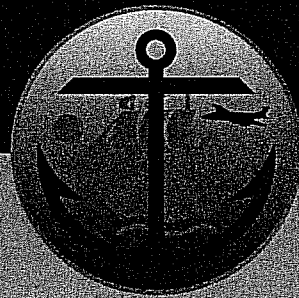


MUNICIPALITY OF ANCHORAGE, ALASKA

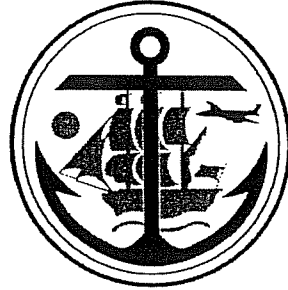
FEDERAL AND STATE OF ALASKA SINGLE AUDIT REPORTS AND SCHEDULES

*For the fiscal year ending
December 31, 2006*



Community, Security, Prosperity

**MUNICIPALITY OF ANCHORAGE,
ALASKA**



**FEDERAL AND STATE OF ALASKA
SINGLE AUDIT REPORTS AND SCHEDULES**

For the Fiscal Year Ended December 31, 2006

**Mark Begich
Mayor**

**Prepared by:
Finance Department**

**Jeffrey E. Sinz
Chief Fiscal Officer**

**Michelle Drew, CPA
Controller**

Cover photo courtesy of Chris Richardson, Senior Staff Accountant, Controller Division

MUNICIPALITY OF ANCHORAGE, ALASKA

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FEDERAL SINGLE AUDIT



KPMG LLP
Suite 600
701 West Eighth Avenue
Anchorage, AK 99501

**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, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Municipality of Anchorage, Alaska as of and for the year ended December 31, 2006, which collectively comprise the Municipality of Anchorage's basic financial statements and have issued our report thereon dated June 21, 2007. Our report was modified to include a reference to 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. Other auditors audited the financial statements of the Anchorage School District and Anchorage Community Development Authority, Inc., as described in our report on the Municipality of Anchorage, Alaska. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Municipality of Anchorage, Alaska's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Municipality of Anchorage, Alaska's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Municipality of Anchorage's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, prevent or detect material misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements is more than inconsequential will not be prevented or detected by the entity's internal control over financial reporting. We consider the deficiency described below to be a significant deficiency in internal control over financial reporting:



Honorable Members of the Municipal Assembly
Municipality of Anchorage, Alaska
June 21, 2007
Page 2

Finding-Approval of Timesheets

Criteria

The Municipality's policies require that timesheets be approved by supervisors.

Condition

KPMG determined that approval of timesheets was not consistently documented in certain departments, with the exception of the Police and Fire departments.

Context

KPMG selected 40 timesheets from 32 departments and 2 were not approved by a supervisor. KPMG then selected an additional 67 timesheets from the 2 departments that had timesheets not approved by a supervisor and 1 was not approved by a supervisor.

Effect

This control deficiency does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect material misstatements on a timely basis and could affect the Municipality of Anchorage's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control over financial reporting.

Cause

Unknown

Recommendation

We recommend that the Municipality emphasize the importance of this policy to all supervisors so that this control is performed and documented properly.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in a more than remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

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



Honorable Members of the Municipal Assembly
Municipality of Anchorage, Alaska
June 21, 2007
Page 3

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 June 21, 2007.

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

June 21, 2007



KPMG LLP
Suite 600
701 West Eighth Avenue
Anchorage, AK 99501

**Independent Auditors' Report on Compliance With Requirements
Applicable to Each Major Program and on Internal Control Over
Compliance 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, 2006. The Municipality of Anchorage'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's management. Our responsibility is to express an opinion on the Municipality of Anchorage'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 \$59,358,707 in federal awards during their fiscal year ended June 30, 2006, which are not included in the schedule of federal expenditures of federal awards for the year ended December 31, 2006. 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'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's compliance with those requirements.

In our opinion, the Municipality of Anchorage 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, 2006. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2006-1.



Honorable Members of the Municipal Assembly
Municipality of Anchorage, Alaska
August 22, 2007

Internal Control Over Compliance

The management of the Municipality of Anchorage 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'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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Municipality of Anchorage's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2006-1 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Municipality of Anchorage as of and for the year ended December 31, 2006 and have issued our report dated June 21, 2007. We did not audit the financial statements of the Anchorage School District, which is a discretely presented component unit. We also did not audit the financial statements of the Anchorage Community Development Authority, which is a blended component unit. 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 and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Honorable Members of the Municipal Assembly
Municipality of Anchorage, Alaska
August 22, 2007

This report is intended solely for the information and use of the audit committee, management, Municipal Assembly, and federal 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

August 22, 2007

MUNICIPALITY OF ANCHORAGE, ALASKA

Schedule of Expenditures of Federal Awards

Year ended December 31, 2006

Federal Grantor/Pass-Through Grantor Program Title	Grant Number	CFDA Number	Award Amount	Expenditures
Institute of Museum and Library Services:				
Pass-Through Alaska Department of Education & Early Development:				
Non-Major Programs:				
800# ILL & Reference Backup		45.310	\$ 65,088	29,765
800# ILL & Reference Backup	ILC-06-713-102	45.310	61,993	41,868
Total Institute of Museum and Library Services			127,081	71,633
U.S. Department of Agriculture:				
Direct:				
Major Programs:				
USFS Wildfire Mitigation 2001	1580	10.UNKNOWN	1,750,000	49
USFS Hazardous Fuels Mitigation 2002		10.UNKNOWN	5,000,000	35,447
USFS Hazardous Fuels Mitigation 2003		10.UNKNOWN	4,173,000	835,850
USFS Hazardous Fuels Mitigation 2004		10.UNKNOWN	1,975,000	759,105
USFS Hazardous Fuels Mitigation 2005		10.UNKNOWN	493,000	17,850
USFS Hazardous Fuels Mitigation 2006		10.UNKNOWN	1,182,000	158,566
Total Direct Major Programs U.S. Department of Agriculture			14,573,000	1,806,867
Non-Major Programs:				
USFS Forest Health 2005	05DG11100000227	10.680	100,000	11,816
Eagle River Forest Restoration Project	06DG11100100225	10.680	100,000	5,400
NRCS Little Rabbit Creek 2006	68-0150-6-024	10.902	50,000	1,030
Total Direct Non-Major Programs U.S. Department of Agriculture			250,000	18,246
Pass-Through Alaska Department of Commerce, Community & Economic Development:				
Non-Major Programs:				
FY 06 National Forest Receipts		10.655	15,574	7,826
Pass-Through Alaska Department of Health and Social Services:				
Non-Major Programs:				
2006 WIC Program	603-06-813	10.557	983,720	447,915
2007 WIC Program	603-07-813	10.557	983,720	496,032
Total Pass-Through Alaska Department of Health and Social Services			1,967,440	943,947
Total U.S. Department of Agriculture			16,806,014	2,776,886
U.S. Department of Commerce, National Oceanic and Atmospheric Administration:				
Pass-Through Alaska Department of Commerce, Community & Economic Development:				
Non-Major Programs:				
Alaska Coastal Zone Management FY06 Special Projects	860649	11.419	40,100	9,580
Alaska Coastal Zone Management FY06	860654	11.419	43,573	40,000
Alaska Coastal Zone Management 306	ACMP 306	11.419	38,500	37,820
Total Pass-Through Alaska Department of Commerce, Community & Economic Development			122,173	87,400
Pass-Through Alaska Department of Fish and Game:				
Non-Major Programs:				
Southeast Sustainable Salmon Funds-Ship Creek Fishing Access	45297	11.438	1,885,192	129,124
Southeast Sustainable Salmon Funds-Ship Creek Fish Passage Project-Phase II	45507	11.438	286,790	133,133
Southeast Sustainable Salmon Funds-PCSRF Creeks Community Dvlpmnt Mgr	45508	11.438	577,921	174,127
Southeast Sustainable Salmon Funds-Water Quality Monitoring & Education	45509	11.438	41,020	41,020
Ship Creek Crossing	COOP-05-043 (45466)	11.438	1,740,000	82,811
Southeast Sustainable Salmon Funds-Ship Creek Fishing Access	COOP-05-048 (45506)	11.438	185,000	20,993
Southeast Sustainable Salmon Funds-Salmon in the City	COOP-06-079 (45513)	11.438	311,013	28,255
Total Pass-Through Alaska Department of Fish and Game:			5,026,936	609,463
Total U.S. Department of Commerce, National Oceanic and Atmospheric Administration			5,149,109	696,863
U.S. Department of Education, Office of Special Education and Rehabilitative Services:				
Direct:				
Non-Major Programs:				
Congressional Earmarks	H235J050012	84.235	297,600	291,648
U.S. Department of Energy:				
Pass-Through Alaska Housing Finance Corporation:				
Non-Major Programs:				
Weatherization WAP 05	WAP-05-MOA-1	81.042	302,829	122,074
Low Income Weatherization Assistance Program	WAP-06-MOA-1	81.042	365,307	135,692
Total U.S. Department of Energy			668,136	257,766

