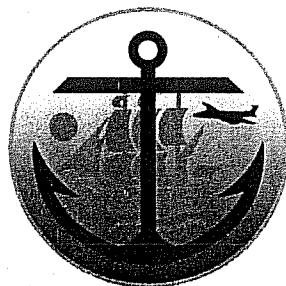


MUNICIPALITY OF ANCHORAGE, ALASKA

FEDERAL AND STATE OF ALASKA SINGLE AUDIT REPORTS AND SCHEDULES

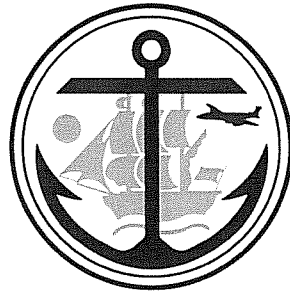
For the fiscal year ending

December 31, 2007



Community, Security, Prosperity

**MUNICIPALITY OF ANCHORAGE,
ALASKA**



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

For the Fiscal Year Ended December 31, 2007

**Mark Begich
Mayor**

**Prepared by:
Finance Department**

**Sharon Weddleton, CPA
CFO**

**Teresa L. Peterson, CPA
Controller**

Cover photo courtesy of Robert (Bob) McNeil. "Captain James Cook," Original statue by John Tweed, reproduction by Derek Freeborn located in Resolution Park, Anchorage, Alaska

MUNICIPALITY OF ANCHORAGE, ALASKA

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Federal Single Audit



KPMG LLP
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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, 2007, which collectively comprise the Municipality of Anchorage's basic financial statements, and have issued our report thereon dated July 28, 2008. 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, a component unit. 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 on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the 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'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 over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Municipality of Anchorage, Alaska'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 Municipality of Anchorage's internal control over financial reporting. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting (2007-1, 2007-2 and 2007-3).



Honorable Members of the Municipal Assembly
Municipality of Anchorage, Alaska
September 29, 2008
Page 2

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Municipality of Anchorage'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 the 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, of the significant deficiencies described above, we consider items 2007-2 and 2007-3 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 July 28, 2008.

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

September 29, 2008



KPMG LLP
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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, 2007. The Municipality of Anchorage, Alaska's major federal programs are identified in the summary of auditors' 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 operations of its component unit, the Anchorage School District, which received \$58,557,125 in federal awards during their fiscal year ended June 30, 2007, which are not included in the schedule of federal expenditures of federal awards for the year ended December 31, 2007. Our audit, described below, did not include the operations of the Anchorage School District, because it was subjected to a separate audit in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Municipality of Anchorage, Alaska's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination 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, 2007. 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 2007-4.



Honorable Members of the Municipal Assembly
Municipality of Anchorage, Alaska
September 29, 2008
Page 2

Internal Control Over Compliance

The management of the Municipality of Anchorage, Alaska is responsible for establishing and maintaining effective internal control over compliance with 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, 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, Alaska'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 Municipality's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2007-4 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, 2007 and have issued our report dated July 28, 2008. 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 discretely presented component unit. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Municipality of Anchorage, Alaska'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
September 29, 2008
Page 3

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

September 29, 2008

MUNICIPALITY OF ANCHORAGE, ALASKA

Schedule of Expenditures of Federal Awards

Year ended December 31, 2007

Federal Grantor/Pass-Through Grantor Program Title	Grant Number	CFDA Number	Award Amount	Expenditures
Institute of Museum & Library Services				
Pass-Through Alaska Dept of Education & Early Development				
Non-Major Programs:				
Ready to Read Grants	LS-00-007-0002-07	45.310	\$ 51,176	1,370
800# ILL. & Reference Backup		45.310	65,392	17,450
Ready to Read Grants		45.310	70,745	70,745
Total Pass-Through Alaska Dept of Education & Early Development			187,313	89,565
Pass-Through Arts Midwest / National Endowment for the Arts				
Non-Major Programs:				
The Big Read 2007		45.024	20,000	20,000
Total Institute of Museum & Library Services			207,313	109,565
U.S. Dept of Agriculture				
Direct:				
Non-Major Programs				
USFS Hazardous Fuels Mitigation 2006		10.unknown	1,182,000	190,042
USFS Hazardous Fuels Mitigation 2005		10.unknown	493,000	24,468
USFS Hazardous Fuels Mitigation 2004		10.unknown	1,975,000	188,855
USFS Hazardous Fuels Mitigation 2003		10.unknown	4,173,000	713,224
USFS Hazardous Fuels Mitigation 2002		10.unknown	5,000,000	93,130
USFS Forest Health 2005	05DG11100000227	10.680	100,000	88,185
Eagle River Forest Restoration Project	06DG11100100225	10.680	100,000	7,010
Total Direct Non-Major Programs U.S. Dept of Agriculture			13,023,000	1,304,914
Pass-Through Alaska Dept of Health & Social Services				
Non-Major Programs:				
2007 WIC Program	603-07-813	10.557	983,720	471,047
WIC Program BP2007	603-08-813	10.557	850,783	454,926
Total Pass-Through Alaska Dept of Health & Social Services			1,834,503	925,973
Pass-Through Alaska Dept of Commerce, Community & Economic Development				
Non-Major Programs:				
FY 07 National Forest Receipts		10.655	7,810	7,810
Total U.S. Dept of Agriculture			14,865,313	2,238,698
U.S. Dept of Commerce, National Oceanic & Atmospheric Administration				
Pass-Through Alaska Dept of Fish & Game				
Non-Major Programs:				
Southeast Sustainable Salmon Funds:				
Ship Creek Fishing Access	45297	11.438	1,885,192	1,756,068
Ship Creek Fishing Access	45506 COOP-05-048 Na04NMF4380162	11.438	185,000	154,983
Ship Creek Schedule C, Part 1 of 3	45355	11.438	182,103	3,642
Ship Creek Schedule C, Part 2 of 3	45515	11.438	32,445	649
Ship Creek Schedule C, Part 3 of 3	45644	11.438	42,424	848
Ship Creek Fish Passage Project-Phase II	45507	11.438	286,790	153,657
PCSRF Creeks Community Development Manager	45508	11.438	577,921	109,093
Water Quality Monitoring & Education	45509	11.438	42,530	1,510
Chester Ck Aquatic Ecosys Restor, Westchester Lgn to Cook Inlet, Ph 1, Pt II	45642	11.438	351,808	130,163
Chester Ck Aquatic Ecosys Restor, Westchester Lgn to Cook Inlet, Ph 2, Pt I (Culvert)	45514	11.438	1,596,367	455,189
Chester Ck Aquatic Ecosys Restor, Westchester Lgn to Cook Inlet, Ph 2, Pt II (Channel)	45641	11.438	2,492,175	320,938
Campbell Creek Rehab	45643 COOP-07-070	11.438	251,842	123,465
Little Campbell Creek Fish Passage Improvement	45778 COOP-08-024 NA06NMF4380119	11.438	1,507,689	30,154
Salmon in the City	45513 COOP-06-079	11.438	311,013	123,508
Water Quality Monitoring & Education		11.438	42,530	42,530
Total Pass-Through Alaska Dept of Fish & Game			9,787,829	3,406,395
Pass-Through Alaska Dept of Commerce, Community & Economic Development				
Non-Major Programs:				
Alaska Coastal Zone Management 306 - Travel	ACMP 306	11.419	229	229
Alaska Coastal Zone Management 306	ACMP 306	11.419	38,500	680
Alaska Coastal Zone Management Special Projects 309	ACMP 309	11.419	3,900	3,900
Alaska Coastal Zone Management 306	ACMP 306 Section	11.419	38,500	26,283
Total Pass-Through Alaska Dept of Commerce, Community & Economic Development			81,129	31,093
Total U.S. Dept of Commerce, National Oceanic & Atmospheric Administration			9,868,958	3,437,488
U.S. Dept of Education				
Pass-Through U.S. Dept of Education				
Non-Major Programs:				
800# ILL. & Reference Backup		45.310	65,088	35,323
Total U.S. Dept of Education			65,088	35,323
U.S. Dept of Energy				
Pass-Through U.S. Dept of Energy				
Non-Major Programs:				
Low Income Weatherization Assistance Program	WAP-06-MOA-1	81.042	365,307	229,615
Low Income Weatherization Assistance Program	WAP-07-MOA-1	81.042	328,216	70,115
Total U.S. Dept of Energy			693,523	299,730
U.S. Dept of Health & Human Services				
Direct:				
Non-Major Programs:				
Family Planning 2006	6 FPHPA100024-29-03 (formerly 10H900024)	93.217	617,998	329,359
Family Planning 2007	6FPHPA100024-30-02	93.217	746,455	314,801
S.A.F.E Child Project (Stop Abuse for Every Child)	90XA0096/01	93.670	994,100	123,887
Total Direct Non-Major Programs U.S. Dept of Health & Human Services			2,358,553	768,047
Pass-Through Alaska Dept of Health & Social Services				
Major Programs:				
Child Care Eligibility Assistance Program Grant	604-07-900	93.575	1,075,000	553,959
Child Care Licensing 06	604-07-940	93.575	1,347,000	635,722
Child Care Eligibility Assistance Program Grant	604-08-900	93.575	1,278,081	576,515
Child Care Licensing 07	604-08-940	93.575	1,414,350	770,007
Total Pass-Through Major Programs Alaska Dept of Health & Human Services			5,114,431	2,536,202

