Home Investment Partnership Agreement	M-00-MC-02-0200	14.239	971,000	586,605
HOME Investment Partnership Program FY01	M-01-MC-02-0200	14.239	536,000	500,159
FY 96 HOME Investment Partnership Program	M-96-MC-02-0200	14.239	860,000	46,221
FY 98 HOME Investment Partnership Program	M-98-MC-02-0200	14.239	897,000	9,882
FY 92 HOME Investment Partnership Program	M-92-MC-02-0200	14.239	864,000	3,098
FY 97 HOME Investment Partnership Program	M-97-MC-02-0200	14.239	842,000	29,704
FY 99 HOME Investment Partnership Program	M-99-MC-02-0200	14.239	965,000	26,749
Total U.S. Department of Housing and Urban Development Non-Major Programs			<u>7,440,110</u>	<u>1,881,830</u>
Pass-Through SouthCentral Foundation:				
Non-Major Program:				
FY2001 Emergency Alcohol Services	60-330-21-560-101	93.210	199,000	198,847
Total U.S. Department of Housing and Urban Development			<u>29,791,210</u>	<u>4,191,833</u>
<u>U.S. Department of Interior:</u>				
Direct:				
Non-Major Programs:				
Jewel Lakes Wetlands Properties	LAA000008	15.614	1,000,000	314,033
FDGC GIS Clearinghouse Grant	99HQGR0152	15.809	26,000	8,873
Girdwood Iditarod Trail FY96	CA 9700-5-9044	15.921	27,500	13,285
USFWS Grants	701811G077	15.unknown	85,000	64,867
Total U.S. Department of Interior			<u>1,138,500</u>	<u>401,058</u>
<u>U.S. Department of Justice:</u>				
Direct:				
Non-Major Programs:				
Local Law Enforcement Block Grant	2000-LB-VX-1072	16.592	584,319	417,485
1999 COPS More Technology	1999CKWX0003	16.710	2,400,000	927,611
Equitable Federal Sharing of Seized and Confiscated Property			891,140	316,829
Wellness Case Coordinator		16.580	56,600	37,837
98 Local Law Enforcement Block Grant	96-LB-VX-0418	16.592	560,187	4
Girdwood Rescue & Special Response Truck	2000-TE-CX-001	16.unknown	270,000	25,491
Equitable State Sharing of Seized and Confiscated Property			200,000	29,916
Total U.S. Department of Justice			<u>4,962,246</u>	<u>1,755,173</u>
Pass-Through Alaska Department of Health and Social Services:				
Non-Major Program:				
JJDP Underage Drinking	61717	16.727	49,990	13,432
Pass-Through Alaska Department of Public Safety:				
Non-Major Programs:				
APD-APSIN Interface (NCHIP)	95-RU-RX-K031-APD	16.580	155,000	(904)
Methamphetamine Street Level Enforcement	99-011	16.580	50,250	(3,689)
Total Alaska Department of Public Safety			<u>205,250</u>	<u>(4,593)</u>
Total U.S. Department of Justice			<u>5,217,486</u>	<u>1,764,012</u>
<u>U.S. Department of Labor:</u>				
Direct:				
Non-Major Program:				
H-1B Technical Skill Training	AH-10857-00-60	17.249	2,425,035	844,535

(Continued)

Municipality of Anchorage
Schedule of Expenditures of Federal Awards - (Continued)
Year Ended December 31, 2001

Federal Grantor/Pass-Through Grantor Program Title	Grant Number	CFDA Number	Award Amount	Expenditures
Pass-Through Alaska Department of Labor & Workforce Development				
Non-Major Programs:				
PY00 WIA Title 1DW Dislocated Worker	EN 0715312	17.246	1,226,944	478,023
PY00 WIA Title 1A Adult Program	MOA PY00/file24.01	17.250	980,142	538,355
PY00 WIA Title 1Y Youth Program	EN 0715307	17.250	1,157,709	467,741
WIA 1B Adult Programs	EN0725072	17.250	976,326	467,468
WIA 1B Dislocated Worker Program	EN0725075	17.250	1,891,882	374,920
PY 01 WIA Title 1B Youth Programs	EN0725008	17.250	1,099,637	312,273
FY00 JTPA IIA Adult Program	EN0707394	17.250	983,742	170
FY99 JTPA IIA Adult Program	EN2192142	17.250	1,381,981	(50)
PY 00 Title II Incentive Program	EN 0715336	17.255	75,716	72,183
Workforce Develop Incentive	725006	17.258	108,746	59,858
WIA Administration	EN0725007	17.260	441,156	117,511
Total Alaska Department of Labor & Workforce Development Non-Major Programs			10,323,981	2,888,452
Total U.S. Department of Labor			12,749,016	3,732,987
 U.S. Department of Transportation:				
Direct:				
Non-Major Programs:				
Acquire Security Equipment	AIP-33	20.102	100,000	21,044
Merrill Field Improvements - Reconstruct RWY 6/24 LTg	AIP-25	20.102	1,556,208	34,771
Environmental Assessment for New Ski/Gravel Runway	AIP-28	20.102	293,646	102,481
Snow Removal Equipment	AIP-29	20.102	250,000	140,806
Merrill Field Improvements-Sec Impr Ph IV	AIP-31	20.102	468,750	176,063
Taxiway Nov, Relocate VASI and Wind Cone, Install Fencing	AIP-27	20.102	1,100,000	303,305
Rehabilitate Primary Airport Access Road	AIP-32	20.102	1,605,000	376,658
Construct Gravel/Ski Runway 3-21	AIP-34	20.102	1,260,000	1,260,000
TW H/Sec Impr Ph III	AIP-30	20.102	1,410,000	1,351,324
2001 AMATS Planning Program	74456	20.205	603,779	523,964
Sect. 9 - Formula Capital Assistance	AK90-0015	20.507	4,030,810	57,975
2000 Section 5307 Capital Assistance	AK-90-X019-00	20.507	172,000	61,795
1999 Section 5307 Capital Assistance	AK-90-X018-00	20.507	172,000	83,175
Sect. 9 - Formula Capital Assistance	AK90-0016	20.507	1,412,000	107,256
Sect. 9 - Formula Capital Assistance	AK90-0018	20.507	1,436,800	521,984
Sect. 9 - Formula Capital Assistance	AK90-X019	20.507	1,817,800	601,731
Kincaid Park Transportation Access	AK-03-0025-00	20.500	2,471,750	603,101
Sect. 9 - Formula Capital Assistance	AK90-0013	20.507	4,162,746	3,656
Sect. 9 - Formula Capital Assistance	AK90-0014	20.507	1,997,700	6,497
2001 Sect. 5307	AK90-X022	20.507	2,975,200	64,072
Total U.S. Department of Transportation			29,296,189	6,401,658
 Pass-Through Alaska Department of Public Safety:				
Non-Major Programs:				
Seat Belt Enforcement	DTNH22-00-G-09051	20.600	230,000	187,067
Highway Safety DWI Enforcement Grant	PT-01-05-03	20.600	56,000	56,000
Seat Belt Enforcement	DTNH22-00-G-09051	20.600	175,000	33,509
Alaska Department of Public Safety			461,000	276,576
 Pass-Through Alaska Department of Transportation and Public Facilities:				
Non-Major Programs:				
15th Ave L to Juneau Construction	HHE-530(001)/50624	20.205	452,490	427,175
Arctic Blvd, Dimond Blvd to Raspberry	STP-0001(57)/51018	20.205	945,640	409,802
FY 96 Comp Natural Gas Fleet & Filling Station	CM-000S(190)	20.205	484,030	386,508
FY 00 CMAQ Free Bus Service	54438	20.205	350,000	350,000
Business Blvd Construction	TEA-0001(130)/52519	20.205	480,000	260,516
ISTEA Ship Creek Trail - Design	TEA-0001(133)/52499	20.205	843,000	248,277
ISTEA S Coastal Trail Design	TEA-0001(126)/52514	20.205	920,000	140,855
Rockridge Rd. Upgrade TORA	54970	20.205	245,000	131,416
Transit Route Structure Analysis	55215	20.205	168,000	129,213
FTA Planning Grant	AK80X008	20.205	175,605	111,478
CY01 Anchorage Share a Ride	74559	20.205	330,000	314,034

(Continued)

Municipality of Anchorage
Schedule of Expenditures of Federal Awards - (Continued)
Year Ended December 31, 2001

