

Municipality of Anchorage, Alaska

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

December 31, 2004

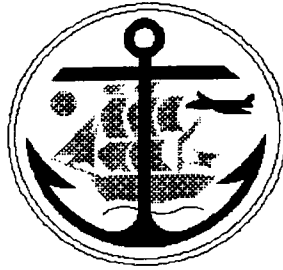
2004



Town Square Park

Community, Security, Prosperity

MUNICIPALITY OF ANCHORAGE



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

December 31, 2004

**Mark Begich
Mayor**

**Prepared by:
DEPARTMENT OF FINANCE**

**Jeffrey E. Sinz
Chief Fiscal Officer**

**David M. Richards, CPA, CMA
Controller**

MUNICIPALITY OF ANCHORAGE, ALASKA

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

December 31, 2004

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Section I

**Schedule of Expenditures of Federal Awards
Audit in Accordance with OMB Circular A-133**

MUNICIPALITY OF ANCHORAGE, ALASKA

Audit in Accordance with OMB Circular A-133

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**Independent Auditors' Report on Compliance with Requirements
Applicable to Each Major Program and on Internal Control over
Compliance and 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 each of its major federal programs for the year ended December 31, 2004. 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 each of 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 basic financial statements include operation of its component unit, the Anchorage School District, which received \$58,018,751 in federal awards during their fiscal year ended June 30, 2004 which are not included in the schedule of expenditures of federal awards for the year ended December 31, 2004. Our audit, described below, did not include the operations of the Anchorage School District, because it was subject 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 Nonprofit 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 of 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 each of its major federal programs for the year ended December 31, 2004.



Honorable Members of the Municipal Assembly
Municipality of Anchorage, Alaska

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 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 the 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 reportable 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 caused by error or fraud 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 financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Municipality of Anchorage, Alaska as of and for the year ended December 31, 2004, and have issued our report thereon dated March 31, 2005. We did not audit the financial statements of the Anchorage School District and Anchorage Historic Properties, which are discretely presented component units. We also did not audit the financial statements of the Anchorage Parking Authority, which is a blended component unit. Those statements were audited by other auditors whose reports have been furnished to us. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Municipality of Anchorage's basic financial statements. 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic 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

April 25, 2005, except Schedule of Expenditures of
Federal Awards, which is as of March 31, 2005

MUNICIPALITY OF ANCHORAGE, ALASKA

Schedule of Expenditures of Federal Awards

Year ended December 31, 2004

Federal Grantor/Pass-through Grantor Program Title	Grant Number	CFDA Number	Award Amount	Expenditures
Corporation for National and Community Service:				
Direct:				
Nonmajor programs:				
Homeland Security	02SVHAK010	94.002	\$ 224,963	135,784
Homeland Security	02SVHAK010	94.002	224,135	68,198
Total Corporation for National and Community Service			449,098	203,982
Department of Homeland Security:				
Pass-through Alaska Department of Military and Veterans Affairs:				
Nonmajor programs:				
SOA Homeland Security Part I	SHSGP II 03-09	97.004	1,480,668	144,548
SOA Homeland Security Part II	SHSGP II 03-15	97.004	285,211	140,307
SOA Homeland Security 2004	2004-GE-T4-0035	97.004	2,813,220	89,344
Fiscal Year 2004 Office of Emergency Management		97.042	75,000	75,000
FEMA 2002 Citizen Corps		97.053	26,454	25,970
FEMA 2002 Supplemental Certification		97.054	59,827	30,046
Total Pass-through Alaska Department of Military and Veterans Affairs			4,740,380	505,215
Pass-through Alaska Department of Natural Resources:				
Nonmajor program:				
Mutual Aid Services, 2004 Wildfire Season		97.046	60,920	60,920
Total Department of Homeland Security			4,801,300	566,135
Federal Emergency Management Agency:				
Direct:				
Nonmajor programs:				
Fiscal Year 2003 Firefighters Assistance	EMW-2003-FG-15199	83.554	109,350	109,350
FEMA AWARE 2003	None	83.unknown	5,000	2,893
Total Direct Federal Emergency Management Agency			114,350	112,243
Pass-through Alaska Department of Military and Veterans Affairs:				
Nonmajor programs:				
Hazard Mitigation Plan	PDM 03-01a	83.557	30,000	28,098
FEMA 2003 Supplemental Cert	03-10	83.565	26,500	26,500
ADES OEM Planning Grant (FEMA Federal Fiscal Year 2002 Supplemental)		83.562/83.564	40,000	40,000
Total Pass-through Alaska Department of Military and Veterans Affairs			96,500	94,598
Total Federal Emergency Management Agency			210,850	206,841
National Oceanic and Atmospheric Administration:				
Pass-through Alaska Department of Community and Economic Development:				
Nonmajor programs:				
Coastal Zone Management	840603	11.419	38,250	23,587
Coastal Zone Management	840637	11.419	23,350	23,169
Alaska Coastal Management Program Fiscal Year 2005	850058	11.419	40,250	1,521
Alaska Coastal Management Special Projects Fiscal Year 2005	850235	11.419	47,000	148
Total Pass-through Alaska Department of Community and Economic Development			148,850	48,425
U.S. Department of Agriculture:				
Direct:				
Nonmajor programs:				
United States Forest Service Hazardous Fuels Mitigation		10.unknown	5,000,000	799,108
United States Forest Service Hazardous Fuels Mitigation		10.unknown	4,173,000	706,611
United States Forest Service Hazardous Fuels Mitigation		10.unknown	1,975,000	68,459
United States Forest Service Wildfire Mitigation	1580	10.unknown	1,750,000	62,102
Pacific Regional Retail Food Seminar Expenses		10.unknown	2,000	2,000
Total Direct U.S. Department of Agriculture			12,900,000	1,638,280
Pass-through Alaska Department of Health and Social Services:				
Major Programs:				
Women, Infant, and Children Program 2004	603-04-908	10.557	1,007,269	462,849
Women, Infant, and Children Program 2005	603-05-813	10.557	1,013,204	449,823
Total Pass-through Alaska Department of Health and Social Services Major Programs			2,020,473	912,672
Pass-through Alaska Department of Community and Economic Development:				
Nonmajor programs:				
Fiscal Year 04 National Forest Receipts		10.655	7,571	7,571
Total U.S. Department of Agriculture			14,928,044	2,558,523
U.S. Department of Commerce:				
Direct:				
Nonmajor programs:				
Coastal Impact Assistance Program	NA17OZ2042	11.419	603,869	166,682
Ship Creek Crossing	NA16AB2730	11.469	3,172,200	564,117
Total U.S. Department of Commerce			3,776,069	730,799