MUNICIPALITY OF ANCHORAGE, ALASKA

Schedule of Expenditures of Federal Awards

Year ended December 31, 2007

Federal Grantor/Pass-Through Grantor Program Title	Grant Number	CFDA Number	Award Amount	Expenditures
Non-Major Programs:				
Coordinated Transportation	607-07-119	93.044	463,250	267,328
Coordinated Transportation	607-08-119	93.044	463,250	240,015
Public Health Preparedness & Response for Bioterrorism	601-08-151	93.069	850,000	391,504
Public Health Nursing	601-07-175	93.116	75,500	31,573
Community Health Nursing	601-08-175	93.116	40,061	17,921
Public Health Nursing	601-07-175	93.268	91,300	43,099
Community Health Nursing	601-08-175	93.268	91,300	22,307
Bioterrorism 06	601-07-151	93.283	836,900	495,879
HIV Prevention & Intervention Activities	601-07-170	93.940	169,500	87,871
HIV Prevention & Intervention Activities	601-08-170	93.940	169,500	86,204
Total Pass-Through Non-Major Programs Alaska Dept of Health & Human Services			3,250,561	1,683,701
Pass-Through Alaska Housing Finance Corporation				
Non-Major Programs:				
Low Income Weatherization Assistance Program	WAP-07-MOA-1	81.041	10,229	6,923
Low Income Weatherization Assistance Program	WAP-06-MOA-1	93.568	143,274	8,046
Low Income Weatherization Assistance Program	WAP-07-MOA-1	93.568	47,187	47,187
Total Pass-Through Non-Major Programs Alaska Housing Finance Corporation			200,690	62,155
Pass-Through Southcentral Foundation				
Non-Major Programs:				
Southcentral Found CSP 2007	01-330-00-560.140	93.210	199,000	199,000
Total U.S. Dept of Health & Human Services			11,123,235	5,249,106
U.S. Dept of Homeland Security				
Direct:				
Non-Major Programs:				
Flood Plain Mapping 2006	EMS-2006-GR-0009	97.045	180,000	40,661
Assistance to Firefighters Grant Program-Operations & Safety Program	EMW-2005-FG-17473	97.044	433,398	95,648
Metropolitan Medical Response System	233-03-0077	97.071	280,000	99,289
Total Direct Non-Major Programs U.S. Dept of Homeland Security			893,398	235,598
Pass-Through Alaska Dept of Military & Veterans Affairs				
Non-Major Programs:				
SOA Homeland Security 2004	2004-GE-T4-0035 / 04 LETPP 16.17d02	97.004	44,113	16,381
Lower Lake Dam Rehabilitation	HMGPI445.0005	97.047	491,600	169,988
Citizen Corps Program	2006-GE-T6-0015 / 06CCP-GR34033	97.053	41,145	40,480
Metropolitan Medical Response System (05 MMRS 16.21c01)	2005-GE-T5-0031 / 05 MMRS 16.21c01	97.071	227,592	133,393
Metropolitan Medical Response System (06 MMRS 16.21c01)	2006-GE-T6-0015 / 06MMRS-GR34043	97.071	232,330	162,396
Metropolitan Medical Response System 07	2007-GE-T7-0003 / 07MMRS-GR34044	97.071	258,145	1,141
State Homeland Security Program	2005-GE-T5-0031 / 05 SHSP 16-16c13	97.073	1,519,460	1,519,460
State Homeland Security Program	2006-GE-T6-0015 / 06SHSP-GR34053	97.073	1,041,797	1,041,797
Law Enforcement Terrorism Prevention Program	2005-GE-T5-0031	97.074	416,890	416,890
Law Enforcement Terrorism Prevention Program	2006-GE-T6-0015 / 06LETPP-GR34232	97.074	972,806	957,063
2005 Buffer Zone Protection Program, 05 BZPP 16.05c01	2005-GR-T5-0030 / 05 BZPP 16.05c01	97.078	198,260	20,449
Total Pass-Through Non-Major Programs Alaska Dept of Military & Veterans Affairs			5,444,138	4,479,437
Pass-Through Alaska Division of Emergency Services				
Non-Major Programs:				
FY 07 Office of Emergency Management	07EMPG-GR35567	97.042	93,750	75,000
Total U.S. Dept of Homel& Security			6,431,286	4,790,036
U.S. Dept of Housing & Urban Development, Office of Community Planning & Development				
Direct				
Major Programs:				
Community Development Block Grant 2001	B-01-MC-02-0001	14.218	2,344,000	39,678
Community Development Block Grant 2003	B-03-MC-02-0001	14.218	2,330,000	289,281
Community Development Block Grant 2005	B-05-MC-02-0001	14.218	2,162,050	144,921
Community Development Block Grant 2006	B-06-MC-02-0001	14.218	1,941,992	439,335
Community Development Block Grant 2007	B-07-MC-02-0001	14.218	1,936,826	783,838
Community Development Block Grant 1998	B-98-MC-02-0001	14.218	2,255,000	256
Section 108 Loan Guarantees		14.248	5,040,000	2,000,000
Total Direct Major Programs U.S. Dept of Housing & Urban Development, Office of Community Planning & Development			18,009,868	3,697,309
Direct				
Non-Major Programs:				
Emergency Shelter 2005	S-05-MC-02-0001	14.231	83,573	6,001
Emergency Shelter 2006	S-06-MC-02-0001	14.231	83,168	19,395
Emergency Shelter 2007	S-07-MC-02-0001	14.231	83,752	54,589
LINK Program 2006	AK06B500008	14.235	296,714	82,884
LINK Program 2007	AK06B600009	14.235	296,714	212,810
HOME Investment Partnership Agreement 2002	M-02-MC-02-0200	14.239	1,071,000	186,455
American Dream Downpayment Initiative 2004	M-04-MC-02-0200	14.239	89,577	19,000
HOME Investment Partnership Agreement 2004	M-04-MC-02-0200	14.239	1,119,105	196,957
American Dream Downpayment Initiative 2005	M-05-MC-02-0200	14.239	51,079	51,079
HOME Investment Partnership Agreement 2005	M-05-MC-02-0200	14.239	1,075,967	188,283
American Dream Downpayment Initiative 2006	M-06-MC-02-0200	14.239	25,488	25,488
HOME Investment Partnership Agreement 2006	M-06-MC-02-0200	14.239	1,008,847	144,070
American Dream Downpayment Initiative 2007	M-07-MC-02-0200	14.239	25,488	15,488
HOME Investment Partnership Agreement 2007	M-07-MC-02-0200	14.239	1,003,185	459,488
HOME Investment Partnership Agreement 1993	M-93-MC-02-0200	14.239	567,000	6,039
HOME Investment Partnership Agreement 1996	M-96-MC-02-0200	14.239	1,191,850	50,780
HOME Investment Partnership Agreement 1997	M-97-MC-02-0200	14.239	842,000	1,500
HOME Investment Partnership Agreement 1999	M-99-MC-02-0200	14.239	835,700	15,450
HUD Kincaid Training Center	B-05-SP-AK-0010	14.246	496,000	9,920
EDI-Special PJ Cuddy Park Recreational Facility 2005	B-05-SP-AK-0011	14.251	942,400	631,484
Total Direct Non-Major Programs U.S. Dept of Housing & Urban Development, Office of Community Planning & Development			11,188,607	2,377,159
Total U.S. Dept of Housing & Urban Development, Office of Community Planning & Development			29,198,475	6,074,468
U.S. Dept of Justice				
Direct				
Major Programs:				
COPS Secure Our Schools	2004-CK-WX-0440	16.710	74,806	2,240
COPS Interoperable Communications Technology Grant Award	2004-IN-WX-0002	16.710	3,236,382	1,986,471