Federal Grantor/Pass-Through Grantor Program Title	Grant Number	CFDA Number	Award Amount	Expenditures
Transit Marketing Program CY01	54736	20.205	140,000	130,356
TCSP Public Involvement Program	74309	20.205	240,000	105,000
Nutrition, Transportation, & Supportive Services SFY 2002	223200	20.507	449,224	235,163
2000/2001 ACOA Assisted Transportation	213200	20.507	418,604	231,404
Arctic @ Dowling ROW	HRO-MGS-000S(309)/54043	20.205	145,000	69,272
ISTEA Eklutna Bridge Replacement	BR-0001(183)/53945	20.205	330,000	67,125
ISTEA Ship Creek Trail - ROW	TEA-0001(133)/52499	20.205	432,000	65,984
CMAQ Bus Stop/Trail Maintenance	52112	20.205	767,850	63,552
ISTEA 15th Ave. Safety	FA-HHE-0530(1)	20.205	4,650,000	50,069
Purch Mag Chloride for PM-10	54441	20.205	98,800	48,039
Kincaid Rd @ Sandik/Vkng ROW	HRO-001(168)/53849	20.205	83,000	37,582
ISTEA HSIP Project PE. FY97 Group II Traffic Sfty Improvements	HRO-000S(255)	20.205	145,000	36,403
2000 AMATS Planning Program		20.205	590,744	33,327
ISTEA Artic Blvd Utilities	51018	20.205	100,000	26,467
ISTEA -Artic @ Dowling Rd/ARR	HRO-MGS-000S(309)/54043	20.205	250,000	22,065
Victor Rd, 100th Dimond	STP-0001(232)	20.205	465,000	19,385
ISTEA-Kincaid Rd @ Sand Lake	HRO-001(168)/53849	20.205	128,000	13,141
FY00 Transit Marketing Program	54368	20.205	110,000	11,623
ISTEA Campbell Creek Trail -NSH to Tudor	TEA-0001(137)/52520	20.205	325,000	9,874
ISTEA Artic Blvd ROW	51018	20.205	325,000	9,498
Transportation Model	51232	20.205	771,000	6,874
FY00 Anchorage Share-a-Ride	CMG-1010(37)	20.205	295,000	6,263
ISTEA Business Boulevard Safety Improvements	TEA-0001(130)/52519	20.205	500,000	5,525
ISTEA Northern Lights Blvd. Landscaping	STP-0540(S)	20.205	45,000	1,895
ISTEA NLB, Lake Otis to Muldoon	STP-540(4)/51754	20.205	380,000	1,453
Business Blvd Trail Utilities	TEA-0001(130)/52519	20.205	40,000	650
FY99 Transit Youth Program	53582	20.205	47,000	525
Lake Otis Parkway @ 88th Ave	CA-001(190)/54090	20.205	5,000	(904)
ISTEA Coastal Trail, Southern Ext.	TEA-0001(126)/52514	20.205	245,000	(1,041)
ISTEA Bragaw St. Safety Improvements	HRO-0001(85)/51681	20.205	75,000	(1,360)
ISTEA Bragaw St. Utility Design	HRO-0001(85)/51681	20.205	54,300	(1,987)
FY 95 Comp Natural Gas Fleet & Filling Station	CM-000S(190)	20.205	518,019	(3,222)
ISTEA Coastal Trail, Northern Ext.	TEA-0001(133)/52499	20.205	575,000	(6,273)
ISTEA Bragaw St. Safety Improvements	HRO-0001(85)/51681	20.205	343,400	(12,657)
ISTEA HSIP FY97 Group I Traffic Sfty Improvements	HRO-000S(254)	20.205	238,000	(16,628)
ISTEA Arctic Blvd.: Raspberry to Dimond Widening	STP-0001(57)/51018	20.205	121,000	(30,601)
Business Blvd Trail ROW	TEA-0001(130)/52519	20.205	665,000	(38,699)
ISTEA 15th Avenue Channelization/Signalization	HES-0530(1)/50624	20.205	87,000	(43,392)
ISTEA - Bragaw Street	51681	20.205	226,159	(152,177)
Transit Youth Program CY01	54737	20.205	97,000	80,787
CMAQ PM 10 Dust Control Program		20.205	105,600	36,897
Air Quality Business Education	53583	20.205	45,000	19,297
99 Motor Carrier Safety	C99157071	20.218	29,765	(5,048)
Motor Carrier Safety Enforcement Grant		20.218	50,000	(8,978)
Motor Carrier Safety Assist 2001	C99157071	20.218	50,000	50,000
Coordinated Client Transportation Project	AK-80-X006	20.505	30,000	1,725
Transit ISTEA	AK-80-X007	20.505	158,502	5
Section 5303 FTA Planning Assistance	55412/AK80-X010	20.505	192,516	71,174
Bus & Van Rodeo 2001		20.509	15,000	15,000
Total Alaska Department of Transportation and Public Facilities			21,591,248	4,169,706
Total U.S. Department of Transportation			51,348,437	10,847,940
U.S. Environmental Protection Agency:				
Direct:				
Non-Major Program:				
FY 01 Air Quality 105	A-980227-01-0	66.001	300,000	183,088
FY00 Air Quality 105	A-980227-00-2	66.001	210,304	2,081
Total U.S. Environmental Protection Agency			510,304	185,169
Pass-Through Alaska Department of Environmental Conservation:				
Non-Major Programs:				
FY01 Air Quality PM 2.5	98027001	66.001	33,000	33,000
FY00 Air Quality PM 2.5		66.001	35,530	12,932
Total Alaska Department of Environmental Conservation			68,530	45,932
Total U.S. Environmental Protection Agency			578,834	231,101

(Continued)

**Municipality of Anchorage
 Schedule of Expenditures of Federal Awards - (Continued)
 Year Ended December 31, 2001**

Federal Grantor/Pass-Through Grantor Program Title	Grant Number	CFDA Number	Award Amount	Expenditures
<u>U.S. Equal Employment Opportunity Commission:</u>				
Direct:				
Non-Major Program:				
FY 00 Equal Employment Opportunity Cases	8/5010/0076	30.002	<u>46,034</u>	<u>44,784</u>
			\$ <u>133,928,368</u>	\$ <u>38,182,147</u>

MUNICIPALITY OF ANCHORAGE, ALASKA

Notes to Schedule of Expenditures of Federal Awards

December 31, 2001

General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the Municipality of Anchorage, Alaska (Municipality). The Municipality's reporting entity is defined in note 1 to Municipality's general purpose financial statements. Federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies is included on the schedule.

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified-accrual basis of accounting, which is described in note 1 to Municipality's general purpose financial statements.

MUNICIPALITY OF ANCHORAGE, ALASKA

Schedule of Findings and Questioned Costs

December 31, 2001

(1) Summary of Auditor's Results

- (a) An unqualified independent auditors' report was issued on the general purpose financial statements of the Municipality of Anchorage, Alaska.
- (b) No reportable conditions or material weakness were disclosed in the report on compliance and on internal control based on an audit of the general purpose financial statements.
- (c) There was no noncompliance which is material to the general purpose financial statements.
- (d) No reportable conditions or material weaknesses were disclosed in the report on compliance with requirements applicable to each major program and internal control over compliance.
- (e) An unqualified independent auditors' report was issued on compliance for major programs.
- (f) Any audit findings were reported as required under Section 510(a) of OMB Circular A-133.
- (g) The U.S. Department of Health and Human Services passed through the Alaska Department of Education and Early Development, Daycare Administration, CFDA# 93.575/93.596/93.558; U.S. Department of Housing and Urban Development, Community Development Block Grant (CDBG) and HUD administered Small Cities Cluster, CFDA# 14.218 are federal major programs.
- (h) Programs with federal expenditures greater than \$1,145,464 were identified as Type A programs. Programs with federal expenditures \$1,145,464 or less were identified as Type B programs.
- (i) The Municipality of Anchorage, Alaska qualified as a low-risk auditee under Section 530 of OMB Circular A-133.

(2) Findings Relating to General Purpose Financial Statements Reported in Accordance with Government Auditing Standards

None

(3) Findings and Questioned Costs Related to Federal Award

U.S. Department of Housing and Urban Development, Community Development Block Grant (CDBG) and HUD administered Small Cities Cluster, CFDA# 14.218

Finding 2001-1

According to the A-133 compliance supplement, not more than 20 percent of the total grant, plus 20 percent of program income received during a program year, may be obligated during that year for activities that qualify as planning and administration. Administrative expenditures for grant number B-00-MC-02-0001 exceeded the allowable 20 percent limitation by \$14,196.

Questioned Costs – \$14,196.

Finding 2001-2

According to A-133 compliance supplement, a pass-through entity is responsible for monitoring the subrecipient's activities, such as reviewing the subrecipient's single audit results and evaluating audit

MUNICIPALITY OF ANCHORAGE, ALASKA

Notes to Schedule of Expenditures of Federal Awards

December 31, 2001

finding and the subrecipient's correction plan. The Municipality did not request and review the OMB Circular A-133 audit report for one of its subrecipients of CDBG funds.

Questioned Costs – None.



701 West Eighth Avenue
Suite 600
Anchorage, AK 99501

**Independent Auditors' Report on Compliance and on Internal Control over
Financial Reporting Based on an Audit of General Purpose Financial Statements
Performed in Accordance with *Government Auditing Standards***

Honorable Members of the Municipal Assembly
Municipality of Anchorage, Alaska:

We have audited the general purpose financial statements of the Municipality of Anchorage, Alaska as of and for the year ended December 31, 2001, and have issued our report thereon dated March 29, 2002. Our report with respect thereto states that we did not audit the financial statements of Anchorage Historic Properties, Inc. as of December 31, 2001 and therefore our opinion is based upon our audit and reports of other auditors. 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.

Compliance

As part of obtaining reasonable assurance about whether the Municipality of Anchorage, Alaska's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Municipality of Anchorage, Alaska's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be a material weakness.





Honorable Members of the Municipal Assembly
Municipality of Anchorage, Alaska

However, we noted other matters involving the internal control over financial reporting, which we have reported to management of the Municipality of Anchorage, Alaska in a separate letter dated March 29, 2002.

This report is intended solely for the information and use of the Municipal Assembly, management, and the federal and state awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

March 29, 2002

Section II

**State Financial
Assistance Reports**

MUNICIPALITY OF ANCHORAGE, ALASKA

State Financial Assistance Reports

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701 West Eighth Avenue
Suite 600
Anchorage, AK 99501

Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with the State of Alaska Audit Guide and Compliance Supplement for State Single Audits

Honorable Members of the Municipal Assembly
Municipality of Anchorage, Alaska:

Compliance

We have audited the compliance of the Municipality of Anchorage, Alaska with the types of compliance requirements described in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that are applicable to each of its major state programs for the year ended December 31, 2001. The Municipality of Anchorage, Alaska's major state programs are identified in the accompanying schedule of state financial assistance. Compliance with laws, regulations, contracts, and grants, general requirements, and the specific requirements applicable to each of its major state programs is the responsibility of the Municipality of Anchorage, Alaska's management. Our responsibility is to express an opinion on the Municipality of Anchorage, Alaska's compliance based on our audit.

The Municipality of Anchorage, Alaska's general purpose financial statements include operations of its component unit, the Anchorage School District, which received \$234,146,041 in state awards which are not included in the schedule of state financial assistance for the year ended December 31, 2001. Our audit, described below, did not include the operations of the Anchorage 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*

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 the Municipality of Anchorage, Alaska'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. Our audit does not provide a legal determination of the Municipality of Anchorage, Alaska's compliance with those requirements.





Honorable Members of the Municipal Assembly
Municipality of Anchorage, Alaska

In our opinion, the Municipality of Anchorage, Alaska complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended December 31, 2001. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* and which are described in the accompanying schedule of findings and questioned costs as items 2001-1 through 2001-5.