MUNICIPALITY OF ANCHORAGE, ALASKA

Schedule of Expenditures of Federal Awards

Year ended December 31, 2004

Federal Grantor/Pass-through Grantor Program Title	Grant Number	CFDA Number	Award Amount	Expenditures
U.S. Department of Education:				
Pass-through Alaska Department of Education and Early Development:				
Nonmajor programs:				
800# Interlibrary Loan and Reference Backup Service	539330	45.310	\$ 46.675	34,317
Collection Development – Spanish, ESL, Literacy	539730	45.310	10,000	9,201
Library Story Packet II	539430	45.310	11,236	6,987
Fiscal Year 2005 800# Interlibrary Loan and Reference Backup Service Grant		45.310	58,253	4,805
Alaska Studies Foreign Collection	ILC-03-713-96	45.310	20,000	163
Total Pass-through Alaska Department of Education and Early Development			<u>146,164</u>	<u>55,473</u>
U.S. Department of Energy:				
Pass-through Alaska Housing Finance Corporation:				
Nonmajor programs:				
Non Weatherization Assistance Program 2004 SEP	WAP-03-MOA-1	81.041	11,912	7,866
Non Weatherization Assistance Program 2003 SEP	WAP-03-MOA-1	81.041	15,883	3,553
Weatherization Assistance Program 2004 Federal DOE	WAP-03-MOA-1	81.042	381,631	292,848
Weatherization Assistance Program 2003 Federal DOE	WAP-03-MOA-1	81.042	391,643	153,768
Total Pass-through Alaska Housing Finance Corporation			<u>801,069</u>	<u>458,035</u>
U.S. Department of Health and Human Services:				
Direct:				
Nonmajor programs:				
Medical Reserve Corps	US2SG02007-02-0	93.008	77,629	44,839
Family Planning	5FPHPA100024-26-00	93.217	579,250	368,317
Family Planning 04	2FPHPA100024-27-00	93.217	595,750	208,207
SAMSHA CSAP Substance Abuse	1H79SP09943-01	93.230	750,000	352,204
The Dena A. Coy Outpatient Project	6H79T113528-02-2	93.243	863,158	539,616
Expansion of Alaska's Alcohol Treatment Programs	1H79T116107-01	93.243	497,050	90,153
The Dena A. Coy Outpatient Project	5 H79 T113528-03	93.243	500,000	80,884
S.A.F.E. Child Project (Stop Abuse for Every Child)	90XA0096/01	93.670	994,100	11,966
Total Direct U.S. Department of Health and Human Services			<u>4,856,937</u>	<u>1,696,186</u>
Pass-through Alaska Department of Health and Social Services:				
Nonmajor programs:				
Coordinated Transportation	607-04-121	93.044	478,646	298,799
Nutrition, Transportation, and Support Services (NTS)	607-05-121	93.045	478,646	235,665
Community Health Nursing	601-04-175	93.116	75,500	40,945
Nursing	601-05-175	93.166	75,500	35,631
Community Health Nursing	601-04-175	93.268	91,300	53,277
Nursing	601-05-175	93.268	91,300	22,722
Preparedness and Response to Bioterrorism	06-601-04-151	93.283	569,953	314,110
Public Health Preparedness and Response to Bioterrorism	601-05-151	93.283	569,900	209,968
Child Care Licensing Fiscal Year 2003	604-04-940	93.558	917,000	439,433
Day Care Administration 2003	604-04-900	93.558	1,005,748	395,794
CCA Provider Close Out 2003	06-4861	93.558	37,135	3,160
Child Care Licensing Fiscal Year 2004	604-05-940	93.575	1,217,000	510,829
Child Care Assistance Program Grantees	604-05-900	93.575	1,006,000	407,756
Prevention of Child Abuse and Neglect CAPTA	603-05-329	93.670	164,448	11,721
HIV Prevention	601-04-170	93.770	10,000	5,331
HIV Prevention	601-04-170	93.940	169,500	101,281
HIV Prevention	601-05-170	93.940	169,500	73,930
Total Pass-through Alaska Department of Health and Social Services			<u>7,127,076</u>	<u>3,160,352</u>
Pass-through Alaska Housing Finance Corporation:				
Nonmajor program:				
Non Weatherization Assistance Program 2004 LIHEAP	WAP-03-MOA-1	93.568	211,768	165,181
Pass-through Southcentral Foundation:				
Nonmajor program:				
Southcentral Foundation CSP 2004		93.210	199,000	199,000
Total U.S. Department of Health and Human Services			<u>12,394,781</u>	<u>5,220,719</u>
U.S. Department of Housing and Urban Development:				
Direct:				
Major Programs:				
Community Development Block Grant 04	B-04-MC-02-0001	14.218	2,044,794	1,282,358
Community Development Block Grant 02	B-02-MC-02-0001	14.218	2,283,000	526,161
Community Development Block Grant 01	B-01-MC-02-0001	14.218	2,344,000	371,575
Community Development Block Grant 03	B-03-MC-02-0001	14.218	2,330,000	275,071
Community Development Block Grant 99	B-99-MC-02-0001	14.218	2,268,000	148,338
Community Development Block Grant 00	B-00-MC-02-0001	14.218	2,263,000	56,699
Community Development Block Grant 97	B-97-MC-02-0001	14.218	2,353,000	56,461
Community Development Block Grant 98	B-98-MC-02-0001	14.218	2,255,000	36,475
Community Development Block Grant 96	B-96-MC-02-0001	14.218	2,388,000	20,827
Community Development Block Grant 94	B-94-MC-02-0001	14.218	2,286,000	18,163
Community Development Block Grant 93	B-93-MC-02-0001	14.218	2,098,000	11,625

MUNICIPALITY OF ANCHORAGE, ALASKA

Schedule of Expenditures of Federal Awards

Year ended December 31, 2004

Federal Grantor/Pass-through Grantor Program Title	Grant Number	CFDA Number	Award Amount	Expenditures
Community Development Block Grant 92	B-92-MC-02-0001	14.218	\$ 1,775,000	10,355
Community Development Block Grant 89	B-89-MC-02-0001	14.218	1,619,000	8,287
Community Development Block Grant 91	B-91-MC-02-0001	14.218	1,684,000	3,839
Total Direct U.S. Department of Housing and Urban Development Major Programs			29,990,794	2,826,234
Nonmajor programs:				
Emergency Shelter	S-04-MC-02-0001	14.231	85,231	38,579
Emergency Shelter	S-03-MC-02-0001	14.231	78,000	21,970
Emergency Shelter	S-02-MC-02-0001	14.231	80,000	19,133
HUD Link Program	AK06B300009	14.235	296,714	235,465
HUD Link Program 03	AK06B200007	14.235	296,714	93,923
HOME Investment Partnership 03	M-03-MC-02-0200	14.239	1,114,921	292,044
HOME Investment Partnership 94	M-94-MC-02-0200	14.239	836,000	34,913
HOME Investment Partnership 04	M-04-MC020200	14.239	1,119,105	14,986
HOME Investment Partnership 00	M-00-MC-02-0200	14.239	971,000	11,547
HOME Investment Partnership 99	M-99-MC-02-0200	14.239	965,000	5,250
HOME Investment Partnership 98	M-98-MC-02-0200	14.239	897,000	4,985
HOME Investment Partnership 96	M-96-MC-02-0200	14.239	860,000	2,894
HOME Investment Partnership 01	M-01-MC-02-0200	14.239	1,072,000	(29,243)
HOME Investment Partnership 02	M-02-MC-02-0200	14.239	1,071,000	15,643
Total Direct U.S. Department of Housing and Urban Development Nonmajor programs			9,742,685	762,089
Total U.S. Department of Housing and Urban Development			39,733,479	3,588,323
U.S. Department of Justice:				
Direct:				
Major Programs:				
COPS IN SCHOOLS	2002-SH-WX-0653	16.710	1,625,000	569,931
COPS Homeland Security Overtime Program Award	2003OLWX0001	16.710	332,132	323,650
Total Direct U.S. Department of Justice Major Programs			1,957,132	893,581
Nonmajor programs:				
Pathways to Sobriety II 04-07	2004-DD-BX-1181	16.580	1,978,955	43,433
Fiscal Year 2004 BJA Congressionally Mandated Awards	2004-DD-BX-1454	16.580	1,978,955	20,463
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	2002-WE-BX-0010	16.590	599,035	247,250
LLEBG Fiscal Year 2003	2003-LB-BX-0088	16.592	286,363	174,150
LLEBG Fiscal Year 2002	2002LBBX0380	16.592	393,686	145,167
Federal Forfeitures 2003	16.unknown		497,331	381,680
State Forfeitures 2004	16.unknown		123,489	101,008
Federal Forfeitures 2002	16.unknown		498,129	60,386
Equitable Federal Sharing of Seized and Confiscated Property	16.unknown		2,760,632	163
Total Direct U.S. Department of Justice Nonmajor programs			9,116,575	1,173,700
Pass-through Alaska Department of Public Safety:				
Nonmajor programs:				
Prescription Fraud Enforcement	03-011	16.579	38,835	20,317
Juvenile Offender Supervision	PSN 3-002	16.609	28,800	5,496
Total Pass-through Alaska Department of Public Safety			67,635	25,813
Total U.S. Department of Justice			11,141,342	2,093,094
U.S. Department of the Interior:				
Direct:				
Nonmajor programs:				
Hydrologic Research Center	02WRAG0014-0001	15.808	91,745	91,745
NPS Iditarod Trail Grant	H9911030030	15.921	8,500	8,500
GIS/LIS GPS Survey	L.A.A-03-0015	15.DDD	90,000	28,538
Total Direct U.S. Department of the Interior			190,245	128,783
Pass-through Alaska Department of Natural Resources:				
Nonmajor program:				
Mutual Aid Services, 2004 Wildfire Season		15.unknown	162,021	162,021
Total U.S. Department of the Interior			352,266	290,804
U.S. Department of Transportation:				
Direct:				
Nonmajor programs:				
Security Improvements, Phase C	AIP-39	20.106	2,042,500	1,897,424
Rehabilitate Taxiway Alpha and Interlinks	AIP-38	20.106	1,223,728	99,378
Security Improvements, Phase A-1	AIP-37	20.106	600,000	60,429
Rehabilitate Taxiway Charlie and Interlinks, Rehabilitate Apron (electrical)	AIP-35	20.106	1,490,000	26,542
Rehabilitate Primary Airport Access Road	AIP-32	20.106	1,605,000	(2,530)
5307 Urban Area Formula - Fiscal Year 2004	AK90-X031-00	20.507	4,798,740	617,476
5307 Urban Area Formula - Fiscal Year 2002 (80:20)	AK90-X024-00	20.507	2,897,008	580,783
5307 Urban Area Formula - Fiscal Year 2003	AK90-X027-00	20.507	2,688,708	341,787
5307 Urban Area Formula - Fiscal Year 2001	AK90-X022	20.507	2,803,200	172,821