MUNICIPALITY OF ANCHORAGE, ALASKA

Schedule of Expenditures of Federal Awards

Year ended December 31, 2006

Federal Grantor/Pass-Through Grantor Program Title	Grant Number	CFDA Number	Award Amount	Expenditures
U.S. Department of Health and Human Services:				
Direct:				
Non-Major Programs:				
Support Emergency Response	MRCSEG020007-03-0	93 008	50,000	39,113
Family Planning 05	6 FPHPA100024-28-01	93.217	602,998	296,336
Family Planning 06	6 FPHPA100024-29-03	93 217	617,998	288,639
The Dena A. Coy Outpatient Project	5 H79 T113528-03	93 243	825,951	385,227
S.A.F.E Child Project (Stop Abuse for Every Child)	90XA0096/01	93 670	994,100	356,053
Total Direct U.S. Department of Health and Human Services			3,091,047	1,365,368
Pass-Through Alaska Department of Health and Social Services:				
Major Programs:				
Child Care Assistance Program Grants	604-06-900	93 575	1,030,000	566,170
Child Care Licensing 06	604-06-940	93 575	1,247,000	573,992
Child Care Eligibility Assistance Program Grant	604-07-900	93 575	515,000	515,000
Child Care Licensing 06	604-07-940	93 575	1,347,000	711,278
Total Pass-Through Major Programs Alaska Department of Health and Social Services			4,139,000	2,366,440
Non-Major Programs:				
Nutrition, Transportation, and Support Services (NTS)	607-06-119	93 044	463,250	264,207
Coordinated Transportation	607-07-119	93 044	463,250	195,922
Public Health Nursing	601-07-175	93 116	75,500	43,927
Community Health Nursing	601-06-175	93 268	181,800	92,837
Public Health Nursing	601-07-175	93 268	91,300	48,201
Bioterrorism 05	601-06-151	93 283	525,100	313,112
Bioterrorism 06	601-07-151	93 283	836,900	321,021
HIV Prevention & Interaction Activities	601-06-170	93 940	169,500	91,216
HIV Prevention & Intervention Activities	601-07-170	93 940	169,500	81,629
Total Pass-Through Non-Major Programs Alaska Department of Health and Social Services			2,976,100	1,452,072
Pass-Through Alaska Housing Finance Corporation:				
Non-Major Programs:				
Weatherization NON-WAP 05	WAP-05-MOA-1	93 568	278,221	63,326
Low Income Weatherization Assistance Program	WAP-06-MOA-1	93 568	143,274	135,228
Total Pass-Through Alaska Housing Finance Corporation			421,495	198,554
Pass-Through Southcentral Foundation:				
Non-Major Programs:				
South-Central Found CSP 06	01-330-00-560.140	93 210	199,000	199,000
Total U.S. Department of Health and Human Services			10,826,642	5,581,434
U.S. Department of Homeland Security:				
Direct:				
Non-Major Programs:				
FY 04 Assistance to Firefighters	EMW-2004-FG-20936	97 044	135,875	104,320
Assistance to Firefighters Grant Program-Operations and Safety Program	EMW-2005-FG-17473	97 044	433,398	337,750
Metropolitan Medical Response System	01T000187	97 071	50,000	118
Metropolitan Medical Response System	233-03-0077	97 071	280,000	37,836
Total Direct U.S. Department of Homeland Security			899,273	480,024
Pass-Through Alaska Department of Military and Veterans Affairs:				
Non-Major Programs:				
SOA Homeland Security 2004	2004-GE-T4-0035	97 004	44,113	27,700
SOA Homeland Security 2004	2004-GE-T4-0035	97 004	298,198	298,198
SOA Homeland Security 2004	2004-GE-T4-0035	97 004	2,798,758	2,335,680
SOA Homeland Security Part 1	SHSGP II 03-09	97 004	1,459,690	13,834
Lower Lake Dam Rehabilitation	HMGP1445.0005	97 047	491,600	204,433
Metropolitan Medical Response System (05 MMRS 16.21c01)	2005-GE-T5-0031	97 071	227,592	94,199
Law Enforcement Terrorism Prevention Program	2005-GE-T5-0031	97 074	416,890	312,717
Law Enforcement Terrorism Prevention Program	2006-GE-T6-0015	97 074	972,806	15,743
2005 Buffer Zone Protection Program, 05 BZPP 16.05c01	2005-GR-T5-0030	97 078	198,260	177,811
Total Pass-Through Alaska Department of Military and Veterans Affairs			6,907,907	3,480,315
Pass-Through Alaska Division of Emergency Services:				
Non-Major Programs:				
FY 06 Office of Emergency Management	06EMPG 16.04c01	97 042	75,000	56,250
FY 07 Office of Emergency Management	07EMPG-GR35567	97 042	93,750	18,750
Total Pass-Through Alaska Division of Emergency Services			168,750	75,000
Total U.S. Department of Homeland Security			7,975,930	4,035,339

MUNICIPALITY OF ANCHORAGE, ALASKA

Schedule of Expenditures of Federal Awards

Year ended December 31, 2006

Federal Grantor/Pass-Through Grantor Program Title	Grant Number	CFDA Number	Award Amount	Expenditures
U.S. Department of Housing and Urban Development, Office of Community Planning and Development:				
Direct:				
Major Programs:				
HOME Investment Partnership Agreement 1992	M-92-MC-02-0200	14.239	\$ 864,000	52,844
HOME Investment Partnership Agreement 1993	M-93-MC-02-0200	14.239	567,000	1
HOME Investment Partnership Agreement 1994	M-94-MC-02-0200	14.239	836,000	46,246
HOME Investment Partnership Agreement 1998	M-98-MC-02-0200	14.239	897,000	14,921
HOME Investment Partnership Agreement 1999	M-99-MC-02-0200	14.239	835,700	20,600
HOME Investment Partnership Agreement 2000	M-00-MC-02-0200	14.239	971,000	34,353
HOME Investment Partnership Agreement 2002	M-02-MC-02-0200	14.239	1,071,000	269,281
HOME Investment Partnership Agreement 2003	M-03-MC-02-0200	14.239	1,114,921	30,000
HOME Investment Partnership Agreement 2004	M-04-MC-02-0200	14.239	1,119,105	571,407
HOME Investment Partnership Agreement 2005	M-05-MC-02-0200	14.239	1,075,967	444,011
HOME Investment Partnership Agreement 2006	M-06-MC-02-0200	14.239	1,008,847	65,563
Total Major Programs U.S. Department of Housing and Urban Development, Office of Community Planning and Development			10,360,540	1,549,227
Non-Major Programs:				
Community Development Block Grant 1990	B-90-MC-02-0001	14.218	1,479,000	609
Community Development Block Grant 1995	B-95-MC-02-0001	14.218	2,450,000	18,278
Community Development Block Grant 1996	B-96-MC-02-0001	14.218	2,388,000	3,178
Community Development Block Grant 1997	B-97-MC-02-0001	14.218	2,353,000	1
Community Development Block Grant 1998	B-98-MC-02-0001	14.218	2,255,000	5,169
Community Development Block Grant 1999	B-99-MC-02-0001	14.218	2,268,000	2,211
Community Development Block Grant 2000	B-00-MC-02-0001	14.218	2,263,000	1,841
Community Development Block Grant 2001	B-01-MC-02-0001	14.218	2,344,000	16,707
Community Development Block Grant 2002	B-02-MC-02-0001	14.218	2,283,000	3,073
Community Development Block Grant 2003	B-03-MC-02-0001	14.218	2,330,000	277,781
Community Development Block Grant 2004	B-04-MC-02-0001	14.218	2,285,000	102,697
Community Development Block Grant 2005	B-05-MC-02-0001	14.218	2,162,050	407,982
Community Development Block Grant 2006	B-06-MC-02-0001	14.218	1,941,992	1,502,657
Emergency Shelter 2005	S-05-MC-02-0001	14.231	83,573	15,996
Emergency Shelter 2006	S-06-MC-02-0001	14.231	83,168	63,760
HUD Link Program	AK06B400010	14.235	296,714	133,217
LINK Program 2006	AK06B500008	14.235	296,714	213,830
Section 108 Loan Guarantees		14.248	5,040,000	808,735
FY 05 EDI-Special PJ Cuddy Park Recreational Facility	B-05-SP-AK-0011	14.251	942,400	67,102
Total Non-Major Programs U.S. Department of Housing and Urban Development, Office of Community Planning and Development			35,544,611	3,644,824
Total U.S. Department of Housing and Urban Development, Office of Community Planning and Development			45,905,151	5,194,051
U.S. Department of Justice:				
Direct:				
Non-Major Programs:				
Human Trafficking	2005-VT-BX-1166	16.320	450,000	35,333
FY2005 Forensic Improvement	2005-DN-BX-0002	16.560	95,000	82,175
Justice Assistance Grant	2005-DJ-BX-0496	16.579	245,002	56,674
Pathways to Sobriety II 04-07	2004-DD-BX-1181	16.580	1,978,955	651,492
FY 2004 BJA Congressionally Mandated Awards	2004-DD-BX-1454	16.580	1,978,955	442,261
Stop Violence Women 2005	2005-WF-AX-0058	16.588	750,000	147,841
ANC DV Prevention Proj	2005-WF-AX-0103	16.588	2,400,000	349,271
Grants to Encourage Arrest Policies & Enforcement of Protection Orders Program	2002-WE-BX-0010	16.590	599,035	15,293
LLEBG FY04 Grant APD	2004-LB-BX-0190	16.592	128,175	41,426
Weed & Seed FY2006		16.595	50,000	17,814
Weed & Seed FY2006		16.595	94,500	94,500
FY 2005 Bullet Proof Vest Partnership Program		16.607	13,670	13,670
FY 2005 Bullet Proof Vest Partnership Program		16.607	14,406	14,405
COPS in Schools	2002-SH-WX-0653	16.710	1,625,000	37,230
COPS Secure Our Schools	2004-CK-WX-0440	16.710	74,806	40,774
COPS in Schools	2004-SH-WX-0136	16.710	500,000	187,070
Law Enforcement Technology	2005-CK-WX-0139	16.710	1,479,965	1,224,896
COPS Secure Our Schools	2005-CK-WX-0500	16.710	75,000	6,255
Forensic Science Impr 2006	2006-DN-BX-0013	16.742	95,000	2,518
Street Level Forfeitures		16. UNKNOWN	44,720	918
Equitable Federal Sharing of Seized and Confiscated Property		16. UNKNOWN	226,539	5,852
Federal Forfeitures 2003		16. UNKNOWN	497,331	9,931
Street Level Forfeitures		16. UNKNOWN	79,426	36,307
State Forfeitures 2004		16. UNKNOWN	220,549	56,955
Street Level Forfeitures		16. UNKNOWN	360,328	124,767
Federal Forfeitures 2005		16. UNKNOWN	320,740	161,668
Total Direct U.S. Department of Justice			14,397,102	3,857,296
Pass-Through Alaska Department of Public Safety				
Non-Major Programs:				
Juvenile Offender Supervision	PSN 3-002	16.609	28,800	5,739
Total U.S. Department of Justice			14,425,902	3,863,035