Internal Control Over Compliance

The management of the Municipality of Anchorage, Alaska is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to state programs. In planning and performing our audit, we considered the Municipality of Anchorage, Alaska's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major state program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of State Financial Assistance

We have audited the financial statements of the Municipality of Anchorage, Alaska as of and for the year ended December 31, 2001, and have issued our report thereon dated March 29, 2002. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of State Financial Assistance is presented for purposes of additional analysis as required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the Municipal Assembly, management, and the State of Alaska, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

June 21, 2002

**Municipality of Anchorage
Schedule of State Financial Assistance
Year Ended December 31, 2001**

State Grantor/Pass-Through Grantor Program Title	Grant Number	CFDA Number	Award Amount	Expenditures
<u>Alaska Department of Community & Economic Development:</u>				
Direct:				
Major Programs:				
FY01 Safe Communities			\$ 7,349,629	\$ 7,349,629
Maintenance of and Safety Upgrades to Hwys, Rds, & Sts.	02-DC-046		4,000,000	2,726,811
FY01 Tax Equalization			2,441,227	2,441,227
S.Anchorage Sports Park & Softball Complex	01-MG-012		1,260,000	701,405
FY01 Health Facilities			373,794	373,794
Eagle River, Chugiak Rd & Drainage	01-MG-011		400,000	352,487
Major Municipal Facility Upgrade Projects	01-MG-015		970,000	335,864
FY01 Road Maintenance			325,769	325,769
Elmore St. upgrade- Huffman Rd to DeArmon Rd	01-MG-013		350,000	276,133
Fire Station #7 Replacement	98/510-5-009		595,000	257,933
Major Municipal Facility Upgrade Projects	00/510-9-002		1,110,000	230,691
Kincaid Park Access Road	97/510-8-002		490,000	219,998
Aurora Elementary School Upgrades	1/98-008		288,543	157,419
Automatic Vehicle Locate System APD	01-MG-009		500,000	141,657
2001 SB-29 CBERRSA	02-MG-010		350,000	111,460
Total Major Programs			20,803,962	16,002,277
Non-Major Programs:				
2001 SB29 Girdwood	02-MG-013		70,000	70,000
SB-29 Kartuk Land Pur Snd/Vsl Barrier	02-DC-008		100,000	67,756
Elmendorf Site Improvements	1/99-001		109,202	54,567
Girdwood Road Service Area Road 7	01-MG-014		70,000	48,565
Major Municipal Facility Upgrade Projects	02-MG-007		1,254,710	46,657
Fire Lake Dam Reconstruction	02-DC-005		240,000	30,077
Major Municipal Facility Upgrade Projects	99/510-9-002		901,158	26,495
24th & 26th Glacier/Boniface	02-DC-013		196,000	26,217
DHHS/UAA Co-Location Study	02-RR-020		200,000	24,411
Cemetery 2001 State Grant	02-RR-019		100,000	22,429
Russian Jack Elementary - Drain and Playfield	1/92-094		30,000	22,291
KFQD Park Reappropriation Grants	9/99-005		81,364	21,998
Facility Upgrades	97/510-9-001		1,434,000	21,461
ASD Imp Russian Jack	1/99-004		24,500	18,970
Hollywood Vista Asbestos and Demolition	9/94-014		800,000	16,154
Elmore St. upgrade- Huffman Rd to DeArmon Rd	02-MG-011		700,000	14,000
1999 SB 32 CBERRSA	00/510-8-004		400,000	13,485
Chester Creek Trail Rehabilitation	7/96-004		290,000	12,855
Bartlett High School Maintenance	1/98-007		21,838	12,585
Mears Jr. High - Maint./Site Impr./Equip./Interior Renov.	1/97-004		92,346	11,591
East/Midtown Softball Complex	00/510-9-001		800,000	6,100
East High School Maintenance	1/98-005		7,245	5,323
2001 SB-29 Huffman Rd./Pintail St.	02-DC-007		250,000	5,000
Emergency Mobile Communications Unit	98/510-5-010		70,000	4,074
Baxter Elementary - Maint./Site Impr./Equipment	1/97-007		24,530	3,269
Lake Otis Elementary - Maintenance and Site Improvements	1/96-012		37,945	2,849
ADA & Playground Safety Requirements	99/510-9-003		350,000	2,702
Abbott Loop Elementary - Equipment Repair and Main	1/94-073		10,000	2,109
2001 SB29 Campbell Airstrip LRSA	02-RR-009		100,000	2,000
2001 SB-29 Glen Alps SA	02-DC-006		100,000	2,000
Inlet View Elementary School Maintenance	1/98-003		3,581	1,811
Eagle River Fire Station - Aerial Apparatus	98/510-5-008		175,000	1,685
Diamond/Arten St Barrier Wall	02-DC-004		80,000	1,600
2001 SB-29 Muldoon Rd. Sound Barrier Fence	02-DC-009		75,000	1,500
Spenard Road Improvements	8/90-826		10,000,000	1,424
Univ Providence Campus Wlkwy	01-MG-017		98,398	1,378
District 18 LRSA Reconstruct and Upgrade Roads	8/94-050		294,900	1,091
Chugiak Sr. Ctr Day Care Center	02-DC-002		40,000	1,058
2001 SB-29 CBERRSA Direct	02-DC-015		50,000	1,000
SB-29 Traffice Speed Control Devices	02-DC-014		40,000	800
Wickersham Park Improvements	9/98-001		2,000	768
Facility Upgrades	96/510-9-001		1,000,000	716
NE Anchorage Community Center Boys&Girls	02-DC-010		30,000	600
Midtown Park Expansion	9/97-007		241,500	574
Windsong Park Improvements	9/97-014		25,000	486
Scenic Park Elementary - Playground Equipment	1/96-014		26,726	450
Goose Lake Park Improvement	9/97-015		10,328	433
Community Patrol Equipment	02-DC-011		10,500	410
SB-29 Drainage Correction 28th Ave & Island Dr	02-RR-007		10,000	400
Southfork 2001 Land Acquisition	02-DC-012		17,500	350
North Star Elementary - Educational Technology	1/94-055		50,000	349
Girdwood Fire Station	98/510-5-015		1,089,000	280
EAGLE River/Chugiak Parks Playground Equip	01-MG-010		210,000	265
Library Refurbishment/Creekside Park	1/98-015		75,000	254
Westchester Lagoon Spenard Improvements	8/99-001		50,000	232
6th Ave. Fencing Project	02-RR-006		10,000	200
Spring Hill Elem. - Heat and Ventilation Upgrades	1/94-085		15,000	171

(Continued)

Municipality of Anchorage
Schedule of State Financial Assistance - (Continued)
Year Ended December 31, 2001

State Grantor/Pass-Through Grantor Program Title	Grant Number	CFDA Number	Award Amount	Expenditures
District 22 Schools - Book Acquisition	1/94-113		26,500	169
Service High - Equipment Repair and Maintenance	1/94-081		175,000	117
Fairview Community Council Computers	9/97-004		15,000	100
Storck Park Safety Barrier Installation	7/94-047		50,000	93
Fire Lake Rec. Center- Expansion & Upgrade	5/94-022		600,000	43
Chugach Optional School Maintenance	1/98-009		8,651	29
ASD- Service High maintenance	1/99-003		11,181	19
URSA Major Elementary - Books and Audio Visual	1/94-123		25,000	5
ADA - Parks and Rec Facility Requirements	98/510-9-002		350,000	2
M.E. Sullivan (Kiwanis Overlook) Park	9/92-017		84,867	(133)
Baxter Elementary Maintenance	1/98-011		1,281	(202)
Abbott Loop Elementary Maintenance	1/98-010		2,729	(465)
Alaska Native Heritage Center	99/510-1-001		35,000	(490)
Russian Jack Springs Park	99/510-9-009		183,000	(616)
Kincaid Park Outdoor Center	99/510-9-008		193,000	(1,027)
Coastal Trail Rehabilitation	99/510-8-005		122,000	(1,121)
Dimond High - Repair and Replace Bleachers	1/94-037		10,000	(1,537)
Kincaid Park Outdoor Center	98/510-9-005		192,000	(1,687)
Hollywood Vista Demolition and Site Preparation	9/97-006		300,000	(8,220)
ADA Requirements - Parks & Rec.	96/510-9-002		350,000	(15,284)
Total Non-Major Programs:			25,329,480	608,070
Federal Pass-Through:				
National Oceanic and Atmospheric Administration:				
FY 01 Coastal Management	810523	11.419	56,200	54,000
Federal Pass-Through:				
U.S. Department of Agriculture:				
FY 01 National Forest Receipts		10.655	7,325	7,325
Total Alaska Department of Community & Economic Development			46,196,967	16,671,672
Alaska Department of Education & Early Development:				
Direct:				
Major Programs:				
Child Care Licensing FY02			917,770	412,711
FY01 Child Care Licensing Registry Program	514050		492,778	294,203
Total Major Programs			1,410,548	706,914
Non-Major Programs:				
FY 01 Public Library Assistance			37,800	37,137
Net Lender Reimbursement Program 2001	ILC-01-713-116		20,688	20,688
Net Lender Reimbursement Program			20,310	10,847
Public Library Assistance Grant			37,800	3,694
FY 98 Artis	ILC-98-713-105		36,456	(10,261)
Total Non-Major Programs			153,054	62,105
Federal Pass-Through:				
U.S. Department of Health and Human Services:				
Major Programs:				
Day Care Subsidy		93.596	10,712,910	6,223,336
FY01 Day Care Programs		93.596/93.558/93.575	10,345,245	5,553,713
Daycare Administration		93.596/96.558/93.575	1,460,852	816,630
FY01 Day Care Programs Administration		93.596/93.558/93.575	1,455,692	784,026
Total U.S. Department of Health and Human Services			23,974,699	13,377,705
Federal Pass-Through:				
U.S. Department of Education:				
Non-Major Programs:				
Interlibrary Cooperation		45.310	12,000	11,930
FY01 800# ILL & Backup Reference	511996	45.310	35,640	21,654
FY99 800# ILL & Backup Reference	LS-80001-98	45.310	28,640	516
Outreach Services, Interlibrary Coop		45.310	60,000	60,000
800# ILL & Ref Backup 2001		45.310	34,852	12,108
Library Storypacket Grant	ILC-02-713-94	45.310	19,645	2,189
Total U.S. Department of Education			190,777	108,397
Total Alaska Department of Education & Early Development			25,729,078	14,255,121