MUNICIPALITY OF ANCHORAGE, ALASKA

Schedule of Expenditures of Federal Awards

Year ended December 31, 2004

Federal Grantor/Pass-through Grantor Program Title	Grant Number	CFDA Number	Award Amount	Expenditures
Section 9 – Formula Capital Assistance	AK90-X019	20.507	\$ 1,918,060	115,668
Section 9 – Formula Capital Assistance	AK90-0016	20.507	1,412,000	31,836
Section 9 – Formula Capital Assistance 11.12.01	AK90-X015	20.507	4,030,810	26,824
Section 9 – Formula Capital Assistance 1999	AK90-0018	20.507	1,608,800	8,234
Total Direct U.S. Department of Transportation			29,118,554	3,976,672
Pass-through Alaska Department of Transportation and Public Facilities:				
Major Programs:				
CMAQ New Buses Federal Fiscal Year 2002 Funds	55839	20.205	1,346,000	1,319,060
Transit Operations Expansion 2003	56660	20.205	1,889,276	965,935
CMAQ Automated Systems	CM-0001(296)	20.205	2,909,120	867,136
2004 AMATS Planning		20.205	625,000	587,389
ISTEA Ship Creek Trail – Right Of Way	TEA-0001(133)/52499	20.205	790,000	481,361
CMAQ Route Expansion DEMO Project	CM-0001(305)	20.205	905,320	377,820
Anchorage Share-a-Ride 2004		20.205	366,000	361,401
Private Sector Block Heater Installation Program	56550	20.205	478,927	352,069
Traffic Safety Database AMATS	55008	20.205	653,356	258,858
HSIP 2001 Groups 1A,1B,2,3B	HHE-0001-(226)/55729	20.205	673,000	225,490
Public Awareness	55914	20.205	304,100	214,159
ISTEA Ship Creek Trail – Design	TEA-0001(133)/52499	20.205	1,427,000	208,845
Transit Marketing Program 2004		20.205	192,150	190,623
HSIP 2003, Group B	HRO-0001-(299)/56644	20.205	167,000	141,381
Transit Youth Program 2004	57287	20.205	130,704	130,199
Girdwood Roads	HDP-0001(307)/57057	20.205	301,000	126,453
ISTEA Chester Creek Trail Connection	CM-0001(262)/55066	20.205	457,000	119,677
HSIP 2003, Group A	HRO-0005-(459)/56645	20.205	354,300	116,191
HSIP 2001, Groups 5A	HRO-0001-(267)/55730	20.205	370,000	101,519
Arctic Blvd., Dimond Blvd. to Raspberry	STP-0001(57)/51018	20.205	945,640	91,944
ISTEA Anchorage Area-wide Trails Rehabilitation	CM-0001(240)/54658	20.205	805,000	89,691
Integrated Transportation System ADOT /PF	ITS-9902(4)	20.205	262,800	65,133
Business Blvd. Pedestrian Improvement Construction	TEA-0001(130)/52519	20.205	62,900	60,068
Eklutna Bridge Replacement	BR-0001(183)/53945	20.205	542,225	59,473
Campbell Creek Trail	TEA-0001(137)/52520	20.205	515,000	47,998
Traffic Control Signalization	54920	20.205	191,571	33,558
Girdwood Roads Culvert Improvements	TCSP-TC03(002)/54296	20.205	300,000	29,338
Transit Marketing 2003	75683	20.205	179,340	25,440
ISTEA CMAQ: Anchorage Signal System Upgrade	51100	20.205	224,195	21,536
Victor Rd., 100th Dimond	STP-0001(232)	20.205	925,000	20,246
AMATS: Fireweed/Seward Hwy. to Spenard	HES-0001(050)/58488	20.205	600,000	10,632
2003 AMATS Planning	PL-1256(13)	20.205	627,652	8,046
ISTEA S. Coastal Trail Design	TEA-0001(126)/52514	20.205	920,000	7,230
Air Quality Public and Business Awareness Education Campaign	56555	20.205	335,249	6,241
AMATS: Spenard Rd. Rehabilitation: Hillcrest Dr. to Minnesota On-Ramp	FRAF-STP-0001(242)/55138	20.205	91,000	5,518
Share-A-Ride 2003	75685	20.205	387,100	2,390
ISTEA Far North Bicentennial Park Trail Design	TEA-001(109)	20.205	63,230	1,032
ISTEA Far North Bicentennial Park Trail Construction	TEA-001(109)	20.205	45,261	1,030
AMATS: Spenard Rd.: Hillcrest/Minnesota Pedestrian Improvements	HRO-0001(172)/53986	20.205	222,000	957
15th Ave "L" to Juneau Construction	HHE-530(001)/50624	20.205	482,490	848
Best Management Practices for PM 10 Control	56549	20.205	284,555	562
ISTEA Earthquake Park Interpretive Facility (construction)	TEA-0001(106)/51933	20.205	48,046	486
ISTEA 15th Ave. Safety	FA-HHE-0530(1)	20.205	4,650,000	374
ISTEA Tudor Road Trail Crossing Phase II – Design	TEA-0001(93)	20.205	57,947	25
ISTEA Tudor Road Trail Crossing Phase II – Construction	TEA-0001(93)	20.205	41,087	(444)
FHWA AMATS Planning Grant	PL-1256(13)	20.205	614,748	(2,387)
ISTEA Eklutna Bridge Replacement II	BR-0001(183) 53945	20.205	555,000	(3,713)
Regenerative Air and Mechanical Sweepers	55489	20.205	380,000	(13,172)
ISTEA Business Boulevard Pedestrian Safety Improvements	MGS-STP-TEA-0001(130)	20.205	250,000	(22,879)
Total Pass-through Alaska Department of Transportation and Public Facilities Major Programs			29,948,289	7,692,767
Nonmajor programs:				
MCS Commercial Vehicle Enforcement 2004	04-PD-001	20.218	26,495	16,741
MCS Commercial Vehicle Enforcement 2003	03-PD-001	20.218	26,495	3,318
MCS Commercial Vehicle Enforcement	02-PD-001	20.218	28,800	1,244
Section 5303 FTA Planning 2003	AK-80-X012-00	20.505	201,774	183,756
Section 5303 Metropolitan Transit Planning Program 2004	AK-80-X013	20.505	225,343	6,407
State Bus and Van Rodeo 2004		20.509	17,000	17,000
Youth At Risk Driving Enforcement		20.600	104,478	104,478
Seat Belt Enforcement 2004	040303OP	20.600	102,000	87,368
DUI Enforcement Blitz	040203AL	20.600	71,500	35,272
Impaired Driving Sustained Enforcement and Blitz Campaigns 2004-2005	050203 AL	20.600	45,500	32,845
Total Pass-through Alaska Department of Transportation and Public Facilities Nonmajor programs			849,385	488,429
Total U.S. Department of Transportation			59,916,228	12,157,868

