



CITY OF WASILLA, ALASKA

Federal and State of Alaska Single Audit
Reports and Supplementary Information

June 30, 2012



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

**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 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, Alaska (the City) as of and for the year ended June 30, 2012, which collectively comprise the City of Wasilla, Alaska's basic financial statements, and have issued our report thereon dated November 16, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered City of Wasilla, Alaska's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Wasilla, Alaska's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of City of Wasilla, Alaska's internal control over financial reporting.

A deficiency in internal control over financial reporting 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 over financial reporting, 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Wasilla, Alaska's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an



opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Honorable Mayor and members of the city council, others within the City, and federal and State of Alaska awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

November 16, 2012

CITY OF WASILLA, ALASKA
Schedule of Expenditures of Federal Awards
Year ended June 30, 2012

Federal grant title	Grant number	Catalog of federal domestic assistance number	Total grant award	Federal share of expenditures
U.S. Department of Transportation:				
Airport Improvement Program	3-02-0417-015-2009	20.106	\$ 475,000	45,363
Airport Improvement Program	3-02-0417-016-2010	20.106	1,248,726	61,479
Airport Improvement Program	3-02-0417-017-2011	20.106	770,850	586,843
Airport Improvement Program	3-02-0417-018-2011	20.106	1,126,547	1,126,547
Airport Improvement Program	3-02-0417-019-2011	20.106	190,000	186,332
Total CFDA 20.106			3,811,123	2,006,564
Federal Transit Program:				
Federal Transit – Capital Investment Grants	AK-03-0063-00	20.500	885,311	41,256
Total Federal Transit Cluster			885,311	41,256
Highway Safety Program:				
Alcohol Impaired Driving Countermeasures Incentive Grants I	410K8 12-01-04 (D)	20.601	6,936	5,497
Alcohol Impaired Driving Countermeasures Incentive Grants I	410K8 11-00-04	20.601	17,772	769
Total CFDA 20.601			24,708	6,266
State and Community Highway Safety	402PT 12-06-05	20.600	10,880	10,880
State and Community Highway Safety	402PT 11-06-00C	20.600	3,726	3,726
State and Community Highway Safety	402PT 12-06-01	20.600	11,620	9,138
State and Community Highway Safety	402PT 11-06-01	20.600	31,472	4,988
Total CFDA 20.602			57,698	28,732
Total Highway Safety Cluster			82,406	34,998
Alcohol Open Container Requirements – ASTEP DUI Enforcement	154AL 12-01-03	20.607	34,030	30,022
Alcohol Open Container Requirements – ASTEP DUI Enforcement	154AL 11-01-01	20.607	70,026	10,247
Total CFDA 20.607			104,056	40,269
Institute of Museums and Libraries:				
Pass through the State of Alaska – Department of Education and Early Development: Grants to States	ILC-12-787-122	45.310	3,600	3,600
U.S. Department of Justice:				
JAG Program				
Pass through the State of Alaska – Department of Public Safety:				
Recovery Act – Edward Byrne Memorial Justice Assistance Grant Program (JAG) – ARRA	2009-SB-B9-0912	16.804	57,250	35,233
Edward Byrne Memorial Justice Assistance Grant Program	2010-DJ-BX-1224	16.738	14,735	8,084
Total JAG Program Cluster			71,985	43,317
Public Safety Partnership and Community Policing Grants – ARRA	2011UMWX0004	16.710	315,384	17,256
Total federal assistance			\$ 5,273,865	2,187,260

See accompanying notes to schedule of expenditures of federal awards.

CITY OF WASILLA, ALASKA

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2012

(1) General

The accompanying schedule of expenditures of federal awards presents the activity of all federal award programs of the City of Wasilla, Alaska (City). Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies are included on the schedule. The City's reporting entity is defined in note 1 to the City's basic financial statements.

(2) Basis of Accounting

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



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Suite 600
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Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

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

Compliance

We have audited City of Wasilla, Alaska's (the City) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on the City of Wasilla, Alaska's major federal program for the year ended June 30, 2012. City of Wasilla, Alaska's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to the major federal program is the responsibility of City of Wasilla, Alaska's management. Our responsibility is to express an opinion on City of Wasilla, Alaska's compliance based on our audit.

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

In our opinion, City of Wasilla, Alaska complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2012.

Internal Control over Compliance

Management of the City of Wasilla, Alaska is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered City of Wasilla, Alaska's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 City of Wasilla, Alaska'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 a 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Wasilla, Alaska as of and for the year ended June 30, 2012, and have issued our report thereon dated November 16, 2012, which contained unqualified opinions on those financial statements. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise City of Wasilla, Alaska's basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to November 16, 2012. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133, and is not a required part of the basic financial statements. Such information 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 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.

This report is intended solely for the information and use of management, the Honorable Mayor and members of the city council, others within the entity, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

November 16, 2012

CITY OF WASILLA, ALAKSA

Schedule of Findings and Questioned Costs – Federal

Year ended June 30, 2012

(1) Summary of Auditors' Results

Financial statements:

Type of auditors' report issued

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

_____ yes X no

Significant deficiency(ies) identified that are not considered to be material weaknesses?

_____ yes X none reported

Noncompliance material to financial statements noted?

_____ yes X no

Federal awards:

Internal control over major programs:

Material weakness(es) identified?

_____ yes X no

Significant deficiency(ies) identified that are not considered to be material weaknesses?

_____ yes X none reported

Type of auditors' report issued on compliance for major programs

Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?

_____ yes X no

Identification of major programs:

CFDA Numbers:

20.106

Name of Federal Program of Cluster

Airport Improvement Program

Dollar threshold used to distinguish between type A and type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

 X yes _____ no

(2) Financial Statement Findings Section

No matters are reportable.

