



Municipality of Anchorage, Alaska

Single Audit Reports and Supplementary Information

Year Ended December 31, 2017

Municipality of Anchorage, Alaska

Single Audit Reports and Supplementary Information
Year Ended December 31, 2017

Municipality of Anchorage, Alaska

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

Honorable Mayor and
Members of the Assembly
Municipality of Anchorage, Alaska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Municipality of Anchorage, Alaska (Anchorage), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise Anchorage's basic financial statements, and have issued our report thereon dated January 22, 2019. Our report includes a reference to other auditors who audited the financial statements of Anchorage Police and Fire Retirement System, as described in our report on Anchorage's financial statements. The financial statements of Anchorage Police and Fire Retirement System were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Anchorage Police and Fire Retirement System.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as items as item 2017-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2017-002 and 2017-003 to be significant deficiencies.

Compliance and Other Matters

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

Anchorage's Response to Findings

Anchorage's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Anchorage's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

BDO USA, LLP

Anchorage, Alaska
January 22, 2019



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Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Honorable Mayor and
Members of the Assembly
Municipality of Anchorage, Alaska

Report on Compliance for Each Major Federal Program

We have audited the Municipality of Anchorage, Alaska's (Anchorage) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Anchorage's major federal programs for the year ended December 31, 2017. Anchorage's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Anchorage's basic financial statements include the operations of its component unit, Anchorage School District, which received \$83,811,449 in federal awards which is not included in Anchorage's Schedule of Expenditures of Federal Awards for the year ended December 31, 2017. 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 Uniform Guidance, for the year ended June 30, 2017.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Anchorage's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Anchorage's compliance.

Opinion on Each Major Federal Program

In our opinion, Anchorage complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2017-005 and 2017-008. Our opinion on each major federal program is not modified with respect to these matters.

Anchorage's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Anchorage's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Anchorage is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Anchorage's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Anchorage's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2017-004, 2017-005, 2017-006, 2017-007, and 2017-008 that we consider to be significant deficiencies.

Anchorage's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of finds and questioned costs. Anchorage's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Municipality of Anchorage, Alaska as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise Anchorage's basic financial statements. We issued our report thereon dated January 22, 2019, which contained unmodified opinions on those financial statements. Our report includes a reference to other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

BDO USA, LLP

Anchorage, Alaska
January 22, 2019

Municipality of Anchorage, Alaska
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2017

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Direct Federal Grant Number	Pass-Through Entity Identifying Number	Provided to Sub- recipients	Award Amount	Total Federal Expenditures
Department of Agriculture						
Pass-Through Alaska Department of Health & Social Services:						
Special Supplemental Nutrition Program for Women, Infants and Children (WIC)	10.557		604-268-1701	\$ -	\$ 1,800,218	\$ 1,008,667
Special Supplemental Nutrition Program for Women, Infants and Children (WIC)	10.557		604-268-18001	-	1,637,539	748,706
Total CFDA 10.557				<u>-</u>	<u>3,437,757</u>	<u>1,757,373</u>
Pass-Through Alaska Department of Natural Resources - Cooperative Forestry Assistance	10.664		39769	-	249,366	71,299
Pass-Through Alaska Department of Commerce, Community & Economic Development - Forest Service Schools and Roads Cluster School and Roads - Grants to States	10.665		None	-	3,334	3,334
Total Department of Agriculture				<u>-</u>	<u>3,690,457</u>	<u>1,832,006</u>
Department of Defense						
Community Economic Adjustment - JBER Economic Impact Study	12.604	HQ00051510048		-	273,452	(1)
Total Department of Defense				<u>-</u>	<u>273,452</u>	<u>(1)</u>
Department of Health & Human Services						
Medical Reserve Corps Small Grant Program	93.008	5MRCSG101005-04-00		-	3,500	3,498
Food and Drug Administration Research:						
FDA Envision Connect Online	93.103	G-MP-1612-04588		-	20,000	20,000
FDA Regional Food Seminar	93.103	G-T-1611-04288		-	3,000	3,000
FDA Standardization of Staff	93.103	G-AP-1611-04496		-	3,000	3,000
Total CFDA 93.103				<u>-</u>	<u>26,000</u>	<u>26,000</u>

Municipality of Anchorage, Alaska
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2017

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Direct Federal Grant Number	Pass-Through Entity Identifying Number	Provided to Sub- recipients	Award Amount	Total Federal Expenditures
Department of Health & Human Services, continued:						
Pass-Through Alaska Department of Health & Social Services:						
Aging Cluster -						
Special Programs for the Aging, Title III, Part B Grants for Supportive Services and Senior Centers:						
Nutrition, Transportation and Support Services	93.044		607-309-1702	\$ -	\$ 414,695	\$ 225,516
Nutrition, Transportation and Support Services	93.044		607-309-18002	-	414,695	251,446
Total Aging Cluster				-	829,390	476,962
Special Programs for the Aging, Title IV and Title III, Discretionary Projects:						
Aging and Disability Resource Centers & Medicare Counseling and Outreach	93.048		607-299-1702	-	40,000	20,180
Aging and Disability Resource Centers & Medicare Counseling and Outreach	93.048		607-299-18002	-	40,000	24,107
Total CFDA 93.048				-	80,000	44,287
Medicare Enrollment Assistance Program:						
Aging and Disability Resource Centers & Medicare Counseling and Outreach	93.071		607-299-1702	-	10,000	5,045
Aging and Disability Resource Centers & Medicare Counseling and Outreach	93.071		607-299-18002	-	10,000	6,027
Total CFDA 93.071				-	20,000	11,072
Hospital Preparedness Program and Public Health Emergency Preparedness Aligned Cooperative Agreements:						
Public Health Preparedness and Response for Bioterrorism	93.074		601-290-1701	-	587,216	396,638
Public Health Emergency Preparedness	93.074		601-299-18003	-	457,650	182,237
Total CFDA 93.074				-	1,044,866	578,875
Project Grants and Cooperative Agreements for Tuberculosis Control Programs:						
Public Health Nursing	93.116		601-289-1701	-	90,000	58,220
Public Health Nursing	93.116		601-289-18001	-	90,000	32,947
Total CFDA 93.116				-	180,000	91,167

Municipality of Anchorage, Alaska
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2017

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Direct Federal Grant Number	Pass-Through Entity Identifying Number	Provided to Sub- recipients	Award Amount	Total Federal Expenditures
Department of Health & Human Services, continued:						
Family Planning Services -						
Title X Clinical Family Planning Services	93.217		601-301-18001	\$ -	\$ 170,000	\$ 6,988
Traumatic Brain Injury State Demonstration Grant Program:						
Aging and Disability Resource Centers & Medicare Counseling and Outreach	93.234		607-299-1702	-	4,000	2,018
Aging and Disability Resource Centers & Medicare Counseling and Outreach	93.234		607-299-18002	-	4,000	2,411
Total CFDA 93.234				-	8,000	4,429
State Health Insurance Assistance Program -						
Aging and Disability Resource Centers & Medicare Counseling and Outreach	93.324		607-299-1702	-	40,000	20,180
TANF Cluster:						
Teen and Unintended Pregnancy Prevention	93.558		601-285-1702	-	82,500	51,731
Teen and Unintended Pregnancy Prevention	93.558		601-285-18002	-	77,500	32,669
Total TANF Cluster				-	160,000	84,400
CCDF Cluster:						
Child Care Licensing	93.575		604-260-1701	-	1,576,526	842,789
Child Care Licensing	93.575		604-260-18001	-	1,609,633	760,058
Total CCDF Cluster				-	3,186,159	1,602,847
Centers for Medicare and Medicaid Services Research, Demonstrations and Evaluations -						
Aging and Disability Resource Centers & Medicare Counseling and Outreach	93.779		607-299-18002	-	40,000	24,107

Municipality of Anchorage, Alaska
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2017

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Direct Federal Grant Number	Pass-Through Entity Identifying Number	Provided to Sub- recipients	Award Amount	Total Federal Expenditures
Department of Health & Human Services, continued:						
Domestic Ebola Supplement to the Epidemiology and Laboratory Capacity for Infectious Diseases:						
Public Health Nursing	93.815		601-289-1701	\$ -	\$ 75,000	\$ 32,990
Public Health Nursing	93.815		601-289-18001	-	75,000	36,744
Total CFDA 93.815				-	150,000	69,734
HIV Prevention Activities Health Department Based:						
HIV/AIDS Prevention	93.940		601-281-1703	-	88,500	51,543
HIV/AIDS Prevention	93.940		601-281-18004	-	89,170	48,049
Total CFDA 93.940				-	177,670	99,592
Total Department of Health & Human Services				-	6,115,585	3,144,138
Department of Homeland Security						
FY 2015 - Port Security Grant Program	97.056	EMW-2015-PU-00326		-	812,459	85,157
Pass-Through Alaska Department of Military & Veterans Affairs						
2017 Emergency Management Performance Grant	97.042		20EMPG-GY17	-	200,000	94,160
2016 Emergency Management Performance Grant	97.042		20EMPG-GY16	-	160,000	80,000
Total CFDA 97.042				-	360,000	174,160
Homeland Security Grant Program:						
2016 State Homeland Security Program	97.067		20SHSP-GY16	-	425,960	416,650
2011 Metropolitan Medical Response System Program	97.067		11MMRS-GR34076	-	267,609	6,930
Total CFDA 97.067				-	693,569	423,580
Total Department of Homeland Security				-	1,866,028	682,897

Municipality of Anchorage, Alaska
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2017

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Direct Federal Grant Number	Pass-Through Entity Identifying Number	Provided to Sub- recipients	Award Amount	Total Federal Expenditures
Department of Housing & Urban Development, Office of Community Planning & Development						
CDBG - Entitlement Grants Cluster -						
Community Develop Block/Entitlement Grants:						
Community Development Block Grant 2017	14.218	B-17-MC-02-0001		\$ 649,948	\$ 1,612,907	\$ 775,156
Community Development Block Grant 2016	14.218	B-16-MC-02-0001		579,317	1,606,172	1,038,614
Community Development Block Grant 2015	14.218	B-15-MC-02-0001		798,086	1,613,622	804,777
Community Development Block Grant 2014	14.218	B-14-MC-02-0001		221,645	1,691,113	221,645
Community Development Block Grant 2013	14.218	B-13-MC-02-0001		49,108	1,772,393	49,107
Community Development Block Grant 2012	14.218	B-12-MC-02-0001		-	1,712,284	(49,549)
Community Development Block Grant 2011	14.218	B-11-MC-02-0001		-	1,707,768	5
Community Development Block Grant 2004	14.218	B-04-MC-02-0001		-	2,255,332	(61)
Community Development Block Grant 2003	14.218	B-03-MC-02-0001		-	2,330,000	(255)
Community Development Block Grant 1998	14.218	B-98-MC-02-0001		-	2,255,000	(1,000)
Total CDBG - Entitlement Grants Cluster				2,298,104	18,556,591	2,838,439
Emergency Solutions Grant Program:						
Emergency Shelter 2017	14.231	E-17-MC-02-0001		-	277,946	3,462
Emergency Shelter 2016	14.231	E-16-MC-02-0001		-	145,258	77,961
Emergency Shelter 2015	14.231	E-15-MC-02-0001		-	150,740	(10)
Total CFDA 14.231				-	573,944	81,413
HOME Investment Partnership Agreement 2017	14.239	M-17-MC-02-0200		-	543,890	26,090
HOME Investment Partnership Agreement 2016	14.239	M-16-MC-02-0200		297,547	545,535	310,435
HOME Investment Partnership Agreement 2015	14.239	M-15-MC-03-0200		451,774	530,461	451,774
HOME Investment Partnership Agreement 2014	14.239	M-14-MC-03-0200		536,746	598,918	536,746
HOME Investment Partnership Agreement 2013	14.239	M-13-MC-03-0200		551,222	591,911	551,222
HOME Investment Partnership Agreement 2012	14.239	M-12-MC-02-0200		-	628,693	(4,302)
Total CFDA 14.239				1,837,289	3,439,408	1,871,965
Pass-Through Alaska Housing Finance Corporation						
Moving to Work Demonstration Program -						
Elderly Case Management at Chugach View and Chugach Manor in Anchorage, Alaska	14.881		Sole Source 16-07 MOA-CSA-16-1	-	198,555	58,092
Section 8 Project-Based Cluster -						
Elderly Case Management at Chugach View and Chugach Manor in Anchorage, Alaska	14.195		Sole Source 16-07 MOA-CSA-16-1	-	198,555	58,092
Total Department of Housing & Urban Development, Office of Community Planning and Development				4,135,393	22,967,053	4,908,001

