

June 15, 2006

Internal Audit Report 2006-11
Anchorage Historic Properties, Inc.
Office of Economic and Community Development

Introduction. On July 15, 1987, the Municipality of Anchorage entered into an agreement with Anchorage Historic Properties, Inc. (AHPI) to administer the Historic Preservation Fund in accordance with Anchorage Municipal Code 4.60.030, Historic Preservation Board. The grant agreement was subject to an overall maximum amount of \$2,005,800. The grant agreement stipulated that AHPI establish and administer a revolving loan fund, implement historic preservation projects, and educate the community with respect to historic preservation. The intent was for AHPI to be self-supporting after termination of the initial grant on July 15, 1990. The grant agreement has been extended over the years with the final extension ending on June 27, 2005.

Objective and Scope. The objective of this audit was to review the financial activity during the period January 1, 2004, through May 31, 2006, and to verify the amount of funds on hand at May 31, 2006. Due to the limited scope, we did not perform an audit in accordance with generally accepted government auditing standards. Data was subjected to only limited tests for completeness and accuracy. The audit was performed during the period of May through June 2006. The audit was requested by the Administration.

Overall Evaluation. Based on our limited tests of data provided, we were not made aware of any material errors or omissions to the financial records examined. We did identify \$250,000 that is still in an escrow account for the purchase of the 4th Avenue Theatre. Specifically, we identified the following ending balances as of May 31, 2006:

- Operating Account: \$43,786.63
- Oscar Anderson Museum Account #1: \$1,627.60

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- Oscar Anderson Museum Account #2: \$22,572.47
- Investment Fund: \$90,211.06

The attached schedules (Attachments A, B and C) provide a summary of revenues and expenses for the period January 1, 2004, through May 31, 2006.

Discussion With Responsible Officials. The results of this audit were discussed with appropriate Municipal officials on June 15, 2006.

Audit Staff:
Mike Chadwick, CICA

AHPI
January 1, 2004 through May 31, 2006
Summary of Revenues and Expenses

<u>Operating Account</u>			
	<u>2004</u>	<u>2005</u>	<u>2006</u>
Balance Forward from Previous Year: \$	19,555.82 \$	13,822.69 \$	31,093.69
Revenues:			
Transfers from Investment Fund	110,000.00	330,000.00	
AHPI Generated Revenue	39,117.00	27,367.93	12,985.75
Municipality Mountain View Grant		34,194.78	
SHPO Mountain View Grant			26,181.27
4th Avenue Theatre Donations			10,500.00
Total Revenues:	<u>149,117.00</u>	<u>391,562.71</u>	<u>49,667.02</u>
Expenses:			
Utilities	7,628.40	9,879.28	4,638.65
Administrative/Maintenance	39,138.35	29,908.61	3,852.13
Legal		106,255.00	
Insurance	2,166.97	3,785.72	801.44
Brown's Point Cottages		116,331.69	814.12
4th Avenue Theatre			10,900.00
Mountain View Grant Project		39,572.80	
Walking Tour		200.03	
Cottage 25	3,760.87	2,626.75	900.00
Oscar Anderson	2,397.44	630.09	140.06
McKeen Car	7,598.09		
Payroll	92,160.01	65,101.74	14,927.68
Total Expenses:	<u>154,850.13</u>	<u>374,291.71</u>	<u>36,974.08</u>
Revenues less Expenses:	<u>(5,733.13)</u>	<u>17,271.00</u>	<u>12,692.94</u>
Balance: \$	<u><u>13,822.69</u></u>	<u><u>31,093.69</u></u>	<u><u>\$ 43,786.63</u></u>
Accounts Payable as of May 31, 2006: \$ 4,018.01			
Accounts Receivable as of May 31, 2006: \$ 164.17			
<u>Oscar Anderson Museum Account #1</u>			
	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$	1,625.60 \$	1,626.60	<u><u>\$ 1,627.60</u></u>
<u>Oscar Anderson Museum Account #2</u>			
	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$	22,324.23 \$	22,516.26	<u><u>\$ 22,572.47</u></u>