MUNICIPALITY OF ANCHORAGE, ALASKA

Schedule of Expenditures of Federal Awards

Year ended December 31, 2007

Federal Grantor/Pass-Through Grantor Program Title	Grant Number	CFDA Number	Award Amount	Expenditures
COPS in Schools	2004-SH-WX-0136	16.710	500,000	138,333
Law Enforcement Technology	2005-CK-WX-0139	16.710	1,479,965	51,399
COPS Secure Our Schools	2005-CK-WX-0500	16.710	75,000	10,313
Total Direct Major Programs U.S. Dept of Justice			5,366,153	2,188,756
Direct				
Non-Major Programs:				
Human Trafficking	2005-VT-BX-1166	16.320	450,000	63,124
Justice Assistance Grant	2005-DJ-BX-0496	16.579	245,002	83,680
Justice Assistance Grant	2006-DJ-BX-0244	16.579	142,514	21,814
Pathways to Sobriety II 04-07	2004-DD-BX-1181	16.580	1,978,955	609,979
BJA Congressionally Mandated Awards 2004	2004-DD-BX-1454	16.580	1,978,955	575,918
Stop Violence Women 2005	2005-WF-AX-0058	16.588	750,000	79,365
ANC DV Prevention Proj	2005-WF-AX-0103	16.588	2,400,000	753,000
Weed & Seed FY2006		16.595	50,000	32,186
Weed & Seed FY2006		16.595	63,128	61,818
Bullet Proof Vest		16.607	8,740	8,740
Forensic Science Impr 2006	2006-DN-BX-0013	16.742	95,000	92,482
Equitable Federal Sharing of Seized & Confiscated Property		16.unknown	226,539	297
Federal Forfeitures 2003		16.unknown	497,331	440
Street Level Forfeitures		16.unknown	79,426	13,643
Street Level Forfeitures		16.unknown	44,720	24,129
State Forfeitures 2004		16.unknown	220,549	48,724
Federal Forfeitures 2005		16.unknown	320,740	79,769
Forfeiture Funds-All2007		16.unknown	444,500	133,161
Street Level Forfeitures		16.unknown	360,328	205,660
Total Direct Non-Major Programs U.S. Dept of Justice			10,356,427	2,887,929
Pass-Through Alaska Dept of Public Safety				
Non-Major Programs:				
Juvenile Offender Supervision	PSN 04-002	16.609	28,789	28,789
Pass-Through State of Alaska State Troopers				
Non-Major Programs:				
Anti-Gang Initiative 06	AGI 07-111	16.609	103,916	103,916
Total U.S. Dept of Justice			15,855,285	5,209,389
U.S. Dept of the Interior				
Direct				
Non-Major Programs:				
Pilot Project for Rain Gardens	701816G397	15.631	35,000	32,146
Watershed Plan for Little Campbell Creek	701816J623	15.631	35,000	34,205
Streambank Restoration Program	701816J634	15.631	10,000	9,810
Anchorage Rain Gardens Phase 2	701817G470	15.631	25,000	461
Hydrologic Resource Center for Data Collection & Investigation dated January 23, 2007	07WRA00005	15.808	102,289	102,289
Challenge Cost Share Grant to Reconstruct the National Historic Iditarod Trail	H9807060004	15.921	9,018	8,500
NPS Iditarod Trail Grant	H9911050035	15.921	8,500	70
GIS/LIS GPS Survey	LAA-03-0015	15.DDD	90,000	2,165
Total Direct U.S. Dept of the Interior			314,807	189,646
U.S. Dept of Transportation				
Direct				
Major Programs:				
Rehabilitate Aircraft Aprons (Ph 2 "Blk 5") ; Security Enhancements (Public Address System)	3-02-0015-042-2007	20.106	2,356,000	2,027,758
Property Acquisition (Klatt Parcel, 1025 Orca Street)	3-02-0015-043-2007	20.106	1,520,000	1,520,000
Rehabilitate Runway 6-24, Construct Taxiway Golf Ext, Security Improv (CCTV) Ph 2	AIP 3-02-0015-036-2005	20.106	3,752,500	22,078
Security Improvements, Phase C (Pedestrian Trail & Lighting), Expand Aircraft Apron	AIP 3-02-0015-039-2004	20.106	2,221,529	179,029
Acquire Snow Removal Equipment (Motor Grader, Sand Truck, Snowblower)	AIP 3-02-0015-040-2006	20.106	551,000	474,540
Rehabilitate Apron (Phase 1), Provide Security Enhancements	AIP 3-02-0015-041-2006	20.106	1,727,100	394,652
Section 5208 2005 FTA Assistance TCSP for Kincaid Trail Improvements	AK-26-0002	20.205	846,377	103,198
AMATS Planning PY Carryover	none	20.205	272,537	14,542
Total Direct U.S. Dept of Transportation			13,247,043	4,735,796
Non-Major Programs:				
Section 5309B Anchorage Paratransit Improvements 2005	AK-03-0066	20.500	1,457,667	99,789
FTA 5309 Museum Intermodal Facility	AK-03-0067	20.500	1,457,667	1,060
Girdwood Transit Facility	AK-03-0076	20.500	970,874	725,993
HPP for Vets' Wheelchair Games Facility 2006	AK-04-0002	20.500	1,702,189	15,449
Section 5307 Operating & Capital Assistance	AK-90-0016	20.507	1,412,000	80,427
Section 5307 1999 Operating & Capital Assistance	AK-90-0018	20.507	1,436,800	104,241
Section 5307 2000 Operating & Capital Assistance	AK-90-X019	20.507	1,988,800	162,371
Section 5307 2001 Operating & Capital Assistance	AK-90-X022	20.507	2,803,200	52,100
Section 5307 2002 Operating & Capital Assistance	AK-90-X024	20.507	2,781,600	268,390
Section 5307 2003 Operating & Capital Assistance	AK-90-X027	20.507	2,495,108	291,068
Section 5307 2004 Operating & Capital Assistance	AK-90-X031	20.507	4,741,140	875,428
Section 5307 2005 Operating & Capital Assistance	AK-90-X033	20.507	2,575,200	331,692
Section 5307 2005 for PM & TE for ADA Improvements	AK-90-X045	20.507	692,067	135,212
Section 5307 2006 Vans, ADA Imp, Png, PM, ADA Svc	AK-90-X046	20.507	1,852,733	637,170
Section 5307 2007 Vans, ADA Imp, Png, PM, ADA Svc	AK-90-X048	20.507	296,000	52,978
Total Direct Non-Major U.S. Dept of Transportation			28,663,045	3,833,369
Pass-Through Alaska Dept of Transportation & Public Facilities				
Major Programs:				
Travel Options Program	50895	20.205	87,496	1,620
Bicycle/Pedestrian Coordinator	50902	20.205	87,496	14,166
Transit Fleet Replacement	53007	20.205	5,945,379	2,422
Anchorage Ridesharing CY07	53216	20.205	385,096	385,096
Transit Marketing Program CY07	53217	20.205	259,940	259,940
Transit Stop Enhancement CY07	53218	20.205	153,266	153,266
Bicycle/Pedestrian Coordinator	54301	20.205	47,000	26,246
Anchorage Bike & Pedestrian Safety	54439	20.205	232,088	10,408
CMAQ Transit Intelligent Transportation Systems/Automated Operating Systems	54920	20.205	166,355	89,471
Traffic Control Signalization	54920	20.205	655,471	173,033
Traffic Safety Database AMATS	55008	20.205	1,269,380	543,722
Best Management Practices for PM 10 Control	56549	20.205	897,647	20,114

MUNICIPALITY OF ANCHORAGE, ALASKA

Schedule of Expenditures of Federal Awards

Year ended December 31, 2007

Federal Grantor/Pass-Through Grantor Program Title	Grant Number	CFDA Number	Award Amount	Expenditures
Air Quality Public & Business Awareness Education Campaign	56555	20.205	1,015,794	281,456
On Street Sign Inventory Analysis	58264	20.205	1,324,806	389,598
IM Evaluation Program CY 2005	58269	20.205	818,094	68,182
Midtown District Plan	58316	20.205	261,659	204,731
AMATS Plug-in Installation Program	58322	20.205	131,371	113,862
Hillside District Plan	58622	20.205	560,516	129,885
Anchorage Share A Ride CY06	59277	20.205	388,350	14,157
Transit Marketing Program CY06	59280	20.205	262,136	18,242
AMATS Traffic Counts	59592	20.205	262,656	128,179
HSIP 2003 Group B	ACHHE-0001(299)56644	20.205	167,000	4,520
HSIP: 2004-2005 Program Projects	ACHHE-0001(344)58197	20.205	280,000	133,991
Ship Creek Trail, Phase III (Construction)	BAC-CM-TEA-0001(297)51233	20.205	110,000	42,601
ISTEA Anchorage Area-wide Trails Rehabilitation	CM-0001(240)54658	20.205	805,000	13,302
ISTEA AMATS: Chester Creek Trail Connection	CM-0001(262)55066	20.205	1,850,370	15,693
ISTEA Chester Creek Trail Connection	CM-0001(262)55066	20.205	437,000	22,915
CMAQ Automated Systems	CM-0001(296)56478	20.205	2,909,120	431,303
Traffic Control Signalization 07-09	CM-0005(615)51022	20.205	262,489	100,328
AMATS: Spenard Rd Rehab: Hillcrest Drive to Minnesota On-Ramp	FRAF-STP-0001(242)55138	20.205	91,000	40,055
Girdwood Rds	HDP-0001(307)57057	20.205	1,450,000	433,934
AMATS: Fireweed/Seward Highway to Spenard	HES-0001(050)58488	20.205	972,570	3,812
HSIP 2001 Groups 1A,1B,2,3B	HHE-0001(226)55729	20.205	673,000	275
HSIP 2001 Groups 1A,1B,2,3B	HHE-0001(226)55729	20.205	134,600	30,460
Kincaid Rd at Sand Lake/Viking Right of Way	HRO-0001(168)53849	20.205	83,000	1,394
AMATS: Spenard Rd: Hillcrest/Minnesota Pedestrian Improvement	HRO-0001(172)53986	20.205	347,000	35,551
AMATS: Spenard Rd: Hillcrest/Minnesota Pedestrian Improvement	HRO-0001(172)53986	20.205	603,000	460,058
HSIP 2001 Group 5A	HRO-0001(267)55730	20.205	154,000	129,902
HSIP 2003 Group A	HRO-0005(459)56645	20.205	70,860	1,686
Arctic at Dowling Right of Way	HRO-MGS-0005(309)54043	20.205	145,000	2,653
Integrated Trans Sys ADOT/PF	ITS-9902(4)	20.205	262,800	18,467
Creekside Parkway	State of Alaska Contribution	20.205	809,683	809,683
Ship Creek Trail	State of Alaska Contribution	20.205	6,484,787	6,484,787
AMATS Fireweed Lane: Seward Highway to Spenard Rd	STP-0001(351)57674	20.205	1,200,000	10,432
Arctic Boulevard, Dimond Boulevard to Rasperry	STP-0001(57)51018	20.205	945,640	15,269
Girdwood Rds Culvert Improvements	TCSP-TC03(002)54296	20.205	300,000	47,003
Camp Gorsuch-Construction	TCSP-TC03(4)57143	20.205	413,500	226,787
ISTEA Ship Creek Trail-Right of Way	TEA-0001(133)52499	20.205	790,000	20,647
AMATS Planning 2007		20.205	811,250	733,644
Total Pass-Through Major Programs Alaska Dept of Transportation & Public Facilities			38,774,665	13,298,949
Pass-Through Alaska Dept of Transportation & Public Facilities				
Non-Major Programs:				
MCS CV Enforcement 05	05-PD-001	20.218	33,260	12,786
MCS CV Enforcement 07		20.218	31,278	29,414
Section 5309 2005 FTA Assistance	AK-03-0060	20.500	94,975	24,899
Service Imp Study Route 7	53205	20.505	131,371	51,755
SEC 5303 FTA Planning 2005	AK-80-X014	20.505	229,393	48,838
SEC 5303 FTA Planning 2006	AK-80-X015	20.505	108,997	108,997
Section 5303 2006 FTA Planning Special	AK-80-X016	20.505	253,902	83,502
Alaska Strategic Traffic Enforcement Partnership DUI Overtime Enforcement Grant	154AL 07-14-01	20.600	42,758	22,636
13th Annual IACP DRE Training Conference	154AL 07-14-11	20.600	14,088	14,088
DUI Enforcement 2007		20.600	48,795	926
ASTEPE Seatbelt Enforcement		20.600	28,296	27,951
ASTEPE Seatbelt Enforcement		20.600	37,728	31,352
ASTEPE Seatbelt Enforcement		20.600	37,728	37,312
ASTEPE DUI Enforcement		20.600	63,000	52,940
ASTEPE Impaired Driving		20.600	63,886	58,238
ASTEPE DUI Enforcement		20.600	63,887	59,667
ASTEPE Highway Safety		20.600	245,020	196,367
Total Pass-Through Non-Major Programs Alaska Dept of Transportation & Public Facilities			1,528,362	861,669
Total U.S. Dept of Transportation			82,213,115	22,729,782
U.S. Environmental Protection Agency				
Direct				
Non-Major Programs:				
N Communities Water Extension	XP-96032301-0	66.606	2,328,395	13,869
Air Quality 105 2007	A-97073604-0	66.001	135,195	135,195
ANC Air Program Initiatives	97087801	66.606	1,988,100	376,333
Total Direct Non-Major Programs			4,451,690	525,397
Pass-Through Alaska Dept of Environmental Conservation				
Non-Major Programs:				
Alaska Clean Water Action (ACWA) Grant	ACWA-07-01	66.605	32,000	13,256
Alaska Clean Water Fund Loan Regional Landfill Cell#7 Project-Construction	127511	66.458	6,704,515	43,448
Alaska Clean Water Loan Fund	127751	66.458	6,600,000	1,517,950
Total Pass-Through Non-Major Programs U.S. Environmental Protection Agency			13,336,515	1,574,654
Total U.S. Environmental Protection Agency			17,788,205	2,100,051
U.S. Equal Employment Opportunity Commission				
Direct				
Non-Major Program				
FY 07 Equal Employment Opportunity Cases		30.unknown	58,949	58,949
Total U.S. Equal Employment Opportunity Commission			58,949	58,949
Total Schedule of Expenditures of Federal Awards			188,683,553	52,522,230