Municipality of Anchorage, Alaska
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2017

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Direct Federal Grant Number	Pass-Through Entity Identifying Number	Provided to Sub- recipients	Award Amount	Total Federal Expenditures
Department of the Interior						
Hydrologic Resource Center for Data Collection and Investigation (1/1/15 - 12/31/17)	15.808	G15AC00015		\$ -	\$ 446,925	\$ 155,794
Pass-Through Alaska Department of Fish and Game Fish and Wildlife Cluster - Wildlife Restoration and Basic Hunter Education - Construction of Trail at Kincaid Park/Anchorage Coastal Wildlife Refuge	15.611		CT 170007719	-	5,000	5,000
Pass-Through Alaska Department of Natural Resources Outdoor Recreation, Acquisition, Development and Planning: Duldida Park Upgrades	15.916		02-00414	-	91,966	1,160
Dave Rose Park Upgrades	15.916		02-00410	-	108,661	(14,407)
Total CFDA 15.916				-	200,627	(13,247)
Pass-Through Alaska Department of Revenue Federal PILT	15.226		None	-	698,500	698,500
Total Department of the Interior						
				-	1,351,052	846,047
Department of Justice						
Missing Children's Assistance - Justice and Delinquency Prevention	16.543	2016-MC-FX-K006		-	482,219	230,710
Grants to Encourage Arrest Polices and Enforcement of Protection Orders Program - Domestic Violence 2008	16.590	2008-WE-AX-0033		-	1,500,000	(23)
COPS Hiring Program 15	16.710	2015-UL-WX-0038		-	500,000	47,971
COPS Hiring Program 14	16.710	2014-UL-WX-0047		-	250,000	43,170
Total CFDA 16.710				-	750,000	91,141
Edward Byrne Memorial Justice Assistance Grant Program:						
Justice Assistance Grant	16.738	2016-DJ-BX-1037		-	401,785	221,612
Justice Assistance Grant	16.738	2015-DJ-BX-0672		-	368,234	346,944
Justice Assistance Grant	16.738	2014-DJ-BX-0643		-	417,565	65,059
Total CFDA 16.738				-	1,187,584	633,615

Municipality of Anchorage, Alaska
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2017

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Direct Federal Grant Number	Pass-Through Entity Identifying Number	Provided to Sub- recipients	Award Amount	Total Federal Expenditures
Department of Justice						
Equitable Sharing Program:						
Federal Forfeiture Funds	16.922	None		\$ -	\$ 2,159,750	\$ 177,187
FY2017 FBI Equipment MOA	16.922	None		-	22,000	18,215
Total CFDA 16.922				-	2,181,750	195,402
Total Department of Justice						
				-	6,101,553	1,150,845
Department of Transportation						
Airport Improvement Program:						
Acquire Land for Approaches (Sandoval Property, 1535 Orca Street, Lot 7, Block 40, South Addition)	20.106	3-02-0015-070-2017		-	346,875	273,084
Rehabilitate Taxiway Q and Apron, Phase 6	20.106	3-02-0015-069-2017		-	7,030,000	6,858,266
Acquire Safety Equipment and/or Fencing, (Airport Security Fencing and Gate Improvements, Phase 4)	20.106	3-02-0015-068-2017		-	3,445,777	2,754,438
Install Runway 5/23 Lighting and Signage	20.106	3-02-0015-067-2016		-	656,250	512,673
Rehabilitate Taxiway Q and Apron, Phase 5	20.106	3-02-0015-066-2016		-	7,500,000	931,291
Construction Parallel Taxiway Bravo (Land Acquisition)	20.106	3-02-0015-064-2015		-	1,995,000	(11,645)
Airport Lighting, Signage and Fencing Improvements, Phase 3	20.106	3-02-0015-063-2015		-	4,781,887	142,218
Conduct Airport Master Plan Study Update, Phase 2	20.106	3-02-0015-061-2014		-	600,000	(31,016)
Replace Runway Lighting Vault	20.106	3-02-0015-060-2013		-	1,012,500	(12,500)
Acquire Snow Removal Equipment (SRE)	20.106	3-02-0015-059-2013		-	937,500	(73,106)
2012 Security Improvements Phase 2	20.106	3-02-0015-058-2012		-	1,562,778	(17,669)
Rehabilitate Taxiway Q and Apron, Phase 3	20.106	3-02-0015-057-2012		-	2,389,772	(47,728)
Airport Lighting, Signage and Fencing Improvements	20.106	3-02-0015-056-2011		-	604,537	(4,888)
Rehabilitate Taxiway Q, Phase 2	20.106	3-02-0015-055-2011		-	2,239,702	(13,698)
Conduct Airport Master Study	20.106	3-02-0015-054-2011		-	551,214	(56,786)
Acquire Snow Removal Equipment (SRE)	20.106	3-02-0015-053-2011		-	284,215	(38,785)
Total CFDA 20.106				-	35,938,007	11,164,149
Federal Transit Cluster:						
Federal Transit - Capital Investment Grants:						
FTA 5309 Dimond Center Study	20.500	AK-55-0004		-	3,004,859	1,780,512
FTA 5309 Museum Intermodal Facility	20.500	AK-03-0067		-	1,457,667	55,289
11 5309B VT&CLI 1 Call Center App	20.500	AK-04-0033		-	120,000	5,600
2011 5309B SGR Roof Repair	20.500	AK-04-0032		-	2,400,000	22,045
Total CFDA 20.500				-	6,982,526	1,863,446

Municipality of Anchorage, Alaska
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2017

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Direct Federal Grant Number	Pass-Through Entity Identifying Number	Provided to Sub- recipients	Award Amount	Total Federal Expenditures
Department of Transportation, continued						
Federal Transit - Formula Grants:						
2015 FTA CMAQ Vehicles	20.507	AK-95-X015		\$ -	\$ 3,588,766	\$ 4,690
2014 FHWA HSIP UMED phase 4	20.507	AK-95-X014		-	1,866,542	73,109
2010 CMAQ FTA Fleet Acq	20.507	AK-95-X007		-	6,940,911	888,483
2014 FTA Sec 5307	20.507	AK-90-X076		-	7,424,563	101,966
2014 FTA 5307PM; ADA; BSI; MSE; IT	20.507	AK-90-X076		-	1,985,786	18,211
FY13 5307 PM; Vans; ADA Ops; Shelter	20.507	AK-90-X070		-	1,270,027	138,152
2017 FTA Sec 5307	20.507	AK-2018-007 (AK90-X088)		-	3,345,776	3,345,776
2016 FTA Sec 5307	20.507	AK-2018-006 (AK90-		-	3,066,677	3,066,677
2016 FTA CMAQ Service Exp & Bus Stop Design & Engineering	20.507	AK-2017-016 (AK95-		-	2,010,437	276,837
Total CFDA 20.507				-	31,499,485	7,913,901
Total Federal Transit Cluster				-	38,482,011	9,777,347
Highway Planning and Construction Cluster -						
Highway Planning and Construction:						
2014 FHWA TCSP Winter City Ped	20.205	AK-26-0003		-	280,000	1,900
Pass-Through Alaska Department of Transportation & Public Facilities						
AMATS: Anchorage Areawide Trails Rehabilitation	20.205		0001521/58464	-	855,000	229,776
AMATS: Bicycle Plan Implementation Project (DOT&PF Owned)	20.205		56083	-	778,900	87,580
AMATS: Bicycle Plan Implementation Project (MOA Owned)	20.205		56092	-	911,400	150,629
AMATS: Pedestrian Plan Implementation Project (DPT&PF Owned)	20.205		57574	-	469,150	13,002
AMATS: Pedestrian Plan Implementation Project (MOA Owned)	20.205		57575	-	482,738	70,922
AMATS: Spenard Road Corridor Strategic Plan	20.205		59105	-	273,251	58,475
AMATS: Planning 2017	20.205		AMATS 2017	-	1,408,650	1,178,197
AMATS: ASD Bike Sharing Education Trailer Program	20.205		CFHWY00018	-	128,011	2,815
AMATS: Multi-Modal Volume Counters	20.205		CFHWY00085	-	366,022	59,700
AMATS: Non-Motorized Plans Update	20.205		CFHWY00164	-	286,043	111,240
AMATS: Anchorage Areawide Trails Rehab - Benson Pathway	20.205		CFHWY00172	-	290,680	199,186
AMATS: Vision Zero Program	20.205		CFHWY00192	-	270,988	16,892

Municipality of Anchorage, Alaska
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2017

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Direct Federal Grant Number	Pass-Through Entity Identifying Number	Provided to Sub- recipients	Award Amount	Total Federal Expenditures
Department of Transportation, continued						
Pass-Through Alaska Department of Transportation & Public Facilities, continued						
AMATS: Mountain View Drive Pathway Reconstruction 2017	20.205		CFHWY00259	\$ -	\$ 122,500	\$ 84,900
AMATS: Multimodal Trip Planner & Smartphone Application	20.205		CFHWY00295	-	120,742	59,043
AMATS: Transit Marketing Program CY2016-2018	20.205		CGRMT00114	-	1,267,712	341,827
AMATS: Traffic Control Signalization CY2016-CY2018	20.205		CGRNT00093	-	603,711	327,240
AMATS: Anchorage Ridesharing CY2016	20.205		CGRNT00115	-	1,066,329	300,805
AMATS: Air Quality Public & Business Awareness 2017-2018	20.205		CHFHWY00247	-	517,466	181,098
10th Avenue Bike Boulevard between P Street & Medfra Street	20.205		HFHWY00084	-	511,000	323,372
University Lake Drive Extension (APU)	20.205		59764HPRL-HPRM-0001(407)	-	879,290	19,564
Anchorage Signal Electronics Upgrades	20.205		STP-000S(734)/52417	-	4,184,620	224,653
AMATS: Consolidated Municipality of Anchorage MTP Update	20.205		Z577120000	-	747,878	432,627
Air Quality Public & Business Awareness Education Campaign	20.205		Z588480000	-	520,478	(50,330)
AMATS: Traffic Counts 2015-2016	20.205		Z589750000	-	1,268,374	566,101
Total CFDA 20.205				-	18,610,933	4,991,214
Federal Lands Access Program - AK BLM AFO 2014 (1), Campbell Airstrip Road and Trail Improvements	20.224	DTFH7016E00027		-	1,700,046	1,259,204
Total Highway Planning and Construction Cluster				-	20,310,979	6,250,418

Municipality of Anchorage, Alaska
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2017

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Direct Federal Grant Number	Pass-Through Entity Identifying Number	Provided to Sub- recipients	Award Amount	Total Federal Expenditures
Department of Transportation, continued						
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research - Sec 5303 FTA Planning - Alaska Community Transit Reimbursable Gran	20.505		2525-16-0200	\$ -	\$ 658,323	\$ 246,015
Highway Safety Cluster: State Community Highway Safety - FFY2017 HVE DUI Events (CIOT)	20.600		402 PT-17-06-00(A)-2	-	114,000	112,336
National Priority Safety Programs: Impaired Driving Enforcement Unit	20.616		405d M5X-18-01-00(D)	-	1,658,200	301,953
FFY2018 High Visibility Enforcement - DUI Events	20.616		405D M5HVE-18-01-00	-	49,952	43,773
FFY2017 HVE DUI Events	20.616		405d M5HVE-17-01-00(A)-2	-	126,560	67,234
Total CFDA 20.616				-	1,834,712	412,960
Total Highway Safety Cluster				-	1,948,712	525,296
Total Department of Transportation				-	97,338,032	27,963,225
Environmental Protection Agency						
Air Pollution Control Program Support - Air Quality 105 Basic 2016	66.001	A-01J12501-0		-	52,482	(15,354)
Brownfields Community-Wide Assessment Cooperative	66.818	01J39201		-	300,000	16,462
Pass-Through Alaska Department of Environmental Conservation: Performance Partnership Grants - Cuddy Park Ponds Rehabilitation	66.605		ACWA 17-10	-	30,000	30,000
Alaska Clean Water Fund Loan - Clean Water State Revolving Fund Cluster: Capitalization Grants for Clean Water State Revolving Funds:						
ERWWTF Rehab	66.458		130781	-	11,500,000	4,651,846
AWWTF Incin Removal & RSPS HVAC Rehab	66.458		130651	-	1,100,000	129,972
Blueberry Sewer Rehab	66.458		131481	-	1,176,000	666,759
Total Alaska Clean Water State Revolving Fund Cluster					13,776,000	5,448,577