MUNICIPALITY OF ANCHORAGE, ALASKA

Schedule of Expenditures of Federal Awards

Year ended December 31, 2006

Federal Grantor/Pass-Through Grantor Program Title	Grant Number	CFDA Number	Award Amount	Expenditures
U.S. Department of the Interior				
Direct:				
Non-Major Programs:				
Chester Creek Aquatic Habitat Restoration Project	701815K412	15.608	\$ 233,000	233,000
Ship Creek Bank Stabilization PHI	701816G387	15.631	50,000	1,000
Pilot Project for Rain Gardens	701816G397	15.631	35,000	2,854
Watershed Plan for Little Campbell Creek	701816J623	15.631	35,000	730
Streambank Restoration Program	701816J634	15.631	10,000	190
Hydrologic Research Center	02WRAG0014-0001	15.808	464,714	102,289
Acquisition of High-Resolution Orthoimagery	05WRAG0046	15.808	36,000	34,720
NPS Iditarod Trail Grant	H9911050035	15.921	8,500	8,000
GIS/LIS GPS Survey	LAA-03-0015	15.DDD	90,000	11,329
Total Direct U.S. Department of the Interior			962,214	394,112
Pass-Through State Historic Preservation Officer:				
Non-Major Programs:				
Fairview Historic Building Survey	05446	15.904	15,120	15,120
Total U.S. Department of the Interior			977,334	409,232
U.S. Department of Transportation:				
Direct:				
Major Programs:				
Sec 5208 2005 FTA Assistance TCSP for Kincaid Trail Improvements	AK-26-0002	20.205	846,377	738,712
Non-Major Programs:				
Environmental Assessment for New Ski/Gravel Runway	3-02-0015-2899	20.106	333,493	8,636
TW H/Sec Impr Ph III	3-02-0015-3000	20.106	1,530,589	120,589
Construct Gravel/Ski Runway 3-21	3-02-0015-3401	20.106	1,424,640	164,640
Rehabilitate Taxiway Charlie and Interlinks, Rehabilitate Apron (Electrical)	3-02-0015-3502	20.106	1,530,514	40,514
Security Improvements, Phase C	3-02-0015-036	20.106	3,752,500	790,184
Security Improvements, Phase A-1	3-02-0015-3703	20.106	600,000	92,197
Security Improvements, Phase A-1	3-02-0015-040	20.106	551,000	29,740
Security Improvements, Phase A-1	3-02-0015-041	20.106	1,727,100	1,319,077
Section 5309B 2005 Anchorage Paratransit Improvements	AK-03-0066	20.500	1,457,667	6,432
Girdwood Transit Facility	AK-03-0076	20.500	970,874	108,528
06 HPP for Vets' Wheelchair Games Facility	AK-04-0002	20.500	1,702,189	1,409,161
Section 5307 1999 Operating and Capital Assistance	AK-90-X018	20.507	1,608,800	129,958
Section 5307 2000 Operating and Capital Assistance	AK-90-X019	20.507	2,160,800	142,386
Section 5307 2001 Operating and Capital Assistance	AK-90-X022	20.507	2,975,200	184,466
Section 5307 2002 Operating and Capital Assistance	AK-90-X024	20.507	3,000,200	348,089
Section 5307 2003 Operating and Capital Assistance	AK-90-X027	20.507	2,761,300	338,066
Section 5307 2004 Operating and Capital Assistance	AK-90-X031	20.507	4,741,140	1,320,413
Section 5307 2005 Operating and Capital Assistance	AK-90-X033	20.507	2,575,200	695,859
Section 5307 2005 PM & TE for ADA Improvements	AK-90-X045	20.507	692,067	540,848
Section 5307 2006 Vans, ADA Imp, Png, PM, ADA Svc	AK-90-X046	20.507	1,852,733	379,556
FY05 JARC Veterans Wheelchair Games	AK-37-X010	20.516	99,118	99,118
Total Direct Non-Major Programs U.S. Department of Transportation			38,047,124	8,268,457
Pass-Through Alaska Department of Transportation and Public Facilities:				
Major Programs:				
Transit Fleet Replacement	53007	20.205	2,592,387	51,850
Bicycle/Pedestrian Coordinator	54301	20.205	47,000	2,857
Traffic Control Signalization	54920	20.205	655,471	194,367
Traffic Safety Database AMATS	55008	20.205	1,269,380	97,969
Best Management Practices for PM 10 Control	56549	20.205	897,647	44,247
Engine Block Heater Program CY 2005	56550	20.205	481,232	79,576
Block Heater Installation	56550	20.205	481,371	479,237
Air Quality Public & Business Awareness Education Campaign	56555	20.205	1,015,794	287,366
Transit Marketing	57667	20.205	230,991	13,150
Share-A-Ride 2005	58076	20.205	384,986	3,095
On Street Sign Inventory Analysis	58264	20.205	1,324,806	363,331
IM Evaluation Program CY 2005	58269	20.205	818,094	425,481
Midtown District Plan	58316	20.205	261,659	43,998
AMATS Plug-in Installation Program	58322	20.205	131,371	2,670
CMAQ Transit Fleet Expansion/Replacement	58602	20.205	262,666	254,024
Hillside District Plan	58622	20.205	560,516	20,370
Anchorage Share A Ride CY06	59277	20.205	388,350	371,366
Transit Marketing Program CY06	59280	20.205	262,136	242,557
Transit Enhancement Program CY06	59288	20.205	148,273	133,809
AMATS Traffic Counts	59592	20.205	87,580	41,541
HSIP 2003 Group B	ACHHE-0001(299)56644	20.205	33,400	1,715
HSIP 2003 Group B	ACHHE-0001(299)56644	20.205	167,000	4,464
HSIP: 2004-2005 Program Projects	ACHHE-0001(344)58197	20.205	280,000	146,009
ISTEA HSIP: Group 1A-Downtown 1 Way Signing and Signal Upgrade	ACHHE-000S(471)57152	20.205	138,630	18,476
Eklutna Bridge Replacement	BR-0001(183)53945	20.205	542,225	555

MUNICIPALITY OF ANCHORAGE, ALASKA

Schedule of Expenditures of Federal Awards

Year ended December 31, 2006

Federal Grantor/Pass-Through Grantor Program Title	Grant Number	CFDA Number	Award Amount	Expenditures
ISTEA Anchorage Areawide Trails Rehabilitation	CM-0001(240)54658	20.205	\$ 805,000	131,731
ISTEA Chester Creek Trail Connection	CM-0001(262)55066	20.205	20,000	4,361
ISTEA Chester Creek Trail Connection	CM-0001(262)55066	20.205	437,000	23,725
ISTEA AMATS: Chester Creek Trail Connection	CM-0001(262)55066	20.205	1,850,370	1,475,244
CMAQ Automated Systems	CM-0001(296)56478	20.205	2,909,120	439,118
CMAQ Route Expansion DEMO Project	CM-0001(305)56660	20.205	481,371	481,371
CMAQ Route Expansion DEMO Project	CM-0001(305)56660	20.205	1,896,054	907,117
Girdwood Roads	HDP-0001(307)57057	20.205	1,675,000	509,904
AMATS: Fireweed/Seward Highway to Spenard	HES-0001(050)58488	20.205	2,100,000	66,172
HSIP 2001 Groups 1A,1B,2,3B	HHE-0001(226)55729	20.205	673,000	29,142
AMATS: Spenard Road: Hillcrest/Minnesota Pedestrian Improvement	HRO-0001(172)53986	20.205	603,000	30,823
AMATS: Spenard Road: Hillcrest/Minnesota Pedestrian Improvement	HRO-0001(172)53986	20.205	347,000	249,182
HSIP 2001 Group 5A	HRO-0001(267)55730	20.205	154,000	24,098
HSIP 2001 Group 5A	HRO-0001(267)55730	20.205	770,000	117,854
ISTEA HSIP Project PE: FY97 Group II Traffic Safety Improvements	HRO-000S(255)53292	20.205	145,000	354
HSIP 2003 Group A	HRO-000S(459)56645	20.205	354,300	40,488
Integrated Trans Sys ADOT/PF	ITS-9902(4)	20.205	262,800	44,042
CAMP Gorsuch Road-Design	RSP-TC03(004)57143	20.205	47,000	28,857
Arctic Boulevard, Dimond Boulevard to Raspberry	STP-0001(57)51018	20.205	945,640	3,353
Girdwood Roads Culvert Improvements	TCSP-TC03(002)54296	20.205	300,000	41,914
Camp Gorsuch-Construction	TCSP-TC03(4)57143	20.205	413,500	187,506
ISTEA S Coastal Trail Design	TEA-0001(126)52514	20.205	35,000	35,000
ISTEA Ship Creek Trail-Right of Way	TEA-0001(133)52499	20.205	790,000	597
ISTEA Ship Creek Trail-Design	TEA-0001(133)52499	20.205	1,453,000	22,604
Ship Creek Trail Design	TEA-0001(133)52499	20.205	424,000	346,656
2006 AMATS Planning		20.205	605,000	584,240
Total Pass-Through Major Programs Alaska Department of Transportation and Public Facilities			33,959,120	9,149,533
Non-Major Programs:				
MCS CV Enforcement 2005	05-PD-001	20.218	33,260	1,306
MCS CV Enforcement 2006	06-PD-001	20.218	31,278	23,504
Section 5309 2005 FTA Assistance	AK-03-0060	20.500	94,975	34,076
Section 5303 2005 FTA Planning	AK-80-X014	20.505	229,393	166,468
Section 5310 2004	AK-16-0027/57987	20.513	100,000	87,058
Section 5310 Capital Grant Program	AK-16-0029-09	20.513	70,537	69,067
DUI Enforcement Sustained	060100 163 ID	20.600	85,000	28,902
Holiday DUI Enforcement APD	060120 154AL	20.600	66,000	19,604
Anchorage Street Smarts	060405 PS	20.600	50,200	2,100
NHTSA/IACP DRE Instructor School	154AL 060115	20.600	4,500	3,707
Alaska Strategic Traffic Enforcement Partnership Seat Belt Overtime Enforcement Grant		20.600	40,872	1,000
DRE Instructor Certification		20.600	4,236	3,940
12th Annual Drugs, Alcohol & Impaired Driving Training Seminar (DRE)		20.600	13,600	12,505
DUI Enforcement 2007		20.600	48,795	28,712
DUI Enforcement 2006		20.600	44,770	33,046
Total Pass-Through Non-Major Programs Alaska Department of Transportation and Public Facilities			917,416	514,995
Total U.S. Department of Transportation			73,770,037	18,671,697
U.S. Environmental Protection Agency:				
Direct:				
Non-Major Programs:				
Air Quality 105 2005	A-97073602-0	66.001	233,136	42,180
Air Quality 105 2006	A-97073603-0	66.001	135,195	135,195
N Communities Sewer Extension	XP-96032301-0	66.202	3,563,400	22,114
ANC Air Program Initiatives	X-97087801	66.606	1,988,100	159,905
Girdwood Water Improvements	XP-97082701-0	66.606	4,610,000	12,453
Total Direct U.S. Environmental Protection Agency			10,529,831	371,847
Pass-Through Alaska Department of Environmental Conservation:				
Non-Major Programs:				
Alaska Clean Water Fund Loan Regional Landfill Cell#7 Project-Design	127521	66.458	10,256	10,256
Alaska Clean Water Action (ACWA) Grant	ACWA-07-01	66.605	32,000	17,359
PM 2.5 Monitoring 2005		66.606	48,500	19,999
Total Pass-Through U.S. Environmental Protection Agency			90,756	47,614
Total U.S. Environmental Protection Agency			10,620,587	419,461
U.S. Equal Employment Opportunity Commission:				
Direct:				
Non-Major Programs:				
FY 06 Equal Employment Opportunity Cases		30 UNKNOWN	1,700	1,700
Total Schedule of Expenditures of Federal Awards			\$ 187,551,223	42,270,745