MUNICIPALITY OF ANCHORAGE, ALASKA

Notes to Schedule of Expenditures of Federal Awards

Year Ended December 31, 2007

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, 2007:

<u>Program</u>	<u>CFDA</u>	<u>Balance</u>
Anchor/Home/Disabled Access Program	14.239	\$ 3,160,610
Rental Rehabilitation	14.218	11,317
CDBG Rehabilitation	14.218	1,348,068
Mutual Rent	14.218	433,918
HUD Section 108 Loans	14.248	<u>1,925,393</u>
TOTAL		\$ <u>6,879,306</u>

MUNICIPALITY OF ANCHORAGE, ALASKA

Schedule of Findings and Questioned Costs

Year Ended December 31, 2007

(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?	<u>X</u> yes <u> </u> no	
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	<u>X</u> yes <u> </u> none reported	
Noncompliance material to financial statements noted?	<u> </u> yes <u>X</u> no	

Federal Awards

Internal control over major programs:		
• Material weakness(es) identified?	<u> </u> yes <u>X</u> no	
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	<u>X</u> yes <u> </u> 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 <u> </u> no	

CFDA

<u>number(s)</u>	<u>Name of federal program or cluster</u>
14.248	U.S. Department of Housing and Urban Development, Section 108
93.575	U.S. Department of Health and Human Services, Child Care Cluster
14.218	U.S. Department of HUD, Office of Community Planning and Development, Community Development Block Grants, Entitlement and Small Cities Cluster
16.710	U.S. Department of Justice, Public Safety Partnership and Community Policing Grants
20.106	U.S. Department of Transportation, Airport Improvement Program
20.205	U.S. Department of Transportation, Highway Planning and Construction Cluster passed through Alaska DOT and Public Facilities

Dollar threshold used to distinguish between type A and type B programs:	\$ 1,575,667
Auditee qualified as low-risk auditee?	<u> </u> yes <u>X</u> no

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

2007-1 PeopleSoft System, CAMA and Taxes software applications

Criteria

Policies and procedures should be in place to ensure that user access reviews are conducted regularly. Changes to in-scope applications should be tested, validated and approved prior to implementation. Developers should be restricted from implementing code in the production computer information system environment.

Condition

System access – There are no formal procedures to periodically review user access. The review of user access is significant as it can detect unauthorized or terminated users as well as provide a review of segregation of duties.

Program changes – We noted that program changes and the testing of changes are not consistently documented. We also noted that developers have access to promote changes to production.

Context

PeopleSoft human resources – 5 of 8 selections did not have sufficient documentation for the change. 2 of the 5 did not have evidence of testing and 3 of 5 didn't have any documentation.

PeopleSoft financial - 18 of 25 selections did not have evidence of testing.

CAMA and taxes – No documentation of testing or results is retained.

Effect

Unauthorized or terminated users may continue to have inappropriate access. Program changes may have undesired consequences and unauthorized releases of program changes may be released to the production environment.

Cause

Unknown

Recommendation

System access – We recommend that user access reviews be conducted and documented regularly and that exceptions are researched and resolved timely.

Program changes – We recommend that changes to in-scope applications are tested, validated and approved prior to implementation and that documentation of these procedures is retained. We recommend that developers be restricted from implementing code in the production environment.

2007-2 - High Turnover in Key Accounting Positions

Criteria

The Municipality's policies require that all employees have knowledge of their positions and what is required of them to perform their daily duties.

Condition

The Municipality had significant turnover in key accounting positions in 2007 including the Chief Fiscal Officer, Controller, Assistant Controller and Grants Supervisor.

Context

Not applicable

Effect

With turnover there was a significant loss of institutional knowledge and governmental accounting experience. Significant turnover presents a greater risk of material misstatements remaining undetected as staff are less likely to be familiar with the operations of the Municipality and may not be able to determine if all activity is being recorded. Additionally, the less experienced staff are less likely to recognize if transactions are not being accounted for in accordance with governmental accounting guidance. As a result, the extent of audit procedures was expanded and KPMG provided significant assistance to the Municipality during the financial reporting process.

Cause

Not applicable

Recommendation

We recommend that the Municipality analyze the reasons for turnover and implement appropriate solutions, such as training, additional contractors, or additional staffing.

2007-3 Capital Assets**Criteria**

Capital assets acquired with federal and state funds should be capitalized when purchased or in the case of the Port, when MARAD transfers the assets to the Port.

Condition

There has been significant activity at the Port of Anchorage and much of the funding for the expenditures comes from the Federal and State of Alaska governments. Certain assets transferred to the Port prior to 2007 and were not reported in the Municipality financial statements for 2006. The error was not discovered by management until 2007.

Context

Not applicable

Effect

Prior to 2007, \$12,356,980 was transferred to the Port and was not reported in the Municipality financial statements for 2006.

Cause

Unknown

Recommendation

We recommend that the Municipality design and implement internal control procedures that provide for timely reporting of assets contributed to the Municipality.

(3) **Findings and Questioned Costs Related to Federal Awards**

2007-4-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

30 files were selected for review and 3 participants' were determined to be eligible based upon incorrect projected income calculations.

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 the control deficiency was determined to be \$2,315.

Questioned Costs—None

Cause

In one instance, the calculation was made incorrectly using the information from a paycheck. For the other two instances, the incorrect paycheck was used.

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, 2007

Findings Related to Basic Financial Statements

2006 Approval of Timesheets

Condition Noted

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

Status

Corrective action was taken, there is no subsequent finding.

Findings 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

Condition Noted

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

Status

The formula error that was in the tables was corrected.

MUNICIPALITY OF ANCHORAGE, ALASKA

Corrective Action Plan

Year Ended December 31, 2007

Findings Related to Basic Financial Statements

2007-1

PeopleSoft System, CAMA and Taxes software applications

Response

The Municipality has implemented a review process on a quarterly basis to monitor system access. Program changes, while tested in the past, will now have proper and thorough documentation supporting that the changes have been checked, tested and approved prior to releasing the changes to the production environment. A quarterly report will be produced of staff promotions of programs/processes to production and reviewed by a supervisor.

Two of the five technical analysts within the PeopleSoft group will retain rights to promote HR-Payroll programs to production in case of the need for an emergency fix. The reason for the emergency classification will be documented, and in a timely manner, management will review and approve or authorize further modifications after it has been implemented.

2007-2

High Turnover in Key Accounting Positions

Response

The Municipality acknowledges that there was significant turnover during 2007. This turnover, as well as the turnover in KPMG audit staff, contributed to the length and difficulty of the audit. Unfortunately, the Municipality has limited control over its ability to retain employees, especially in today's highly mobile workforce. Our employees leave for reasons that are common to every employer: higher pay, career advancement, relocation, and lower stress and improvement in quality of life. As much as possible, we are dedicated to retaining our employees, as well as promoting within the Municipality for the benefit of both employee and employer. We have taken steps to make provisions in the Controller Division budget to provide better training to our staff.

It is difficult to find local consultants who are experienced in governmental accounting, PeopleSoft, and the comprehensive and complex accounting scenarios specific to the Municipality of Anchorage. Even so, for the first time in many years, the Municipality recognized the impact of its unusually high turnover and engaged a consultant who had previous Municipal experience to assist in facilitating the 2007 audit process.

We are encouraged that the turnover appears to have substantially decreased. For the first time in years, the Controller Division is fully staffed and the level of knowledge and experience is deeper than it was even six months ago. Additionally, two recent vacancies were filled by employees who had either

passed the CPA exam or who are CPA candidates; therefore, the caliber of the new employees joining the Controller Division is higher than we have been able to attract in other years.

2007-3

Capital Assets

Response

Traditionally, the Municipality constructs its assets using internal financial resources as well as any grant contributions received. In an unprecedented agreement, the Federal Maritime Administration (MARAD) is over-seeing the construction of the Port expansion project, using Federal, State, and Port dollars. Once constructed, those assets are turned over to the Municipality and recorded on the books.

One of the challenges with the MARAD administration of the Port expansion is that most of the construction activity is not accounted for at the municipal level. As a result of this, 2006 Port asset transfers were overlooked and not entered on the Port's financial records. The 2006 omission was not discovered until 2007. These assets will ultimately be recorded as part of the major expansion asset transfer.