MUNICIPALITY OF ANCHORAGE, ALASKA

Schedule of Expenditures of Federal Awards

Year ended December 31, 2004

Federal Grantor/Pass-through Grantor Program Title	Grant Number	CFDA Number	Award Amount	Expenditures
U.S. Environmental Protection Agency:				
Direct:				
Nonmajor programs:				
Air Quality 105 2004	A-97073601-1	66.001	\$ 337,426	221,402
Air Quality 105 2003	A-98022703-0	66.001	156,734	5,825
Wetlands Program Development	97051901-0	66.461	59,250	1,550
Total Direct U.S. Environmental Protection Agency			<u>553,410</u>	<u>228,777</u>
Pass-through Alaska Department of Environmental Conservation:				
Nonmajor program:				
PM 2.5 Monitoring 2004		66.606	37,000	37,000
Total U.S. Environmental Protection Agency			<u>590,410</u>	<u>265,777</u>
U.S. Equal Employment Opportunity Commission:				
Direct:				
Nonmajor programs:				
Equal Employment Opportunity Cases Fiscal Year 2004	3FPSLP0248	30.unknown	30,500	5,500
EEOC Conference Fiscal Year 2004	3FPSLP0076	30.unknown	1,700	1,700
Total U.S. Equal Employment Opportunity Commission			<u>32,200</u>	<u>7,200</u>
Total Schedule of Expenditures of Federal Awards			<u>\$ 149,422,150</u>	<u>28,451,998</u>

See accompanying notes to schedule of expenditure of federal awards.

MUNICIPALITY OF ANCHORAGE, ALASKA

Notes to Schedule of Expenditures of Federal Awards

Year ended December 31, 2004

General

The accompanying schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of Municipality of Anchorage, Alaska (Municipality) excluding its component unit, the Anchorage School District. The Municipality's reporting entity is defined in note 1 to the Municipality's 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 accrual basis of accounting, which is described in note 1 to Municipality of Anchorage, Alaska's financial statements.

Programs with Outstanding Loans Receivable

The following U.S. Department of Housing and Urban Development (HUD) programs have outstanding loans receivable at December 31, 2004:

<u>Program</u>	<u>CFDA</u>	<u>Balance</u>
Anchor/Home	14.239	\$ 2,741,597
Rental Rehabilitation	14.218	11,317
CDBG Rehabilitation	14.218	1,595,705
CDBG Emergency Repair	14.218	246,322
Mutual Rent	14.218	70,671

MUNICIPALITY OF ANCHORAGE, ALASKA

Schedule of Findings and Questioned Costs

Year ended December 31, 2004

(1) Summary of Auditor's Results

- (a) An unqualified independent auditors' report was issued on the basic financial statements of the Municipality of Anchorage, Alaska.
- (b) No reportable conditions or material weaknesses were disclosed in the report on compliance and on internal control based on an audit of the basic financial statements.
- (c) There was no noncompliance which is material to the basic 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 Agriculture, passed through the Alaska Department of Health and Social Services, Women, Infants and Children, CFDA #10.557; U.S. Department of Housing and Urban Development, Community Development Block Grant, CFDA #14.218, U.S. Department of Justice, COPS CFDA #16.710 and U.S. Department of Transportation, passed through the Alaska Department of Transportation and Public Facilities, Highway Planning, CFDA #20.205, are major programs.
- (h) Programs with federal expenditures greater than \$853,560 were identified as Type A programs. Programs with federal expenditures of \$853,560 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 Basic Financial Statements Reported in Accordance with *Government Auditing Standards*

None

(3) Findings and Questioned Costs Related to Federal Award

None



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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Municipality of Anchorage, Alaska as of and for the year ended December 31, 2004, which collectively comprise the Municipality of Anchorage's basic financial statements and have issued our report thereon dated March 31, 2005. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered 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 financial statements and not to provide an opinion 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 that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud 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.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the Municipality of Anchorage, Alaska in a separate letter dated March 31, 2005.



Honorable Members of the Municipal Assembly
Municipality of Anchorage, Alaska

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 31, 2005

Section II

**State Financial
Assistance Reports**

MUNICIPALITY OF ANCHORAGE, ALASKA
State Financial Assistance Reports

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**Independent Auditors' Report on Compliance with Requirements
Applicable to Each Major Program and on Internal Control over Compliance
and Supplementary Schedule of State Financial Assistance 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, 2004. The Municipality of Anchorage, Alaska's major state programs are identified in the accompanying schedule of state financial assistance. Compliance with the requirements of laws, regulations, contracts, and grants 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 basic financial statements include operations of its component unit, the Anchorage School District, which received \$264,082,657 in state awards during their fiscal year ended June 30, 2004, which are not included in the schedule of state financial assistance for the year ended December 31, 2004. 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.

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, 2004.



Honorable Members of the Municipal Assembly
Municipality of Anchorage, Alaska

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 reportable 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 caused by error or fraud 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 governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Municipality of Anchorage, Alaska as of and for the year ended December 31, 2004, and have issued our report thereon dated March 31, 2005. We did not audit the financial statements of the Anchorage School District and Anchorage Historic Properties, which are discretely presented component units. We also did not audit the financial statement of the Anchorage Parking Authority, which is a blended component unit. Those statements were audited by other auditors whose reports have been furnished to us. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Municipality of Anchorage's basic financial statements. 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 Schedules 1 through 5 are presented for additional analysis as required by the State of Alaska Department of Health and Social Services. These schedules are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic 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

April 25, 2005, except for Schedule of State Financial Assistance, which is as of March 31, 2005