Municipality of Anchorage
Schedule of State Financial Assistance - (Continued)
Year Ended December 31, 2001

State Grantor/Pass-Through Grantor Program Title	Grant Number	CFDA Number	Award Amount	Expenditures
Alaska Department of Environmental Conservation:				
Direct:				
Major Programs:				
Glenn Don-Campbell Airstrip Water	W00-06		504,388	395,505
South Addition Woodstave R&R, Phase II	W97-05		383,138	383,138
B-4CD Trunk Emergency Upgr-00	S00-03		576,556	320,824
OSH/Dimond to Dowling Upgrade (ADOT)	W97-03		169,883	169,883
Arctic Blvd, 76th to Dimond	W97-08		373,314	124,040
Thunderbird Hts Water Upgrade	W01-04		208,986	119,612
Baxter-Beaver Water Upgrade	W00-05		193,968	104,783
Total Major Programs			2,410,233	1,617,785
Non-Major Programs:				
Chester Creek Trunk Study	S97-01		239,850	95,331
Albatross Dr. & Curlew Circle Reconstr RID	13022		81,510	81,510
Century Village Water Interties	W01-06		76,030	75,933
College Gate Water R&R - Phase I	W95-02		451,378	52,405
"C" Street Sewer Upgrade - ADOT	S98-02		115,309	51,896
ADEC Hazmat Response Team 99			160,500	36,968
Lathrop_Sewer_Upgrade	S01-02		293,440	26,690
Ocean Dock Rd Water Upgrade-ADOT	W00-02		128,898	19,638
Water Master Plan Update 01	W01-05		201,000	18,807
South Addition Woodstave R&R, Phase III	W98-05		409,605	18,798
9th Ave_L to P Water Upgrade-DPW	W01-03		28,620	16,819
45th_Northwood-VanB Water Upgrade	W01-08		222,779	16,684
Alaskan Village Sewer Upgrade	S98-04		10,926	10,926
82nd_OSH Sewer Upgrade	S01-03		243,476	12,130
19th and Norene Water Upgrade	W01-02		148,939	11,935
Arctic Spur-Wes Way Sewer Upgrade	S01-01		74,987	10,881
64th_Norm-Spruce_Water_Upgrade	W01-09		113,337	10,622
Folker Street Water Upgrade 13029	W00-07		49,738	8,911
Gilmore-Wilson Wtr Upgrade	W01-07		79,890	7,419
Primrose_16th Swr Upgrade	S01-04		124,093	7,206
Sydnie Kay Sewer Upgrade	S00-02		49,443	6,413
Girdwood/Alyeska Well Source	W98-07		84,495	5,766
Boston-DeBarr Intertie-DPW00	W01-01		24,549	4,625
ADEC Equipment Purchases			150,000	3,397
Water Quality Monitoring & Improvements	12962		147,640	2,824
Kluane Terrace Water Upgrade	W97-06		324,196	2,418
W 11th - N to P Sewer Upgrade	S00-01		112,119	1,480
10th & Cordova Woodstave Upgrade	W98-04		61,727	634
Wastewater External Pipe Corrosion Study	S93-08		46,475	534
Water External Pipe Corrosion Study	W92-05		46,475	534
W 11th N to P Water Upgrade	W97-04		156,025	432
Miscellaneous Small Sewer R&R	S94-01		88,976	403
Pump Station #2 Upgrade	S97-02		6,370	395
Eau Claire Water Upgrade	W00-03		67,000	357
S&R Streets Woodstave Upgrade	W98-03		132,667	277
E 41st Allen Water Upgrade	W00-01		76,515	262
5th/Eagle Sewer Upgrade	S98-05		37,643	192
Rhone Circle Sewer R&R	S95-04		21,937	176
7/8 Alley Sewer Upgrade	S97-10		32,109	90
Apollo Drive Sewer R&R	S94-05		85,292	(46)
Glen Caren Sewer Upgrade	S98-01		48,657	(371)
Orca & 1st Ave Water R&R	W97-02		82,153	(1,104)
Chandalar Sewer Diversion	S98-03		71,454	(2,017)
Total Non-Major Programs			5,208,222	619,180
Federal Pass-Through				
U.S. Environmental Protection Agency:				
Non-Major Programs:				
FY01 Air Quality PM 2.5	98027001	66.001	33,000	33,000
FY00 Air Quality PM 2.5		66.001	35,530	12,932
Total U.S. Environmental Protection Agency			68,530	45,932
Total Alaska Department of Environmental Conservation			7,686,985	2,282,897
Alaska Department of Health and Social Services:				
Direct:				
Major Programs:				
FY01 Human Services Matching	06-1671		1,297,771	688,181
Human Services Matching	06-2697		1,304,844	606,268
Chugiak Adult Day Care Center	06-8-C-4620		893,953	427,313
Community Health Nursing FY02	06-2359		794,014	401,662
FY01 Community Health Nursing STD	06-1359		726,514	354,289
Total Major Programs			5,017,096	2,477,713
Non-Major Programs:				
Review of Municipal Ordinance			30,000	30,000
AK MHT Innovative Housing Match			37,500	26,893
FY01 Denali Kid Care Outreach	06-1503		15,000	10,823

(Continued)

**Municipality of Anchorage
Schedule of State Financial Assistance - (Continued)
Year Ended December 31, 2001**

State Grantor/Pass-Through Grantor Program Title	Grant Number	CFDA Number	Award Amount	Expenditures
Tobacco Sales Enforcement	68203		90,300	10,414
FY00 Community Health Nursing			726,514	(16)
Total Non-Major Programs			899,314	78,114
Federal Pass-Through:				
U.S. Department of Agriculture:				
Non -Major Programs:				
FY01 Women, Infants and Children	06-1366	10.557	1,115,606	571,426
Women, Infants, and Children	06-2366	10.557	1,071,837	559,093
FY 00 Supplemental Food Program - WIC	06-0366	10.557	1,035,128	862
Total U.S. Department of Agriculture			3,222,571	1,131,381
Federal Pass-Through:				
U.S. Department of Health and Human Services:				
Non-Major Programs:				
AIDS Prevention	06-2384	93.940/93.977	229,500	109,551
FY01 Healthy Baby	06-1596	93.778	74,958	74,590
Healthy Baby	06-2596	93.778	75,000	73,712
FY01 Community Health Nursing STD	06-1359	93.268	91,300	59,845
FY01 HIV/AIDS Prevention Project	06-1384	93.940	95,000	50,404
FY01 Community Health Nursing STD	06-1359	93.116	75,500	46,344
FY01 Community Health Nursing STD	06-1359	93.977	70,000	42,620
FY01 Community Health Nursing STD	06-1359	93.217	42,400	42,400
Community Health Nursing FY02	06-2359	93.116	75,500	35,237
Community Health Nursing FY02	06-2359	93.268	91,300	19,882
Community Health Nursing FY02	06-2359	93.217	42,400	15,947
Total U.S. Department of Health and Human Services			962,858	570,532
Federal Pass-Through:				
U.S. Department of Justice:				
Non-Major Program:				
JJDP Underage Drinking	61717	16.727	49,990	13,432
Total Alaska Department of Health and Social Services			10,151,829	4,271,172
Alaska Department of Natural Resources:				
Direct:				
Non-Major Program:				
Fire Lake Dam - TORA St Dept of Nat Resources			40,000	3,565
Alaska Department of Public Safety:				
Direct:				
Major Program:				
FY01 Auto Tax			5,224,410	5,008,303
Non-Major Programs:				
FY00 Auto Tax			5,071,956	79,216
Methamphetamine Enforcement Grant	00-011		51,587	30,235
Total Non-Major Programs			5,123,543	109,451
Federal Pass-Through:				
U.S. Department of Transportation:				
Non-Major Programs:				
Seat Belt Enforcement	DTNH22-00-G-09051	20.600	230,000	187,067
Highway Safety DWI Enforcement Grant	PT-01-05-03	20.600	56,000	56,000
Seat Belt Enforcement	DTNH22-00-G-09051	20.600	175,000	33,509
Total U.S. Department of Transportation			461,000	276,576

Municipality of Anchorage
Schedule of State Financial Assistance - (Continued)
Year Ended December 31, 2001