Municipality of Anchorage, Alaska
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2017

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Direct Federal Grant Number	Pass-Through Entity Identifying Number	Provided to Sub- recipients	Award Amount	Total Federal Expenditures
Environmental Protection Agency, continued:						
Alaska Drinking Water Fund Loans - Drinking Water State Revolving Fund Cluster:						
Capitalization Grants for Drinking Water State Revolving Funds:						
ARRC Yard Rehab	66.468		130371	\$ -	\$ 2,700,000	\$ 235,498
Wesleyan Dr.-Checkmate to Queen Water Rehab	66.468		131151	-	3,300,000	439,263
Ship Creek Water Treatment Facility Comprehensive Improvements	66.468		130181	-	9,000,000	3,483,974
Total Alaska Drinking Water State Revolving Fund Cluster				-	15,000,000	4,158,735
Total Environmental Protection Agency				-	29,158,482	9,638,420
Equal Employment Opportunity Commission						
FY 17 Equal Employment Opportunity Cases	30.unknown	None		-	67,500	67,500
National Endowment for the Humanities						
Promotion of the Humanities - Book Bike Grant	45.129	G16-0014		-	5,000	577
Institute of Museum & Library Services						
Pass-Through Alaska Department of Education & Early Development						
Ready to Read Resource Center and Early Literacy						
Grants to States:						
Outreach FY2017	45.310		ILC-17-713-01	-	108,713	48,004
800# ILL & Reference Backup Service	45.310		ILC-17-703-02	-	50,301	23,304
2017 Continuing Education Grants	45.310		None	-	3,750	3,750
2016 Continuing Education Grants	45.310		None	-	6,500	(363)
Total Institute of Museum & Library Services				-	169,264	74,695
Total Schedule of Expenditures of Federal Awards				\$ 4,135,393	\$ 169,103,458	\$ 50,308,350

Municipality of Anchorage, Alaska

Notes to the Schedule of Expenditures of Federal Awards Year Ended December 31, 2017

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Municipality of Anchorage, Alaska (Anchorage) excluding its component unit, Anchorage School District, under programs of the federal government for the year ended December 31, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Anchorage, it is not intended to and does not present the financial position, changes in financial position, or cash flows of Anchorage.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. Indirect Cost Rate

Anchorage has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

4. Loan Programs

Anchorage participates in Revolving Loan Funds and Section 108 Loan Guarantee programs sponsored by the Department of Housing and Urban Development - Community Development Block Grants (CDBG). Under these programs, Anchorage issues loans to program participants which may be forgiven over time, or are repaid into the program for the issuance of new loans. Only current year loan drawdowns (new loans issued) are reported on the federal schedule, there are no contingencies noted. At December 31, 2017, Anchorage had the following loan activities:

Program Title	Federal CFDA Number	Outstanding Receivable from Program Participants	Outstanding Payable To HUD	Current Year Expenditures
HOME Investment Partnership Program	14.239	\$ 1,898,980	\$ -	\$ 1,871,965
Community Development Block Grants - Entitlement Grants	14.218	1,135,194	-	2,838,439
Total		\$ 3,034,174	\$ -	\$ 4,710,404

Municipality of Anchorage, Alaska

Notes to the Schedule of Expenditures of Federal Awards, continued

Anchorage participates in Environmental Protection Agency Loan Programs administered by the State of Alaska. These loan programs provide low-interest funding for Municipalities to conduct relevant water, wastewater, and other solid waste improvement programs. The loans include both State of Alaska and federal funding. The outstanding payable balance shown here reflects the total loan balance payable. Current year drawdowns reflect the federal portion of the current year draw and is reflected on the schedule of expenditures of federal awards. At December 31, 2017, Anchorage had the following loan activities:

Program Title	Federal CFDA Number	Outstanding Payable	Current Year Federal Drawdowns
Clean Water Loan Program	66.458	\$ 86,145,233	\$ 5,448,577
Drinking Water Loan Program	66.468	88,153,486	4,158,735
Total		\$ 174,298,719	\$ 9,607,312

5. Unearned Revenue by Program

Unearned revenue by federal program at December 31, 2017 are as follows:

Program Title	Federal CFDA Number	Unearned Revenue
Community Development Block Grants	14.218	\$ 333,980
Emergency Solutions Grant Program	14.231	240
Home Investment Partnership Program	14.239	58,419
Airport Improvement Program	20.106	3,417
Highway Planning and Construction	20.205	10,575
Grants to States Program	45.310	58,933
Medical Reserve Corps Small Grant Program	93.008	2
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	57,053
Family Planning Services	93.217	35,512
Domestic Ebola Supplement to the Epidemiology and Laboratory	93.815	38,256
Homeland Security Grant Program	97.067	9,240
Total Unearned Revenue		\$ 605,627



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Independent Auditor's Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance; and Report on the Schedule of State Financial Assistance Required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*

Honorable Mayor and
Members of the Assembly
Municipality of Anchorage, Alaska

Report on Compliance for Each Major State Program

We have audited the Municipality of Anchorage, Alaska's (Anchorage) compliance with the types of compliance requirements described in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that could have a direct and material effect on each of Anchorage's major state programs for the year ended December 31, 2017. Anchorage's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of State Financial Assistance.

Anchorage's basic financial statements include the operations of its component unit, Anchorage School District, which received \$434,247,355 in state awards which is not included in the Schedule of State Financial Assistance for the year ended December 31, 2017. Our audit, described below, did not include the operations of the Anchorage School District because it was subjected to a separate audit in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, for the year ended June 30, 2017.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Anchorage's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Those standards and *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Anchorage's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of Anchorage's compliance.

Opinion on Each Major State Program

In our opinion, Anchorage complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended December 31, 2017.

Report on Internal Control Over Compliance

Management of Anchorage is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Anchorage's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Anchorage's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of State Financial Assistance Required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Municipality of Anchorage, Alaska as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise Anchorage's basic financial statements and have issued our report thereon dated January 22, 2019, which contained unmodified opinions on those financial statements. Our report includes a reference to other auditors. Our audit was conducted for the purpose of forming opinions on those financial statements that collectively comprise the basic financial statements. The accompanying schedule of State Financial Assistance is presented for purposes of additional analysis as required by *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure state awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

BDO USA, LLP

Anchorage, AK
January 22, 2019

Municipality of Anchorage, Alaska

Schedule of State Financial Assistance

Year Ended December 31, 2017

State Grantor/Program Title	Grant Number	Award Amount	State Share of Expenditures
Alaska Department of Administration			
Major Programs:			
FY17 Public Employees' Retirement System	None	\$ 8,343,294	\$ 8,343,294
Alaska Department of Commerce, Community & Economic Development			
Major Programs:			
2012 Port of Anchorage Expansion	12-DC-301	30,000,000	4,492,587
2013 Port of Anchorage Expansion	13-GO-001	50,000,000	5,829,618
Muldoon Community Park	11-DC-111	1,000,000	359,430
121st Avenue Storm Drain Construction	12-DC-239	1,200,000	610,567
Birchtree/Elmore LRSA Road and Drainage	13-DC-412	750,000	355,539
South Central Law Enforcement Tactical Range - Phase II	13-DC-493	1,750,000	364,985
Police Department Digital Equipment	13-DC-529	2,600,000	651,351
ARDSA - Sand Lake, Bayshore, Klatt, and Oceanview Pavement Rehabilitation	13-DC-539	3,000,000	1,305,195
Duben Street Upgrade - Patterson Street East to Muldoon Road	13-DC-542	3,000,000	1,760,566
Tablelands Subdivision Area Road and Drainage Improvements	13-DC-543	3,000,000	443,898
South Anchorage Sports Park Facility	13-DC-571	2,950,000	992,609
Anchorage Museum - Alaska History Gallery Renovation	13-DC-586	5,000,000	1,975,851
Sullivan Arena Parking Lot Expansion and Building Upgrades	13-DC-593	5,190,000	675,554
Pavement Rehabilitation Matching Program	13-DC-598	6,000,000	409,906
Viburnum Drive - Oakwood and Burlwood Reconstruction	13-DC-613	7,900,000	350,600

Municipality of Anchorage, Alaska

Schedule of State Financial Assistance

Year Ended December 31, 2017

State Grantor/Program Title	Grant Number	Award Amount	State Share of Expenditures
Alaska Department of Commerce, Community & Economic Development, continued			
Major Programs, continued:			
Design Upgrades to Yosemite Drive	14-DC-013	\$ 1,900,000	\$ 384,440
East Anchorage Community Town Square Park Planning	14-DC-015	500,000	360,148
Fire Department Emergency Communication and Data Systems Upgrade	14-DC-017	750,000	332,570
Girdwood Volunteer Fire Department Station 41 Renovation	14-DC-020	5,750,000	2,029,665
Intersection Safety and Congestion Relief Matching Program	14-DC-022	1,500,000	611,734
Mountain View Drive Pedestrian Lighting Improvements - Taylor Street to Boniface Parkway	14-DC-024	1,000,000	324,932
Pavement Rehab Matching Program (50/50) Local Match	14-DC-027	3,000,000	959,536
Southcentral Law Enforcement Tactical Range/Construction	14-DC-037	5,000,000	4,760,768
Toilsome Hill Drive/Glen Alps Road/Canyon Road Improvements Phase II	14-DC-039	3,000,000	1,551,038
100th Avenue Extension Phase II - Minnesota Drive to C Street	15-DC-005	4,500,000	2,620,079
Klatt Road/Southport Drive Surface Rehabilitation - 100th Avenue to C Street	15-DC-022	1,500,000	853,902
Loussac Renovation	15-DC-023	10,000,000	2,647,567
Pleasant Valley Subdivision Area Road and Drainage Rehabilitation	15-DC-027	400,000	314,352
Yosemite Drive Area Drainage and Road Upgrade	15-DC-034	8,000,000	3,371,451
Capital upgrades, repairs, and renovations to facility systems and infrastructure at Dempsey Anderson Ice Arena	15-RR-028	6,224,409	4,871,010
Capital upgrades, repairs, and renovations to facility systems and infrastructure at Harry J. McDonald Memorial Center	15-RR-029	3,920,887	310,862

Municipality of Anchorage, Alaska

Schedule of State Financial Assistance

Year Ended December 31, 2017

State Grantor/Program Title	Grant Number	Award Amount	State Share of Expenditures
Alaska Department of Commerce, Community & Economic Development, continued			
Major Programs, continued:			
Capital upgrades, repairs, and renovations to facility systems and infrastructure at the Anchorage Museum	15-RR-030	\$ 4,901,109	\$ 2,362,929
Residential pavement rehabilitation, traffic calming, and pedestrian safety upgrades in House District 19	15-RR-033	4,312,976	1,491,154
FY 17 Community Revenue Sharing Program	None	7,783,616	7,783,616
Total Major Programs		197,282,997	58,520,009
Non-Major Programs:			
District 19 Traffic and Pedestrian Safety	08-DC-438	100,000	96,275
Turnagain Traffic and Pedestrian Safety	08-DC-447	150,000	15,130
Tudor Ctr Drive Extension - Tudor Rd to 48th Avenue	09-DC-199	8,000,000	47,168
Fire Department Station 3 Replacement	09-DC-379	6,000,000	14,051
Northeast Anchorage Traffic and Pedestrian Safety	09-DC-407	160,000	510
Pavement Rehab Matching Program	09-DC-414	5,000,000	36,329
Rogers Park Area Traffic and Pedestrian Safety	09-DC-420	147,423	12,877
Victor Road-Diamond to 100th Avenue	09-DC-564	14,000,000	7,193
100th Avenue Extension Phase II - Minnesota Drive to C Street	11-DC-001	6,000,000	96,777
13th Avenue Gateway Element Improvements	11-DC-002	100,000	11,606
Abbott Loop Traffic Calming Improvements	11-DC-007	120,000	25,203