Although the Municipality's capital assets exceed three billion dollars, management strives to properly record all assets qualifying for capitalization, irrespective of size. Biennial inventories are required for all Municipal departments. Beginning in 2008 this requirement will be increased for the Port - rather than biennial inventories, annual Port inventories will be conducted to ensure all capital assets are being properly accounted for.

Management is currently developing further processes to identify these assets, as well as obtain necessary financial records that document asset cost and the official transfer of the assets. As the status of individual projects near completion, Port staff will confirm project completion with MARAD, and ensure the assets are recorded on the books. The Municipality is also attempting to hire an experienced consultant who will oversee these internal control enhancements and who will report directly to the Controller and CFO.

Finally, beginning in the year ending December 31, 2008, the Port will also undergo its first standalone audit during the expansion project, in addition to the Municipality's annual audit.

Findings Related to Federal Awards

2007-4

US Department of Health and Human Services, Child Care Assistance Program Grant, CFDA 93.575

Response

The Municipality is working with the grantor to ensure full program compliance, and the grantor intends to conduct a site visit by December 31, 2008. In accordance with the new grant agreement, the Municipality will complete 18 quality assurance case file reviews each month and will report quarterly to the grantor on the number of files reviewed and the results. Individual employee performance plans will be implemented as needed based on the issues found in the file reviews. Also, additional evaluation and training is being completed to improve the quality of work.

State of Alaska Single Audit



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, 2007. 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, 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 \$334,427,154 in state awards during their fiscal year ended June 30, 2007, which are not included in the schedule of state financial assistance for the year ended December 31, 2007. 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, 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, 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



Honorable Members of the Municipal Assembly
Municipality of Anchorage, Alaska
September 29, 2008
Page 2

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 internal control over compliance.

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 Municipality'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, Alaska as of and for the year ended December 31, 2007 and have issued our report dated July 28, 2008. 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 discretely presented component unit. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Municipality of Anchorage, Alaska'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

September 29, 2008

MUNICIPALITY OF ANCHORAGE, ALASKA

Schedule of State Financial Assistance

Year ended December 31, 2007

State Grantor Program Title	Grant Number	Award Amount	Expenditures
Alaska Department of Administration:			
Major Programs:			
FY 07 Public Employees' Retirement System		\$ 7,862,363	7,862,363
Alaska Department of Commerce, Community & Economic Development			
Major Programs:			
Anchorage Museum of History & Art Expansion	06-DC-233	5,000,000	2,169,501
Girdwood Community Center & Library	06-DC-298	1,000,000	788,656
Glenn Highway Hightower Lighting/Veteran's Parkway Interchange to S Birchwood Loop Rd	06-DC-300	2,700,000	2,673,000
Kincaid Park Rd Improvements/Park Entrance to Kincaid Chalet	06-DC-302	3,500,000	1,598,146
Northern Lights Sound Barrier Fence	06-DC-308	500,000	379,534
Raspberry Rd Extension-Minnesota Dr to Rovenna Street	06-DC-314	1,300,000	912,447
Pintail & Huffman Intersection Modification, Signal & Turn Lanes Design & Construction	06-DC-337	2,300,000	2,186,939
72nd Avenue, Spruce Street, Lore Rd Upgrade, Lake Otis Parkway to Abbott Loop Rd	06-DC-354	8,000,000	804,503
80th Avenue Upgrade, Lake Otis Parkway to Spruce Street	06-DC-355	4,000,000	389,280
100th Avenue Reconstruction, Pointe Resolution Dr to Victor Rd	06-DC-356	4,500,000	447,470
Anchorage Museum of History & Art Expansion	07-DC-382	10,000,000	10,000,000
Anchorage Signal System Emergency Vehicle Pre-Emption	07-DC-384	825,000	470,535
Girdwood Community Center Facility Construction	07-DC-399	1,500,000	1,470,000
Lake Otis Surface Rehabilitation, 68th to Abbott Rd	07-DC-405	4,500,000	4,455,000
Mountain View Dr Corridor Upgrade	07-DC-408	4,500,000	2,065,512
Pavement Rehabilitation 50/50 Match Program	07-DC-412	2,500,000	1,288,937
Chugiak-Birchwood-Eagle River Rd Drainage Service Area	07-DC-513	2,000,000	1,584,661
Anchorage - Rd Construction Funding Inflation Adjustments	08-DC-400	9,000,000	610,720
FY 07 Defray Energy & Other Costs		13,536,127	13,536,127
Total Major Programs		81,161,127	47,830,968
Non-Major Programs:			
University Providence Campus Walkway	01-MG-017	98,398	4,656
ASD 2 Year Nonviolent Conflict Resolution-SB 29	02-DC-001	63,000	197
2001 SB-29 Huffman Rd/Pintail Street	02-DC-007	250,000	53,984
Major Municipal Facility Upgrade Projects	02-MG-007	37,100	524
Major Municipal Facility Upgrade Projects	02-MG-007	69,290	7,292
AFD & EMS Communications Upgrade	02-MG-012	235,000	3,841
Renovation of Existing Fire Facilities	02-MG-014	1,000,000	19,549
ASD Dimond 2 Year Conflict Resolution	02-RR-005	37,336	6
SB-29 Drainage Correction 28th Ave & Island Dr	02-RR-007	10,000	9,575
ASD High Power Digital Microscope	02-RR-008	2,860	27
ASD Fairview Computers, Books, Equip, & Outreach	03-DC-002	9,000	6,988
ASD Mtn View Computers, Books, Equip, & Outreach	03-DC-003	9,000	240
ASD William Tyson Computers, Books, Equip, & Outreach	03-DC-004	9,000	4,418
ASD Williwaw Computers, Books, Equip, & Outreach	03-DC-005	9,000	1,099
East Anchorage Muldoon Ball Field Development	03-DC-014	150,000	19,285
Jade Park Improvements	03-DC-019	275,000	29,406
Skateboard Park Facility	03-DC-034	200,000	20,149
LEG Well Water Testing & Treatment for Arsenic	03-DC-043	55,000	6,303
ASD Ptarmigan Health & Safety Improvements	03-DC-055	20,000	2,087
ASD Ravenwood Health & Safety Improvements	03-DC-056	20,000	0
ASD Susitna Health & Safety Improvements	03-DC-057	20,000	846
ASD Turnagain Elem Renovations	03-DC-058	300,000	15,609
Fish Creek Improvement Phase IV, Minnesota Dr to 36th Ave	03-DC-147	500,000	50,000
Fish Creek at Willow Street Water Quality Enhancement Pond	03-DC-148	700,000	105,740
Major Municipal Facility Upgrade Projects	03-MG-009	1,022,500	55,419
Intersection Safety Improvements	03-MG-014	350,000	18,532
Creekside Town Center Rds	04-DC-017	800,000	31,940
Northern Lights Sound Barrier Project Between Lake Otis Parkway & New Seward Highway	04-RR-011	29,083	2,270
CBERRRSA State Grants-Lower Fire Lake Dam Reconstruction	05-DC-005	125,000	10,000
ASD Bayshore Elem Supplies & Computers	05-DC-012	7,200	68
ASD Campbell Elem. Supplies & Equip.	05-DC-014	45,000	2,709
ASD Chester Valley Elem. Bks. & Comp.	05-DC-015	5,000	18
ASD Dimond HS Supplies & Equip.	05-DC-019	10,000	62
ASD Kasuum Elem. Books & Comp.	05-DC-022	20,000	2,659
ASD Klatt Elem. Supplies & Comp.	05-DC-023	7,200	2
ASD Muldoon Elem. Books & Comp.	05-DC-025	5,000	4,663
ASD Oceanview Elem. Supplies & Comp.	05-DC-027	7,200	780
ASD Ptarmigan Elem. Books & Comp.	05-DC-029	5,000	600
ASD Service HS Science Supply & Equip.	05-DC-031	10,000	148
ASD Springhill Elem. Supply & Equip.	05-DC-033	20,000	28
ASD Susitna Elem. Books & Comp.	05-DC-034	5,000	1
ASD Taku Elem. Supplies & Equip.	05-DC-035	20,000	1,499
76th Avenue Pedestrian Facilities-Arctic Boulevard to Chad Street	06-DC-230	250,000	14,869
88th Avenue Upgrade/Toloff Street to Lake Otis Parkway	06-DC-231	250,000	74,187
Bayshore Elem Supplies	06-DC-236	10,000	7
Cambell Elem PA System Improvements	06-DC-239	40,000	3,506
Chinook Elem Supplies	06-DC-240	10,000	6,627
Gladys Wood Elem Renovation Planning	06-DC-243	65,000	43,594

