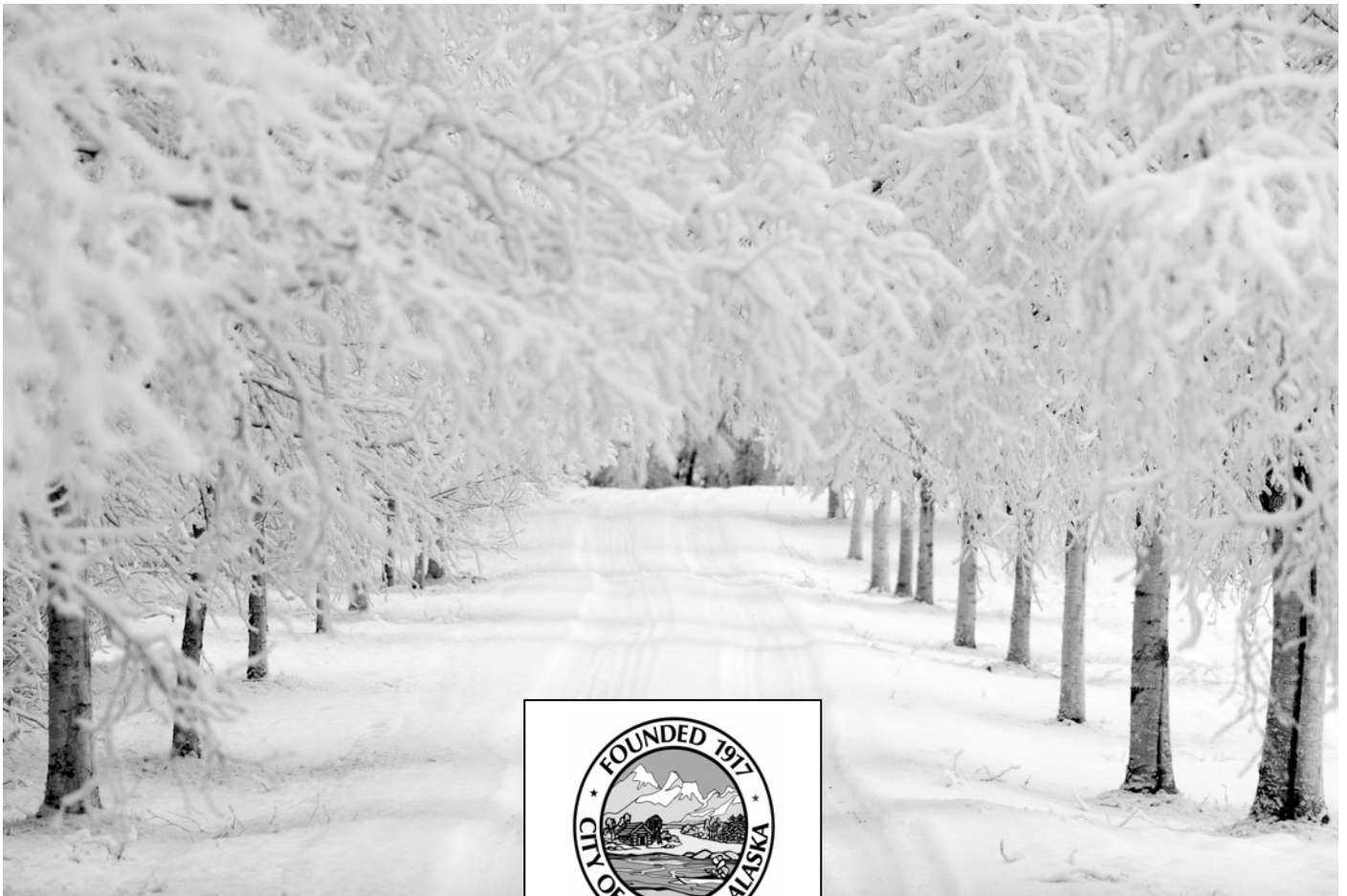




CITY OF WASILLA  
ALASKA



STATE OF ALASKA SINGLE AUDIT  
REPORTS AND SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2014



**CITY OF WASILLA, ALASKA**

State of Alaska Single Audit  
Reports and Supplementary Information

Year Ended June 30, 2014



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

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

The Honorable Mayor, Members of the City Council,  
and Citizens of the City of Wasilla:

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, each major fund, and the aggregate remaining fund information of the City of Wasilla (City) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 7, 2014.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City'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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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 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. A significant deficiency is a deficiency, or 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.

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City'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*.

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

KPMG LLP

November 7, 2014



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

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

The Honorable Mayor, Members of the City Council,  
and Citizens of the City of Wasilla:

**Report on Compliance for Each Major State Program**

We have audited the City of Wasilla's (City) 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 the City's major state programs for the year ended June 30, 2014. The City of Wasilla's major state programs are identified in the accompanying schedule of state financial assistance.

***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 the City'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 the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the City'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 state program. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on Each Major State Program***

In our opinion, the City 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 June 30, 2014.