State Grantor/Pass-Through Grantor Program Title	Grant Number	CFDA Number	Award Amount	Expenditures
Federal Pass-Through:				
U.S. Department of Justice:				
Non-Major Programs:				
Methamphetamine Street Level Enforcement	99-011	16.580	50,250	(3,689)
APD-APSIN Interface (NCHIP)	95-RU-RX-K031-APD	16.580	155,000	(904)
Total U.S. Department of Justice			<u>205,250</u>	<u>(4,593)</u>
Total Alaska Department of Public Safety			<u>11,014,203</u>	<u>5,389,737</u>
Alaska Department of Revenue:				
Direct:				
Major Programs:				
FY 01 Electric Co-op Allocation			883,729	883,729
FY 01 Liquor Licensing			398,650	398,650
Total Major Programs			<u>1,282,379</u>	<u>1,282,379</u>
Non-Major Program:				
FY 01 Raw Fish			44,619	44,619
Total Alaska Department of Revenue			<u>1,326,998</u>	<u>1,326,998</u>
Alaska Department of Transportation and Public Facilities:				
Direct:				
Major Program:				
FY01 Traffic Signal Management			1,183,000	591,500
NPDES Storm Water Permit Application			298,704	185,464
NPDES Storm Water Permit Application			298,704	154,099
Total Major Programs			<u>1,780,408</u>	<u>931,063</u>
Non-Major Programs:				
NPDES Storm Water Permit Application			298,704	74,974
Relocate Taxiway/Security Improvements Phase III	AIP-30		47,000	45,044
Ship Creek Multi-Modal Transportation Plan	74295		181,940	42,224
Construct Gravel/Ski Runway 3-21	AIP-34		42,000	42,000
Air Quality Public Awareness Campaign	53584		242,080	33,301
Rehabilitate Primary Airport Access Road	AIP-32		53,500	12,555
Taxiway Nov, Relocate VASI and Wind Cone, Install Fencing	AIP-27		36,667	10,110
FY 00 Air Quality PM 10	53586		47,750	6,884
Household Travel Survey Grant	55214		144,000	6,748
Merrill Field Improvements-Sec Impr Ph IV	AIP-31		15,625	5,868
Snow Removal Equipment	AIP-29		8,334	4,694
Environmental Assessment for New Ski/Gravel Runway	AIP-28		9,788	3,416
Eagle River Heights North Subdivision Reconstruction TORA	54213		147,000	1,518
Merrill Field Improvements - Reconstruct RWY 6/24 LTg	AIP-25		51,873	1,159
Acquire Security Equipment	AIP-33		3,333	701
Merrill Field Improvements - Airports Design Project	AIP-23		11,338	(572)
Total Non-Major Programs			<u>1,340,932</u>	<u>290,624</u>
Federal Pass-Through:				
U.S. Department of Transportation:				
Non-Major Programs:				
15th Ave L to Juneau Const	HHE-530(001)/50624	20.205	452,490	427,175
Arctic Blvd, Dimond Blvd to Raspberry	STP-0001(57)/51018	20.205	945,640	409,802
FY 96 Comp Natural Gas Fleet & Filling Station	CM-000S(190)	20.205	484,030	386,508
FY 00 CMAQ Free Bus Service	54438	20.205	350,000	350,000
CY01 Anchorage Share a Ride	74559	20.205	330,000	314,034
Business Blvd Construction	TEA-0001(130)/52519	20.205	480,000	260,516
ISTEA Ship Creek Trail - Design	TEA-0001(133)/52499	20.205	843,000	248,277
Nutrition, Transportation, & Supportive Services SFY 2002	223200	20.507	449,224	235,163
2000/2001 ACOA Assisted Transportation	213200	20.507	418,604	231,404
ISTEA S Coastal Trail Design	TEA-0001(126)/52514	20.205	920,000	140,855
Rockridge Rd. Upgrade TORA	54970	20.205	245,000	131,416
Transit Marketing Program CY01	54736	20.205	140,000	130,356
Transit Route Structure Analysis	55215	20.205	168,000	129,213
FTA Planning Grant	AK80X008	20.205	175,605	111,478
TCSP Public Involvement Program	74309	20.205	240,000	105,000
Transit Youth Program CY01	54737	20.205	97,000	80,787
Section 5303 FTA Planning Assistance	55412/AK80-X010	20.505	192,516	71,174
Arctic @ Dowling ROW	HRO-MGS-000S(309)/54043	20.205	145,000	69,272
ISTEA Eklutna Bridge Replacement	BR-0001(183)/53945	20.205	330,000	67,125
ISTEA Ship Creek Trail - ROW	TEA-0001(133)/52499	20.205	432,000	65,984
CMAQ Bus Stop/Trail Maintenance	52112	20.205	767,850	63,552
ISTEA 15th Ave. Safety	FA-HHE-0530(1)	20.205	4,650,000	50,069
Motor Carrier Safety Assist 2001	C99157071	20.218	50,000	50,000
Purch Mag Chloride for PM-10	54441	20.205	98,800	48,039
Kincaid Rd @ Sandik/Vkn ROW	HRO-001(168)/53849	20.205	83,000	37,582
CMAQ PM 10 Dust Control Program		20.205	105,600	36,897
ISTEA HSIP Project PE. FY97 Group II Traffic Sfty Improvements	HRO-000S(255)	20.205	145,000	36,403
2000 AMATS Planning Program		20.205	590,744	33,327
ISTEA Arctic Blvd Utilities	51018	20.205	100,000	26,467

(Continued)

Municipality of Anchorage
Schedule of State Financial Assistance - (Continued)
Year Ended December 31, 2001

State Grantor/Pass-Through Grantor Program Title	Grant Number	CFDA Number	Award Amount	Expenditures
ISTEA -Arctic @ Dowling Rd/ARR	HRO-MGS-000S(309)/54043	20.205	250,000	22,065
Victor Rd, 100th Dimond	STP-0001(232)	20.205	465,000	19,385
Air Quality Business Education	53583	20.205	45,000	19,297
Bus & Van Rodeo 2001		20.509	15,000	15,000
ISTEA-Kincaid Rd @ Sand Lake	HRO-001(168)/53849	20.205	128,000	13,141
FY00 Transit Marketing Program	54368	20.205	110,000	11,623
ISTEA Campbell Creek Trail -NSH to Tudor	TEA-0001(137)/52520	20.205	325,000	9,874
ISTEA Arctic Blvd ROW	51018	20.205	325,000	9,498
Transportation Model	51232	20.205	771,000	6,874
FY00 Anchorage Share-a-Ride	CMG-1010(37)	20.205	295,000	6,263
ISTEA Business Boulevard Safety Improvements	TEA-0001(130)/52519	20.205	500,000	5,525
ISTEA Northern Lights Blvd. Landscaping	STP-0540(S)	20.205	45,000	1,895
Coordinated Client Transportation Project	AK-80-X006	20.505	30,000	1,725
ISTEA NLB, Lake Otis to Muldoon	STP-540(4)/51754	20.205	380,000	1,453
Business Blvd Trail Utilities	TEA-0001(130)/52519	20.205	40,000	650
FY99 Transit Youth Program	53582	20.205	47,000	525
Transit ISTEA	AK-80-X007	20.505	158,502	5
Lake Otis Parkway @ 88th Ave	CA-001(190)/54090	20.205	5,000	(904)
ISTEA Coastal Trail, Southern Extension	TEA-0001(126)/52514	20.205	245,000	(1,041)
ISTEA Bragaw St. Safety Improvements	HRO-0001(85)/51681	20.205	75,000	(1,360)
ISTEA Bragaw St. Utility Design	HRO-0001(85)/51681	20.205	54,300	(1,987)
FY 95 Comp Natural Gas Fleet & Filling Station	CM-000S(190)	20.205	518,019	(3,222)
99 Motor Carrier Safety	C99157071	20.218	29,765	(5,048)
ISTEA Coastal Trail, Northern Extension	TEA-0001(133)/52499	20.205	575,000	(6,273)
Motor Carrier Safety Enforcement Grant		20.218	50,000	(8,978)
ISTEA Bragaw St. Safety Improvements	HRO-0001(85)/51681	20.205	343,400	(12,657)
ISTEA HSIP FY97 Group 1 Traffic Sfty Improvements	HRO-000S(254)	20.205	238,000	(16,628)
ISTEA Arctic Blvd.: Raspberry to Dimond Widening	STP-0001(57)/51018	20.205	121,000	(30,601)
Business Blvd Trail ROW	TEA-0001(130)/52519	20.205	665,000	(38,699)
ISTEA 15th Avenue Channelization/Signalization	HES-0530(1)/50624	20.205	87,000	(43,392)
ISTEA - Bragaw Street	51681	20.205	226,159	(152,177)
Total U.S. Department of Transportation			<u>21,591,248</u>	<u>4,169,706</u>
Total Alaska Department of Transportation and Public Facilities			<u>24,712,588</u>	<u>5,391,393</u>

Alaska Division of Emergency Services:

Direct:

Non-Major Program:
OEM LEPC Grant

73,000 22,771

Federal Pass-Through:

Federal Emergency Management Agency:

Non-Major Programs:

FY 01 Office of Emergency Management 83.503
FY 01 Office of Emergency Management - LEPC 83.503
Hazard Mitigation DR-1119-AK 83.503

64,000 64,000
49,500 27,998
194,800 (516)

Total Federal Emergency Management Agency
Total Alaska Division of Emergency Services

308,300 91,482
381,300 114,253

Alaska Highway Safety Planning Agency:

Direct:

Non-Major Programs:

Bicycle Safety Grant 01 PS010403
Bicycle/Pedestrian Safety Program PS98-04-04
Bicycle/Pedestrian Safety Program PS99-04-03
Bicycle/Pedestrian Safety Program PS01-04-08

1,125 1,125
1,500 (39)
750 39
1,500 1,019
4,875 2,144

Federal Pass-Through:

Department of Public Safety:

Non-Major Program:

Highway Safety Grant PT-00-05-02 20.600
Total Alaska Highway Safety Planning Agency

60,000 (360)
64,875 1,784

**Municipality of Anchorage
Schedule of State Financial Assistance - (Continued)
Year Ended December 31, 2001**

State Grantor/Pass-Through Grantor Program Title	Grant Number	CFDA Number	Award Amount	Expenditures
<u>Alaska Housing Finance Corporation:</u>				
Direct:				
Major Programs:				
WX Non Weatherization Assistance Program	01G11-100		1,110,762	792,551
Weatherization Non-WAP	00G11-094		1,242,654	299,979
AHFC-Supportive Housing	00G18156		195,565	80,279
AHFC-Supportive Housing 2001	01G17-172		100,000	60,894
Total Major Programs			2,648,981	1,233,703
Federal Pass-Through:				
U.S. Department of Energy:				
Non-Major Programs:				
WX Weatherization Assistance Program	01G11-100	81.042	263,843	161,260
Weatherization Assistance Program	00G11-094	81.042	234,939	78,013
Weatherization Non-WAP	00G11-094	81.041	51,000	12,499
WX Non Weatherization Assistance Program	01G11-100	81.041	15,883	8,006
Total U.S. Department of Energy			565,665	259,778
Total Alaska Housing Finance Corporation			3,214,646	1,493,481
<u>Alaska State Council on the Arts:</u>				
Federal Pass-Through:				
National Endowment for the Arts:				
Non-Major Programs:				
FY 00 Museum Season Support	FY01-OS-15B	45.025	18,074	18,074
AKSCA Museum Season Support	FY02-OS-02	45.025	18,074	6,000
Total National Endowment for the Arts			36,148	24,074
<u>Department of Labor & Workforce Development:</u>				
Direct:				
Major Programs:				
FY01 STEP GRANT	EN 0715313		1,438,001	632,647
State Employment & Training	725074		1,722,917	453,465
Total Major Programs			3,160,918	1,086,112
Non-Major Programs:				
JTPA Closeout MOA	07350101		136,198	299
FY00 JTPA STEP	EN0707425		916,343	(420)
Total Non-Major Programs			1,052,541	(121)
Federal Pass-Through:				
U.S. Department of Labor:				
Non-Major Programs:				
PY00 WIA Title 1A Adult Program	MOA PY00/file24.01	17.250	980,142	538,355
PY00 WIA Title 1DW Dislocated Worker	EN 0715312	17.246	1,226,944	478,023
PY00 WIA Title 1Y Youth Program	EN 0715307	17.250	1,157,709	467,741
WIA 1B Adult Programs	EN0725072	17.250	976,326	467,468
WIA 1B Dislocated Worker Program	EN0725075	17.250	1,891,882	374,920
PY 01 WIA Title 1B Youth Programs	EN0725008	17.250	1,099,637	312,273
WIA Administration	EN0725007	17.260	441,156	117,511
PY 00 Title II Incentive Program	EN 0715336	17.255	75,716	72,183
Workforce Develop Incentive	725006	17.258	108,746	59,858
FY00 JTPA IIA Adult Program	EN0707394	17.250	983,742	170
FY99 JTPA IIA Adult Program	EN2192142	17.250	1,381,981	(50)
Total U.S. Department of Labor			10,323,981	2,888,452
Total Department of Labor & Workforce Development			14,537,440	3,974,443
<u>Southcentral Foundation:</u>				
Federal Pass Through:				
U.S. Department of Housing and Urban Development:				
Non-Major Program:				
FY2001 Emergency Alcohol Services	60-330-21-560-101	93.210	199,000	198,847
TOTALS			\$ 145,292,057	\$ 55,399,437