MUNICIPALITY OF ANCHORAGE, ALASKA

Schedule of State Financial Assistance

Year ended December 31, 2004

State grantor/pass-through grantor program title	Grant number	CFDA number	Award amount	Expenditures
Alaska Department of Community and Economic Development:				
Direct:				
Major programs:				
Renovation of the Anchorage Museum of History and Art	03-DC-146		\$ 5,000,000	961,820
Renovation of Existing Fire Facilities	02-MG-014		1,000,000	877,020
Elmore St. Upgrade - Huffman Rd.	02-MG-011		700,000	482,867
Fish Creek at Willow St. Water Quality Enhancement Pond	03-DC-148		700,000	477,282
2001 SB-29 CBERRSA 80/20	02-DC-046		4,000,000	382,135
Raspberry Rd. Jewel Lake Rd. Trail Connection Plan	03-DC-027		400,000	266,962
Major Municipal Facility Upgrades	03-MG-009		1,250,000	238,698
ASD Turnagain Elementary Renovations	03-DC-058		300,000	219,650
Pave Parking Lots in Municipal Parks	03-MG-017		420,000	205,340
ADA Improvements Park and Recreation Facilities	03-MG-013		210,000	203,814
Timberline Drive Reconstruction Klatt Rd. to Huffman Rd.	03-MG-011		700,000	170,020
Intersection Safety Improvements	03-MG-014		350,000	159,622
Major Municipal Facility Upgrade Projects	02-MG-007		1,250,000	149,583
Stuckagain Heights Road Access Improvements	04-DC-018		150,000	147,000
Dimond High School Swimming Pool Facility Upgrades	03-DC-012		300,000	105,030
Total direct major programs			16,730,000	5,046,843
Nonmajor programs:				
Arlon St. Upgrade-88th Ave. to Abbott Road Recycled Asphalt	04-DC-014		100,000	98,000
Campbell Airstrip Road Area, Road and Drainage Improvements	04-DC-015		90,000	88,200
40th Ave. Access Improvements	03-MG-016		350,000	81,510
Skateboard Park Facility	03-DC-034		200,000	64,709
Albrecht Fields	04-DC-016		50,000	49,000
Hiland Rd. Improvements at South Fork Eagle River	03-DC-017		140,000	46,861
Eagle River/Chugiak Rd. Drainage Rehabilitation	03-MG-010		700,000	46,757
40th Ave. Intersection and Rd. Improvements	03-RR-002		79,792	33,664
2001 SB-29 Glen Alps Service Area	02-DC-006		100,000	31,707
Fire Lake Dam Reconstruction	02-DC-005		240,000	30,984
2001 SB-29 Huffman Rd./Pintail St.	02-DC-007		250,000	27,771
Planning and Development Muldoon Town Center Project	03-DC-025		250,000	21,960
San Ernesto Totem Park Acquisition and Equipment	03-DC-031		30,000	21,842
Major Municipal Facility Upgrade Projects	01-MG-015		970,000	19,406
Planning and Operation Winter Cities 2004 Conference	03-RR-005		126,294	18,373
Major Municipal Facility Upgrade Projects	99/510-9-002		901,158	17,802
Girdwood Rd. Service Area Rd. and Drainage System	03-MG-012		70,000	15,463
ASD Ravenwood Health and Safety Improvements	03-DC-056		20,000	14,903
ASD Abbott Loop Health and Safety Improvements	03-DC-047		20,000	14,534
East Anchorage High School Swimming Pool Facility Upgrades	03-DC-013		300,000	14,051
ASD 2 Year Nonviolent Conflict Resolution- SB 29	02-DC-001		63,000	13,542
ACPA Voth Rehearsal Hall Improvements	02-MG-008		525,000	12,670
ASD Ursa Major Health and Safety Improvements	03-DC-059		20,000	10,539
Hillside Local Road Service Area Rd. and Drainage System Rehabilitation	03-DC-018		170,000	9,659
Chester Creek Trail Rehabilitation	7/96-004		290,000	9,220
Chugiak Volunteer Fire Dept - Replacement Pump	03-DC-009		440,000	8,752
S. Fork Fire Dept Equipment and Land Acquisition	00-D-1-04		15,000	8,414
Drainage and Improvements 4th Ave. and Creekside	03-RR-003		20,000	6,861
ASD Dimond 2 Year Conflict Resolution	02-RR-005		37,336	6,725
Major Municipal Facility Upgrade Projects	00/510-9-002		1,110,000	6,654
Girdwood Rd. Service Area Rd. and Drainage System	03-DC-015		70,000	6,591
Well Water Testing and Treatment for Arsenic	03-DC-043		55,000	6,446
ASD Dimond High School "D" Relocation and Restore	05-DC-017		50,000	5,537
Chugiak Birchwood Eagle River Rural Road and Rehabilitation	05-DC-004		70,000	4,800
2001 SB-29 Campbell Airstrip Local Road Service Area	02-RR-009		100,000	3,000
2001 SB-29 Muldoon Rd. Sound Barrier Fence	02-DC-009		75,000	2,523
ARDSA-McGinnis St. 36th Ave. Intersection Improvements and Signalization	05-DC-006		125,000	2,500
Russian Jack Area Traffic Control Calming Study	03-DC-030		50,000	2,275
Completion of S. Anchorage Sports Complex	03-DC-011		500,000	1,909
Mountain Park Robin Hill Local Road Service Area	03-DC-022		1,500	1,470
Raven Wood Bubbling Brook Local Road Service Area	03-DC-028		1,500	1,470
Sequoia Estates Local Road Service Area	03-DC-032		1,500	1,470
Upper Grover Local Road Service Area	03-DC-039		1,500	1,470
Coastal Trail Rehabilitation	99/510-8-005		122,000	1,448
ARDSA-Muldoon Town Center Traffic Calming Study	05-DC-007		50,000	1,000
Dimond/Arlene St. Barrier Wall	02-DC-004		80,000	356
Northern Lights Sound Barrier Lake Otis Parkway New Seward Highway	04-RR-011		29,083	165
ASD Abbott Loop Elementary Ice Rink, Books and Computers	05-DC-010		20,000	150
ASD Abbott Loop Elementary Supplies and Equipment	05-DC-011		20,000	150
ASD Bayshore Elementary Supplies and Computers	05-DC-012		7,200	150
ASD Bowman School Signalization	05-DC-013		3,000	150
ASD Campbell Elementary Supplies and Equipment	05-DC-014		45,000	150
ASD Chester Valley Elementary Books and Computers	05-DC-015		5,000	150
ASD Creekside Park Elementary Books and Computers	05-DC-016		5,000	150

MUNICIPALITY OF ANCHORAGE, ALASKA

Schedule of State Financial Assistance

Year ended December 31, 2004

State grantor/pass-through grantor program title	Grant number	CFDA number	Award amount	Expenditures
ASD Dimond High School Peer M/C/V Abtmnt. Program	05-DC-018		\$ 35,000	150
ASD Dimond High School Supplies and Equipment	05-DC-019		10,000	150
ASD Goldenview Middle School Culvert Replacement	05-DC-020		40,000	150
ASD Huffman School Intercom Replacement	05-DC-021		11,000	150
ASD Kasuun Elementary Books and Computers	05-DC-022		20,000	150
ASD Klatt Elementary Supplies and Computers	05-DC-023		7,200	150
ASD Mears Middle School Supplies and Computers	05-DC-024		7,200	150
ASD Muldoon Elementary Books and Computers	05-DC-025		5,000	150
ASD Nunaka Valley Elementary Books and Computers	05-DC-026		5,000	150
ASD Oceanview Elementary Supplies and Computers	05-DC-027		7,200	150
ASD Oceanview Bicycle Rack Installation	05-DC-028		5,000	150
ASD Ptarmigan Elementary Books and Computers	05-DC-029		5,000	150
ASD Rabbit Creek Rehabilitation and Planning	05-DC-030		40,000	150
ASD Service High School Science Supply and Equipment	05-DC-031		10,000	150
ASD Service High School Supplies and Computers	05-DC-032		7,200	150
ASD Springhill Elementary Supply and Equipment	05-DC-033		20,000	150
ASD Susitna Elementary Books and Computers	05-DC-034		5,000	150
ASD Taku Elementary Supplies and Equipment	05-DC-035		20,000	150
ASD Trailside Elementary Books and Computers	05-DC-036		20,000	150
Traffic Speed Hump	05-DC-009		4,000	80
Talus West Local Road Service Area	03-DC-037		1,500	20
Anchorage Bowl Coastal Resource Atlas	831420		80,000	(308)
University Providence Campus Walkway	01-MG-017		98,398	(6,536)
Total Direct Non-Major Programs			9,628,561	892,119
Federal pass-through:				
National Oceanic and Atmospheric Administration:				
Nonmajor programs:				
Coastal Zone Management	840603	11.419	38,250	23,587
Coastal Zone Management	840637	11.419	23,350	23,169
Alaska Coastal Management Program Fiscal Year 2005	850058	11.419	40,250	1,521
Alaska Coastal Management Special Projects Fiscal Year 2005	850235	11.419	47,000	148
Total National Oceanic and Atmospheric Administration			148,850	48,425
Federal pass-through:				
U.S. Department of Agriculture:				
Nonmajor programs:				
FY 04 National Forest Receipts		10.655	7,571	7,571
Total Alaska Department of Community and Economic Development			26,514,982	5,994,958
Alaska Department of Education and Early Development:				
Direct:				
Nonmajor programs:				
Net Lender Reimbursement Program			34,842	34,841
Public Library Assistance	539130		37,800	21,586
Public Library Assistance Grant 2005	558303, PLA-05-713-03		37,500	5,148
Total direct nonmajor programs			110,142	61,575
Federal pass-through:				
U.S. Department of Education:				
Non-Major Programs:				
800# Interlibrary Loan and Reference Backup Service	539330	45.310	46,675	34,317
Collection Development- Spanish, ESL, Literacy	539730	45.310	10,000	9,201
Library Story Packett II	539430	45.310	11,236	6,987
Fiscal Year 2005 800# Interlibrary Loan and Reference Backup Service		45.310	58,253	4,805
Alaska Studies Foreign Collection	ILC-03-713-96	45.310	20,000	163
Total U.S. Department of Education			146,164	55,473
Total Alaska Department of Education and Early Development			256,306	117,048
Alaska Department of Environmental Conservation:				
Direct:				
Major programs:				
Pump Station #2 Upgrade	S97-02		867,699	704,909
C-5-7 Campbell Lake Sewer Upgrade	S03-05		527,628	507,017
Anchorage Loop WTM Phase IV	W03-08		1,980,000	365,330
"C" St. at Chester Creek OGS Outfall Upgrades DPW 00-27	13044		859,392	276,441
Wastewater Master Plan Update	S02-02		228,774	114,533
ADEC Hazmat Response Team 2003	MOU #2004-05		100,000	100,000
Total direct major programs			4,563,493	2,068,230
Nonmajor programs:				
Peck-Wanner Water Interne	W03-01		112,308	98,625
Spenard Rd. 19th Ave. Water Upgrade	W03-04		232,731	97,260
88th Ave. Water Transmission Main	W03-07		260,000	79,543
Landfill Equipment Upgrade	13064		52,250	52,250