MUNICIPALITY OF ANCHORAGE, ALASKA

Schedule of State Financial Assistance

Year ended December 31, 2007

State Grantor Program Title	Grant Number	Award Amount	Expenditures
Gladys Wood Elem Supplies	06-DC-244	10,000	2,187
Goldenview Middle School-Stage Floor Replacement	06-DC-245	60,000	2,174
Kasun Elem School-Technology Upgrades, Disaster Safety Items	06-DC-246	20,000	1,012
Kincaid Elem Supplies	06-DC-247	10,000	729
Klatt Elem Supplies	06-DC-248	10,000	58
Music Supplies & Equipment, Goldenview Middle School	06-DC-249	10,000	1,852
Music Supplies & Equipment, Service HS	06-DC-250	20,000	9,113
Music Supplies & Equipment, South Anchorage HS	06-DC-251	20,000	363
Sand Lake Elem Supplies	06-DC-255	10,000	230
Supplies & Equipment, Abbot Loop Equipment School	06-DC-256	20,000	845
Supplies & Equipment, Bowman School	06-DC-257	5,000	2
Supplies & Equipment, Campbell Elem School	06-DC-258	40,000	16,573
Supplies & Equipment, Dimond HS	06-DC-259	10,000	2,969
Supplies & Equipment, Huffinan School	06-DC-260	5,000	731
Supplies & Equipment, Rabbit Creek Elem School	06-DC-261	5,000	20
Supplies & Equipment, Spring Hill Elem School	06-DC-262	20,000	1,128
Supplies & Equipment, Taku Elem School	06-DC-263	20,000	854
Technology & Book Grants, Bartlett HS	06-DC-264	5,000	660
Technology & Book Grants, Chester Valley School	06-DC-265	6,000	9
Technology & Book Grants, Muldoon School	06-DC-270	6,000	1,089
Technology & Book Grants, Nunaka Valley School	06-DC-271	6,000	189
Technology & Book Grants, Susitna School	06-DC-273	6,000	46
Technology & Book Grants, Wendler Middle School	06-DC-274	5,000	217
Technology & Book Grants, William Tyson School	06-DC-275	6,000	5,850
Trailside Elem School-Computers, Books, Supplies	06-DC-278	20,000	681
Baxter Bog Park & Trail Re-Build	06-DC-280	250,000	6,191
Chester Creek Sports Complex Wheelchair Games Facility Upgrade	06-DC-281	115,000	430
Chugiak Birchwood Eagle River Rural Rd Service Area-Rd Work	06-DC-282	85,000	5,657
Eagle River Fire Station/Swift-Water Rescue Boat & Six-Wheeler ATV	06-DC-290	36,500	9,964
Edward Street Upgrade-6th Avenue to DeBarr Rd	06-DC-292	300,000	20,411
Gambell Street/Seward Highway Pedestrian/Street Safety Improvements	06-DC-297	70,000	12,192
Harry J. McDonald Memorial Center Expansion	06-DC-301	1,000,000	32,741
Mountain View Library Renovation	06-DC-303	500,000	49,990
Mt. Baldy Public Access & Trailhead Improvements	06-DC-304	300,000	6,500
Norm Dr Drainage	06-DC-307	120,000	14
Pavement Rehabilitation Projects, 50/50 Matching Grant	06-DC-309	2,275,000	51,283
Pedestrian Safety Projects, 50/50 Matching Grant	06-DC-310	500,000	277,574
Strawberry Rd/Jewel Lake Rd Intersection Improvements	06-DC-315	1,300,000	208,614
Traffic Calming Study: NE Anchorage	06-DC-316	30,000	29,400
West Northern Lights Sound Barrier Wall Construction	06-DC-317	150,000	2,234
Yosemite Dr Rd & Drainage Improvement at Eagle Rim	06-DC-318	500,000	188,931
Abbott Loop Community Park Design & Construction of Sports Complex	06-DC-338	500,000	150
Campbell Lake Improvements	06-RR-020	73,895	1,783
100th Avenue Extension: Minnesota Dr to King Street	07-DC-374	7,000,000	120,517
13th/Gambell Safety Improvements	07-DC-376	65,000	36,269
40th Street Extension Between Lake Otis & Dale Street	07-DC-378	400,000	24,835
Abbott Loop Community Park Improvements	07-DC-381	40,000	31,888
Anchorage Paratransit Services, Preventative Maintenance & Capital Improvements	07-DC-383	50,000	49,000
Area Community Patrols, Senate District M	07-DC-385	6,000	5,880
Bayshore Greenbelt Trail 100th Avenue to Amber Bay Loop	07-DC-386	110,000	2,330
Chugiak Volunteer Fire Dept Equipment Upgrade & Replacement	07-DC-388	100,000	61,444
College Gate Teaching Beyond the Box	07-DC-389	28,700	23,656
Cuddy Family Midtown Park	07-DC-390	40,000	39,200
East HS Theater Light Board	07-DC-395	7,500	7,124
Fairbanks Park Safety Upgrades	07-DC-396	50,000	46,200
Fairview Recreation Center Maintenance/Repair	07-DC-397	150,000	1,448
Flooding & Glaciation 50/50 Match Program	07-DC-398	200,000	128,474
Lower Fire Lake Dam Reconstruction	07-DC-406	265,000	240,554
Maplewood Sidewalk/Traffic Safety	07-DC-407	200,000	16,000
Northeast Anchorage Area Traffic Calming & Pedestrian Improvements	07-DC-410	150,000	29,181
Northern Lights Sound Barrier Fence	07-DC-411	150,000	146,015
Pedestrian Safety Rehabs & Connections 50/50 Match Program	07-DC-413	500,000	172,279
Preliminary Engineering Report for Mid Huffinan/DeArmoun Area	07-DC-417	175,000	10,101
Anchorage Fire Dept-Dispatch Hardware, Software & Training	07-DC-420	50,000	3,233
Anchorage Fire Dept-Regional Fire Training Center Design & Construction	07-DC-421	9,000,000	203,799
Anchorage Fire Dept-Station Upgrades	07-DC-422	30,500	12,098
Anchorage Police Dept-Law Enforcement Protective Equipment & Training	07-DC-424	200,000	145,506
Anchorage Police Dept-Two Handheld Thermo Imaging Systems	07-DC-425	30,000	29,400
Anchorage School District-Abbott Loop Elem School Books, Supplies & Computer Upgrades	07-DC-426	30,000	20,894
Anchorage School District-Airport Heights Hockey Rink	07-DC-427	20,000	18,997
Anchorage School District-Bartlett High Technology, Book, Equipment & Capital Improv Grant	07-DC-428	20,000	16,678
Anchorage School District-Bayshore Elem PTA-School Supplies/Books	07-DC-430	10,000	606
Anchorage School District-Bowman Willard Elem School-e-Macs Computers & Supplies	07-DC-431	10,000	7,913
Anchorage School District-Chester Valley Elem Technology, Book & Capital Improvement Grant	07-DC-433	20,000	2,104
Anchorage School District-Clark Middle School Technology, Book & Capital Improvement Grant	07-DC-435	4,500	535

MUNICIPALITY OF ANCHORAGE, ALASKA

Schedule of State Financial Assistance

Year ended December 31, 2007

State Grantor Program Title	Grant Number	Award Amount	Expenditures
Anchorage School District-Creekside Elem School Technology, Book & Capital ImprovGrant	07-DC-436	8,000	6,612
Anchorage School District-Denali Elem School, School Supplies/Books	07-DC-437	5,000	3,698
Anchorage School District-Dimond HS PTA-School Supplies/Books	07-DC-438	10,000	2,000
Anchorage School District-Dimond HS Science Supplies	07-DC-439	20,000	416
Anchorage School District-Dimond HS Supplies	07-DC-440	10,000	4,347
Anchorage School District-East HS, School Supplies/Books	07-DC-441	5,000	689
Anchorage School District-Gladys Wood Elem PTA-School Supplies/Books	07-DC-443	10,000	9,150
Anchorage School District-Goldenview Middle School Computer Laptops & Supplies	07-DC-444	10,000	9,850
Anchorage School District-Government Hill Elem School, School Supplies/ Books	07-DC-445	5,000	333
Anchorage School District-Government Hill, Tehnology & Book Grants	07-DC-446	10,000	4,139
Anchorage School District-Hanshew & Other Middle Schools Sporting Equipment Resurfacing	07-DC-447	25,000	2,573
Anchorage School District-Hanshew MS Locker Replace & Public Address System Upgrades	07-DC-448	435,000	294,858
Anchorage School District-Kasuum Elem School Books, Supplies & Computer Upgrades	07-DC-450	30,000	26,566
Anchorage School District-Kincaid Elem PTA-School Supplies/Books	07-DC-451	10,000	2,917
Anchorage School District-Klatt Elem PTA-School Supplies/Books	07-DC-452	10,000	9,850
Anchorage School District-Lake Otis Elem Library Carpet Replacement	07-DC-453	20,000	3,262
Anchorage School District-Mears Middle School PTA-School Supplies/Books	07-DC-454	10,000	6,843
Anchorage School District-Mountain View Elem Technology, Book & Capital Improv Grant	07-DC-455	4,500	2,872
Anchorage School District-Muldoon Elem School Technology, Book & Capital Improv Grant	07-DC-456	8,000	573
Anchorage School District-Nthn lghs ABC School, School Books, Supplies & Comp Upgrades	07-DC-457	30,000	12,051
Anchorage School District-Nunaka Valley Elem Technology, Book & Capital Improv Grant	07-DC-458	8,000	1,111
Anchorage School District-O'Malley Elem Computer Lab	07-DC-459	15,000	6,968
Anchorage School District-O'Malley Elem School e-Macs Computers & Supplies	07-DC-460	10,000	5,934
Anchorage School District-Ocean View Elem School e-Macs Computers & Supplies	07-DC-461	10,000	464
Anchorage School District-Ocean View Elem PTA-School Supplies/Books	07-DC-462	10,000	8,934
Anchorage School District-Polaris K-12 School, School Supplies/Books	07-DC-463	8,000	7,850
Anchorage School District-Rogers Park Elem School, School Supplies/Books	07-DC-467	2,500	2,114
Anchorage School District-Russian Jack Elem School Computer Lab Upgrade	07-DC-468	20,000	4,005
Anchorage School District-Sand Lake Elem PTA-School Supplies/Books	07-DC-469	10,000	5,830
Anchorage School District-Scenic Park Elem School Computer Mini-Lab	07-DC-470	20,000	19,850
Anchorage School District-Service HS Science Supplies	07-DC-471	20,000	13,180
Anchorage School District-South Anchorage HS-Microbiology Supplies-Micropipettes	07-DC-474	10,000	7,102
Anchorage School District-Susitna Elem School Technology, Book & Capital Improv Grant	07-DC-476	10,000	197
Anchorage School District-Taku Elem School Skating Rink	07-DC-477	50,000	45,853
Anchorage School District-Technology & Book Grants to Schools in Senate District M	07-DC-478	59,000	26,466
Anchorage School District-Technology, Books & Educational Supply Grants in HD 24	07-DC-479	50,000	23,600
Anchorage School District-Trailside Elem School Smart Boards & Other Equipment	07-DC-480	40,000	30,451
Anchorage School District-Ursa Major, Technology & Book Grants	07-DC-481	10,000	6,664
Anchorage School District-Ursa Minor, Technology & Book Grants	07-DC-482	10,000	7,395
Anchorage School District-West HS Auditorium Restoration	07-DC-483	95,000	22,436
Anchorage School District-William Tyson Elem Technology, Book & Capital Improv Grant	07-DC-484	4,500	2,203
Anchorage School District-Winterberry Charter School, School Supplies/Books	07-DC-485	3,000	2,801
Raspberry Rd Extension	07-DC-514	1,500,000	288,211
Traffic Impact Analysis: Old Glenn Highway/Monte Rd Intersection for FY Ending 6/30/07	07-DC-516	35,000	30,065
Anchorage - 13th & Gambell Lighting/Safety Improvements	08-DC-162	55,000	1,100
Anchorage - 76th Overlay - King Street to Old Seward	08-DC-163	150,000	3,000
Abbott Loop Elem Smart Boards & Library Supplies	08-DC-164	10,000	150
Abbott Loop Elem Technology Upgrades	08-DC-165	35,000	150
Airport Heights Elem School Computers	08-DC-166	26,000	150
Anchorage - Anchorage Senior Center Renovation & Planning	08-DC-167	800,000	18,137
Anchorage - Anchorage Wide Area Radio Network	08-DC-168	4,111,000	82,220
Anchorage - APD Training Center Technology	08-DC-169	500,000	233,506
Aurora Elem School Technology/ Book Grant	08-DC-170	10,000	150
Baxter Elem School Smart Boards Document Cameras	08-DC-171	24,000	150
Anchorage - C Street at Klatt Intersection Safety	08-DC-172	250,000	81,763
Campbell Elem School Supplies, Equip, Training, Remedial Instruction, Paint, Library & Kitchen Rep	08-DC-173	175,000	750
Anchorage - Canary Court Area Drainage	08-DC-174	50,000	1,000
Anchorage - Canton Loop Area Drainage Ditch Replacement Design & Construction	08-DC-175	50,000	1,000
Central Middle School Technology, Books & Supplies Grant	08-DC-176	10,000	150
Chester Valley Elem Computer & Educational Software Upgrades	08-DC-177	17,000	150
Chester Valley Elem School Grant	08-DC-178	5,000	150
Anchorage - Chugiak Birchwood Eagle River Rd Rural Rd Service Area	08-DC-179	500,000	10,000
Anchorage - Chugiak Eagle River Pk & Rec: Chugiak HS Field Turf Install & Stadium Renov	08-DC-180	1,000,000	30,300
Chugiak Elem School Library/Technology Upgrade	08-DC-181	35,000	150
College Gate Elem School Computer Upgrades	08-DC-182	25,000	700
Anchorage - Construct Fueling Station for Anchorage Fire Station #15	08-DC-183	40,000	800
Creekside Park Elem School Grant	08-DC-184	20,000	150
Anchorage - Crosswalk Improvements to the Minnesota Dr Ramp & Hillcrest Dr Intersection	08-DC-185	100,000	100,000
Denali Elem School Technology, Books & Supplies Grant	08-DC-186	10,000	150
District M Public Schools Technology & Book Grants	08-DC-187	58,000	150
Anchorage - Eagle River Southfork Confluence Bridge	08-DC-188	150,000	4,025
East HS Music/Visual Art Technology Class Computer Equipment	08-DC-189	39,000	150
Anchorage - Extend Underground Storm Drains: S End of Cutty Sark Cir N to Terrance Dr	08-DC-190	200,000	4,000
Fairview Elem School Technology, Books & Supplies Grant	08-DC-191	20,000	150
Anchorage - Fire Dept Funding for Laptop Comp, Software, Rescue Equip & Fire Ed Material	08-DC-192	87,000	1,740