MUNICIPALITY OF ANCHORAGE, ALASKA

Notes to Schedule of State Financial Assistance

Year ended December 31, 2001

(1) General

The accompanying Schedule of State Financial Assistance presents the activity of all state financial assistance programs of the Municipality of Anchorage, Alaska (Municipality). The Municipality's reporting entity is defined in note 1 to Municipality's general purpose financial statements. State financial assistance received directly from state agencies as well as state financial assistance passed through from federal government agencies is included on the schedule.

(2) Basis of Accounting

The accompanying Schedule of State Financial Assistance is presented using the modified-accrual basis of accounting, which is described in note 1 to the Municipality's general purpose financial statements.

MUNICIPALITY OF ANCHORAGE, ALASKA

Schedule of Findings and Questioned Costs

Year ended December 31, 2001

Alaska Department of Community and Economic Development

Elmore Street Upgrade – Huffman Road Grant (01-MG-013)

Major Municipal Facility Upgrade Projects Grant (00/510-9-002)

Maintenance of and Safety Upgrades to Highways, Roads, and Streets Grant (02-DC-046)

Major Municipal Facility Upgrade Projects Grant (01-MG-015)

Midtown/South Anchorage Sports Park & Softball Complex Grant (01-MG-012)

Finding 2001-1 – The Municipality is required to submit monthly or quarterly, until the project is completed, municipal matching grant financial reports on the forms provided by the State of Alaska, regardless of whether or not expenditures have been made. During 2001, these reports were not submitted timely.

Questioned Costs – None.

Alaska Department of Education and Early Development

Child Care Licensing FY02 Grant (Grant Number: N/A)

FY01 Child Care Licensing Registry Program (Grant Number: 514050)

Finding 2001-2 – The Municipality is required to retain on file current copies of the State of Alaska Business License for each provider of child care facilities. Seven out of thirty child care facility providers files reviewed did not have a copy of current business licenses.

Questioned Costs – None.

Finding 2001-3 – The Municipality is required to submit quarterly activity and financial reports to the State of Alaska no later than fifteen days following the end of the quarter. During 2001, first and second (FY01 Child Care Licensing Registry Program) and third and fourth (Child Care Licensing FY02 Grant) quarter reports were not submitted timely.

Questioned Costs – None.

Alaska Department of Health and Social Services

FY01 Human Services Mathing Grant (Grant Number: 06-1671)

Human Services Matching Grant (Grant Number: 06-2697)

Finding 2001-4 – The Municipality is required to submit quarterly activity and financial reports to the State of Alaska no later than fifteen days following the end of the quarter. During 2001, first and second (FY01 Human Services Mathing Grant-06-1671)) and third and fourth (Human Services Matching Grant-06-2697) quarter reports were not submitted timely.

Questioned Costs – None.

MUNICIPALITY OF ANCHORAGE, ALASKA

Schedule of Findings and Questioned Costs

Year ended December 31, 2001

Chugiak Adult Day Care Center Grant (Grant Number: 06-8-C-4620)

Community Health Nursing Grant (Grant Number: 06-1359)

Community Health Nursing Grant (Grant Number: 06-2359)

Finding 2001-5 – The Municipality is required to submit quarterly activity and financial reports to the State of Alaska no later than fifteen days following the end of the quarter. During 2001 the following reports were not submitted timely:

- Chugiak Adult Day Care Center Grant (Grant Number: 06-8-C-4620) - second, third and fourth quarter reports;
- Community Health Nursing Grant (Grant Number: 06-1359) – first and second quarter reports;
- Community Health Nursing Grant (Grant Number: 06-2359) – third and fourth quarter reports.

Questioned Costs – None.



701 West Eighth Avenue
Suite 600
Anchorage, AK 99501

**Independent Auditors' Report on Compliance and on Internal Control over
Financial Reporting Based on an Audit of General Purpose Financial Statements
Performed in Accordance with *Government Auditing Standards***

Honorable Members of the Municipal Assembly
Municipality of Anchorage, Alaska

We have audited the general purpose financial statements of the Municipality of Anchorage, Alaska as of and for the year ended December 31, 2001, and have issued our report thereon dated March 29, 2002. Our report with respect thereto states that we did not audit the financial statements of Anchorage Historic Properties, Inc. as of December 31, 2001, and therefore our opinion is based upon our audit and report of other auditors. 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.

Compliance

As part of obtaining reasonable assurance about whether the Municipality of Anchorage, Alaska's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Municipality of Anchorage, Alaska's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.





Honorable Members of the Municipal Assembly
Municipality of Anchorage, Alaska

However, we noted other matters involving the internal control over financial reporting which we have reported to management of the Municipality of Anchorage in a separate letter dated March 29, 2002.

This report is intended solely for the information and use of the Municipal Assembly, management, and the federal and state awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

March 29, 2002

Section III

**Federal
Summary Schedule of Prior Year Audit Findings**

MUNICIPALITY OF ANCHORAGE, ALASKA

Schedule of Expenditures of Federal Awards

Summary Schedule of Prior Audit Findings

Year Ended December 31, 2001

For Fiscal Year Ended December 31, 2000:

Finding 2000-1

Generally accepted government auditing standards requires the auditor to obtain a sufficient understanding of the Municipality of Anchorage's internal controls to plan the audit, determine the nature, timing and extent of tests to be performed. The following deficiencies in the Municipality of Anchorage's internal controls were noted:

Management Information Systems Department (MISD)

The MISD fund is an internal service fund, whereby services are intended to be provided to other departments on a cost-reimbursement basis without profit or loss. A retained earnings deficit at year end is an indication that other funds were not charged enough for the services they received. MISD's current deficit has grown from \$607,000 at December 31, 1999 to \$2,007,000 at December 31, 2000.

Our analysis of this under-recovery indicated the following:

- Intergovernmental charge rates for labor were not monitored and adjusted properly during the year. This resulted in an under-recovery of labor costs in the MISD fund of approximately \$1.1 million. During 1999, there was an over-recovery of labor costs.
- Certain costs have been allocated based upon usage trends that occurred in 1996, which bear no relationship to current system usage.
- MISD processed a significant amount of journal entries to record intergovernmental charges in the PeopleSoft system. Many of these entries were not reviewed by anyone other than the preparer, and some entries lacked appropriate supporting documentation. As a result, it appears that some departments were over- or undercharged during the year ended December 31, 2000.
- The rationale for rate changes made during the year was not properly documented.

We recommend that the MISD Department develop and document policies and procedures for recapturing the costs of its activities. Management should closely monitor the department's fund equity, and during the year adjust charges to other departments to compensate any over- or under recovery of costs. All rate changes and journal entries should be properly documented and supported, and reviewed by at least one person other than the preparer for appropriateness.

MUNICIPALITY OF ANCHORAGE, ALASKA

Schedule of Expenditures of Federal Awards

Summary Schedule of Prior Audit Findings

Processing of Accounts Payable and Expenditures

During the first half of the year 2000, the Municipality of Anchorage, Alaska (Municipality) had decentralized processing of invoice payments. Previously, it was the responsibility of the Controller's Division to ensure that all invoices were processed timely, and that all accounts payable and related expenditures were captured and recorded in the appropriate time period. Many departments did not follow the cut-off instructions sent out by the Controller's Division. Additionally, the reconciliation of accounts payable between the general ledger and the detailed subsidiary ledger was not performed timely. The audit revealed approximately \$8,000,000 of accounts payable and related expenditures that were not recorded as a result of failure to perform adequate cut-off procedures.

It is critical that all expenditures are captured in the appropriate period to provide information with which to monitor expenditures in relation to the budget. The Controller's Division should train the departments responsible for invoice processing as to proper cut-off procedures throughout the year and monitor their adherence to these procedures, particularly at the close of the calendar year. We also recommend the Municipality perform monthly reconciliations of accounts payable to ensure completeness. These measures will help to ensure that accounts payable is properly stated at year-end and that the Municipality's expenses are reported in the proper accounting period.

Effect

The deficiencies noted constitute reportable conditions in the Municipality of Anchorage, Alaska's internal control structure. Due to other compensating controls noted in the Municipality's grant department for grant related expenditures, these reportable conditions are not considered to be reportable conditions under Section 530 of OMB Circular A-133.

Status of Finding-

Management Information Systems Department (MISD)

The Municipality developed and documented policies and procedures for recapturing the costs of its MISD fund activities. Management monitored the department's fund equity for the over or under recovery of costs and a monthly reconciliation process was established. All rate changes and journal entries were properly documented and supported, and reviewed by the manager for appropriateness.

Processing of Accounts Payable and Expenditures

The Municipality developed new procedures to properly monitor year end cut-off of Accounts Payable. The Municipality conducted cut-off procedures training for all departments.