MUNICIPALITY OF ANCHORAGE, ALASKA

Notes to Schedule of Expenditures of Federal Awards

Year Ended December 31, 2006

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) 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 the Municipality'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, 2006:

<u>Program</u>	<u>CFDA</u>	<u>Balance</u>
Anchor/Home/Disabled Access Program	14.239	\$ 2,394,568
Rental Rehabilitation	14.218	11,317
CDBG Rehabilitation	14.218	1,423,863
CDBG Emergency Repair	14.218	14,546
Mutual Rent	14.218	320,188
HUD Section 108 Loans	14.248	<u>1,862,006</u>
TOTAL		\$ <u>6,026,488</u>

MUNICIPALITY OF ANCHORAGE, ALASKA

Schedule of Findings and Questioned Costs

Year Ended December 31, 2006

(1) Summary of Auditor's Results

Financial Statements

Type of auditors' report issued		<u>unqualified</u>	
Internal control over financial reporting:			
• Material weakness(es) identified?	___ yes	<u>X</u> no	
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	<u>X</u> yes	___ none reported	
Noncompliance material to financial statements noted?	___ yes	<u>X</u> no	

Federal Awards

Internal control over major programs:			
• Material weakness(es) identified?	___ yes	<u>X</u> no	
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	<u>X</u> yes	___ none reported	
Type of auditor's report issued on compliance for major programs		<u>unqualified</u>	
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	<u>X</u> yes	___ no	

CFDA number(s)	Name of federal program or cluster
10.999	U.S. Department of Agriculture, U.S. Forest Service Hazardous Hazardous Fuels Mitigation
93.575	U.S. Department of Health and Human Services, Child Care Cluster
14.239	U.S. Department of HUD, Office of Community Planning and Development, HOME Investing Partnership Agreement
20.205	U.S. Department of Transportation, Federal Transit Cluster passed through Alaska DOT and Public Facilities

Dollar threshold used to distinguish between type A and type B programs:		\$ 1,268,122	
Auditee qualified as low-risk auditee?	<u>X</u> yes	___ no	

(2) Findings Relating to Basic Financial Statements Reported in Accordance with *Government Auditing Standards*

Criteria

The Municipality's policies require that timesheets be approved by supervisors.

MUNICIPALITY OF ANCHORAGE, ALASKA

Schedule of Findings and Questioned Costs

Year Ended December 31, 2006

Condition

KPMG determined the approval of timesheets was not consistently documented in certain departments, with exception of Police and Fire departments

Context

KPMG selected 40 timesheets from 32 departments and 2 were not approved by a supervisor. KPMG then selected an additional 67 timesheets from 2 departments that had timesheets not approved by a supervisor and 1 was not approved by a supervisor.

Effect

This control deficiency does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect material misstatements on a timely basis and could affect the Municipality of Anchorage's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the entity's financial statements, that is more than inconsequential, will not be prevented or detected by the entity's internal control over financial reporting.

Cause

Unknown

Recommendation

We recommend that the Municipality of Anchorage emphasize the importance of this policy to all supervisors so that this control is performed and documented properly.

(3) Findings and Questioned Costs Related to Federal Award

2006-1-US Department of Health and Human Services, Child Care Assistance Program Grant, CFDA 93.575; US Department of Health and Human Services, Child Care Eligibility Program Grant, CFDA 93.575, passed through Alaska Department of Health and Social Services

Criteria

OMB Circular A-133 requires that grantees have policies and procedures in place to ensure that participant eligibility is properly determined in a manner stipulated by the grantor.

Condition

During the year, the Municipality of Anchorage did not have an effective review process in place to ensure participant income was properly calculated.

Context

KPMG selected 87 files for review and 10 participants' were determined to be eligible based upon incorrect projected income calculations. In addition, a site review performed in 2006 by the State of Alaska, Department of Health and Social Services determined that "there was a lack of written

MUNICIPALITY OF ANCHORAGE, ALASKA

Schedule of Findings and Questioned Costs

Year Ended December 31, 2006

documentation to support the rationale used by the individual worker to determine whether the family was financially eligible to participate in the program, and how the family contribution was calculated.”

Effect

This control deficiency adversely affects the entity’s ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity’s internal control. The overpayment of child care assistance calculated as a result of this control deficiency was determined to be \$2,500.

Questioned Costs—None

Cause

An incorrect formula had been applied to tables used by the Municipality of Anchorage

Recommendation

We recommend that the Municipality of Anchorage ensure that tables utilized contain correct formulas and emphasize the importance of correctly calculating and reviewing eligibility requirements to ensure participant income is properly calculated.

MUNICIPALITY OF ANCHORAGE, ALASKA

Summary Schedule of Prior Audit Findings

Year Ended December 31, 2006

Finding 2005-1

U.S. Department of Agriculture, United States Forest Service Hazardous Fuels Mitigation
CFDA # 10.unknown

Condition Noted

Program Income – The Municipality did not have a process in place to capture, record and earmark interest earned on unspent grant funds in this program as required.

Status

The Municipality has corrected the oversight. In addition, a new procedure was established within the grants accounting section to review grant cash balances as part of the monthly closing processes in order to properly allocate interest earnings.

MUNICIPALITY OF ANCHORAGE, ALASKA

Corrective Action Plan

Year Ended December 31, 2006

Finding

Approval of Timesheets

Response

The Municipality of Anchorage performs an internal audit of payroll timesheets every year and reviewed KPMG's sample referenced in the finding. Internal Audit has found that although a small amount of timesheets have been found to not have the supervisors' signatures in each instance the employees' time was substantiated by other means. The lack of supervisor signature is considered an administrative error that the Municipality of Anchorage takes seriously. Managers are required to follow all Municipal policies and procedures and are held accountable for non compliance. Timesheets will continue to be audited annually by Internal Audit and management will continue to stress the importance of following the policy so that the control is performed and documented.

Finding 2006-1

U.S. Department of Health and Human Services, Child Care and Development Block Grant
CFDA # 93.575

Response

Based upon work done in partnership with the State during the fall of 2006, the Municipality did establish procedures to ensure proper eligibility determination. Over 32 hours of training was dedicated on State Policies and Procedures and detailed case note procedures in 2006. Monthly case file reviews by management include the monitoring of financial eligibility determinations. All staff now use a State-approved template to document specifically what income method and information is used for their calculations. The sample files reviewed are used for training and to ensure the consistency of applying eligibility procedures. The last site review done by the State in May, 2007 recognized "The case files reviewed showed quality work is being completed by MOA staff as it is well documented..."

STATE OF ALASKA SINGLE AUDIT



KPMG LLP
Suite 600
701 West Eighth Avenue
Anchorage, AK 99501

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, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Municipality of Anchorage, Alaska as of and for the year ended December 31, 2006, which collectively comprise the Municipality of Anchorage's basic financial statements and have issued our report thereon dated June 21, 2007. Our report was modified to include a reference to 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. Other auditors audited the financial statements of the Anchorage School District and Anchorage Community Development Authority, Inc., as described in our report on the Municipality of Anchorage, Alaska. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Municipality of Anchorage, Alaska's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Municipality of Anchorage, Alaska's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Municipality of Anchorage's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, prevent or detect material misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements is more than inconsequential will not be prevented or detected by the entity's internal control over financial reporting. We consider the deficiency described below to be a significant deficiency in internal control over financial reporting:



Honorable Members of the Municipal Assembly
Municipality of Anchorage, Alaska
June 21, 2007
Page 2

Finding-Approval of Timesheets

Criteria

The Municipality's policies require that timesheets be approved by supervisors.