MUNICIPALITY OF ANCHORAGE, ALASKA

Schedule of State Financial Assistance

Year ended December 31, 2004

State grantor/pass-through grantor program title	Grant number	CFDA number	Award amount	Expenditures
Girdwood WWTF Facility Plan Update	S03-04		\$ 48,170	43,027
Klatt Rd. -NSH-PZ Intertie	W03-05		314,400	30,029
Gardner Sydnie K. Leslie Sewer Upgrade	S03-02		184,112	29,648
SCWTF Production Study	W03-06		23,585	21,203
Water Master Plan Update 2001	W01-05		201,000	20,331
PS 10 Upgrade	S03-03		526,240	13,992
Orca 17th-20th Sewer Upgrade 2003	S03-01		162,549	12,491
Orca 17th-20th Water Upgrade 2003	W03-03		154,842	11,091
ADEC Hazmat Response Team 1999			160,500	9,798
45th Northwood Van Buren Water Upgrade	W01-08		222,779	8,179
Briarcliff-Newcomb Water Upgrade	W01-10		620,147	7,302
Wastewater External Pipe Corrosion Study	S93-08		41,240	5,005
Water External Pipe Corrosion Study	W92-05		39,978	3,924
Rhone Circle Sewer Replacement and Rehabilitation	S95-04		23,937	2,000
ADOT Arctic 76th-Dim Water Upgrade	W97-08		373,314	215
ADOT Ocean Dock Rd. Water Upgrade	W00-02		130,935	155
ADOT OSH Dimond-Dowling Upgrade	W97-03		169,883	(18,220)
Total direct nonmajor programs			4,054,900	527,848
Federal pass-through:				
U.S. Environmental Protection Agency:				
Non-Major Program:				
PM 2.5 Monitoring 2004		66.606	37,000	37,000
Total Alaska Department of Environmental Conservation			8,655,393	2,633,078
Alaska Department of Health and Social Services:				
Direct:				
Major programs:				
Human Services Community Matching Grant	605-05-112		749,731	512,939
Community Health Nursing	601-04-175		794,014	394,299
Nursing	601-05-175		783,763	345,644
Human Services Community Matching Grant	605-04-112		760,300	195,583
Total direct major programs			3,087,808	1,448,465
Nonmajor programs:				
Domestic Violence Monitoring Program	602-04-480		50,000	20,396
Federal pass-through:				
U.S. Department of Health and Human Services:				
Non-Major Programs:				
Child Care Licensing Fiscal Year 2004	604-05-940	93.575	1,217,000	510,829
Child Care Licensing Fiscal Year 2003	604-04-940	93.558	917,000	439,433
Child Care Assistance Program Grantees	604-05-900	93.575	1,006,000	407,756
Day Care Administration 2003	604-04-900	93.558	1,005,748	395,794
Preparedness and Response to Bioterrorism	06-601-04-151	93.283	569,953	314,110
Coordinated Transportation	607-04-121	93.044	478,646	298,799
Nutrition, Transportation, and Support Services (NTS)	607-05-121	93.045	478,646	235,665
Public Health Preparedness and Response to Bioterrorism	601-05-151	93.283	569,900	209,968
HIV Prevention	601-04-170	93.940	169,500	101,281
HIV Prevention	601-05-170	93.940	169,500	73,930
Community Health Nursing	601-04-175	93.268	91,300	53,277
Community Health Nursing	601-04-175	93.116	75,500	40,945
Nursing	601-05-175	93.166	75,500	35,631
Nursing	601-05-175	93.268	91,300	22,722
Prevention of Child Abuse and Neglect CAPTA	603-05-329	93.670	164,448	11,721
HIV Prevention	601-04-170	93.770	10,000	5,331
CCA Provider Close Out 2003	06-4861	93.558	37,135	3,160
Total U.S. Department of Health and Human Services			7,127,076	3,160,352
Federal pass-through:				
U.S. Department of Agriculture				
Major programs:				
Women, Infant, and Children Program 2004	603-04-908	10.557	1,007,269	462,849
Women, Infant, and Children Program 2005	603-05-813	10.557	1,013,204	449,823
Total U.S. Department of Agriculture			2,020,473	912,672
Total Alaska Department of Health and Social Services			12,285,357	5,541,885
Alaska Department of Military and Veterans Affairs:				
Direct:				
Nonmajor program:				
OEM LEPC Grant 03/04			92,845	77,721
Federal pass-through:				
Federal Emergency Management Agency:				
Non-Major Programs:				
ADES OEM Planning Grant (FEMA Federal Fiscal Year 2002 Supplemental)		83.562/83.564	40,000	40,000