Municipality of Anchorage, Alaska

Schedule of State Financial Assistance

Year Ended December 31, 2017

State Grantor/Program Title	Grant Number	Award Amount	State Share of Expenditures
Alaska Department of Commerce, Community & Economic Development, continued			
Non-Major Programs, continued:			
Begich Middle School Lighting for Track and Field	11-DC-022	\$ 200,000	\$ 6,682
Fire Station #9 Remodel	11-DC-061	5,000,000	34,194
Golden View Drive Intersection and Safety Upgrades - Rabbit Creek Road to Romania Drive	11-DC-067	3,000,000	31,320
Intersection Safety and Congestion Relief Matching Program	11-DC-076	5,000,000	21,452
Pavement Rehab Matching Program	11-DC-131	5,340,500	29,121
Toilsome Hill Drive/Glen Alps Road/ Canyon Road Improvements Phase II (HD 17-32)	11-DC-168	2,500,000	174,686
Traffic Calming and Pedestrian Safety	11-DC-169	350,000	3,366
Alpenglow Elementary School CCTV Security System Upgrade	12-DC-247	175,000	276
Arlberg Avenue Extension	12-DC-250	3,500,000	4,328
Bartlett High School Carpet Replacement	12-DC-252	85,000	29,675
Campbell Elementary School Playground Equipment and Safety Surface Upgrades	12-DC-258	249,797	15,437
Chugiak Senior Center Upgrades	12-DC-262	4,200,000	5,527
Eagle River Traffic Mitigation Artillery Road, Eagle River Road, Old Glenn Highway Interchange	12-DC-267	2,500,000	182,737

Municipality of Anchorage, Alaska

Schedule of State Financial Assistance

Year Ended December 31, 2017

State Grantor/Program Title	Grant Number	Award Amount	State Share of Expenditures
Alaska Department of Commerce, Community & Economic Development, continued			
Non-Major Programs, continued:			
Pedestrian Safety and Rehab Matching Program	12-DC-297	\$ 250,000	\$ 28,714
Traffic Calming Safety Improvements	12-DC-321	500,000	275,410
Wonder Park Elementary School Playground Equipment and Safety Surface	12-DC-330	150,000	15,614
Service High School Field Turf	12-DC-622	2,100,000	10,475
Chugiak Volunteer Fire and Rescue Department Station #35 Replacement	12-DC-800	6,150,000	34,277
Hillside Integration Commission for Drainage and Roads	13-DC-124	100,000	12,490
Kincaid Park Ropes Challenge Course	13-DC-198	150,000	995
Ben Boeke Ice Arena Upgrades	13-DC-255	200,000	7,795
Reka Drive Southside Separated Pedestrian Facility - Bragaw Street to Pine Street	13-DC-256	200,000	831
East High School Area Pedestrian and Safety Improvements (Grant Awarded to ASD, MOU with MOA)	13-DC-308	250,000	97,816
Branche Drive Reconstruction - 74th Avenue to 76th Avenue	13-DC-370	344,253	21,961
Chugiak Birchwood Eagle River Rural Road Service Area Sub-Standard Roads Upgrade	13-DC-375	500,000	41,798
Fish Creek Trail - Northwood Drive to Spenard Road	13-DC-394	575,000	160,974
Fairview Recreation Center Upgrade	13-DC-406	643,000	52,400
Fire Department Fire Engines Replacement	13-DC-410	700,000	24,773

Municipality of Anchorage, Alaska

Schedule of State Financial Assistance

Year Ended December 31, 2017

State Grantor/Program Title	Grant Number	Award Amount	State Share of Expenditures
Alaska Department of Commerce, Community & Economic Development, continued			
Non-Major Programs, continued:			
Hightower Road Upgrade - Alyeska Highway to Community Center	13-DC-423	\$ 800,000	\$ 2,915
Cordova Street Pedestrian and Traffic Safety Improvements - 3rd Avenue to 16th Avenue	13-DC-442	1,000,000	167,620
Mountain View Drive and McCarrey Street Intersection Safety	13-DC-460	1,100,000	247,441
Spenard Recreation Center Upgrades	13-DC-466	1,200,000	32,160
ARDSA Residential Pavement Rehabilitation - Downtown and Midtown Areas	13-DC-490	1,650,000	36,791
Fire Station Land Acquisition	13-DC-502	2,000,000	10,077
Foothills East Subdivision Area Street Reconstruction	13-DC-503	2,000,000	3,165
Baxter Road Pavement Rehabilitation - Tudor Road to Northern Lights Boulevard	13-DC-520	2,395,868	154,733
ARDSA - Spenard and Turnagain Residential Areas Pavement Rehabilitation	13-DC-540	3,000,000	24,116
Duben Street Upgrade - Muldoon Road to Bolin Street	13-DC-541	3,000,000	25,829
Police Department Expansion - Outdoor Storage	13-DC-565	3,800,000	3,464
A Street and 48th Avenue Extension and Upgrade - 51st Avenue to Cordova Street	13-DC-568	3,925,618	(5,047)
Eklutna Bridge Replacement - Chugach State Park Access	13-DC-592	14,000,000	(110,477)
Eagle River Traffic Mitigation - Business Boulevard to Eagle River and Artillery Road	13-DC-597	6,000,000	217,651

Municipality of Anchorage, Alaska

Schedule of State Financial Assistance

Year Ended December 31, 2017

State Grantor/Program Title	Grant Number	Award Amount	State Share of Expenditures
Alaska Department of Commerce, Community & Economic Development, continued			
Non-Major Programs, continued:			
Dimond Boulevard Upgrade - Jodphur Road to Sand Lake Road	13-DC-608	\$ 7,500,000	\$ 119,063
Whaley Center Music Program	13-DM-001	2,150	2,000
Fairview Sidewalk Snow Disposal Pilot Project	13-DM-221	50,000	(1,000)
27th Avenue Pedestrian Safety - Minnesota Drive to Blueberry St.	14-DC-002	500,000	48,249
Autumn Park Estates/Spring Acres Subdivision Repairs and Drainage	14-DC-004	225,000	73
Campbell Creek Stormwater Mitigation	14-DC-006	340,000	59,425
Chugiak-Eagle River Parks & Recreation Audio, Video and Teleconference System	14-DC-012	75,000	9,602
Fairview Recreation Center Safety Upgrades	14-DC-016	398,000	287,223
Girdwood Road Service Area Road and Drainage Rehabilitation	14-DC-019	250,000	13,983
Hightower Road Upgrade - Alyeska Highway to Community Center	14-DC-021	1,300,000	51,191
Little Tree Drive/53rd Avenue Sidewalk - 56th Avenue to Trena Street	14-DC-023	600,000	11,229
Nunaka Valley Area Street and Pedestrian Upgrades	14-DC-025	800,000	23,836
Pioneer Drive Upgrade Muldoon Road to Resurrection Drive	14-DC-028	2,400,000	7,312
Senate District J Residential Pavement Rehabilitation	14-DC-033	1,000,000	157,462
Senate District L Residential Pavement Rehabilitation	14-DC-035	1,500,000	99
Senate District M Residential Pavement Rehabilitation	14-DC-036	2,000,000	88,923

Municipality of Anchorage, Alaska

Schedule of State Financial Assistance

Year Ended December 31, 2017

State Grantor/Program Title	Grant Number	Award Amount	State Share of Expenditures
Alaska Department of Commerce, Community & Economic Development, continued			
Non-Major Programs, continued:			
Sylvan Drive Improvements	14-DC-038	\$ 1,500,000	\$ 720
Bowman Elementary School Pedestrian Improvements (Grant Awarded to ASD, MOU with MOA)	14-DC-180	650,000	108,692
AVAIL Alternative School Interactive Display Technology	14-DM-002	6,400	339
AVAIL Alternative School Library Collection	14-DM-003	5,000	2,594
Eagle Academy Technology Upgrades	14-DM-006	40,000	16,180
Pedestrian Safety Improvements on Zarvis Place	14-RR-019	55,715	51,561
Fire Station Number 14 Building Renovation and Equipment Purchase and Installation	14-RR-024	98,000	8,059
Purchase of Equipment for the Service High School Rifle Team Improvements and Safety Upgrades at the Intersection on Goldenview Drive from Rabbit Creek to Romania Drive	14-RR-032	3,520,064	24,651
10th Avenue Bike Boulevard - P Street to Medfra Street	15-DC-006	100,000	19,147
11th Avenue and Mael Street Intersection Safety Improvements	15-DC-007	50,000	656
64th Avenue Upgrade/Reconstruction - Laurel Street to Norm Drive	15-DC-008	2,400,000	19,142
Boniface Parkway Pedestrian Improvements - 22nd Avenue to Debarr Road (West Side)	15-DC-010	140,000	27,247

Municipality of Anchorage, Alaska

Schedule of State Financial Assistance

Year Ended December 31, 2017

State Grantor/Program Title	Grant Number	Award Amount	State Share of Expenditures
Alaska Department of Commerce, Community & Economic Development, continued			
Non-Major Programs, continued:			
Chester Creek Flooding - Lagoon to A Street	15-DC-013	\$ 400,000	\$ 121,962
District 25 Residential Road Rehabilitation and Replacements	15-DC-015	2,200,000	17,860
Far North Bicentennial Park Safety Improvement	15-DC-017	100,000	12,165
Foothills East Subdivision Area Street Reconstruction	15-DC-018	3,000,000	68,057
Mountain View Area Alley Paving & Safety Improvements	15-DC-024	250,000	56,435
Pedestrian and Student Safety	15-DC-026	250,000	12,653
Viburnum Drive/Oakwood Drive/Burlwood Drive Reconstruction	15-DC-032	1,100,000	23,615
West Northern Lights Boulevard at Alaska Railroad Overpass Drainage Improvements	15-DC-033	375,000	940
Critical road improvements, safety upgrades and drainage upgrades in House Districts 13 and 14	15-RR-019	1,786,879	237,195
Drainage and Flood Study in the Prospect Heights Subdivision Area	15-RR-022	100,000	999
Capital upgrades, repairs, and renovations to facility systems and infrastructure at the Sullivan Arena	15-RR-026	9,119,004	28,036
Capital upgrades, repairs, and renovations to facility systems and infrastructure at Ben Boeke Ice Arena	15-RR-027	6,900,762	271,405

Municipality of Anchorage, Alaska

Schedule of State Financial Assistance

Year Ended December 31, 2017

State Grantor/Program Title	Grant Number	Award Amount	State Share of Expenditures
Alaska Department of Commerce, Community & Economic Development, continued			
Non-Major Programs, continued:			
Capital upgrades, repairs, and renovations to facility systems Center and infrastructure at the William A. Egan Civic and Convention	15-RR-031	\$ 343,078	\$ 66,027
Capital upgrades, repairs, and renovations to facility systems	15-RR-032	539,122	85,175
Alaska Domestic Violence and Sexual Assault Program	17-RR-002	902,471	236,919
APD Patrol - Seward Hwy Between Anchorage & Indian	18-DC-010	200,000	47,969
Gateways for Growth - Partnership for a New American Economy	DCCED Letter	9,500	4,150
FY 17 Shared Fisheries Tax Program	None	20,644	20,644
Total Non-Major Programs		185,688,248	4,968,695
Total Alaska Department of Commerce, Community & Economic Development		382,971,245	63,488,704

Municipality of Anchorage, Alaska

Schedule of State Financial Assistance

Year Ended December 31, 2017

State Grantor/Program Title	Grant Number	Award Amount	State Share of Expenditures
Alaska Department of Education & Early Development			
Non-major Programs:			
Public Library Assistance	PLA-17-713-01	\$ 34,500	\$ 34,464
Netlender Reimbursement	ILC-17-713-04	3,282	3,282
Alex Zerbe Summer Tour	ILC-17-713-03	1,825	1,420
Total Alaska Department of Education & Early Development		39,607	39,166
Alaska Department of Environmental Conservation			
Non-Major Programs:			
ADEC Hazmat Team Support	ADEC/HAZMAT MOU	8,500	4,672
Total Alaska Department of Environmental Conservation		8,500	4,672
Alaska Department of Fish and Game			
Non-Major Programs:			
Construction of Trail at Kincaid Park/Anchorage Coastal Wildlife Refuge	CT 170007719	35,000	35,000
Total Alaska Department of Fish and Game		35,000	35,000