Condition

KPMG determined that approval of timesheets was not consistently documented in certain departments, with the exception of the Police and Fire departments.

Context

KPMG selected 40 timesheets from 32 departments and 2 were not approved by a supervisor. KPMG then selected an additional 67 timesheets from the 2 departments that had timesheets not approved by a supervisor and 1 was not approved by a supervisor.

Effect

This control deficiency does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect material misstatements on a timely basis and could affect the Municipality of Anchorage's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control over financial reporting.

Cause

Unknown

Recommendation

We recommend that the Municipality emphasize the importance of this policy to all supervisors so that this control is performed and documented properly.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in a more than remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

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



Honorable Members of the Municipal Assembly
Municipality of Anchorage, Alaska
June 21, 2007
Page 3

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 June 21, 2007.

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

June 21, 2007



KPMG LLP
Suite 600
701 West Eighth Avenue
Anchorage, AK 99501

**Independent Auditor's 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 the
State Single Audit***

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 the State Single Audits* that are applicable to each of its major state programs for the year ended December 31, 2006. The Municipality of Anchorage's state major 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 state major programs is the responsibility of the Municipality of Anchorage's management. Our responsibility is to express an opinion on the Municipality of Anchorage'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 \$304,967,136 in state awards during their fiscal year ended June 30, 2006, which are not included in the schedule of state financial assistance for the year ended December 31, 2006. 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 the 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 the State Single Audits*. Those standards and the *State of Alaska Audit Guide and Compliance Supplement for the 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 state major program occurred. An audit includes examining, on a test basis, evidence about the Municipality of Anchorage'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's compliance with those requirements.

In our opinion, the Municipality of Anchorage 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, 2006.



Honorable Members of the Municipal Assembly
Municipality of Anchorage, Alaska
August 22, 2007

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's internal control over compliance with requirements that could have a direct and material effect on a state major program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance. Accordingly, we do not express an opinion on the effectiveness of the Municipality of Anchorage, Alaska's internal control.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a state program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to administer a state program such that there is more than a remote likelihood that noncompliance with a type of compliance with a state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a state program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that would be material weaknesses, as defined above.

Schedule of State Financial Assistance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Municipality of Anchorage as of and for the year ended December 31, 2006 and have issued our report dated June 21, 2007. We did not audit the financial statements of the Anchorage School District, which is a discretely presented component unit. We also did not audit the financial statements of the Anchorage Community Development Authority, which is a blended component unit. 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 purposes of additional analysis as required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* and Schedules 1 through 6 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 audit committee, management, Municipal Assembly, 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

August 22, 2007

MUNICIPALITY OF ANCHORAGE, ALASKA

Schedule of State Financial Assistance

Year ended December 31, 2006

State Grantor Program Title	Grant Number	Award Amount	Expenditures
Alaska Department of Administration:			
Major Programs:			
FY 06 Public Employees' Retirement System		\$ 6,913,262	6,913,262
Alaska Department of Commerce, Community & Economic Development:			
Major Programs:			
Northwood Drive Upgrade-Spenard to International Airport Road	03-DC-045	440,000	431,200
Major Municipal Facility Upgrade Projects	03-MG-009	1,250,000	309,349
Creekside Town Center Roads	04-DC-017	800,000	752,060
Anchorage Museum of History and Art Expansion	06-DC-233	5,000,000	2,341,649
Baxter Bog Park & Trail Re-Build	06-DC-280	250,000	203,130
Eagle River/Chugiak Area, Chugiak Volunteer Fire Station Site Acquisition	06-DC-291	375,000	367,500
Family Resource Center (Campfire) Lease and Building/Land Purchase Costs	06-DC-293	1,000,000	995,000
Flooding and Glaciations Projects, 50/50 Matching Grant	06-DC-295	500,000	299,024
Kincaid Park Road Improvements/Park Entrance to Kincaid Chalet	06-DC-302	3,500,000	1,615,926
Muldoon Road, Tudor Road Sound Barrier Fence	06-DC-306	600,000	435,657
Pavement Rehabilitation Projects, 50/50 Matching Grant	06-DC-309	2,275,000	2,021,589
Yosemite Drive Road and Drainage Improvement at Eagle Rim	06-DC-318	500,000	222,203
Abbott Loop Community Park Design and Construction of Sports Complex	06-DC-338	500,000	489,850
100th Avenue Extension: Minnesota Drive to King Street	07-DC-374	7,000,000	250,351
Flooding and Glaciation 50/50 Match Program	07-DC-398	1,000,000	871,270
Mountain View Drive Corridor Upgrade	07-DC-408	4,500,000	851,825
Pavement Rehabilitation 50/50 Match Program	07-DC-412	2,500,000	1,211,063
Anchorage Fire Department-Regional Fire Training Center Design and Construction	07-DC-421	9,000,000	259,732
Total Major Programs		40,990,000	13,928,378
Non-Major Programs:			
University Providence Campus Walkway	01-MG-017	98,398	36,187
ASD 2 Year Nonviolent Conflict Resolution-SB 29	02-DC-001	63,000	4,549
Fire Lake Dam Reconstruction	02-DC-005	240,000	134,727
2001 SB-29 Huffman Road/Pintail Street	02-DC-007	250,000	4,740
2001 SB-29 Muldoon Road Sound Barrier Fence	02-DC-009	75,000	226
Major Municipal Facility Upgrade Projects	02-MG-007	1,149,920	16,686
Renovation of Existing Fire Facilities	02-MG-014	1,000,000	14,704
ASD Dimond 2 Year Conflict Resolution	02-RR-005	37,336	5,715
ASD High Power Digital Microscope	02-RR-008	2,860	273
ASD William Tyson Computers, Books, Equip, & Outreach	03-DC-004	9,000	1,653
Completion of South Anchorage Sports Complex	03-DC-011	500,000	1,619
East Anchorage Muldoon Ball Field Development	03-DC-014	150,000	20,202
Jade Park Improvements	03-DC-019	275,000	67,683
Raspberry Road Jewel Lake Road Trail Connection Plan	03-DC-027	400,000	391
Skateboard Park Facility	03-DC-034	200,000	17,177
LEG Well Water Testing & Treatment for Arsenic	03-DC-043	55,000	2,214
ASD Abbott Loop Health & Safety Improvements	03-DC-047	20,000	370
ASD Kasuun Health & Safety Improvements	03-DC-053	20,000	1
ASD Ptarmigan Health & Safety Improvements	03-DC-055	20,000	320
ASD Ravenwood Health & Safety Improvements	03-DC-056	20,000	1
ASD Susitna Health & Safety Improvements	03-DC-057	20,000	3,704
ASD Turnagain Elementary Renovations	03-DC-058	300,000	4,741
ASD Ursa Major Health & Safety Improvements	03-DC-059	20,000	27
Fish Creek at Willow Street Water Quality Enhancement Pond	03-DC-148	700,000	13,053
Intersection Safety Improvements	03-MG-014	350,000	175
Playground Upgrades	03-MG-015	75,000	40,235
Sand Lake Area Water Extension	04-DC-019	310,000	24,855
Northern Lights Sound Barrier Project Between Lake Otis Parkway and New Seward Highway	04-RR-011	29,083	24,241
Legislative Grants APD	05-DC-002	100,000	3,212
Chugiak/Birchwood/Eagle River Rural Road and Rehabilitation	05-DC-004	70,000	39,886
CBERRRSA State Grants-Lower Fire Lake Dam Reconstruction	05-DC-005	125,000	112,500
Legislative Grants ARDSA-Muldoon Town Center Traffic Calming Study	05-DC-007	50,000	45,000
ASD Bowman School Signal	05-DC-013	3,000	2,850
ASD Campbell Elem. Supplies & Equip.	05-DC-014	45,000	748
ASD Dimond HS "D" Relocation & Restore	05-DC-017	50,000	400
ASD Dimond HS Peer M/C/V Abtmt. Prog	05-DC-018	35,000	3,894
ASD Dimond HS Supplies & Equip.	05-DC-019	10,000	6,500
ASD Goldenview MS Culvert Replacement	05-DC-020	40,000	4,561
ASD Huffman School Intercom Replacement.	05-DC-021	11,000	4
ASD Oceanview Elem. Supplies & Comp.	05-DC-027	7,200	5,711
ASD Oceanview Bicycle Rack Install.	05-DC-028	5,000	4,601
ASD Service HS Supplies & Comp.	05-DC-032	7,200	22
ASD Taku Elem. Supplies & Equip.	05-DC-035	20,000	136
Chugiak/Birchwood/Eagle River Rural Road Service Area for Rehab Work	05-RR-002	45,000	11,285
76th Avenue Pedestrian Facilities-Arctic Boulevard to Chad Street	06-DC-230	250,000	381
88th Avenue Upgrade/Toloff Street to Lake Otis Parkway	06-DC-231	250,000	170,813
Anchorage Police Department/Regional Public Safety Training Center Planning	06-DC-234	100,000	53,647
Abbott Loop Elementary School Library Supplies	06-DC-235	20,000	19,224
Bayshore Elementary Supplies	06-DC-236	10,000	9,244
Books and Supplies Grants, Fairview Elementary	06-DC-237	5,000	2,502
Bowman School - Traffic Pattern Revision	06-DC-238	35,000	26,883
Cambell Elementary PA System Improvements	06-DC-239	40,000	36,337
College Gate Elementary School Computer Purchase	06-DC-241	20,000	19,850
Girdwood K-8 School Renovation and Addition Design	06-DC-242	49,000	13
Gladys Wood Elementary Renovation Planning	06-DC-243	65,000	19,404