AHPI
January 1, 2004 through May 31, 2006
Investment Fund
Summary of Revenues and Expenses

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Balance Forward from Previous Year:	\$ 787,616.93	\$ 722,429.11	\$ 351,863.53
Revenues:			
Net Security Earnings	24,100.38	17,732.83	2,428.72
Change in Value of Investments	<u>29,024.25</u>	<u>8,758.04</u>	<u>1,436.83</u>
Total Revenues:	<u>53,124.63</u>	<u>26,490.87</u>	<u>3,865.55</u>
Expenses:			
Fund Management/Service Fees	8,312.45	6,473.54	518.02
Transfer to AHPI	110,000.00	330,000.00	
Administrative		1,020.00	
Brown's Point Cottages		59,500.41	
Cottage 25		62.50	
Escrow for 4th Avenue Theatre			250,000.00
Friends of the 4th Avenue Theatre			<u>15,000.00</u>
Total Expenses:	<u>118,312.45</u>	<u>397,056.45</u>	<u>265,518.02</u>
Revenues less Expenses:	<u>(65,187.82)</u>	<u>(370,565.58)</u>	<u>(261,652.47)</u>
Balance:	<u>\$ 722,429.11</u>	<u>\$ 351,863.53</u>	<u>\$ 90,211.06</u>

AHPI
January 1, 2004 through May 31, 2006
Combined: Operating Account and Investment Fund
Summary of Revenues and Expenses

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Balance Forward from Previous Year: \$	807,172.75 \$	736,251.80 \$	382,957.22
Revenues:			
AHPI Generated Revenue	39,117.00	27,367.93	12,985.75
Municipality Mountain View Grant		34,194.78	
SHPO Mountain View Grant			26,181.27
4th Avenue Theatre Donations			10,500.00
Investment Fund: Net Security Earnings	24,100.38	17,732.83	2,428.72
Investment Fund: Change in Value of Investments	29,024.25	8,758.04	1,436.83
Total Revenues:	<u>92,241.63</u>	<u>88,053.58</u>	<u>53,532.57</u>
Expenses:			
Utilities	7,628.40	9,879.28	4,638.65
Administrative/Maintenance	39,138.35	30,928.61	3,852.13
Legal		106,255.00	
Insurance	2,166.97	3,785.72	801.44
Brown's Point Cottages		175,832.10	814.12
4th Avenue Theatre			10,900.00
Mountain View Grant Project		39,572.80	
Walking Tour		200.03	
Cottage 25	3,760.87	2,689.25	900.00
Oscar Anderson	2,397.44	630.09	140.06
McKeen Car	7,598.09		
Payroll	92,160.01	65,101.74	14,927.68
Escrow for 4th Avenue Theatre			250,000.00 *
Friends of the Save 4th Avenue Theatre			15,000.00
Fund Management/Service Fees	8,312.45	6,473.54	518.02
Total Expenses:	<u>163,162.58</u>	<u>441,348.16</u>	<u>302,492.10</u>
Revenues less Expenses:	<u>(70,920.95)</u>	<u>(353,294.58)</u>	<u>(248,959.53)</u>
Balance:	<u>\$ 736,251.80</u>	<u>\$ 382,957.22</u>	<u>\$ 133,997.69</u>

* *This \$250,000 may be refundable.*

Accounts Payable as of May 31, 2006: \$ **4,018.01**
Accounts Receivable as of May 31, 2006: \$ **164.17**

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Oscar Anderson Museum Account #1: \$	1,625.60 \$	1,626.60 \$	<u><u>\$ 1,627.60</u></u>
Oscar Anderson Museum Account #2: \$	22,324.23 \$	22,516.26 \$	<u><u>\$ 22,572.47</u></u>