Municipality of Anchorage, Alaska

Schedule of State Financial Assistance

Year Ended December 31, 2017

State Grantor/Program Title	Grant Number	Award Amount	State Share of Expenditures
Alaska Department of Health & Social Services			
Major Programs:			
Public Health Nursing (Core)	601-289-1701	\$ 3,113,300	\$ 1,557,583
Public Health Nursing	601-289-18001	3,076,900	1,234,867
Human Services Community Matching Grants	605-231-1702	832,951	475,225
Human Services Community Matching Grants	605-231-18001	828,548	392,115
Total Major Programs		7,851,699	3,659,790
Non-Major Programs:			
Aging and Disability Resource Centers & Medicare Counseling and Outreach	607-299-1702	223,618	112,814
Aging and Disability Resource Centers & Medicare Counseling and Outreach	607-299-18002	233,858	140,938
Nutrition, Transportation, and Support Services	607-309-1702	240,933	131,022
Nutrition, Transportation, and Support Services	607-309-18002	240,933	146,087
Planning and Design for the Alaska Center for Treatment	C05-536-1604	374,960	46,535
Total Non-Major Programs		1,314,302	577,396
Total Alaska Department of Health & Social Services		9,166,001	4,237,186

Municipality of Anchorage, Alaska

Schedule of State Financial Assistance

Year Ended December 31, 2017

State Grantor/Program Title	Grant Number	Award Amount	State Share of Expenditures
Alaska Department of Military & Veterans Affairs			
Non-Major Programs:			
2017 Local Emergency Planning Committee Grant	20LEPC-GY17	\$ 22,485	\$ 9,932
Total Alaska Department of Military & Veterans Affairs		<u>22,485</u>	<u>9,932</u>
Alaska Department of Revenue			
Major Programs:			
FY 17 Telephone/Electric Co-op Allocation	None	776,555	776,555
FY 17 Liquor Licensing	None	400,350	400,350
Total Major Programs		<u>1,176,905</u>	<u>1,176,905</u>
Non-Major Programs:			
FY 17 Fisheries Business Taxes	None	92,250	92,250
Commercial Passenger Vessel Program	None	59,900	59,900
Aviation Motor Fuel Program	None	15,218	15,218
Total Non-Major Programs		<u>167,368</u>	<u>167,368</u>
Total Alaska Department of Revenue		<u>1,344,273</u>	<u>1,344,273</u>

Municipality of Anchorage, Alaska

Schedule of State Financial Assistance

Year Ended December 31, 2017

State Grantor/Program Title	Grant Number	Award Amount	State Share of Expenditures
Alaska Department of Transportation & Public Facilities			
Major Programs:			
FY 17 Traffic Signal Management	None	\$ 1,921,549	\$ 1,921,549
APD Impaired Driver Enforcement Unit	154AL-15-01-00 (A)	2,133,000	1,574,189
Ship Creek Boat Launch Repairs Project	17-HG-004	688,722	681,900
Total Major Programs		<u>4,743,271</u>	<u>4,177,638</u>
Non-Major Programs:			
Alaska Community Transit Reimbursable Grant (Legislative AMC Grants)	2525-17-0100	225,000	225,000
Alaska Community Transit Reimbursable Grant (Legislative AMC Grants)	2559-17-0100	273,250	273,250
Alaska Community Transit Reimbursable Grant (Legislative AMC Grants)	2559-18-0100	45,389	45,389
Acquire Snow Removal Equipment	3-02-0015-053-2011/ 55588 LC 30154341	7,480	(1,021)
Conduct Airport Master Study	3-02-0015-054-2011/ 55588 LC 30154581	14,506	(1,494)
Rehabilitate Taxiway Quebec, Phase 2	3-02-0015-055-2011/ 55588 LC 30154641	58,940	(361)
Airport Lighting, Signage and Fencing Improvements	3-02-0015-056-2011/ 55588 LC 30155041	15,909	(129)
Rehabilitate Taxiways: Quebec (Phase 3), Golf, and Kilo	3-02-0015-057-2012/ 55595 LC 30155141	79,659	(1,591)
Improve Airport Lighting, Signage, and Fence Upgrades	3-02-0015-058-2012/ 55595 LC 30424541	52,093	(589)
Acquire Snow Removal Equipment-Snow Blower	3-02-0015-059-2013/ 56893 LC 30455541	31,250	(2,358)
Replace Runway Lighting Vault	3-02-0015-060-2013/ 57346 LC 30494541	33,750	(403)

Municipality of Anchorage, Alaska

Schedule of State Financial Assistance

Year Ended December 31, 2017

State Grantor/Program Title	Grant Number	Award Amount	State Share of Expenditures
Alaska Department of Transportation & Public Facilities, continued			
Non-Major Programs, continued:			
Conduct Airport Master Plan Study Update, Phase 2	3-02-0015-061-2014/59162	\$ 20,000	\$ (1,001)
Toilsome Hill Drive/Glen Alps Road/Canyon Road Improvements	53166	1,390,345	201,535
Chugiak Interim Pedestrian Facilities	57303	220,000	14,786
Eagle River Traffic Mitigation Phase 1	11-16	174,500	174,500
2016-2020 APDES Program (NPDES Municipal Storm Water Discharge Permit)	APDES 2016 - 2020	1,050,000	71,872
Anchorage Signal Electronics Upgrades	STP-000S(734)/52417	415,380	22,300
AMATS: Air Quality Public & Business Awareness 2017-2018	CFHWY00247	54,180	17,976
AMATS: Transit Marketing Program CY2016-2018	CGRMT00114	132,406	73,442
Airport Lighting, Signage and Fencing Improvements, Phase 3	CGRNT00082	125,839	(1,008)
AMATS: Anchorage Ridesharing CY2016	CGRNT00115	111,404	53,425
FY2017 Safety Corridor Equipment	MOU - 2017 Safety	151,929	150,760
MOA Seward Highway Enforcement	MOU 6/21/17 & 8/26/17	65,000	62,224
AMATS: Consolidated Municipality of Anchorage MTP Update	Z577120000	52,239	20,433
Air Quality Public & Business Awareness Education Campaign	Z588480000	54,180	50,330
NPDES Storm Water Permit Application 2011	None	2,500,000	207,017
FY 17 TORA Anchorage/Eagle River Area Street Cleaning	None	200,133	200,133
Total Non-Major Programs		7,554,761	1,854,417
Total Alaska Department of Transportation & Public Facilities		\$ 12,298,032	\$ 6,032,055

Municipality of Anchorage, Alaska

Schedule of State Financial Assistance

Year Ended December 31, 2017

State Grantor/Program Title	Grant Number	Award Amount	State Share of Expenditures
Alaska Mental Health Trust Authority			
Non-Major Programs:			
Housing & Homeless Services Coordinator (FY17)	GIFTS ID: 7365	\$ 178,200	\$ 85,448
Housing & Homeless Services Coordinator (FY18)	GIFTS ID: 7365.01	187,000	90,428
Crisis Intervention Training - September & December (FY18)	GIFTS ID: 1427.08	42,100	1,319
Total Alaska Mental Health Trust Authority		407,300	177,195
Alaska State Troopers			
Non-Major Programs:			
SART AST Reimbursement	None	41,656	41,656
Total Alaska State Troopers		41,656	41,656
Alaska Court System			
Major Programs:			
State Forfeiture Funds	None	1,371,512	1,345,536
Total Alaska Court System		1,371,512	1,345,536
Total State Financial Assistance		\$ 416,048,905	\$ 85,098,669

Municipality of Anchorage, Alaska

Notes to Schedule of State Financial Assistance Year Ended December 31, 2017

1. Basis of Presentation

The accompanying Schedule of State Financial Assistance (the "Schedule") includes the state grant activity of the Municipality of Anchorage, Alaska (Anchorage) excluding its component unit, Anchorage School District, for the year ended December 31, 2017. The information in this schedule is presented in accordance with the requirements of *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Because the schedule presents only a selected portion of the operations of Anchorage, it is not intended to and does not present the financial position, changes in financial position, or cash flows of Anchorage.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. PERS On-behalf

The City has recorded \$8,343,294 in PERS On-behalf payments in the Schedule of State Financial Assistance. This represents the PERS relief payments appropriated and transferred into the plan during calendar year 2017. In the governmental fund financial statements, on-behalf revenue and expenditures have been recognized in their proportional share of on-behalf payments within the calendar year under audit. However, in the full accrual financial statements (the government-wide and enterprise fund financial statements), GASB 68 provisions prescribe that on-behalf pension contributions in a special funding situation may only be recognized during the measurement period in which the plan recognizes the contributions. For the Municipality of Anchorage, the PERS plan measurement period is July 1, 2016 through June 30, 2017, creating a six-month timing difference between the cash contribution and revenue and expense recognition by the Municipality in those funds. As a result of these perspective and timing differences, amounts reported on the financial statements do not agree to the amount reported on the Schedule of State Financial Assistance.

Municipality of Anchorage, Alaska

Schedule of Findings and Questioned Costs for the Year Ended December 31, 2017

Section I - Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

Material weakness(es) identified?	<u> X </u> yes	<u> </u> no
Significant deficiency(ies) identified?	<u> X </u> yes	<u> </u> (none reported)

Noncompliance material to financial statements noted?	<u> </u> yes	<u> X </u> no
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Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
Significant deficiency(ies) identified?	<u> X </u> yes	<u> </u> (none reported)

Type of auditor's report issued on compliance for major federal programs:	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<u> </u> yes	<u> X </u> no
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Identification of major federal programs:

<i>CFDA Number</i>	<i>Name of Federal Program or Cluster</i>	
14.239	Home Investment Partnership Program	Department of Housing and Urban Development
20.106	Airport Improvement Program	Department of Transportation
20.500, 20.507	Federal Transit Cluster	Department of Transportation
93.575	Child Care and Development Block Program	Department of Health and Social Services

Dollar threshold used to distinguish between Type A and Type B programs:	\$1,509,250
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Auditee qualified as low-risk auditee?	<u> </u> yes	<u> X </u> no
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Municipality of Anchorage, Alaska

Schedule of Findings and Questioned Costs, continued for the Year Ended December 31, 2017

State Financial Assistance

Internal control over major programs:

Material weakness(es) identified?	___ yes	<u>X</u> no
Significant deficiency(ies) identified?	___ Yes	<u>X</u> none reported

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

Dollar threshold used to distinguish a state major program: \$300,000

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

Finding 2017-001 SAP Software Conversion - Internal Control over Financial Reporting - Material Weakness

Criteria: A properly functioning ERP accounting system is an integral component in providing accurate accounting data and information. Without a functioning ERP accounting system, it is difficult for management to have access to financial information that is reliable and properly reported, which is necessary for management to prevent or detect and correct misstatements on a timely basis.

Condition: The Municipality did not have in place a properly functioning ERP accounting system. The Municipality placed the SAP system into service on September 11, 2017 (payroll only) and October 1, 2017 (remainder of the system). Immediately, Management became aware of significant errors in transaction processing and financial reporting due to defects in the system. A significant number of the defects were not corrected as of year-end.

Cause: Management did not fully assess the functionality of the SAP system prior to bringing the system online in 2017. Management neglected to conduct proper testing prior to implementation.

Effect: Management was unable to properly reconcile and close the 2017 financial records in a timely manner. A significant number of account balances and financial statement areas were not fully adjusted, reconciled and closed until months after year-end.

Recommendation: We encourage management to continue addressing the remaining defects with SAP and make the necessary modifications to ensure the system is operating correctly.

Views of responsible

officials: Management concurs with the finding. See corrective action plan.

Municipality of Anchorage, Alaska

Schedule of Findings and Questioned Costs, continued for the Year Ended December 31, 2017

Finding 2017-002 Port Inventory - Internal Control over Financial Reporting - Significant Deficiency

Criteria: *Government Auditing Standards* state management is responsible for ensuring that financial information is reliable and properly reported. Internal controls over financial reporting should allow management to prevent, or detect and correct misstatements on a timely basis.

Condition: Inventory balances were misstated on the Statement of Net Position.

Cause: Management did not accurately record contributed steel sheet pile inventory in the fiscal year of receipt. In subsequent years, management did not conduct an adequate count and measurement of inventory on hand. Proper communication between operational personnel and finance staff did not occur in a timely manner.