(3) Federal Award Findings and Questioned Cost Section

No matters are reportable.



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Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with 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:

Compliance

We have audited City of Wasilla, Alaska's 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 City of Wasilla, Alaska's major state programs for the year ended June 30, 2012. City of Wasilla, Alaska's major state programs are identified in the accompanying schedule of state financial assistance. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major state programs is the responsibility of City of Wasilla, Alaska's management. Our responsibility is to express an opinion on City of Wasilla, Alaska's compliance based on our audit.

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 City of Wasilla, Alaska's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of City of Wasilla, Alaska's compliance with those requirements.

In our opinion, City of Wasilla, Alaska complied, in all material respects, with the 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, 2012.

Internal Control over Compliance

Management of City of Wasilla, Alaska is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to state programs. In planning and performing our audit, we considered City of Wasilla, Alaska's internal control over compliance with the requirements that could have a direct and material effect on a major state program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 City of Wasilla, Alaska'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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of State Financial Assistance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Wasilla, Alaska as of and for the year ended June 30, 2012, and have issued our report thereon dated November 16, 2012, which contained unqualified opinions on those financial statements. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise City of Wasilla, Alaska's basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to November 16, 2012. 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 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.

This report is intended solely for the information and use of management, the Honorable Mayor and members of the city council, others within the entity, state awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

November 16, 2012

CITY OF WASILLA, ALASKA
Schedule of State Financial Assistance
Year ended June 30, 2012

Name of award	Grant number	Total grant award	Total state expended
Department of Education and Early Development:			
Interlibrary Cooperation Grant			
Alaska Library Association	ILC 12-708-110	\$ 587	587
Public Library Assistance			
Public Library Assistance Grant	PLA 12-787-83	6,500	6,500
Total Department of Education and Early Development		<u>7,087</u>	<u>7,087</u>
Department of Revenue:			
Shared Taxes – Liquor License			
State Liquor License	FY12	27,500	27,500
Shared Taxes – Aviation Fuel			
Aviation Fuel Tax	FY12	1,543	1,543
* Shared Taxes – Electric and Telephone Cooperatives			
Electric & Telephone Coop Tax	FY12	223,411	223,411
Shared Taxes – Fisheries Business Taxes			
Fisheries Business Tax	FY12	19	19
Total Department of Revenue		<u>252,473</u>	<u>252,473</u>
Department of Military and Veteran’s Affairs:			
Emergency Management Assistance Program			
SECC Afterhours Answering Point	GF2012001	38,164	38,164
Department of Health and Social Services:			
Youth Courts/Community Panels			
Mat-Su Youth Court Grant	609-12-086	50,000	50,000
Department of Public Safety			
* Edward Byrne Memorial Justice Assistance Program Subgrants			
Multi Jurisdictional Task Force	JAG 12-023E	103,501	93,430
Department of Commerce, Community, and Economic Development:			
Capital Project Matching Grants Program			
Airport Train Station Improvements	10-DC-031	430,000	10,314
Airport Access Road	12-DC-433	3,100,000	60,260
Total Capital Project Matching Grants Program		<u>3,530,000</u>	<u>70,574</u>
Grants to Named Recipients			
Mat-Su Youth Court	12-DM-141	50,000	50,000
* Community Revenue Sharing Program			
FY12 Community/Revenue Sharing		647,091	647,091
* Grants to Municipalities			
Wasilla to Big Lake Trail	11-RR-020	1,890,050	11,880
Street & Road Improvements	12-RR-014	567,465	106,947
South Mack Drive Extension	08-DC-414	2,000,000	169,690
Swanson & Nelson Ave Improvements	11-DC-367	500,000	489,013
Improvements to Swanson Ave & Nelson Ave	11-RR-023	851,900	477,322
Downtown Water Station	12-RR-011	550,939	6,701
Airport Blvd Phase 1	09-DC-537	600,000	245,849
Sports Complex Emergency Generators & Kitchen	08-RR-030	260,000	90,321
Total Grants to Municipalities		<u>7,220,354</u>	<u>1,597,723</u>
Total Department of Commerce, Community, and Economic Development		<u>11,447,445</u>	<u>2,365,388</u>
Department of Transportation and Public Facilities:			
* Grant Program			
KGB Road and Fern Street Improvements	51896	450,000	163,045
LPV Survey	52580	12,500	1,194
Snow Removal Equipment	53665	20,286	15,443
Construction Apron D PH1	52596	32,861	1,618
Construction Apron D PH2	54245	27,822	29,646
Seaplane Base Study	54246	5,000	4,903
Total Department of Transportation and Public Facilities		<u>548,469</u>	<u>215,849</u>
Department of Administration:			
* PERS on behalf	FY12	780,889	780,889
Total State of Alaska direct funding		<u>\$ 13,228,028</u>	<u>3,803,280</u>

* Denotes a major program for state compliance audit purposes.

See accompanying notes to schedule of state financial assistance.

CITY OF WASILLA, ALASKA

Notes to Schedule of State Financial Assistance

Year ended June 30, 2012

(1) General

The accompanying schedule of state financial assistance presents the activity of all state financial assistance programs of the City of Wasilla, Alaska (City). The City's reporting entity is defined in note 1 to the City's basic financial statements.

(2) Basis of Accounting

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

Notes to Schedule of State Financial Assistance

Year ended June 30, 2012

(1) Summary of Auditors' Results

Financial statements:

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

(2) Financial Statement Findings Section

No matters are reportable.

(3) State Award Findings and Questioned Cost Section

No matters are reportable.