## **Report on Internal Control over Compliance**

Management of the City 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 the City'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 the City'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, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated November 7, 2014, which contained unmodified opinions on those financial statements. 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 state financial assistance is presented for purposes of additional analysis as required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* and is not a required part of the 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 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 schedule of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

KPMG LLP

November 7, 2014

**CITY OF WASILLA, ALASKA**  
Schedule of State Financial Assistance  
Year ended June 30, 2014

Name of award	Grant number	Total grant award	Total state expenditures	Major program
Department of Education and Early Development:				
Public Library Assistance				
Public Library Assistance Grant	PLA-14-787-83	\$ 6,600	6,600	
Total Department of Education and Early Development		<u>6,600</u>	<u>6,600</u>	
Department of Revenue:				
Shared Taxes – Liquor License				
State Liquor License	FY14	26,900	26,900	
Shared Taxes – Aviation Fuel				
Aviation Fuel Tax	FY14	1,667	1,667	
Shared Taxes – Fisheries Business Tax				
Fisheries Business Tax	FY13	49	49	
Shared Taxes – Electric and Telephone Cooperatives				
Electric & Telephone Coop Tax	FY14	222,225	222,225	Yes
Total Department of Revenue		<u>250,841</u>	<u>250,841</u>	
Department of Military and Veteran’s Affairs:				
Emergency Management Assistance Program				
SECC Afterhours Answering Point	GF2014001	44,359	44,359	
Total Department of Military and Veteran’s Affairs		<u>44,359</u>	<u>44,359</u>	
Department of Health and Social Services:				
Youth Courts/Community Panels				
Mat-Su Youth Court Grant	609-14-086	54,100	54,100	
Total Department of Health and Social Services		<u>54,100</u>	<u>54,100</u>	
Department of Commerce, Community, and Economic Development:				
Community Revenue Sharing Program				
FY14 Community/Revenue Sharing	FY14	487,104	487,104	Yes
Grants to Municipalities				
Wastewater Utility Improvements	13-RR-005	500,000	351,167	Yes
Improvements to Swanson Ave & Nelson Ave	11-RR-023	851,900	75,538	
Downtown Water Station	12-RR-011	550,939	66,659	
Airport Blvd Phase 1	09-DC-537	595,067	1,968	
Sports Complex Emergency Generators & Kitchen	11-RR-021	19,974	4,203	
Lake Lucille Improvements	11-DC-366	125,000	13,129	
Lake Lucille Boardwalk and Dock	13-DC-137	100,000	75,476	
Regional Transportation Planning	13-DC-208	150,000	30,154	
New Wasilla Public Library	13-DC-243	175,000	167,450	
Lake Lucille Dam Improvements	13-DC-381	500,000	9,986	
Extension of South Mack	14-RR-017	2,394,135	1,018,245	
Cottonwood Creak Park Trailhead	13-DC-066	75,000	3,000	
Wasilla Big Lake Trail	11-RR-020	1,890,050	1,320	
Iditapark Amphitheater Pavillion	13-DM-228	50,000	50,000	
Gravel Road Paving	14-DC-143	1,500,000	68,606	
Street and Road Improvements	12-RR-014	567,465	337,008	
Swanson & Nelson Avenue Improvements	11-DC-367	500,000	10,987	
Airport Train Station	10-DC-031	430,000	7,383	
Airport Access Road	12-DC-433	3,100,000	1,418,296	
Sports Complex Kitchen	08-DC-390	629,999	20,463	
Total Grants to Municipalities		<u>14,704,529</u>	<u>3,731,038</u>	
Total Department of Commerce, Community, and Economic Development		<u>15,191,633</u>	<u>4,218,142</u>	
Department of Transportation and Public Facilities:				
Grant Program				
KGB Road and Fern Street Improvements	51896	374,564	448	
Security Equipment & Perimeter Fencing	59029	19,948	19,948	
Total Department of Transportation and Public Facilities		<u>394,512</u>	<u>20,396</u>	
Department of Administration:				
PERS on behalf	FY14	977,656	977,656	Yes
Total Department of Administration		<u>977,656</u>	<u>977,656</u>	
Total State of Alaska direct funding		<u>\$ 16,919,701</u>	<u>5,572,094</u>	

See accompanying notes to schedule of state financial assistance.



**CITY OF WASILLA, ALASKA**

Notes to Schedule of State Financial Assistance

Year ended June 30, 2014

**(1) Basis of Presentation**

The accompanying schedule of state financial assistance (the Schedule) includes the State of Alaska award activity of the City of Wasilla (City) under programs of the State of Alaska for the year ended June 30, 2014. The information in this schedule is presented in accordance with the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position of the City as of June 30, 2014, the changes in its financial position, or, where applicable, its cash flows of the City.

**(2) Summary of Significant Accounting Policies**

The accompanying schedule of state financial assistance is presented using the modified accrual basis of accounting, which is described in note 1 to the City's basic financial statements.

**CITY OF WASILLA, ALASKA**

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

**(1) Summary of Auditors' Results**

***Financial Statements***

Type of auditors' report issued:	Unmodified		
Internal control over financial reporting:			
• Material weakness(es) identified?	_____	yes	<u>  X  </u> no
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____	yes	<u>  X  </u> none reported
Noncompliance material to the financial statements noted?	_____	yes	<u>  X  </u> no
Internal control over major programs:			
• Material weakness(es) identified?	_____	yes	<u>  X  </u> no
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____	yes	<u>  X  </u> none reported
Type of auditors' report issued on compliance for major programs:	Unmodified		
Dollar threshold used to distinguish between major programs:	\$75,000		

**(2) Financial Statement Findings Section**

No matters are reportable.

**(3) State Award Findings and Questioned Cost Section**

No matters are reportable.

**CITY OF WASILLA, ALASKA**

Summary Schedule of Prior Audit Findings

Year ended June 30, 2014

**Finding: 2013-1**

The finding has been resolved. Management implemented additional controls to detect donated assets through additional education of personnel throughout the City, specific inquiry with department directors during the annual fixed asset inventory process, and review of project files and main line extension deposits to ensure completeness and accuracy of its donated assets in the financial statements.