Effect: Inventory was misstated by \$530,256.

Recommendation: We encourage management to adopt a process in which Port operations personnel inform finance of the receipt of contributed assets in a timely manner. We also encourage management to adopt a process in which Port finance personnel review physical assets located on Port property for possible recording in the financial statements.

Views of responsible

officials: Management concurs with the finding. See corrective action plan.

Finding 2017-003 CAMA Software - Internal Control over Financial Reporting - Significant Deficiency

Criteria: A properly secured Computer-Assisted Mass Appraisal (CAMA) program is an integral component in providing accurate accounting data and information regarding property tax revenue. Internal controls over CAMA program should allow management to prevent or detect and correct misstatements on a timely basis.

Condition: Multiple personnel with access to promote program changes into production also have access to source code in CAMA program. No password complexity is enabled on the server hosting the CAMA program. No user access review is performed for CAMA program. As a result, the CAMA program is open to potential program changes by unauthorized personnel.

Cause: Management neglected to implement proper internal controls of CAMA program.

Effect: Unauthorized program changes to CAMA program could lead to inaccurate property tax revenue reporting in the financial statements. Management will not be able to detect and correct misstatements in a timely manner.

Municipality of Anchorage, Alaska

Schedule of Findings and Questioned Costs, continued for the Year Ended December 31, 2017

Recommendation: We encourage management to implement proper review and approval process of user rights and access in the CAMA program. We also encourage management to enable password complexity on the server hosting the CAMA program.

Views of responsible

officials: Management concurs with the finding. See corrective action plan.

Section III - Federal Award Findings and Questioned Costs
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Finding 2017-004 **Eligibility - Significant Deficiency in Internal Control over Compliance**

Agency: Department of Health and Social Services

CFDA: 93.575

Program: Child Care and Development Block Program

Award Year: FY 2017 & 2018

Criteria: Per the Office of Management and Budget (OMB) Uniform Guidance (UG) Compliance Supplement, lead agencies must have in place procedures for documenting and verifying eligibility in accordance with federal requirements as well as the specific eligibility requirements selected by each state in its approved plan.

Condition: Child care licensing department's internal control system for the approval of child care license applications is not operating effectively. A child care license application was awarded without review and approval of the child care licensing supervisor.

Cause: The Department lacked sufficient staffing to ensure all applications were reviewed prior to issuance. The Department did not have in place an approved secondary reviewer to review applications in the absence of the primary reviewer.

Effect: Ineligible child care operators could improperly be awarded licenses.

Questioned costs: None.

Context: Auditor selected 25 child care operators and found 1 licensed child care operator whose application was not reviewed and approved by the child care licensing supervisor.

Recommendation: We recommend that the Department cross train additional staff who are knowledgeable of program requirements and who can review and approve child care license applications.

Municipality of Anchorage, Alaska

Schedule of Findings and Questioned Costs, continued for the Year Ended December 31, 2017

Views of responsible

officials: Management concurs with the finding. See corrective action plan.

Finding 2017-005 Special Tests and Provisions - Noncompliance and Significant Deficiency
in Internal Control over Compliance

Agency: Department of Health and Social Services

CFDA: 93.575

Program: Child Care and Development Block Program

Award Year: FY 2017 & 2018

Criteria: Per the Office of Management and Budget (OMB) Uniform Guidance Compliance Supplement, lead agencies must certify that procedures are in effect to ensure that providers serving children who receive subsidies comply with all health and safety requirements.

Condition: Child care licensing department did not have an internal control system in place to ensure annual health and safety inspections occur at each licensed child care facility and that each inspection was reviewed by the child care licensing supervisor.

Cause: The Department lacked sufficient staffing to ensure all required child care facility site inspections are reviewed. The Department lacked a tracking mechanism to ensure all child care facilities are inspected per program guidelines.

Effect: Potential for a child care facility to be operating while not in compliance with health and safety requirements.

Questioned costs: None.

Context: Auditor selected 32 child care facilities and noted none of the corresponding site inspections were reviewed by the child care licensing supervisor to ensure all requirements were evaluated. Auditor noted 1 child care facility was not inspected at all to ensure it was in compliance with the required health and safety requirements.

Recommendation: We recommend that the Department cross train additional staff who are knowledgeable of program requirements and who can review child care facility site inspections. We recommend the Department adopt a tracking mechanism to ensure all facilities are inspected on a timely basis per program guidelines.

Views of responsible

officials: Management concurs with the finding. See corrective action plan.

Municipality of Anchorage, Alaska

Schedule of Findings and Questioned Costs, continued for the Year Ended December 31, 2017

<u>Finding 2017-006</u>	Special Tests and Provisions - Significant Deficiency in Internal Control over Compliance
Agency:	Department of Transportation
CFDA:	20.106
Program:	Airport Improvement Program
Award Year:	FY 2016, 2017, & 2018
Criteria:	The Code of Federal Regulations, 29 CFR Part 5 Subpart A 5.5 3(ii)(A), requires that contractors shall submit weekly for each week in which any contract work is performed a copy of all payrolls to the federal agency if the agency is a party to the contract, but if the agency is not such a party, the contractor will submit the payrolls to the applicant, sponsor, or owner, as the case may be, for transmission to the federal agency.
Condition:	There were no internal controls in place to ensure that all contractors submit certified payrolls to the Municipality.
Cause:	The department did not communicate to the contractor performing work to submit to them the weekly certified payrolls and no controls were in place to ensure certified payroll was properly submitted each week.
Effect:	Potential for certified payroll to not be submitted each week by contractors.
Questioned costs:	None.
Context:	During FY 2017, 1 out of 3 contractors tested did not submit certified payrolls to the Municipality for review.
Recommendation:	We recommend controls be established to ensure certified payroll is properly submitted to the Municipality each week work is performed.
Views of responsible officials:	Management concurs with the finding. See corrective action plan.

Municipality of Anchorage, Alaska

Schedule of Findings and Questioned Costs, continued for the Year Ended December 31, 2017

<u>Finding 2017-007</u>	Activities Allowed and Unallowed, Allowable Costs & Period of Performance - Significant Deficiency in Internal Control over Compliance
Agency:	Department of Transportation
CFDA:	20.507
Program:	Federal Transit Cluster
Award Year:	FY 2016
<i>Criteria:</i>	In accordance with 2 CFR 200.303, non-federal entities receiving federal awards (i.e., auditee management) must establish and maintain internal control designed to reasonably ensure compliance with federal statutes, regulations, and the terms and conditions of the federal award.
<i>Condition:</i>	Internal controls were not in place to ensure payroll errors post-SAP implementation were correctly identified and corrected.
<i>Cause:</i>	After SAP was placed into service, management identified significant errors in payroll where a large number of employees were over or under paid. To correct these errors, the department performed procedures to identify employees who were paid incorrectly and make the necessary corrections to pay them the correct amount. During the error correction process, the department did not implement internal controls to ensure employees flagged as having an error in pay were actually paid the incorrect amounts. As a result, one employee was incorrectly identified as being underpaid and a correction was improperly made resulting in the employee being overpaid for the pay period.
<i>Effect:</i>	Potential for employees to have errors in pay as a result of the SAP error correction process.
<i>Questioned costs:</i>	\$151
<i>Context:</i>	During our test work of payroll for 40 employees we noted 1 instance where an employee was overpaid as a result of the payroll correction process after SAP was implemented.
<i>Recommendation:</i>	Management should implement controls to ensure during correction of errors employees are paid amounts that match time worked.
<i>Views of responsible officials:</i>	Management concurs with the finding. See corrective action plan.

Municipality of Anchorage, Alaska

Schedule of Findings and Questioned Costs, continued for the Year Ended December 31, 2017

Finding 2017-008 **Equipment and Real Property Management - Noncompliance and Significant Deficiency in Internal Control over Compliance**

Agency: Department of Transportation

CFDA: 20.500 & 20.507

Program: Federal Transit Cluster

Award Year: FY 2017

Criteria: The Code of Federal Regulations, 2 CFR Section 215.34, requires that when the recipient no longer needs equipment, the recipient shall request disposition instruction from the Federal awarding agency. If instructed to dispose of asset, the recipient shall sell the equipment and reimburse the Federal awarding agency an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the original project or program.

Condition: Internal controls were not in place to ensure approval from the Federal Transit Authority (FTA) was received prior to disposing of assets with a fair market value greater than \$5,000 and that funds are timely returned to FTA if required.

Cause: In FY 2017, the department sold at auction 11 vans purchased with FTA funds that had a fair market value greater than \$5,000. The department did not have controls in place to ensure it received approval to dispose of the vans from the FTA prior to the sale and to timely return proceeds received from the sale.

Effect: Federal share of sale proceeds were not returned timely to the FTA.

Questioned costs: \$64,220

Context: During testing of FTA asset disposals auditor noted 11 out of 30 vans sold at auction had a market value greater than \$5,000 but the Municipality did not receive prior approval for the sale or returned to FTA the federal share of proceeds.

Recommendation: Management should implement controls to ensure approval is received from FTA prior to disposing of assets with market value greater than \$5,000 and to timely reimburse Federal share of proceeds from sale.

Views of responsible officials: Management concurs with the finding. See corrective action plan.

Section IV - State Award Findings and Questioned Costs

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



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3601 C Street, Suite 600
Anchorage, AK 99503

Independent Auditor's Report on Supplementary Information

Honorable Mayor and
Members of the Assembly
Municipality of Anchorage, Alaska

Our audits of the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Municipality of Anchorage, Alaska (Anchorage) were conducted for the purpose of forming an opinion on those statements as a whole. The supplementary information presented in the following section of this report is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

BDO USA, LLP

Anchorage, AK
January 22, 2019

MUNICIPALITY OF ANCHORAGE, ALASKA
 Department of Health and Social Services
 HIV/AIDS Prevention
 601-281-1703
 Schedule of Revenues and Expenditures - Budget and Actual
 Grant Period Ended June 30, 2017

	Fiscal Year Ending December 31, 2016	Fiscal Year Ending December 31, 2017	Total Expenditures	Budget	Variance Favorable (Unfavorable)
Revenues:					
State of Alaska	\$ -	\$ -	\$ -	\$ -	-
Federal passed through the State of Alaska	36,957	51,543	88,500	88,500	-
Total revenues	36,957	51,543	88,500	88,500	-
Expenditures:					
Direct costs:					
Personal services	27,088	34,881	61,969	70,192	8,223
Other operating costs	5,049	9,939	14,988	6,765	(8,223)
Total direct costs	32,137	44,820	76,957	76,957	-
Indirect costs	4,820	6,723	11,543	11,543	-
Total expenditures	\$ 36,957	\$ 51,543	\$ 88,500	\$ 88,500	\$ -

See accompanying auditor's report.

MUNICIPALITY OF ANCHORAGE, ALASKA
 Department of Health and Social Services
 HIV/AIDS Prevention
 601-281-18004
 Schedule of Revenues and Expenditures - Budget and Actual
 Grant Period Ended June 30, 2018

	Fiscal Year Ending December 31, 2016	Fiscal Year Ending December 31, 2017	Total Expenditures	Budget	Variance Favorable (Unfavorable)
Revenues:					
State of Alaska	\$ -	\$ -	\$ -	\$ -	-
Federal passed through the State of Alaska	-	48,049	48,049	89,170	(41,121)
Total revenues	-	48,049	48,049	89,170	(41,121)
Expenditures:					
Direct costs:					
Personal services	-	44,200	44,200	61,147	16,947
Other operating costs	-	101	101	16,393	16,292
Total direct costs	-	44,301	44,301	77,540	33,239
Indirect costs	-	3,748	3,748	11,630	7,882
Total expenditures	\$ -	\$ 48,049	\$ 48,049	\$ 89,170	\$ 41,121

See accompanying auditor's report.