MUNICIPALITY OF ANCHORAGE, ALASKA

Schedule of State Financial Assistance

Year ended December 31, 2006

State Grantor Program Title	Grant Number	Award Amount	Expenditures
Gladys Wood Elementary Supplies	06-DC-244	\$ 10,000	7,663
Goldenview Middle School-Stage Floor Replacement	06-DC-245	60,000	57,676
Kasun Elementary School-Technology Upgrades, Disaster Safety Items	06-DC-246	20,000	18,838
Kincaid Elementary Supplies	06-DC-247	10,000	9,121
Klatt Elementary Supplies	06-DC-248	10,000	9,792
Music Supplies and Equipment, Goldenview Middle School	06-DC-249	10,000	7,998
Music Supplies and Equipment, Service High School	06-DC-250	20,000	5,444
Music Supplies and Equipment, South Anchorage High School	06-DC-251	20,000	13,200
Ocean View Elementary-Water System Improvements	06-DC-252	50,000	5,622
Ocean View Elementary Supplies	06-DC-253	10,000	4,257
O'Malley Elementary Supplies	06-DC-254	5,000	4,850
Sand Lake Elementary Supplies	06-DC-255	10,000	8,555
Supplies and Equipment, Abbot Loop Equipment School	06-DC-256	20,000	17,041
Supplies and Equipment, Bowman School	06-DC-257	5,000	4,848
Supplies and Equipment, Campbell Elementary School	06-DC-258	40,000	6,117
Supplies and Equipment, Dimond High School	06-DC-259	10,000	6,095
Supplies and Equipment, Huffman School	06-DC-260	5,000	3,965
Supplies and Equipment, Rabbit Creek Elementary School	06-DC-261	5,000	4,830
Supplies and Equipment, Spring Hill Elementary School	06-DC-262	20,000	18,722
Supplies and Equipment, Taku Elementary School	06-DC-263	20,000	15,032
Technology and Book Grants, Chester Valley School	06-DC-265	6,000	5,841
Technology and Book Grants, Clark Middle School	06-DC-266	5,000	220
Technology and Book Grants, Creekside School	06-DC-267	6,000	5,570
Technology and Book Grants, East High School	06-DC-268	5,000	3,471
Technology and Book Grants, Mountain View School	06-DC-269	6,000	5,850
Technology and Book Grants, Muldoon School	06-DC-270	6,000	4,761
Technology and Book Grants, Nunaka Valley School	06-DC-271	6,000	5,661
Technology and Book Grants, Susitna School	06-DC-273	6,000	5,804
Technology and Book Grants, Wendler Middle School	06-DC-274	5,000	4,633
Technology and Book Grants, Williwaw School	06-DC-276	6,000	5,693
Technology and Book Grants, Wonder Park School	06-DC-277	6,000	5,703
Trailside Elementary School-Computers, Books, Supplies	06-DC-278	20,000	18,384
Chugiak Birchwood Eagle River Rural Road Service Area-Road Work	06-DC-282	85,000	77,643
Chugiak Senior Center	06-DC-283	35,000	34,300
Community Patrol Equipment & Fuel/Mountain View	06-DC-285	2,500	2,450
Community Patrol Equipment & Fuel/Northeast	06-DC-286	2,500	2,450
Community Patrol Equipment & Fuel/Nunaka Valley	06-DC-287	2,500	2,450
Community Patrol Equipment & Fuel/Russian Jack	06-DC-288	2,500	2,450
Eagle River Fire Station/Swift-Water Rescue Boat and Six-Wheeler ATV	06-DC-290	36,500	25,805
Fire Stations #8 & #9/Automated CPR Devices	06-DC-294	125,000	2,645
Foxhall Subdivision Area Drainage	06-DC-296	95,000	4,435
Gambell Street/Seward Highway Pedestrian/Street Safety Improvements	06-DC-297	70,000	3,012
Girdwood Community Center & Library	06-DC-298	1,000,000	185,741
Girdwood Volunteer Fire Department Rescue Boat	06-DC-299	45,000	25,128
Harry J. McDonald Memorial Center Expansion	06-DC-301	1,000,000	4,995
Mountain View Library Renovation	06-DC-303	500,000	2,971
Mt. Baldy Public Access and Trailhead Improvements	06-DC-304	300,000	92
Muldoon Road Lighting Project	06-DC-305	100,000	98,000
Northern Lights Sound Barrier Fence	06-DC-308	500,000	110,466
Pedestrian Safety Projects, 50/50 Matching Grant	06-DC-310	500,000	178,507
Rabbit Creek View LRSA/Road Maintenance	06-DC-312	100,000	98,000
Raspberry Road Extension-Minnesota Drive to Rovenna Street	06-DC-314	1,300,000	5,868
Strawberry Road/Jewel Lake Road Intersection Improvements	06-DC-315	1,300,000	45,046
West Northern Lights Sound Barrier Wall Construction	06-DC-317	150,000	23,461
Pintail and Huffman Intersection Modification, Signal and Turn Lanes Design and Construction	06-DC-337	2,300,000	57,719
72nd Avenue, Spruce Street, Lore Road Upgrade, Lake Otis Parkway to Abbott Loop Road	06-DC-354	8,000,000	108,815
80th Avenue Upgrade, Lake Otis Parkway to Spruce Street	06-DC-355	4,000,000	68,095
100th Avenue Reconstruction, Pointe Resolution Drive to Victor Road	06-DC-356	4,500,000	158,434
Campbell Lake Improvements	06-RR-020	73,895	72,112
100th Avenue Signal at Old Seward Highway	07-DC-375	700,000	14,000
13th/Gambell Safety Improvements	07-DC-376	65,000	1,300
32nd Avenue Upgrade Muldoon Road to Brookridge Drive	07-DC-377	300,000	6,000
40th Street Extension Between Lake Otis and Dale Street	07-DC-378	400,000	8,000
42nd Avenue Improvements-Lake Otis Parkway to Florina Street	07-DC-379	100,000	2,000
4th Ave Sidewalk-Bunnell Street to Boniface Parkway	07-DC-380	90,000	1,800
Abbott Loop Community Park Improvements	07-DC-381	40,000	8,112
Anchorage Paratransit Services, Preventative Maintenance and Capital Improvements	07-DC-383	50,000	1,000
Anchorage Signal System Emergency Vehicle Pre-emption	07-DC-384	825,000	16,500
Area Community Patrols, Senate District M	07-DC-385	6,000	120
Bayside Greenbelt Trail 100th Avenue to Amber Bay Loop	07-DC-386	110,000	2,200
Brown's Point Park Memorial/Government Hill	07-DC-387	2,300	46
Chugiak Volunteer Fire Department Equipment Upgrade and Replacement	07-DC-388	100,000	2,000
College Gate Teaching Beyond the Box	07-DC-389	28,700	150
Cuddy Family Midtown Park	07-DC-390	40,000	800
Dimond Center Intermodal Project Match	07-DC-391	270,000	5,400
Duben Street Overlay	07-DC-392	300,000	6,000
Eagle River Lions Club Access and Site Improvements	07-DC-393	200,000	4,000
East 4th Avenue Drainage-Boniface Parkway to Bunnell Street	07-DC-394	125,000	2,500
East High School Theater Light Board	07-DC-395	7,500	150
Fairbanks Park Safety Upgrades	07-DC-396	50,000	3,800
Fairview Recreation Center Maintenance/Repair	07-DC-397	150,000	4,024
Girdwood Community Center Facility Construction	07-DC-399	1,500,000	30,000