MUNICIPALITY OF ANCHORAGE, ALASKA

Schedule of State Financial Assistance

Year ended December 31, 2004

State grantor/pass-through grantor program title	Grant number	CFDA number	Award amount	Expenditures
Hazard Mitigation Plan	PDM 03-01a	83.557	\$ 30,000	28,098
FEMA 2003 Supplemental Certification	03-10	83.565	26,500	26,500
Total Federal Emergency Management Agency			96,500	94,598
Federal pass-through:				
Department of Homeland Security:				
Non-Major Programs:				
SOA Homeland Security Part I	SHSGP II 03-09	97.004	1,480,668	144,548
SOA Homeland Security Part II	SHSGP II 03-15	97.004	285,211	140,307
SOA Homeland Security 2004	2004-GE-T4-0035	97.004	2,813,220	89,344
Fiscal Year 2004 Office of Emergency Management		97.042	75,000	75,000
FEMA 2002 Supplemental Certification		97.054	59,827	30,046
FEMA 2002 Citizen Corps		97.053	26,454	25,970
Total Department of Homeland Security			4,740,380	505,215
Total Alaska Department of Military and Veterans Affairs			4,929,725	677,534
Alaska Department of Natural Resources:				
Direct:				
Nonmajor program:				
Mutual Aid Services, 2004 Wildfire Season			16,759	16,759
Federal pass-through:				
Department of Homeland Security:				
Non-Major Program:				
Mutual Aid Services, 2004 Wildfire Season		97.046	60,920	60,920
Federal pass-through:				
U.S. Department of the Interior				
Non-Major Program:				
Mutual Aid Services, 2004 Wildfire Season		15 unknown	162,021	162,021
Total Alaska Department of Natural Resources			239,700	239,700
Alaska Department of Public Safety:				
Direct:				
Major program:				
Fiscal Year 04 Auto Tax			5,351,524	5,351,524
Federal pass-through:				
U.S. Department of Justice:				
Nonmajor program:				
Prescription Fraud Enforcement	03-011	16.579	38,835	20,317
Juvenile Offender Supervision	PSN 3-002	16.609	28,800	5,496
Total U.S. Department of Justice			67,635	25,813
Total Alaska Department of Public Safety			5,419,159	5,377,337
Alaska Department of Revenue:				
Direct:				
Major programs:				
Fiscal Year 2004 Electric Co-op Allocation			972,362	972,362
Fiscal Year 2004 Liquor Licensing			401,700	401,700
Total major programs			1,374,062	1,374,062
Nonmajor program:				
Fiscal Year 2004 Raw Fish			68,831	68,831
Total Alaska Department of Revenue			1,442,893	1,442,893
Alaska Department of Transportation and Public Facilities:				
Direct:				
Major programs:				
Fiscal Year 2004 Traffic Signal Management			1,083,200	1,083,200
TORA Anchorage/Eagle River Area Street Cleaning			411,000	411,000
Total direct major programs			1,494,200	1,494,200
Nonmajor programs:				
NPDES Storm Water Permit Application			298,704	54,894
Consultant Contract for the Development of a Site Specific Land Use Plan			65,610	53,950
Security Improvements, Phase C	AIP-39		53,750	49,932
Eagle River Heights North Subdivision Reconstruction TORA	54213		147,000	37,052
NPDES Storm Water Permit Application			298,704	11,777
NPDES Storm Water Permit Application			298,704	11,458
Rehabilitate Taxiway Alpha and Interlinks	AIP-38		40,791	3,313
Security Improvements, Phase A-1	AIP-37		20,000	2,014
Rehabilitate Taxiway Charlie and Interlinks. Rehabilitate Apron (electrical)	AIP-35		49,667	885
NPDES Storm Water Permit Application			298,704	335
NPDES Storm Water Permit Application			298,704	41
Rehabilitate Primary Airport Access Road	AIP-32		53,500	(84)
Total Direct Non-Major Programs			1,923,838	225,567

MUNICIPALITY OF ANCHORAGE, ALASKA

Schedule of State Financial Assistance

Year ended December 31, 2004

State grantor/pass-through grantor program title	Grant number	CFDA number	Award amount	Expenditures
Federal pass-through:				
U.S. Department of Transportation:				
Major programs:				
CMAQ New Buses Federal Fiscal Year 2002 Funds	55839	20.205	\$ 1,346,000	1,319,060
Transit Operations Expansion 2003	56660	20.205	1,889,276	965,935
CMAQ Automated Systems	CM-0001(296)	20.205	2,909,120	867,136
2004 AMATS Planning		20.205	625,000	587,389
ISTEA Ship Creek Trail - Right Of Way	TEA-0001(133)/52499	20.205	790,000	481,361
CMAQ Route Expansion DEMO Project	CM-0001(305)	20.205	905,320	377,820
Anchorage Share a Ride 2004		20.205	366,000	361,401
Private Sector Block Heater Installation Program	56550	20.205	478,927	352,069
Traffic Safety Database AMATS	55008	20.205	653,356	258,858
HSIP 2001 Groups 1A, 1B, 2, 3B	HHE-0001-(226)/55729	20.205	673,000	225,490
Public Awareness	55,914	20.205	304,100	214,159
ISTEA Ship Creek Trail - Design	TEA-0001(133)/52499	20.205	1,427,000	208,845
Transit Marketing Program 2004		20.205	192,150	190,623
HSIP 2003, Group B	HRO-0001-(299)/56644	20.205	167,000	141,381
Transit Youth Program 2004	57287	20.205	130,704	130,199
Girdwood Roads	HDP-0001(307)/57057	20.205	301,000	126,453
ISTEA Chester Creek Trail Connection	CM-0001(262)/55066	20.205	457,000	119,677
HSIP 2003, Group A	HRO-000S-(459)/56645	20.205	354,300	116,191
HSIP 2001, Groups 5A	HRO-0001-(267)/55730	20.205	370,000	101,519
Arctic Blvd, Dimond Blvd to Raspberry	STP-0001(57)/51018	20.205	945,640	91,944
ISTEA Anchorage Area-wide Trails Rehabilitation	CM-0001(240)/54658	20.205	805,000	89,691
Integrated Transportation System ADOT /PF	ITS-9902(4)	20.205	262,800	65,133
Business Blvd. Pedestrian Improve Constr	TEA-0001(130)/52519	20.205	62,900	60,068
Eklutna Bridge Replacement	BR-0001(183)/53945	20.205	542,225	59,473
Campbell Creek Trail	TEA-0001(137)/52520	20.205	515,000	47,998
Traffic Control Signalization	54920	20.205	191,571	33,558
Girdwood Roads Culvert Improvements	TCSP-TC03(002)/54296	20.205	300,000	29,338
Transit Marketing 2003	75683	20.205	179,340	25,440
ISTEA CMAQ: Anchorage Signal System Upgrade	51100	20.205	224,195	21,536
Victor Rd, 100th Dimond	STP-0001(232)	20.205	925,000	20,246
AMATS: Fireweed/Seward Hwy. to Spenard	HES-0001(050)/58488	20.205	600,000	10,632
2003 AMATS Planning	PL-1256(13)	20.205	627,652	8,046
ISTEA S Coastal Trail Design	TEA-0001(126)/52514	20.205	920,000	7,230
Air Quality Public and Business Awareness Education Campaign	56555	20.205	335,249	6,241
AMATS: Spenard Rd. Rehabilitation: Hillcrest Dr. to Minnesota On-Ramp	FRAF-STP-0001(242)/55138	20.205	91,000	5,518
Share-A-Ride CY 2003	75685	20.205	387,100	2,390
ISTEA Far North Bicentennial Park Trail Design	TEA-001(109)	20.205	63,230	1,032
ISTEA Far North Bicentennial Park Trail Construction	TEA-001(109)	20.205	45,261	1,030
AMATS: Spenard Rd. Hillcrest/Minn Pedestrian Improvements	HRO-0001(172)/53986	20.205	222,000	957
15th Ave. "L" to Juneau Construction	HHE-530(001)/50624	20.205	482,490	848
Best Management Practices for PM 10 Control	56549	20.205	284,555	562
ISTEA Earthquake Park Interpretive Facility (construction)	TEA-0001(106)/51933	20.205	48,046	486
ISTEA 15th Ave. Safety	FA-HHE-0530(1)	20.205	4,650,000	374
ISTEA Tudor Road Trail Crossing Phase II - Design	TEA-0001(93)	20.205	57,947	25
ISTEA Tudor Road Trail Crossing Phase II - Construction	TEA-0001(93)	20.205	41,087	(444)
FHWA AMATS Planning Grant	PL-1256(13)	20.205	614,748	(2,387)
ISTEA Eklutna Bridge Replacement II	BR-0001(183) 53945	20.205	555,000	(3,713)
Regenerative Air and Mechanical Sweepers	55,489	20.205	380,000	(13,172)
ISTEA Business Boulevard Pedestrian Safety Improvements	MGS-STP-TEA-0001(130)	20.205	250,000	(22,879)
U.S. Department of Transportation Major Programs			29,948,289	7,692,767
Nonmajor programs:				
Section 5303 FTA Planning 2003	AK-80-X012-00	20.505	201,774	183,756
Youth At Risk Driving Enforcement		20.600	104,478	104,478
Seat Belt Enforcement 2004	040303OP	20.600	102,000	87,368
DUI Enforcement Blitz	040203AL	20.600	71,500	35,272
Impaired Driving Sustained Enforcement and Blitz Campaigns 2004/2005	050203 AL	20.600	45,500	32,845
2004 State Bus and Van Rodeo		20.509	17,000	17,000
MCS Commercial Vehicle Enforcement 2004	04-PD-001	20.218	26,495	16,741
2004 Section 5303 Metropolitan Transit Planning Program	AK-80-X013	20.505	225,343	6,407
MCS Commercial Vehicle Enforcement 2003	03-PD-001	20.218	26,495	3,318
MCS Commercial Vehicle Enforcement	02-PD-001	20.218	28,800	1,244
Total U.S. Department of Transportation Non-Major Programs			849,385	488,429
Total Alaska Department of Transportation and Public Facilities			34,215,712	9,900,963
Alaska Energy Authority:				
Direct:				
Major program:				
Eklutna Project Transmission	295150		19,300,000	781,565
Non-Major Program:				
ARL Gas to Energy Program	2,195,198		10,000	10,000
Total Alaska Energy Authority			19,310,000	791,565