MUNICIPALITY OF ANCHORAGE, ALASKA
 Department of Health and Social Services
 Teen and Unintended Pregnancy Prevention
 601-285-1702
 Schedule of Revenues and Expenditures - Budget and Actual
 Grant Period Ended June 30, 2017

	Fiscal Year Ending December 31, 2016	Fiscal Year Ending December 31, 2017	Total Expenditures	Budget	Variance Favorable (Unfavorable)
Revenues:					
State of Alaska	\$ -	\$ -	\$ -	\$ -	-
Federal passed through the State of Alaska	30,767	51,731	82,498	82,500	(2)
Total revenues	30,767	51,731	82,498	82,500	(2)
Expenditures:					
Direct costs:					
Personal services	18,346	24,497	42,843	43,331	488
Other operating costs	8,409	20,486	28,895	28,409	(486)
Total direct costs	26,755	44,983	71,738	71,740	2
Indirect costs	4,013	6,747	10,760	10,760	-
Total expenditures	\$ 30,768	\$ 51,730	\$ 82,498	\$ 82,500	\$ 2

See accompanying auditor's report.

MUNICIPALITY OF ANCHORAGE, ALASKA
 Department of Health and Social Services
 Teen and Unintended Pregnancy Prevention
 601-285-18002
 Schedule of Revenues and Expenditures - Budget and Actual
 Grant Period Ended June 30, 2018

	Fiscal Year Ending December 31, 2016	Fiscal Year Ending December 31, 2017	Total Expenditures	Budget	Variance Favorable (Unfavorable)
Revenues:					
State of Alaska	\$ -	\$ -	\$ -	\$ -	-
Federal passed through the State of Alaska	-	32,669	32,669	77,500	(44,831)
Total revenues	-	32,669	32,669	77,500	(44,831)
Expenditures:					
Direct costs:					
Personal services	-	24,567	24,567	51,605	27,038
Other operating costs	-	4,828	4,828	16,058	11,230
Total direct costs	-	29,395	29,395	67,663	38,268
Indirect costs	-	3,274	3,274	9,837	6,563
Total expenditures	\$ -	\$ 32,669	\$ 32,669	\$ 77,500	\$ 44,831

See accompanying auditor's report.

MUNICIPALITY OF ANCHORAGE, ALASKA
 Department of Health and Social Services
 Public Health Nursing
 601-289-1701
 Schedule of Revenues and Expenditures - Budget and Actual
 Grant Period Ended June 30, 2017

	Fiscal Year Ending December 31, 2016	Fiscal Year Ending December 31, 2017	Total Expenditures	Budget	Variance Favorable (Unfavorable)
Revenues:					
State of Alaska	\$ 1,555,716	\$ 1,557,583	\$ 3,113,299	\$ 3,113,300	\$ (1)
Federal passed through the State of Alaska	73,409	91,210	164,619	165,000	(381)
Total revenues	1,629,125	1,648,793	3,277,918	3,278,300	(382)
Expenditures:					
Direct costs:					
Personal services	1,310,058	1,339,131	2,649,189	2,640,295	(8,894)
Other operating costs	107,713	94,337	202,050	210,401	8,351
Total direct costs	1,417,771	1,433,468	2,851,239	2,850,696	(543)
Indirect costs	211,354	215,325	426,679	427,604	925
Total expenditures	\$ 1,629,125	\$ 1,648,793	\$ 3,277,918	\$ 3,278,300	\$ 382

See accompanying auditor's report.

MUNICIPALITY OF ANCHORAGE, ALASKA
 Department of Health and Social Services
 Public Health Nursing
 601-289-18001
 Schedule of Revenues and Expenditures - Budget and Actual
 Grant Period Ended June 30, 2018

	Fiscal Year Ending December 31, 2016	Fiscal Year Ending December 31, 2017	Total Expenditures	Budget	Variance Favorable (Unfavorable)
Revenues:					
State of Alaska	\$ -	\$ 1,234,867	\$ 1,234,867	\$ 3,076,900	\$ (1,842,033)
Federal passed through the State of Alaska	-	69,691	69,691	165,000	(95,309)
Total revenues	-	1,304,558	1,304,558	3,241,900	(1,937,342)
Expenditures:					
Direct costs:					
Personal services	-	1,093,042	1,093,042	2,623,340	1,530,298
Other operating costs	-	50,756	50,756	190,956	140,200
Total direct costs	-	1,143,798	1,143,798	2,814,296	1,670,498
Indirect costs	-	160,760	160,760	427,604	266,844
Total expenditures	\$ -	\$ 1,304,558	\$ 1,304,558	\$ 3,241,900	\$ 1,937,342

See accompanying auditor's report.

MUNICIPALITY OF ANCHORAGE, ALASKA
 Department of Health and Social Services
 Public Health Preparedness and Response for Bioterrorism
 601-290-1701
 Schedule of Revenues and Expenditures - Budget and Actual
 Grant Period Ended June 30, 2017

	Fiscal Year Ending December 31, 2016	Fiscal Year Ending December 31, 2017	Total Expenditures	Budget	Variance Favorable (Unfavorable)
Revenues:					
State of Alaska	\$ -	\$ -	\$ -	\$ -	-
Federal passed through the State of Alaska	190,257	396,638	586,895	587,216	(321)
Total revenues	190,257	396,638	586,895	587,216	(321)
Expenditures:					
Direct costs:					
Personal services	153,308	171,691	324,999	326,056	1,057
Other operating costs	12,531	172,814	185,345	184,566	(779)
Total direct costs	165,839	344,505	510,344	510,622	278
Indirect costs	24,418	52,133	76,551	76,594	43
Total expenditures	\$ 190,257	\$ 396,638	\$ 586,895	\$ 587,216	\$ 321

See accompanying auditor's report.

MUNICIPALITY OF ANCHORAGE, ALASKA
 Department of Health and Social Services
 Public Health Preparedness and Response for Bioterrorism
 601-299-18003
 Schedule of Revenues and Expenditures - Budget and Actual
 Grant Period Ended June 30, 2018

	Fiscal Year Ending December 31, 2016	Fiscal Year Ending December 31, 2017	Total Expenditures	Budget	Variance Favorable (Unfavorable)
Revenues:					
State of Alaska	\$ -	\$ -	\$ -	\$ -	-
Federal passed through the State of Alaska	-	182,237	182,237	457,650	(275,413)
Total revenues	-	182,237	182,237	457,650	(275,413)
Expenditures:					
Direct costs:					
Personal services	-	156,882	156,882	335,765	178,883
Other operating costs	-	7,071	7,071	62,192	55,121
Total direct costs	-	163,953	163,953	397,957	234,004
Indirect costs	-	18,284	18,284	59,693	41,409
Total expenditures	\$ -	\$ 182,237	\$ 182,237	\$ 457,650	\$ 275,413

See accompanying auditor's report.

MUNICIPALITY OF ANCHORAGE, ALASKA
 Department of Health and Social Services
 Title X Clinical Family Planning Services
 601-299-18003
 Schedule of Revenues and Expenditures - Budget and Actual
 Grant Period Ended June 30, 2018

	Fiscal Year Ending December 31, 2016	Fiscal Year Ending December 31, 2017	Total Expenditures	Budget	Variance Favorable (Unfavorable)
Revenues:					
State of Alaska	\$ -	\$ -	\$ -	\$ -	\$ -
Federal passed through the State of Alaska	-	6,988	6,988	170,000	(163,012)
Total revenues	-	6,988	6,988	170,000	(163,012)
Expenditures:					
Direct costs:					
Personal services	-	-	-	97,806	97,806
Other operating costs	-	-	-	50,020	50,020
Total direct costs	-	-	-	147,826	147,826
Indirect costs	-	6,988	6,988	22,174	15,186
Total expenditures	\$ -	\$ 6,988	\$ 6,988	\$ 170,000	\$ 163,012

See accompanying auditor's report.

MUNICIPALITY OF ANCHORAGE, ALASKA
 Department of Health and Social Services
 Child Care Licensing
 604-260-1701
 Schedule of Revenues and Expenditures - Budget and Actual
 Grant Period Ended June 30, 2017

	Fiscal Year Ending December 31, 2016	Fiscal Year Ending December 31, 2017	Total Expenditures	Budget	Variance Favorable (Unfavorable)
Revenues:					
State of Alaska	\$ -	\$ -	\$ -	\$ -	-
Federal passed through the State of Alaska	733,737	842,789	1,576,526	1,576,526	-
Total revenues	733,737	842,789	1,576,526	1,576,526	-
Expenditures:					
Direct costs:					
Personal services	621,563	727,498	1,349,061	1,329,468	(19,593)
Other operating costs	16,487	22,389	38,876	41,425	2,549
Total direct costs	638,050	749,887	1,387,937	1,370,893	(17,044)
Indirect costs	95,687	92,902	188,589	205,633	17,044
Total expenditures	\$ 733,737	\$ 842,789	\$ 1,576,526	\$ 1,576,526	\$ -

See accompanying auditor's report.

MUNICIPALITY OF ANCHORAGE, ALASKA
 Department of Health and Social Services
 Child Care Licensing
 604-260-18001
 Schedule of Revenues and Expenditures - Budget and Actual
 Grant Period Ended June 30, 2018

	Fiscal Year Ending December 31, 2016	Fiscal Year Ending December 31, 2017	Total Expenditures	Budget	Variance Favorable (Unfavorable)
Revenues:					
State of Alaska	\$ -	\$ -	\$ -	\$ -	-
Federal passed through the State of Alaska	-	760,058	760,058	1,609,633	(849,575)
Total revenues	-	760,058	760,058	1,609,633	(849,575)
Expenditures:					
Direct costs:					
Personal services	-	677,679	677,679	1,375,684	698,005
Other operating costs	-	5,394	5,394	23,997	18,603
Total direct costs	-	683,073	683,073	1,399,681	716,608
Indirect costs	-	76,985	76,985	209,952	132,967
Total expenditures	\$ -	\$ 760,058	\$ 760,058	\$ 1,609,633	\$ 849,575

See accompanying auditor's report.

MUNICIPALITY OF ANCHORAGE, ALASKA
 Department of Health and Social Services
 Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
 604-268-1701
 Schedule of Revenues and Expenditures - Budget and Actual
 Grant Period Ended June 30, 2017

	Fiscal Year Ending December 31, 2016	Fiscal Year Ending December 31, 2017	Total Expenditures	Budget	Variance Favorable (Unfavorable)
Revenues:					
State of Alaska	\$ -	\$ -	\$ -	\$ -	-
Federal passed through the State of Alaska	773,927	1,008,667	1,782,594	1,800,218	(17,624)
Total revenues	773,927	1,008,667	1,782,594	1,800,218	(17,624)
Expenditures:					
Direct costs:					
Personal services	633,815	744,009	1,377,824	1,387,666	9,842
Other operating costs	39,204	133,057	172,261	177,742	5,481
Total direct costs	673,019	877,066	1,550,085	1,565,408	15,323
Indirect costs	100,908	131,601	232,509	234,810	2,301
Total expenditures	\$ 773,927	\$ 1,008,667	\$ 1,782,594	\$ 1,800,218	\$ 17,624

See accompanying auditor's report.

MUNICIPALITY OF ANCHORAGE, ALASKA
 Department of Health and Social Services
 Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
 604-268-18001
 Schedule of Revenues and Expenditures - Budget and Actual
 Grant Period Ended June 30, 2018

	Fiscal Year Ending December 31, 2016	Fiscal Year Ending December 31, 2017	Total Expenditures	Budget	Variance Favorable (Unfavorable)
Revenues:					
State of Alaska	\$ -	\$ -	\$ -	\$ -	-
Federal passed through the State of Alaska	-	748,706	748,706	1,637,539	(888,833)
Total revenues	-	748,706	748,706	1,637,539	(888,833)
Expenditures:					
Direct costs:					
Personal services	-	634,330	634,330	1,327,164	692,834
Other operating costs	-	30,929	30,929	96,784	65,855
Total direct costs	-	665,259	665,259	1,423,948	758,689
Indirect costs	-	83,447	83,447	213,591	130,144
Total expenditures	\$ -	\$ 748,706	\$ 748,706	\$ 1,637,539	\$ 888,833

See accompanying auditor's report.

MUNICIPALITY OF ANCHORAGE, ALASKA
 Department of Health and Social Services
 Human Services Community Matching Grants
 605-231-1702
 Schedule of Revenues and Expenditures - Budget and Actual
 Grant Period Ended June 30, 2017

	Fiscal Year Ending December 31, 2016	Fiscal Year Ending December 31, 2017	Total Expenditures	Budget	Variance Favorable (Unfavorable)
Revenues:					
State of Alaska	\$ 357,726	\$ 475,225	\$ 832,951	\$ 832,951	\$ -
Federal passed through the State of Alaska	-	-	-	-	-
Total revenues	357,726	475,225	832,951	832,951	-
Expenditures:					
Direct costs:					
Personal services	-	-	-	-	-
Other operating costs	338,514	454,773	793,287	793,287	-
Total direct costs	338,514	454,773	793,287	793,287	-
Indirect costs	19,212	20,452	39,664	39,664	-
Total expenditures	\$ 357,726	\$ 475,225	\$ 832,951	\$ 832,951	\$ -

See accompanying auditor's report.