MUNICIPALITY OF ANCHORAGE, ALASKA

Schedule of State Financial Assistance

Year ended December 31, 2006

State Grantor Program Title	Grant Number	Award Amount	Expenditures
Grumman Street South of Tudor Road Area Drainage	07-DC-400	\$ 60,000	1,200
Harry J. McDonald Center Expansion	07-DC-401	1,000,000	20,000
Jewel Lake Road Pedestrian Facilities Strawberry Road to 84th	07-DC-402	275,000	5,500
Kaboom Project at Williaw Park	07-DC-403	85,000	1,700
Lake Otis and Waldron Drive Intersection Safety Improvements	07-DC-404	50,000	1,000
Lake Otis Surface Rehabilitation, 68th to Abbott Road	07-DC-405	4,500,000	45,000
Lower Fire Lake Dam Reconstruction	07-DC-406	265,000	5,300
Maplewood Sidewalk/Traffic Safety	07-DC-407	200,000	184,000
Multidisciplinary Arts and Cultural Center (Carey Building)	07-DC-409	200,000	4,000
Northeast Anchorage Area Traffic Calming and Pedestrian Improvements	07-DC-410	150,000	3,000
Northern Lights Sound Barrier Fence	07-DC-411	150,000	3,000
Pedestrian Safety Rehabs and Connections 50/50 Match Program	07-DC-413	500,000	10,000
Pine St Drainage Improvements-6th Ave to DeBarr Road	07-DC-414	250,000	5,000
Pioneer Drive Upgrade Muldoon Road to Resurrection Drive	07-DC-415	100,000	2,000
Preliminary Engineering Report for Mid Huffman/DeArmoun Area	07-DC-417	175,000	3,500
Sultana Drive Road Maintenance	07-DC-418	10,000	10,000
Totem Fields	07-DC-419	188,500	3,770
Anchorage Fire Department-Dispatch Hardware, Software and Training	07-DC-420	50,000	46,575
Anchorage Fire Department-Station Upgrades	07-DC-422	30,500	9,502
Anchorage Fire Department-Two Fiber Optic Cameras	07-DC-423	17,000	16,631
Anchorage Police Department-Law Enforcement Protective Equipment and Training	07-DC-424	200,000	4,000
Anchorage Police Department-Two Handheld Thermo Imaging Systems	07-DC-425	30,000	600
Anchorage School District-Abbott Loop Elementary School Books, Supplies and Computer Upgrades	07-DC-426	30,000	1,902
Anchorage School District-Airport Heights Hockey Rink	07-DC-427	20,000	163
Anchorage School District-Bartlett High Technology, Book, Equipment and Capital Improvement	07-DC-428	20,000	3,322
Anchorage School District-Baxter Elementary School Learning Assessment Program Computers	07-DC-429	20,000	18,189
Anchorage School District-Bayshore Elementary PTA-School Supplies/Books	07-DC-430	10,000	150
Anchorage School District-Bowman Willard Elementary School-e-Macs Computers and Supplies	07-DC-431	10,000	150
Anchorage School District-Campbell Elementary School Supplies	07-DC-432	50,000	150
Anchorage School District-Chester Valley Elementary Technology, Book and Capital Improvement	07-DC-433	20,000	7,142
Anchorage School District-Chinook Elementary PTA-School Supplies/Books	07-DC-434	10,000	150
Anchorage School District-Clark Middle School Technology, Book and Capital Improvement	07-DC-435	4,500	3,687
Anchorage School District-Creekside Elementary School Technology, Book and Capital Improvement	07-DC-436	8,000	340
Anchorage School District-Denali Elementary School, School Supplies/Books	07-DC-437	5,000	150
Anchorage School District-Diamond High School PTA-School Supplies/Books	07-DC-438	10,000	4,806
Anchorage School District-Diamond High School Science Supplies	07-DC-439	20,000	6,150
Anchorage School District-Diamond High School Supplies	07-DC-440	10,000	150
Anchorage School District-East High School, School Supplies/Books	07-DC-441	5,000	150
Anchorage School District-Fairview Elementary School, School Supplies/ Books	07-DC-442	5,000	150
Anchorage School District-Gladys Wood Elementary PTA-School Supplies/Books	07-DC-443	10,000	150
Anchorage School District-Goldenview Middle School Computer Laptops and Supplies	07-DC-444	10,000	150
Anchorage School District-Government Hill Elementary School, School Supplies/Books	07-DC-445	5,000	150
Anchorage School District-Government Hill, Technology and Book Grants	07-DC-446	10,000	150
Anchorage School District-Hanshew and Other Middle Schools Sporting Equipment Resurfacing	07-DC-447	25,000	17,310
Anchorage School District-Hanshew Middle School Locker Replacement and Public Address System	07-DC-448	435,000	763
Anchorage School District-Huffman Elementary-e-Macs Computers and Supplies	07-DC-449	10,000	150
Anchorage School District-Kasun Elementary School Books, Supplies and Computer Upgrades	07-DC-450	30,000	1,898
Anchorage School District-Kincaid Elementary PTA-School Supplies/Books	07-DC-451	10,000	6,725
Anchorage School District-Klatt Elementary PTA-School Supplies/Books	07-DC-452	10,000	150
Anchorage School District-Lake Otis Elementary Library Carpet Replacement	07-DC-453	20,000	16,738
Anchorage School District-Mears Middle School PTA-School Supplies/Books	07-DC-454	10,000	150
Anchorage School District-Mountain View Elementary Technology, Book and Capital Improvement	07-DC-455	4,500	150
Anchorage School District-Muldoon Elementary School Technology, Book and Capital Improvement	07-DC-456	8,000	7,427
Anchorage School District-Northern Lights ABC School, School Books, Supplies and Computer Upgrades	07-DC-457	30,000	150
Anchorage School District-Nunaka Valley Elementary Technology, Book and Capital Improvement	07-DC-458	8,000	6,889
Anchorage School District-O'Malley Elementary Computer Lab	07-DC-459	15,000	150
Anchorage School District-O'Malley Elementary School e-Macs Computers and Supplies	07-DC-460	10,000	150
Anchorage School District-Ocean View Elementary School e-Macs Computers and Supplies	07-DC-461	10,000	9,294
Anchorage School District-Ocean View Elementary PTA-School Supplies/Books	07-DC-462	10,000	150
Anchorage School District-Polaris K-12 School, School Supplies/Books	07-DC-463	8,000	150
Anchorage School District-Ptarmigan Elementary School Technology, Book and Capital Improvement	07-DC-464	8,000	150
Anchorage School District-Rabbit Creek Elementary School-Emergency Preparedness and Supply Kits	07-DC-465	5,500	150
Anchorage School District-Rabbit Creek Elementary School-Folding Cafeteria Lunch Tables	07-DC-466	24,000	24,000
Anchorage School District-Rogers Park Elementary School, School Supplies/Books	07-DC-467	2,500	125
Anchorage School District-Russian Jack Elementary School Computer Lab Upgrade	07-DC-468	20,000	150
Anchorage School District-Sand Lake Elementary PTA-School Supplies/Books	07-DC-469	10,000	150
Anchorage School District-Scenic Park Elementary School Computer Mini-Lab	07-DC-470	20,000	150
Anchorage School District-Service High School Science Supplies	07-DC-471	20,000	5,866
Anchorage School District-Service High School Smart Boards and Other Equipment	07-DC-472	40,000	16,006
Anchorage School District-Service High School, Navy JROTC-Classroom Performance System (CPS)	07-DC-473	8,000	8,000
Anchorage School District-South Anchorage High School-Microbiology Supplies-Micropipettes	07-DC-474	10,000	150
Anchorage School District-Spring Hill Elementary Supplies	07-DC-475	10,000	150
Anchorage School District-Susitna Elementary School Technology, Book and Capital Improvement	07-DC-476	10,000	9,759
Anchorage School District-Taku Elementary School Skating Rink	07-DC-477	50,000	163
Anchorage School District-Technology and Book Grants to Schools in Senate District M	07-DC-478	59,000	16,455
Anchorage School District-Technology, Books and Educational Supply Grants in HD 24	07-DC-479	50,000	8,872
Anchorage School District-Trailside Elementary School Smart Boards and Other Equipment	07-DC-480	40,000	150
Anchorage School District-Ursa Major, Technology and Book Grants	07-DC-481	10,000	150
Anchorage School District-Ursa Minor, Technology and Book Grants	07-DC-482	10,000	150
Anchorage School District-West High School Auditorium Restoration	07-DC-483	95,000	163
Anchorage School District-William Tyson Elementary Technology, Book and Capital Improvement	07-DC-484	4,500	150
Anchorage School District-Winterberry Charter School, School Supplies/Books	07-DC-485	3,000	150

MUNICIPALITY OF ANCHORAGE, ALASKA

Schedule of State Financial Assistance

Year ended December 31, 2006

State Grantor Program Title	Grant Number	Award Amount	Expenditures
Anchorage School District-Wonder Park Elementary Technology, Book and Capital Improvement	07-DC-486	\$ 4,500	4,500
Anchorage School District-Williwaw Elementary Technology, Book, Security Cameras and Improvements	07-DC-489	20,000	163
Chugiak-Birchwood-Eagle River Road Drainage Service Area	07-DC-513	2,000,000	40,000
Raspberry Road Extension	07-DC-514	1,500,000	30,000
Traffic Impact Analysis of the Old Glenn Highway/Monte Road Intersection for the FYE June 30, 2007	07-DC-516	35,000	200
Anchorage Bowl Coastal Resource Atlas	831420	80,000	21,564
Total Non-Major Programs		<u>53,465,892</u>	<u>3,551,135</u>
Total Alaska Department of Commerce, Community & Economic Development		<u>94,455,892</u>	<u>17,479,513</u>
Alaska Department of Community and Regional Affairs:			
Non-Major Programs:			
Safe Communities		<u>12,220,453</u>	<u>19,570</u>
Alaska Department of Education & Early Development:			
Non-Major Programs:			
Netlender Reimbursement Grant	ILC-06-713-104	12,480	12,480
Staying Connected	ILC-06-713-191	7,800	7,800
Total Alaska Department of Education & Early Development		<u>20,280</u>	<u>20,280</u>
Alaska Department of Environmental Conservation:			
Major Programs:			
Klatt Road-NSH-PZ Intertie	13057	314,400	230,875
Anch Loop WTM Phase IV	13062	7,240,490	5,822,423
Kloep Station Sand Storage 99-20a	13067	444,497	443,681
Total Major Programs		<u>7,999,387</u>	<u>6,496,979</u>
Non-Major Programs:			
ADOT Arctic 76th-Dim Water Upgrade	13004	182,419	8
Wastewater Master Plan Update	13049	228,774	80,547
PS 10 Upgrade	13053	230,000	78,179
Rabbit Creek, Little Rabbit Creek & Survival Creek	13068	300,000	16,427
ADEC Hazmat Response Team 99		160,500	10,848
Hazmat Response Training		66,500	66,500
Total Non-Major Programs		<u>1,168,193</u>	<u>252,509</u>
Total Alaska Department of Environmental Conservation		<u>9,167,580</u>	<u>6,749,488</u>
Alaska Department of Health and Social Services:			
Major Programs:			
Community Health Nursing	601-06-175	794,014	370,484
Public Health Nursing	601-07-175	825,775	421,872
Human Services Community Matching Grant 2006	605-06-112	792,346	217,363
Human Services Community Matching Grant 2007	605-07-012	939,452	666,955
Total Major Programs		<u>3,351,587</u>	<u>1,676,674</u>
Non-Major Programs:			
Nutrition, Transportation, and Support Services (NTS)	607-06-119	81,750	46,625
Coordinated Transportation	607-07-119	81,750	34,575
Total Non-Major Programs		<u>163,500</u>	<u>81,200</u>
Total Alaska Department of Health and Social Services		<u>3,515,087</u>	<u>1,757,874</u>
Alaska Department of Military and Veterans Affairs:			
Non-Major Programs:			
OEM LEPC Grant	06 LEPC 16.03c02	22,125	20,777
SOA Earthquake Exercise	AKGF001	12,301	12,301
Total Alaska Department of Military and Veterans Affairs		<u>34,426</u>	<u>33,078</u>
Alaska Department of Natural Resources Division of Parks and Outdoor Recreation:			
Non-Major Programs:			
Girdwood Trails	10795708	97,552	65,452
Alaska Department of Revenue:			
Major Programs:			
FY 06 Electric Co-op Allocation		998,775	998,775
FY 06 Liquor Licensing		652,250	379,450
Total Major Programs		<u>1,651,025</u>	<u>1,378,225</u>
Non-Major Programs:			
FY 06 Raw Fish		141,352	85,846
Total Alaska Department of Revenue		<u>1,792,377</u>	<u>1,464,071</u>
Alaska Department of Transportation and Public Facilities:			
Major Programs:			
Tudor/Muldoon Road Curve Noise Barrier	54989	266,990	266,990
FY 06 Traffic Signal Management		1,433,800	1,433,800
Total Major Programs		<u>1,700,790</u>	<u>1,700,790</u>
Non-Major Programs:			
Security Improvements, Phase C	3-02-0015-036-2005 / 58577	98,750	20,794
Security Improvements, Phase A-1	3-02-0015-040-2006 / 53105	14,500	783
Security Improvements, Phase A-1	3-02-0015-041-2006 / 53105	45,450	34,713
Environmental Assessment for New Ski/Gravel Runway	3-02-0015-2899	11,116	1,328
TW H/Sec Impr Ph III	3-02-0015-3000	51,020	4,020