MUNICIPALITY OF ANCHORAGE, ALASKA

Schedule of State Financial Assistance

Year ended December 31, 2007

State Grantor Program Title	Grant Number	Award Amount	Expenditures
Anchorage - Fire Dept Laptop Computer in Engine #15	08-DC-193	4,000	80
Anchorage - Fire Dept Laptop Computer in Engine #7	08-DC-194	4,000	80
Anchorage - Fire Dept Laptop Computer in Engine #9 & Rescue #9	08-DC-195	8,000	160
Anchorage - Fire Dept Station #4 Equipment	08-DC-196	23,000	460
Anchorage - Fire Dept Training Center Relocation	08-DC-197	9,000,000	126,000
Anchorage - Fire Station 3 Upgrades & Laptop Computers	08-DC-198	80,000	1,600
Anchorage - Fire Station Six Laptop Computer	08-DC-199	4,000	80
Anchorage - Flooding & Glaciation Project Matching Program	08-DC-200	1,000,000	247,882
Anchorage - Girdwood Volunteer Fire Dept. Operations & Support	08-DC-201	60,000	60,000
Gladys Wood Elem School Purchase & Install of Climbing Wall for Physical Education Classes	08-DC-202	16,400	150
Gladys Wood Elem School Purchase & Installation of Mobile Learning Lab for School Library	08-DC-203	31,500	150
Government Hill Elem School Technology, Books & Supplies Grant	08-DC-204	10,000	150
High& Tech HS Computer Initiative	08-DC-205	25,000	150
Inlet View Elem School Technology, Books & Supplies Grant	08-DC-206	10,000	150
Anchorage - Intersection Safety Matching Program	08-DC-207	500,000	10,000
Kasuun Elem Audio & Computer Technology Grant	08-DC-208	25,000	150
Kasuun Elem School Houghton Mifflin Curriculum	08-DC-209	70,000	70,000
Kincaid Elem School Purchase of Media Projectors for Classrooms	08-DC-210	14,000	150
Lake Otis Elem Computer Upgrades	08-DC-211	19,400	150
Lake Otis Elem School Computer Technology, Books & Educational Supplies Grant	08-DC-212	5,000	150
Anchorage - Mountain View Community Patrol Supplies & Fuel	08-DC-213	2,500	50
Anchorage - Mt. Baldy Trailhead Access Improvements	08-DC-214	375,000	7,500
Anchorage - New Generator for Fire Dispatch & Station 12	08-DC-215	250,000	5,000
Northern Lights ABC Technology, Books & Educational Supplies Grant	08-DC-216	5,000	150
Anchorage - Northern Lights Sound Barrier Fence Construction	08-DC-217	297,000	17,745
Nunaka Valley Elem School Grant	08-DC-218	20,000	150
Anchorage - Pavement Rehab Matching Program-Rd Improvements	08-DC-219	2,500,000	50,000
Anchorage - Pedestrian Safety Rehabs & Connections	08-DC-220	500,000	11,668
Anchorage - Peninsula Dr Extension	08-DC-221	100,000	55,818
Anchorage - People Mover Buses & AnchorRIDES Fleet Matching Program	08-DC-222	1,300,000	26,000
Anchorage - Petersburg Street Area Drainage/ Underground Storm Drain Improvements	08-DC-223	300,000	94,779
Polaris K-12 School Technology, Books & Educational Supplies Grant	08-DC-224	10,000	150
Anchorage - Police SearchCam 2000IR Tactical Video Surveillance System	08-DC-225	30,000	649
Anchorage - Police Tactical Systems Lector & Lector HD Robots	08-DC-226	32,500	650
Anchorage - Rockridge Dr Relocation Project	08-DC-227	60,000	9,187
Rogers Park Elem School Computer Lab Upgrade & Educational Supply Grant	08-DC-228	17,000	150
Anchorage - Rovenna Sidewalk Pedestrian Improvements	08-DC-229	120,000	2,400
Anchorage - Russian Jack Community Patrol Supplies & Fuel	08-DC-230	2,500	50
Russian Jack Elem School Digital Learning Upgrades	08-DC-231	11,500	150
S& Lake Elem School Purchase & Installation of Laptop Computers & Technology Upgrades	08-DC-232	26,000	150
SAVE I Technology, Books & Educational Supplies Grant	08-DC-233	10,000	150
SAVE II - Benny Benson Secondary School Computer Equipment	08-DC-234	20,000	150
School District King Career Center Technology Upgrades	08-DC-235	50,000	150
Service HS Web Server Upgrade Project & Mobile Laptop Computer Lab	08-DC-236	27,500	150
Service HS World Language Lab & Computers	08-DC-237	100,000	750
Anchorage - Signal System Emergency Vehicle Pre-Emption	08-DC-238	950,000	19,000
Anchorage - South Goldenview LRSA & Rd Drainage	08-DC-239	250,000	5,000
Anchorage - SRW Homeowners Ltd Rd Service Area Rd Improv on East 97th, 98th & 99th Ave	08-DC-240	200,000	4,000
Taku Elem School Technology, Books & Educational Supplies Grant	08-DC-241	5,000	150
Anchorage - Traffic Safety Crossing East 20th & Bragaw	08-DC-242	20,000	400
Trailside Elem Holten Reading Program	08-DC-243	65,000	65,000
Trailside Elem School Technology Computer Lab	08-DC-244	35,000	150
Trailside Elem School Tutoring Services	08-DC-245	15,000	150
Tudor Elem School Computer Lab Upgrade	08-DC-246	22,000	150
Ursa Minor Elem School Technology Grant	08-DC-247	30,000	150
Wendler Middle School Teacher Laptop Purchase	08-DC-248	20,000	150
Wendler Middle School Technology, Books & Educational Supplies Grant	08-DC-249	5,000	150
Winterberry Charter School Technology, Books & Supplies Grant	08-DC-250	6,000	150
Anchorage - 72nd Ave Upgrade - Brayton to Lake Otis Pkwy	08-DC-398	9,700,000	195,150
Anchorage - 88th Avenue Upgrade Lake Otis to S. Circle	08-DC-399	4,200,000	85,074
School District Lockdown Hardware for Area HSs	08-DC-401	1,800,000	1,500
School District Security System Upgrades at Area Schools	08-DC-402	2,675,000	1,500
Girdwood Library		1,000,000	71,541
Total Non-Major Programs		84,091,062	6,044,032
Total Alaska Department of Commerce, Community & Economic Development		165,252,189	53,875,000
Alaska Department of Education & Early Development:			
Non-Major Programs:			
Netlender Reimbursement Grant 2007			
Public Library Assistance	I.L.C-07-713-105	15,252	15,252
Total Alaska Department of Education & Early Development		37,500	37,500
		52,752	52,752
Alaska Department of Environmental Conservation:			
Major Programs:			
Anch Loop WTM Phase IV (Increased by \$3M)	13062	10,240,490	3,055,881