MUNICIPALITY OF ANCHORAGE, ALASKA
 Department of Health and Social Services
 Human Services Community Matching Grants
 605-231-18001
 Schedule of Revenues and Expenditures - Budget and Actual
 Grant Period Ended June 30, 2018

	Fiscal Year Ending December 31, 2016	Fiscal Year Ending December 31, 2017	Total Expenditures	Budget	Variance Favorable (Unfavorable)
Revenues:					
State of Alaska	\$ -	\$ 392,115	\$ 392,115	\$ 828,548	\$ (436,433)
Federal passed through the State of Alaska	-	-	-	-	-
Total revenues	-	392,115	392,115	828,548	(436,433)
Expenditures:					
Direct costs:					
Personal services	-	-	-	-	-
Other operating costs	-	373,894	373,894	789,093	415,199
Total direct costs	-	373,894	373,894	789,093	415,199
Indirect costs	-	18,221	18,221	39,455	21,234
Total expenditures	\$ -	\$ 392,115	\$ 392,115	\$ 828,548	\$ 436,433

See accompanying auditor's report.

MUNICIPALITY OF ANCHORAGE, ALASKA
 Department of Health and Social Services
 Aging and Disability Resource Centers and Medicare Counseling and Outreach
 607-299-1702
 Schedule of Revenues and Expenditures - Budget and Actual
 Grant Period Ended June 30, 2017

	Fiscal Year Ending December 31, 2016	Fiscal Year Ending December 31, 2017	Total Expenditures	Budget	Variance Favorable (Unfavorable)
Revenues:					
State of Alaska	\$ 110,804	\$ 112,814	\$ 223,618	\$ 223,618	\$ -
Federal passed through the State of Alaska	46,577	47,423	94,000	94,000	-
Total revenues	157,381	160,237	317,618	317,618	-
Expenditures:					
Direct costs:					
Personal services	89,461	101,538	190,999	173,327	(17,672)
Other operating costs	48,277	50,539	98,816	102,856	4,040
Total direct costs	137,738	152,077	289,815	276,183	(13,632)
Indirect costs	19,643	8,160	27,803	41,435	13,632
Total expenditures	\$ 157,381	\$ 160,237	\$ 317,618	\$ 317,618	\$ -

See accompanying auditor's report.

MUNICIPALITY OF ANCHORAGE, ALASKA
 Department of Health and Social Services
 Aging and Disability Resource Centers and Medicare Counseling and Outreach
 607-299-18002
 Schedule of Revenues and Expenditures - Budget and Actual
 Grant Period Ended June 30, 2018

	Fiscal Year Ending December 31, 2016	Fiscal Year Ending December 31, 2017	Total Expenditures	Budget	Variance Favorable (Unfavorable)
Revenues:					
State of Alaska	\$ -	\$ 140,938	\$ 140,938	\$ 233,858	\$ (92,920)
Federal passed through the State of Alaska	-	56,652	56,652	94,000	(37,348)
Total revenues	-	197,590	197,590	327,858	(130,268)
Expenditures:					
Direct costs:					
Personal services	-	151,632	151,632	179,670	28,038
Other operating costs	-	31,577	31,577	101,061	69,484
Total direct costs	-	183,209	183,209	280,731	97,522
Indirect costs	-	14,381	14,381	47,127	32,746
Total expenditures	\$ -	\$ 197,590	\$ 197,590	\$ 327,858	\$ 130,268

See accompanying auditor's report.

MUNICIPALITY OF ANCHORAGE, ALASKA
 Department of Health and Social Services
 Nutrition, Transportation and Support Services
 607-309-1702
 Schedule of Revenues and Expenditures - Budget and Actual
 Grant Period Ended June 30, 2017

	Fiscal Year Ending December 31, 2016	Fiscal Year Ending December 31, 2017	Total Expenditures	Budget	Variance Favorable (Unfavorable)
Revenues:					
State of Alaska	\$ 109,910	\$ 131,022	\$ 240,932	\$ 240,932	\$ -
Federal passed through the State of Alaska	189,179	225,516	414,695	414,695	-
Total revenues	299,089	356,538	655,627	655,627	-
Expenditures:					
Direct costs:					
Personal services	-	-	-	-	-
Other operating costs	285,982	356,538	642,520	642,520	-
Total direct costs	285,982	356,538	642,520	642,520	-
Indirect costs	13,107	-	13,107	13,107	-
Total expenditures	\$ 299,089	\$ 356,538	\$ 655,627	\$ 655,627	\$ -

See accompanying auditor's report.

MUNICIPALITY OF ANCHORAGE, ALASKA
 Department of Health and Social Services
 Nutrition, Transportation and Support Services
 607-309-18002
 Schedule of Revenues and Expenditures - Budget and Actual
 Grant Period Ended June 30, 2018

	Fiscal Year Ending December 31, 2016	Fiscal Year Ending December 31, 2017	Total Expenditures	Budget	Variance Favorable (Unfavorable)
Revenues:					
State of Alaska	\$ -	\$ 146,087	\$ 146,087	\$ 240,933	\$ (94,846)
Federal passed through the State of Alaska	-	251,446	251,446	414,695	(163,249)
Total revenues	-	397,533	397,533	655,628	(258,095)
Expenditures:					
Direct costs:					
Personal services	-	-	-	19,636	19,636
Other operating costs	-	384,426	384,426	622,885	238,459
Total direct costs	-	384,426	384,426	642,521	258,095
Indirect costs	-	13,107	13,107	13,107	-
Total expenditures	\$ -	\$ 397,533	\$ 397,533	\$ 655,628	\$ 258,095

See accompanying auditor's report.

MUNICIPALITY OF ANCHORAGE, ALASKA
 Department of Health and Social Services
 Planning and Design for the Alaska Center for Treatment
 C05-536-1604
 Schedule of Revenues and Expenditures - Budget and Actual
 Grant Period Ended June 30, 2019

	Fiscal Year Ending December 31, 2016	Fiscal Year Ending December 31, 2017	Total Expenditures	Budget	Variance Favorable (Unfavorable)
Revenues:					
State of Alaska	\$ 8,246	\$ 46,535	\$ 54,781	\$ 374,960	\$ (320,179)
Federal passed through the State of Alaska	-	-	-	-	-
Total revenues	8,246	46,535	54,781	374,960	(320,179)
Expenditures:					
Direct costs:					
Personal services	-	-	-	30,000	30,000
Other operating costs	-	46,535	46,535	310,873	264,338
Total direct costs	-	46,535	46,535	340,873	294,338
Indirect costs	8,246	-	8,246	34,087	25,841
Total expenditures	\$ 8,246	\$ 46,535	\$ 54,781	\$ 374,960	\$ 320,179

See accompanying auditor's report.

Municipality of Anchorage Response to Single Audit (Unaudited)

MUNICIPALITY OF ANCHORAGE



Office of the Chief Fiscal Officer

Phone: (907) 343-6610

Alexander Slivka, CFO
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2017

Financial Statement Findings

Finding 2016-001	Recognition of Capital Contributions - Internal Control over Financial Reporting - Significant Deficiency
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Finding Capital contributions were not recorded properly. Management recorded grant funded additions to construction work in progress in fiscal year 2015 but failed to record a related capital contribution until fiscal year 2016.

Status Finding resolved in 2017.

Finding 2016-002	Accounts Receivable Reconciliation - Internal Control over Financial Reporting - Significant Deficiency
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Finding Errors in the interface between the CIS billing module and the general ledger have resulted in the duplication of adjustments to accounts receivable since the introduction of the billing module.

Status Finding resolved in 2017.

Finding 2016-003	Accuracy of Schedule of Expenditures of Federal Awards - Internal Control over Financial Reporting - Significant Deficiency
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Finding Financial activity for the year related to a public transit project was mistakenly recorded as federal grant revenue and included on the *Schedule of Expenditures of Federal Awards* despite the absence of a signed and active grant award.

Status Finding resolved in 2017.

MUNICIPALITY OF ANCHORAGE



Office of the Chief Fiscal Officer

Phone: (907) 343-6610

Alexander Slivka, CFO

Corrective Action Plan Year Ended December 31, 2017

Name of Contact Person Alex Slivka
 Chief Financial Officer
 Alexander.slivka@anchorageak.gov
 907-343-6610

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

Finding 2017-001 SAP Software Conversion - Internal Control over Financial Reporting - Material Weakness

Corrective Action Plan Management is working to improve the functionality of the SAP ERP system by employing consultants to work with staff to achieve stabilization. The Information Technology department is also employing specialized positions to act as Subject Matter Experts to assist staff with timely resolution SAP ERP defects so as not to delay providing accurate accounting data and financial reporting.

Expected Completion Date December 31, 2019

Finding 2017-002 Port Inventory - Internal Control over Financial Reporting - Significant Deficiency

Corrective Action Plan Port management will work to improve communication between finance and operations staff. An inventory of physical assets will take place on an annual basis, with adjustments to the general ledger occurring as necessary.

Expected Completion Date December 31, 2019

Finding 2017-003 CAMA Software - Internal Control over Financial Reporting - Significant Deficiency

Corrective Action Plan Management will implement a process to review and approve user rights and access to CAMA program. Management will implement password complexity.

Expected Completion Date December 31, 2019

MUNICIPALITY OF ANCHORAGE



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Alexander Slivka, CFO

Corrective Action Plan, continued Year Ended December 31, 2017

Federal Award Findings and Questioned Costs

Finding 2017-004 Eligibility - Significant Deficiency in Internal Control over Compliance

Corrective Action Plan This deficiency was an isolated incident; in the absence of the supervisor, the acting supervisor who was also the individual who processed the application, reviewed and approved the issuance of a license; however, the license was reviewed and signed by the Division Manager. Internal control systems and policy and procedures are in place to have a secondary reviewer to review applications in the absence of the supervisor, either a Lead Licensing Specialist or the Division Manager.

Expected Completion Date Completed as of December 31, 2018

Finding 2017-005 Special Tests and Provisions - Noncompliance and Significant Deficiency in Internal Control over Compliance

Corrective Action Plan This deficiency was an isolated incident; one child care facility which is a before and after school program, closed for school breaks and summer break was not inspected in a 12 month period. Tracking systems and policy and procedure were put in place early 2018 to ensure inspections are conducted within required time frames.

Expected Completion Date Completed as of December 31, 2018

Finding 2017-006 Special Tests and Provisions - Significant Deficiency in Internal Control over Compliance

Corrective Action Plan MOA Standard Specifications (MASS) Article 6.12-Certified Payroll states "The contractor SHALL file with the Alaska Department of Labor, Wage and Hour Administration, Labor Standards and Safety Division, a certified payroll, as required and at such frequency as required by the State of Alaska." Conversely, 29 CFR part 5 Subpart A 5.5 3 (ii)(A), the basis for this discrepancy, tasks contractors to submit payrolls to the applicant (Merrill Field) instead for transmission to the Federal Agency, in this case, the FAA. Thus, based on this conflict in two policies and guidance from the FAA, Merrill Field will work with the municipality to resolve.

Expected Completion Date December 31, 2019

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Alexander Slivka, CFO

Corrective Action Plan, continued Year Ended December 31, 2017

Finding 2017-007 Activities Allowed and Unallowed, Allowable Costs & Period of Performance
- Significant Deficiency in Internal Control over Compliance

Corrective Action Plan Transit management will work to improve timecard review prior to approval and continue communicating discrepancies to Central Payroll for resolution.

Expected Completion Date December 31, 2019

Finding 2017-008 Equipment and Real Property Management - Noncompliance and Significant
Deficiency in Internal Control over Compliance

Corrective Action Plan Transit management will work to establish a procedure with Purchasing and the Controller Division to identify auction proceeds and develop a methodology to communicate those proceeds to FTA.

Expected Completion Date December 31, 2019