MUNICIPALITY OF ANCHORAGE, ALASKA

Schedule of State Financial Assistance

Year ended December 31, 2006

State Grantor Program Title	Grant Number	Award Amount	Expenditures
Construct Gravel/Ski Runway 3-21	3-02-0015-3401	\$ 47,488	47,488
Rehabilitate Taxiway Charlie and Interlinks, Rehabilitate Apron (Electrical)	3-02-0015-3502	51,017	1,350
Security Improvements, Phase A-1	3-02-0015-3703	20,000	3,073
Veterans Memorial Highway, Eagle River High School Traffic Control and Turn Lane	AKSAS 59638	400,000	8,000
FY 06 TORA Anchorage/Eagle River Area Street Cleaning		325,000	325,000
NPDES Storm Water Permit Application 2001		298,704	8,243
NPDES Storm Water Permit Application 2003		298,704	33,670
NPDES Storm Water Permit Application 2004		298,704	139,541
NPDES Storm Water Permit Application 2005		298,704	34,940
NPDES Storm Water Permit Application 2006		298,704	38,394
Total Non-Major Programs		<u>2,557,861</u>	<u>701,337</u>
Total Alaska Department of Transportation and Public Facilities		<u>4,258,651</u>	<u>2,402,127</u>
Alaska Energy Authority:			
Major Programs:			
Eklutna Project Transmission	295150	<u>19,300,000</u>	<u>12,412,351</u>
Alaska Housing Finance Corporation:			
Major Programs:			
Low Income Weatherization Assistance Program	WAP-06-MOA-1	<u>764,741</u>	<u>661,473</u>
Non-Major Programs:			
AHFC Link Program 2005	GMS-04-MOA-1	150,000	55,933
LINK Program 2006	GMS-05-MOA-1	14,610	8,945
HMS-LINK Project for Homeless Clients	HMS-05-MOA-1	189,390	102,880
Weatherization NON-WAP 2005	WAP-05-MOA-1	469,395	62,649
Total Non-Major Programs		<u>823,395</u>	<u>230,407</u>
Total Alaska Housing Finance Corporation		<u>1,588,136</u>	<u>891,880</u>
Alaska Mental Health Trust Authority:			
Non-Major Programs:			
Community Service Patrol & Transfer Station Designated Grant	GIFTS ID 830	<u>100,000</u>	<u>23,015</u>
Total Schedule of State Financial Assistance		<u>\$ 153,463,696</u>	<u>50,231,961</u>

MUNICIPALITY OF ANCHORAGE, ALASKA

Notes to Schedule of State Financial Assistance

Year Ended December 31, 2006

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.

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

Schedule of Findings and Questioned Costs

Year Ended December 31, 2006

There are no State of Alaska findings to report in 2006.

MUNICIPALITY OF ANCHORAGE, ALASKA

Summary Schedule of Prior Audit Findings

Year Ended December 31, 2006

There were no State of Alaska findings reported in 2005.

MUNICIPALITY OF ANCHORAGE, ALASKA

Corrective Action Plan

Year Ended December 31, 2006

There are no State of Alaska compliance findings for 2006. No corrective action is required.

MUNICIPALITY OF ANCHORAGE, ALASKA
 Department of Health and Social Services
 Community Health Nursing
 Grant 601-06-175
 Schedule of Expenditures - Budget and Actual
 Grant Period Ended June 30, 2006

	<u>Fiscal Year Ending December 31, 2005</u>	<u>Fiscal Year Ending December 31, 2006</u>	<u>Total Expenditures</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures:					
Direct Costs:					
Personal Services	\$ 343,184	329,264	672,448	658,988	(13,460)
Other Operating Costs	<u>11,117</u>	<u>14,776</u>	<u>25,893</u>	<u>39,353</u>	<u>13,460</u>
Total Direct Costs	354,301	344,040	698,341	698,341	-
Indirect Costs:	<u>69,229</u>	<u>26,444</u>	<u>95,673</u>	<u>95,673</u>	<u>-</u>
Total Expenditures	<u>\$ 423,530</u>	<u>370,484</u>	<u>794,014</u>	<u>794,014</u>	<u>-</u>

See accompanying independent auditors' report.

MUNICIPALITY OF ANCHORAGE, ALASKA
 Department of Health and Social Services
 Public Health Nursing
 Grant 601-07-175
 Schedule of Expenditures - Budget and Actual
 Grant Period Ended June 30, 2007

	<u>Fiscal Year Ending December 31, 2005</u>	<u>Fiscal Year Ending December 31, 2006</u>	<u>Total Expenditures</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures:					
Direct Costs:					
Personal Services	\$ -	341,200	341,200	675,679	334,479
Other Operating Costs	-	22,646	22,646	42,387	19,741
Total Direct Costs	-	363,846	363,846	718,066	354,220
Indirect Costs:					
Total Expenditures	\$ -	58,026	58,026	107,709	49,683
	\$ -	421,872	421,872	825,775	403,903

See accompanying independent auditors' report.

MUNICIPALITY OF ANCHORAGE, ALASKA
 Department of Health and Social Services
 Human Services Community Matching Grant
 Grant 605-06-112
 Schedule of Expenditures - Budget and Actual
 Grant Period Ended June 30, 2006

	<u>Fiscal Year Ending December 31, 2005</u>	<u>Fiscal Year Ending December 31, 2006</u>	<u>Total Expenditures</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures:					
Direct Costs:					
Personal Services	\$ -	-	-	-	-
Other Operating Costs	<u>557,971</u>	<u>194,758</u>	<u>752,729</u>	<u>752,729</u>	-
Total Direct Costs	<u>557,971</u>	<u>194,758</u>	<u>752,729</u>	<u>752,729</u>	-
Indirect Costs:					
Total Expenditures	<u>\$ 17,012</u>	<u>22,605</u>	<u>39,617</u>	<u>39,617</u>	-
Total Expenditures	<u>\$ 574,983</u>	<u>217,363</u>	<u>792,346</u>	<u>792,346</u>	-

See accompanying independent auditors' report.

MUNICIPALITY OF ANCHORAGE, ALASKA
 Department of Health and Social Services
 Human Services Community Matching Grant
 Grant 605-07-012
 Schedule of Expenditures - Budget and Actual
 Grant Period Ended June 30, 2007

	<u>Fiscal Year Ending December 31, 2005</u>	<u>Fiscal Year Ending December 31, 2006</u>	<u>Total Expenditures</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures:					
Direct Costs:					
Personal Services	\$ -	-	-	-	-
Other Operating Costs	-	631,726	631,726	892,480	260,754
Total Direct Costs	-	631,726	631,726	892,480	260,754
Indirect Costs:	-	35,229	35,229	46,972	11,743
Total Expenditures	\$ -	666,955	666,955	939,452	272,497

See accompanying independent auditors' report.

MUNICIPALITY OF ANCHORAGE, ALASKA
 Department of Health and Social Services
 Nutrition, Transportation & Support Services
 Grant 607-06-119
 Schedule of Expenditures - Budget and Actual
 Grant Period Ended June 30, 2006

	<u>Fiscal Year Ending December 31, 2005</u>	<u>Fiscal Year Ending December 31, 2006</u>	<u>Total Expenditures</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures:					
Direct Costs:					
Personal Services	\$ -	-	-	-	-
Other Operating Costs	<u>35,124</u>	<u>43,664</u>	<u>78,788</u>	<u>78,789</u>	<u>1</u>
Total Direct Costs	<u>35,124</u>	<u>43,664</u>	<u>78,788</u>	<u>78,789</u>	<u>1</u>
Indirect Costs:	<u>-</u>	<u>2,961</u>	<u>2,961</u>	<u>2,961</u>	<u>-</u>
Total Expenditures	<u>\$ 35,124</u>	<u>46,625</u>	<u>81,749</u>	<u>81,750</u>	<u>1</u>

See accompanying independent auditors' report.

MUNICIPALITY OF ANCHORAGE, ALASKA
 Department of Health and Social Services
 Coordinated Transportation
 Grant 607-07-119
 Schedule of Expenditures - Budget and Actual
 Grant Period Ended June 30, 2007

	<u>Fiscal Year Ending December 31, 2005</u>	<u>Fiscal Year Ending December 31, 2006</u>	<u>Total Expenditures</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures:					
Direct Costs:					
Personal Services	\$ -	31,614	31,614	78,789	47,175
Other Operating Costs	-	-	-	-	-
Total Direct Costs	<u>-</u>	<u>31,614</u>	<u>31,614</u>	<u>78,789</u>	<u>47,175</u>
Indirect Costs:	-	2,961	2,961	2,961	-
Total Expenditures	<u>\$ -</u>	<u>34,575</u>	<u>34,575</u>	<u>81,750</u>	<u>47,175</u>

See accompanying independent auditors' report.