MUNICIPALITY OF ANCHORAGE, ALASKA

Schedule of Expenditures of Federal Awards

Summary Schedule of Prior Audit Findings

Findings and Questioned Costs Related to Federal Awards:

Finding 2000-2

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Direct: Home Investment Partnership Program, CFDA #14.239

According to the Circular A-133 Compliance Supplement and the Home grant agreement, the Municipality is required to obtain a 25% match of all HOME funds draw downs. The grantor performed an onsite review of the program during FY00 and noted the Municipality to be out of compliance with matching requirements. The Municipality has responded to the grantor and developed a plan to meet its matching requirements through program income and other HOME eligible activities. As of the end of fieldwork, the Municipality had not yet completed its efforts to obtain the required match.

Questioned Costs – None.

Status of Finding- The Home Match issue will be met by way of the Renaissance Zone Rehabilitation Project that will provide match through the volunteer labor from the World Changers crew and the local volunteers on over 60 homes in the community during the summer of 2002. Secondly, the 2002 Action Plan that will be submitted to HUD on May 15th proposes a new project with Habitat for Humanity for land acquisition and in return we will receive in kind match for the labor associated with the Housing construction. We are reviewing the records of the Anchorage Neighborhood Housing Service to verify that they are maintaining a client base that meets the HOME income guidelines. Once verified the tax abatement will be settled and we will receive match credit for the tax abatement on the Adelaide and Stephens Park projects. These projects will fulfill our existing match debit and leave us with a match credit to carry over into the next program year.

Finding 2000-3

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Passed through the Alaska Department of Education & Early Developments, Daycare Programs, Pass II, Pass III Cluster, CFDA 93.575/.596/.558

The Child Care Assistance Program grant agreement specifies that any amendments to monthly financial reports must be submitted within 90 days of the month end. The Municipality consistently made amendments to monthly

MUNICIPALITY OF ANCHORAGE, ALASKA

Schedule of Expenditures of Federal Awards

Summary Schedule of Prior Audit Findings

financial reports outside of the 90-day deadline in order to report its most current and accurate financial information.

Questioned Costs – None.

Status of Finding- The amendments submitted to the State outside of the 90-day deadline are exceptions such as internal corrections, payments for new providers or unusual client circumstances. All providers acknowledge receipt of a billing deadline chart at orientation that requires submittal of their billings prior to the end of the second month after the month the child care service was provided. The exception payments were submitted as allowed by State regulation 19 AAC 65.241, "BILLING STATEMENTS; PAYMENT. (b) A grantee may make payment for a billing statement or correction to a billing statement that was submitted after the deadline in (a)(1) of this section only after the grantee has made payment for all billing statements and corrections to billing statements that were timely submitted by providers and only if the grantee has sufficient grant money available to pay the late statements or corrections to statements."

Section IV

**Federal
Corrective Action Plan**

MUNICIPALITY OF ANCHORAGE, ALASKA

Schedule of Expenditures of Federal Awards

Corrective Action Plan

Finding 2001-1

U.S. Department of Housing and Urban Development, Community Development Block Grant (CDBG) and HUD administered Small Cities Cluster, CFDA# 14.218

It is possible to have CDBG funds overlap into the next year. We are permitted to obligate and expend future funds in a single program year. For example, if it appears that we've expended more than 20% of that year's administration it is as a result of not having expended the full 20% in previous years and thus it is forwarded to the next program year. If we have administration from a year that we did not reach the administration "cap" we are allowed to move those funds forward. Although the program year has ended, the funds are still available for use in a future year, and do not count against the new program year's "cap". We program 20 percent of the CDBG funds each year and set them up in IDIS. Through IDIS, HUD does not allow their Participating Jurisdictions (PJ) to spend more than 20 percent. It is possible that money from the above-mentioned grant was spent as administration costs. The extra expenditures could have been spent in relation to past or future program years. It is allowable to spend this year's funds for administration caps not reached in previous years. Procedures will be implemented to cover such items when they overlap.

Questioned Costs: \$14,196

Finding 2001-2

It is standard in all contracts for the grant recipients to be subject to the regulations of 24 CFR 570, which include the requirements of Circular A-133 when applicable. Specifically in the contract for the subrecipient in question, Section 12.C it is stated that "the grantee shall maintain records in accordance with 24CFR Part 570.503-507, 511"; Section 20 Uniform Administrative Requirements, the subrecipient "agrees to comply with the following: #3 OMB Circular A-133." Further noted is that the Division is increasing capacity and instituting updated standards that will require a quarterly monitoring of all grant recipients. Desk monitoring will be permitted, while an annual site monitoring will be mandated. In the future the Municipality will request and review the OMB Circular A-133 audit report for all subrecipients.

Questioned Costs: None

Section V

State

Summary Schedule of Prior Year Audit Findings

MUNICIPALITY OF ANCHORAGE, ALASKA

State Financial Assistance Reports

Summary Schedule of Prior Audit Findings

Year Ended December 31, 2001

For Fiscal Year Ended December 31, 2000:

Finding 2000-1 – The State of Alaska Grant Administration regulation 2AAC 45.010 requires that an agency subject to a State of Alaska single audit have an effective internal control system in place that would allow it to properly account for revenues, expenditure, assets and liabilities. The following reportable conditions were noted in the Municipality of Anchorage's internal control structure that could or would prevent it from having an effective internal control system under 2AAC 45.010:

Management Information Systems Department (MISD)

The MISD fund is an internal service fund, whereby services are intended to be provided to other departments on a cost-reimbursement basis without profit or loss. A retained earnings deficit at year end is an indication that other funds were not charged enough for the services they received. MISD's current deficit has grown from \$607,000 at December 31, 1999 to \$2,007,000 at December 31, 2000.

Our analysis of this under-recovery indicated the following:

- Intergovernmental charge rates for labor were not monitored and adjusted properly during the year. This resulted in an under-recovery of labor costs in the MISD fund of approximately \$1.1 million. During 1999, there was an over-recovery of labor costs.
- Certain costs have been allocated based upon usage trends that occurred in 1996, which bear no relationship to current system usage.
- MISD processed a significant amount of journal entries to record intergovernmental charges in the PeopleSoft system. Many of these entries were not reviewed by anyone other than the preparer, and some entries lacked appropriate supporting documentation. As a result, it appears that some departments were over- or undercharged during the year ended December 31, 2000.
- The rationale for rate changes made during the year was not properly documented.

We recommend that the MISD Department develop and document policies and procedures for recapturing the costs of its activities. Management should closely monitor the department's fund equity, and during the year adjust charges to other departments to compensate any over- or under recovery of costs. All rate changes

MUNICIPALITY OF ANCHORAGE, ALASKA

State Financial Assistance Reports

Summary Schedule of Prior Audit Findings

and journal entries should be properly documented and supported, and reviewed by at least one person other than the preparer for appropriateness.

Processing of Accounts Payable and Expenditures

During the first half of the year 2000, the Municipality has decentralized processing of invoice payments. Previously, it was the responsibility of the Controller's Division to ensure that all invoices were processed timely, and that all accounts payable and related expenditures were captured and recorded in the appropriate time period. Many departments did not follow the cut-off instructions sent out by the Controller's Division. Additionally, the reconciliation of accounts payable between the general ledger and the detailed subsidiary ledger was not performed timely. The audit revealed approximately \$8,000,000 of accounts payable and related expenditures that were not recorded as a result of failure to perform adequate cut-off procedures.

It is critical that all expenditures are captured in the appropriate period to provide information with which to monitor expenditures in relation to the budget. The Controller's Division should train the departments responsible for invoice processing as to proper cut-off procedures throughout the year and monitor their adherence to these procedures, particularly at the close of the calendar year. We also recommend the Municipality perform monthly reconciliations of accounts payable to ensure completeness. These measures will help to ensure that accounts payable is properly stated at year-end and that the Municipality's expenses are reported in the proper accounting period.

Effect – The deficiencies noted in the Municipality of Anchorage's internal control structure resulted in reportable conditions to the general purpose financial statements. Due to other compensating controls noted in the Municipality's grant department for grant related expenditures, these reportable conditions are not considered to be reportable conditions under State of Alaska regulation 2AAC.45.010.

Status of Finding-

Management Information Systems Department (MISD)

The Municipality developed and documented policies and procedures for recapturing the costs of its MISD fund activities. Management monitored the department's fund equity for the over or under recovery of costs and a monthly reconciliation process was established. All rate changes and journal entries were properly documented and supported, and reviewed by the manager for appropriateness.

Processing of Accounts Payable and Expenditures

The Municipality developed new procedures to properly monitor year end cut-off of Accounts Payable. The Municipality conducted cut-off procedures training for all departments.

MUNICIPALITY OF ANCHORAGE, ALASKA

State Financial Assistance Reports

Summary Schedule of Prior Audit Findings

ALASKA DEPARTMENT OF HEALTH AND SOCIAL SERVICES

FY01 Community Health Nursing Grant (06-1359)

Finding 2000-2

The Municipality is required to submit quarterly progress and fiscal reports to the State of Alaska no later than fifteen days following the end of the quarter. The first and second quarterly progress and fiscal reports were not filed in a timely manner.

Questioned Costs – None.

Status of Finding – Corrected

FY01 Child Care Licensing Grant (514050)

Finding 2000-3

The Municipality is required to submit quarterly progress and fiscal reports to the State of Alaska no later than fifteen days following the end of the quarter. The first and second quarter progress and fiscal reports were not filed in a timely manner.

Questioned Costs – None.

Status of Finding – Corrected

FY00/01 Human Services Matching Grants (06-0630 and 06-1671)

Finding 2000-4

The Municipality is required to submit quarterly progress and fiscal reports to the State of Alaska no later than fifteen days following the end of the quarter. For grant #06-0630, the third and fourth quarter progress and fiscal reports were not filed in a timely manner. For the grant #06-1671, the first and second quarter progress and fiscal reports were not field in a timely manner.

Questioned Costs – None.

Status of Finding – Corrected

MUNICIPALITY OF ANCHORAGE, ALASKA

State Financial Assistance Reports

Summary Schedule of Prior Audit Findings

FY00/01 Healthy Baby Grants (06-7716 and 06-1596)

Finding 2000-5

The Municipality is required to submit quarterly progress and fiscal reports to the State of Alaska no later than fifteen days following the end of the quarter. For grant #06-7716, the third and fourth quarter progress and fiscal reports were not filed in a timely manner. For grant #06-1596, the first and second quarter progress and fiscal reports were not filed in a timely manner.