MUNICIPALITY OF ANCHORAGE, ALASKA

Schedule of State Financial Assistance

Year ended December 31, 2004

<u>State grantor/pass-through grantor program title</u>	<u>Grant number</u>	<u>CFDA number</u>	<u>Award amount</u>	<u>Expenditures</u>
Alaska Housing Finance Corporation:				
Direct:				
Major program:				
Non Weatherization Assistance Program	WAP-03-MOA-1		\$ 1,704,429	857,242
Nonmajor programs:				
AHFC Grant Match Program	GMS-03-MOA-1		150,000	77,956
Muldoon Town Center AHFC 2003	MGP-03-HLB-1		250,000	62,697
Supportive Housing Grant Match	GMS-02-MOA-1		150,000	61,306
AHFC-LINK HMIS Training Conference			1,816	1,816
Total nonmajor programs			551,816	203,775
Federal pass-through:				
U.S. Department of Energy:				
Nonmajor programs:				
Weatherization Assistance Program 2004 Federal DOE	WAP-03-MOA-1	81.042	381,631	292,848
Weatherization Assistance Program 2003 Federal DOE	WAP-03-MOA-1	81.042	391,643	153,768
Non Weatherization Assistance Program 2004 SEP	WAP-03-MOA-1	81.041	11,912	7,866
Non Weatherization Assistance Program 2003 SEP	WAP-03-MOA-1	81.041	15,883	3,553
Total U.S. Department of Energy			801,069	458,035
Federal pass-through:				
U.S. Department of Health and Human Services:				
Nonmajor program:				
Non Weatherization Assistance Program 2004 LIHEAP	WAP-03-MOA-1	93.568	211,768	165,181
Total Alaska Housing Finance Corporation			3,269,082	1,684,233
Southcentral Foundation				
Federal pass-through:				
U.S. Department of Health and Human Services:				
Nonmajor program:				
Southcentral Foundation CSP 2004		93.210	199,000	199,000
Total Schedule of State Financial Assistance			\$ 116,737,309	34,600,194

See accompanying notes to schedule of state financial assistance.

MUNICIPALITY OF ANCHORAGE, ALASKA

Notes to Schedule of State Financial Assistance

Year ended December 31, 2004

(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) excluding its component unit, the Anchorage School District. The Municipality's reporting entity is defined in note 1 to the Municipality's 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 accrual basis of accounting, which is described in note 1 to the Municipality's financial statements.

MUNICIPALITY OF ANCHORAGE, ALASKA

Department of Health and Social Services
 Human Services Community Matching Grant
 Grant 605-05-112

Schedule of Expenditures – Budget and Actual

Grant period ending June 30, 2005

	Fiscal year ending December 31		Total expenditures	Budget	Variance favorable (unfavorable)
	2003	2004			
Expenditures:					
Direct:					
Personal services	\$ —	—	—	—	—
Other operating costs	—	507,787	507,787	712,244	204,457
Total direct	—	507,787	507,787	712,244	204,457
Indirect costs:	—	5,152	5,152	37,487	32,335
Total expenditures	\$ —	512,939	512,939	749,731	236,792

See accompanying independent auditors' report.

MUNICIPALITY OF ANCHORAGE, ALASKA

Department of Health and Social Services
 Human Services Community Matching Grant
 Grant 605-04-112

Schedule of Expenditures – Budget and Actual

Grant period ended June 30, 2004

	Fiscal year ending December 31		Total expenditures	Budget	Variance favorable (unfavorable)
	2003	2004			
Expenditures:					
Direct:					
Personal services	\$ —	—	—	—	—
Other operating costs	546,652	192,520	739,172	739,172	—
Total direct	546,652	192,520	739,172	739,172	—
Indirect costs:	18,065	3,063	21,128	21,128	—
Total expenditures	\$ 564,717	195,583	760,300	760,300	—

See accompanying independent auditors' report.

MUNICIPALITY OF ANCHORAGE, ALASKA

Department of Health and Social Services

Nursing

Grant 601-05-175

Schedule of Expenditures – Budget and Actual

Grant period ending June 30, 2005

	Fiscal year ending December 31		Total expenditures	Budget	Variance favorable (unfavorable)
	2003	2004			
Expenditures:					
Direct:					
Personal services	\$ —	297,944	297,944	659,114	361,170
Other operating costs	—	982	982	17,840	16,858
Total direct	—	298,926	298,926	676,954	378,028
Indirect costs:	—	46,718	46,718	106,809	60,091
Total expenditures	\$ —	345,644	345,644	783,763	438,119

See accompanying independent auditors' report.

MUNICIPALITY OF ANCHORAGE, ALASKA

Department of Health and Social Services
 Community Health Nursing
 Grant 601-04-175

Schedule of Expenditures – Budget and Actual

Grant period ended June 30, 2004

	Fiscal year ending December 31		Total expenditures	Budget	Variance favorable (unfavorable)
	2003	2004			
Expenditures:					
Direct:					
Personal services	\$ 335,761	323,271	659,032	659,032	—
Other operating costs	7,994	23,766	31,760	31,760	—
Total direct	343,755	347,037	690,792	690,792	—
Indirect costs:	55,960	47,262	103,222	103,222	—
Total expenditures	\$ 399,715	394,299	794,014	794,014	—

See accompanying independent auditors' report.

MUNICIPALITY OF ANCHORAGE, ALASKA

Department of Health and Social Services
 Domestic Violence Monitoring Grant
 Grant 602-04-480

Schedule of Expenditures – Budget and Actual

Grant period ended June 30, 2004

	Fiscal year ending December 31		Total expenditures	Budget	Variance favorable (unfavorable)
	2003	2004			
Expenditures:					
Direct:					
Personal services	\$ 21,949	18,995	40,944	47,060	6,116
Other operating costs	735	239	974	1,260	286
Total direct	22,684	19,234	41,918	48,320	6,402
Indirect costs:	770	1,162	1,932	1,680	(252)
Total expenditures	\$ 23,454	20,396	43,850	50,000	6,150

See accompanying independent auditors' report.



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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Municipality of Anchorage, Alaska as of and for the year ended December 31, 2004, which collectively comprise the Municipality of Anchorage's basic financial statements and have issued our report thereon dated March 31, 2005. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered 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 financial statements and not to provide an opinion 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 that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud 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.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the Municipality of Anchorage, Alaska in a separate letter dated March 31, 2005.



Honorable Members of the Municipal Assembly
Municipality of Anchorage, Alaska

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 31, 2005

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, 2004

For Fiscal Year Ended December 31, 2003:

No Federal Findings were reported.

Section IV

**Federal
Corrective Action Plan**

MUNICIPALITY OF ANCHORAGE, ALASKA

Schedule of Expenditures of Federal Awards

Corrective Action Plan

No Federal Findings to report.

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, 2004

For Fiscal Year Ended December 31, 2003:

No State Findings were reported.

Section VI

**State
Corrective Action Plan**

MUNICIPALITY OF ANCHORAGE, ALASKA

State Financial Assistance Reports

Corrective Action Plan

No State Findings to report.