MUNICIPALITY OF ANCHORAGE, ALASKA

Schedule of State Financial Assistance

Year ended December 31, 2007

State Grantor Program Title	Grant Number	Award Amount	Expenditures
Non-Major Programs:			
ADEC Hazmat Response Team 99		160,500	7,018
Rabbit Creek, Little Rabbit Creek & Survival Creek	13068	300,000	20,420
Total Non-Major Programs		460,500	27,438
Total Alaska Department of Environmental Conservation		10,700,990	3,083,319
Alaska Department of Health & Social Services:			
Major Programs:			
Public Health Nursing	601-07-175	825,775	403,903
Community Health Nursing	601-08-175	825,775	457,242
Human Services Community Matching Grant	605-08-012	919,425	621,712
Total Major Programs		2,570,975	1,482,858
Non-Major Programs:			
Human Services Community Matching Grant	605-07-012	939,452	272,497
Coordinated Transportation	607-07-119	81,750	47,175
Coordinated Transportation	607-08-119	81,750	42,356
Total Non-Major Programs		1,102,952	362,028
Total Alaska Department of Health & Social Services		3,673,927	1,844,886
Alaska Department of Military & Veterans Affairs:			
Non-Major Programs:			
OEM LEPC Grant	07 LEPC 16.03c02 (35255)	22,125	22,125
OEM LEPC Grant	08 LEPC 16.03c02 (35253)	30,625	8,500
Lower Lake Dam Rehabilitation	HMGPI445.0005	30,000	30,000
Total Alaska Department of Military & Veterans Affairs:		82,750	60,625
Alaska Department of Natural Resources Division of Parks & Outdoor Recreation:			
Non-Major Programs:			
Girdwood Trails	10795708	97,552	10,422
Alaska Department of Revenue:			
Major Programs:			
FY 07 Liquor Licensing			
FY 07 Electric Co-op Allocation		340,050	340,050
Total Major Programs		1,015,811	1,015,811
Non-Major Programs:			
FY 07 Raw Fish		61,118	61,118
Total Alaska Department of Revenue		1,416,979	1,416,979
Alaska Department of Transportation & Public Facilities:			
Major Programs:			
48th Avenue/Boniface Parkway Extension	53073	24,700,000	1,781,980
Veterans Memorial Highway, Eagle River HS Traffic Control & Turn Lane	AKSAS 59638	400,000	341,408
FY 07 Traffic Signal Management		1,530,751	1,530,751
Total Major Programs		26,630,751	3,654,138
Non-Major Programs:			
Rehabilitate Runway 6-24, Construct Taxiway Golf Ext, Security Improv (CCTV) Ph 2	AIP 3-02-0015-036-2005 / 58577	98,750	581
Security Improvements, Phase C (Pedestrian Trail & Lighting), Expand Aircraft Apron	AIP 3-02-0015-039-2004 / 57407	58,461	4,711
Acquire Snow Removal Equipment (Motor Grader, Sand Truck, Snowblower)	AIP 3-02-0015-040-2006 / 53105	14,500	12,488
Rehabilitate Apron (Phase 1), Provide Security Enhancements	AIP 3-02-0015-041-2006 / 53105	45,450	10,386
Environmental Assessment for New Ski/Gravel Runway	AIP 3-02-0015-2899 / 54138	11,116	85
NPDES Storm Water Permit Application 2007	None	298,704	10,552
NPDES Storm Water Permit Application 2006	None	298,704	37,659
NPDES Storm Water Permit Application 2001		298,704	1
FY 07 TORA Anchorage/Eagle River Area Street Cleaning		1,107	1,107
NPDES Storm Water Permit Application 2003		298,704	53,409
NPDES Storm Water Permit Application 2005		298,704	168,510
Total Non-Major Programs		1,722,905	299,490
Total Alaska Department of Transportation & Public Facilities		28,353,656	3,953,628
Alaska Energy Authority:			
Major Programs:			
Eklutna Project Transmission	2195150	19,300,000	2,373,555
Alaska Housing Finance Corporation:			
Major Programs:			
Low Income Weatherization Assistance Program	WAP-07-MOA-1	1,012,919	739,133

MUNICIPALITY OF ANCHORAGE, ALASKA

Schedule of State Financial Assistance

Year ended December 31, 2007

State Grantor Program Title	Grant Number	Award Amount	Expenditures
Non-Major Programs:			
LINK Program 2006	GMS-05-MOA-1	125,390	30,266
LINK Program 2007	GMS-06-MOA-1	32,055	22,158
Homeless Assistance Program	HAP-08-MOA-1	75,000	4,585
HMIS-LINK Project for Homeless Clients	HMS-05-MOA-1	14,610	5,665
HMIS-LINK Project for Homeless Clients	HMS-05-MOA-1	55,000	8,187
LINK Program 2007	HMS-05-MOA-1	145,550	95,977
Low Income Weatherization Assistance Program	WAP-06-MOA-1	764,741	61,262
Total Non-Major Programs		<u>1,212,346</u>	<u>228,099</u>
Total Alaska Housing Finance Corporation		<u>2,225,265</u>	<u>967,232</u>
Alaska Mental Health Trust Authority:			
Non-Major Programs:			
Justice - APD CIT National conference FY08 (NAMI)	1236.01	14,720	12,634
CSP/TS AMHTA Grant 2007	07-071	6,550	6,550
AMHTA 2006 (AnchorRides)	AMHT-2005-08	120,000	119,968
Total Alaska Mental Health Trust Authority		<u>141,270</u>	<u>139,152</u>
Total Schedule of State Financial Assistance		<u>\$ 239,159,694</u>	<u>\$ 75,639,914</u>

MUNICIPALITY OF ANCHORAGE, ALASKA

Notes to Schedule of State Financial Assistance

Year Ended December 31, 2007

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, 2007

There are no State of Alaska findings reported in 2007.

MUNICIPALITY OF ANCHORAGE, ALASKA

Summary Schedule of Prior Audit Findings

Year Ended December 31, 2007

There were no State of Alaska findings reported in 2006.

MUNICIPALITY OF ANCHORAGE, ALASKA

Corrective Action Plan

Year Ended December 31, 2007

There are no State of Alaska compliance findings for 2007. No corrective action is required.

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,</u>	<u>Fiscal Year Ending December 31,</u>	<u>Total Expenditures</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures:					
Direct Costs:					
Personal Services	\$ 341,200	334,479	675,679	675,679	(0)
Other Operating Costs	<u>22,589</u>	<u>19,798</u>	<u>42,387</u>	<u>42,387</u>	<u>-</u>
Total Direct Costs	363,789	354,277	718,066	718,066	(0)
Indirect Costs:					
	<u>58,026</u>	<u>49,683</u>	<u>107,709</u>	<u>107,709</u>	<u>-</u>
Total Expenditures	<u>\$ 421,815</u>	<u>403,960</u>	<u>825,775</u>	<u>825,775</u>	<u>(0)</u>

See accompanying independent auditors' report.

MUNICIPALITY OF ANCHORAGE, ALASKA
 Department of Health and Social Services
 Community Health Nursing
 Grant 601-08-175
 Schedule of Expenditures - Budget and Actual
 Grant Period Ended June 30, 2007

	<u>Fiscal Year Ending December 31,</u>	<u>Fiscal Year Ending December 31,</u>	<u>Total Expenditures</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures:					
Direct Costs:					
Personal Services	\$ -	362,692	362,692	670,797	308,105
Other Operating Costs	-	20,355	20,355	47,269	26,914
Total Direct Costs	-	383,047	383,047	718,066	335,019
Indirect Costs:					
Total Expenditures	\$ -	457,242	457,242	825,775	368,533

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

See accompanying independent auditors' report.

MUNICIPALITY OF ANCHORAGE, ALASKA
 Department of Health and Social Services
 Human Services Community Matching Grant
 Grant 605-08-012
 Schedule of Expenditures - Budget and Actual
 Grant Period Ended June 30, 2007

	<u>Fiscal Year Ending December 31,</u>	<u>Fiscal Year Ending December 31,</u>	<u>Total Expenditures</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures:					
Direct Costs:					
Personal Services	\$ -	-	-	-	-
Other Operating Costs	-	621,712	621,712	873,454	251,742
Total Direct Costs	-	621,712	621,712	873,454	251,742
Indirect Costs:					
Total Expenditures	\$ -	621,712	621,712	919,425	297,713

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

See accompanying independent auditors' report.

MUNICIPALITY OF ANCHORAGE, ALASKA
 Department of Health and Social Services
 Coordinated Transportation
 Grant 607-08-119
 Schedule of Expenditures - Budget and Actual
 Grant Period Ended June 30, 2007

	<u>Fiscal Year Ending December 31,</u>	<u>Fiscal Year Ending December 31,</u>	<u>Total Expenditures</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures:					
Direct Costs:					
Personal Services	\$ -	39,395	39,395	78,789	39,394
Other Operating Costs	-	-	-	-	-
Total Direct Costs	-	39,395	39,395	78,789	39,394
Indirect Costs:	-	2,961	2,961	2,961	-
Total Expenditures	\$ -	42,356	42,356	81,750	39,394

See accompanying independent auditors' report.