Questioned Costs – None.

Status of Finding – Corrected

ALASKA DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

Eagle River Heights North Subdivision Reconstruction-TORA (Project 54213)

Finding 2000-6

The Municipality is required to submit quarterly progress and fiscal reports to the State of Alaska no later than thirty days following the end of the quarter. The first and second quarter progress and fiscal reports were not filed in a timely manner.

Questioned Costs – None.

Status of Finding – Corrected

ALASKA DEPARTMENT OF ADMINISTRATION

Fire Station #7 Replacement Grant (98/510-5-009)

Midtown Park Grant (98/510-9-014)

Kincaid Park Access Road Grant (98/510-8-016)

Major Municipal Facility Upgrades Grant (97/510-9-001)

Major Municipal Facility Upgrades Grant (98/510-9-001)

Major Municipal Facility Upgrades Grant (98/510-9-002)

Finding 2000-7

The Municipality is required to submit monthly, until the project is completed, a municipal matching grant financial report on the forms provided by the State of Alaska, regardless of whether or not expenditures have been made. During 2000, none of these reports were submitted timely.

Question Costs – None.

Status of Finding – Corrected

MUNICIPALITY OF ANCHORAGE, ALASKA

State Financial Assistance Reports

Summary Schedule of Prior Audit Findings

ALASKA DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT

Chugiak and Eagle River Road Drainage Rehabilitation Grant (00/510-8-004)

Jewel Lake and Sand Lake Fire Station #7 Replacement Grant (00/510-5-003)

Automatic Vehicle Locate System Grant (01-MG-009)

East and Midtown Softball Complex Grant (00/510-9-001)

Midtown/South Anchorage Ball Field Facility Grant (01-MG-012)

Major Municipal Facility Upgrades Grant (00/510-9-002)

Major Municipal Facility Upgrades Grant (01-MG-015)

Finding 2000-8

The Municipality is required to submit monthly, until the project is completed, a municipal matching grant financial report on the forms provided by the State of Alaska, regardless of whether or not expenditures have been made. During 2000, none of these reports were submitted timely.

Question Costs – None.

Status of Finding – Corrected

Chugiak and Eagle River Road Drainage Rehabilitation Grant (00/510-8-004)

Finding 2000-9

For construction contracts with a value greater than \$2,000, the Municipality is required to list prevailing wages in the solicitation and contract and immediately notify the Alaska Department of Labor of the following once contracts have been awarded:

- Amount and effective date of contract
- Identity of the contractor and all subcontractors
- Sites or site of construction
- Project description

Under this grant award, a contract was awarded to a company. Although the solicitation and contract did include a list of prevailing wages, the Alaska Department of Labor was not notified of the above items.

Questioned Costs – None.

MUNICIPALITY OF ANCHORAGE, ALASKA

State Financial Assistance Reports

Summary Schedule of Prior Audit Findings

Status of Finding – This was reported to Department of Labor on 5/24/00.

ALASKA DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT

FY00 and FY01 Child Care Assistance Programs

Finding 2000-10

The grant agreement stipulates that the Municipality establish and maintain a file for each eligible family. The file shall include, but is not limited to, copies of birth certificates of dependent children; statements of guardianship of the children in the family, separation, and non-support of the children in the family; income records; and other documents that the Municipality determines is appropriate. KPMG noted the following:

- 1) The Monthly Household Income Verification form is required to be signed by the Department for each recipient. For two of the 25 files tested, the income verification form was not signed by the participant, but the authorization for child care services had been issued to the day care provider.
- 2) For one of the 25 files tested, after the participant had signed the income verification forms, additional payroll income was added onto the income verifications.
- 3) In two instances, child support and custody statements were not in the file; however, the authorization for day care services had been issued.

Questioned Costs – None.

Status of Finding – The noted finding has been corrected, for the required documentation has been added to the client files. New procedures were added for income verification.

MUNICIPALITY OF ANCHORAGE, ALASKA

State Financial Assistance Reports

Summary Schedule of Prior Audit Findings

ALASKA DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT

FY00/01 JTPA/STEP Grants

Finding 2000-11

The Municipality is required to have their management information system provide accurate, current and complete accounts of financial activities, allow for comparison of actual and budgeted amounts, retain source documentation, and track eligibility information and grant requirements. Since July 1, 2000, there is no management information system which is available for Employment Coordinators to process their daily work. Employment Coordinators use Microsoft Excel for tracking all files, but the Excel program has limitations. Without a management information system, verifying the eligibility of applicants is difficult. For example:

- 1) The Municipality established policies and procedures for ten percent (10%) verification of participant's eligibility for participating in the STEP programs. Prior to July 1, 2000, the Municipality used an MIS system to select applicants whose social security numbers (SSN) ended in 3 and 4 for testing. If the required 10% is not met, all SSNs ending in are verified. Since the Municipality currently does not have a management information system in place to track SSNs, these verification procedures have not been followed.
- 2) Participants' important information is not available to assist Employment coordinators' work. Evidence of targeting geographic/occupation areas have been manually documented in the movement form. However, a summary of this information can not be generated in a timely manner.
- 3) Due to the lack of a management information system, the Municipality cannot efficiently and effectively monitor their performance to ensure that adequate progress is being made towards achieving the objectives of the grant agreement, and that grant management is in compliance with applicable statutes, regulations and the grant agreements. One of the grant requirements is that no more than 20% of participants should be trained for any one occupation and no more than 40% in one industry. Since the Municipality currently does not have a system that can track these requirements, this performance monitoring has not been accomplished.

Questioned Costs - None, as the Municipality utilizes its financial information system to ensure allowable costs are incurred.

Status of Finding – Corrected by the operational MIS system. The Municipality is still working with the system in order for the Employment Coordinators to effectively process their daily work. The system was delivered in October of 2001 and the Municipality did not have control over how and when it became operational.

MUNICIPALITY OF ANCHORAGE, ALASKA

State Financial Assistance Reports

Summary Schedule of Prior Audit Findings

ALASKA HOUSING FINANCE CORPORATION

State Weatherization FY99/00 Grants (Grant #99G11-126 and 00G11-094)

Finding 2000-12

The grant agreement stipulates that only dwellings occupied by households with a combined income below 60% of annual median income for the state (as specified under the Low-Income House Energy Assistance program and regionalized within Alaska) are qualified for this grant. For two of 25 files tested, the applicants' annual household income was greater than the income eligibility limit. The Municipality placed them on the priority list due to their handicapped and elderly status, even though they did not meet the eligible income requirement.

Questioned Costs – \$11,280.

Status of Finding – Corrected. The Program Manager has implemented new procedures for checking income eligibility requirements.

Finding 2000-13

Under the grant agreement, the grantees must comply with the Low-Income Weatherization Assistance Program (WAP) Subgrantee Operations Manual, which requires that the Municipality present education kits to clients. For one of the 25 files tested, the box on the individual dwelling summary indicating whether the education kit was given to the client, was not marked.

Questioned Costs – None.

Status of Finding – Corrected. The box not checked on the individual dwelling summary, in the file was an oversight. The client was contacted to confirm they did in fact receive the client education kit.

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

FY01 Emergency Management Assistance Program (FEMA 1316-DR-AK)

Finding 2000-14

The Municipality is required to submit quarterly project status (DES Form 30-6-) and financial status reports (SF20-10) to the State no later than thirty days following the end of the fiscal quarter. The first report is due July 30 for the quarter ending June 30. None of these reports were submitted to the State during 2000.

MUNICIPALITY OF ANCHORAGE, ALASKA

State Financial Assistance Reports

Summary Schedule of Prior Audit Findings

Questioned Costs – None.

Status of Finding – Corrected. The required quarterly project status reports and the financial status reports have been filed.

Section VI

**State
Corrective Action Plan**

MUNICIPALITY OF ANCHORAGE, ALASKA

State Financial Assistance Reports

Corrective Action Plan

ALASKA DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT

Elmore Street Upgrade - Huffman Road Grant (01-MG-013)
Major Municipal Facility Upgrade Projects Grant (00/510-9-002)
Maintenance of and Safety Upgrades to Highways, Roads, and Streets Grant (02-DC-046)
Major Municipal Facility Upgrade Projects Grant (01-MG-015)
Midtown/South Anchorage Sports Park & Softball Complex Grant (01-MG-012)

Finding 2001-1

Anchorage strives to provide all grant reports to grantors as soon as accurate information is available and the reports are complete. We will continue to make every effort to submit future financial reports on or before the due date.

ALASKA DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT

Child Care Licensing FY02 Grant (Grant Number: N/A)
FY01 Child Care Licensing Registry Program (Grant Number: 514050)

Finding 2001-2

Staff have been briefed to obtain those licenses and put them into the files. Current practices have allowed us to access the internet and go into the state database and pull this information to verify who have been licensed. The CAC staff has also been notified that when they receive business licenses they are not to hold them but forward them to the Accounting Supervisor so the CCMIS can be updated and the licenses given to staff to be placed into the provider's files. Our orientation procedures are being updated and staff are being trained. All training will be documented.

Finding 2001-3

Anchorage strives to provide all grant reports to grantors as soon as accurate information is available and the reports are complete. We will continue to make every effort to submit future activity and financial reports on or before the due date.

MUNICIPALITY OF ANCHORAGE, ALASKA

State Financial Assistance Reports

Corrective Action Plan

ALASKA DEPARTMENT OF HEALTH AND SOCIAL SERVICES

FY01 Human Services Matching Grant (Grant Number: 06-1671)

Human Services Matching Grant (Grant Number: 06-2697)

Finding 2001-4

Anchorage strives to provide all grant reports to grantors as soon as accurate information is available and the reports are complete. We will continue to make every effort to submit future activity and financial reports on or before the due date.

Chugiak Adult Day Care Center Grant (Grant Number: 06-8-C-4620)

Community Health Nursing Grant (Grant Number: 06-1359)

Community Health Nursing Grant (Grant Number: 06-2359)

Finding 2001-5

Anchorage strives to provide all grant reports to grantors as soon as accurate information is available and the reports are complete. We will continue to make every effort to submit future activity and financial reports on or before the due date.