

# PROGRAM 7 – COMMUNITY REVENUE SHARING PROGRAM

## DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT

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### **I. PROGRAM OBJECTIVES COMMUNITY**

Under the State of Alaska Community Revenue Sharing<sup>1</sup> program (AS 29.60.850 - .879 and 3 AAC 180), payments are paid to municipalities and unincorporated communities in the unorganized borough for local government services.

### **II. PROGRAM PROCEDURES**

Municipalities and unincorporated communities may receive, upon application, a base payment plus a per capita payment.

### **III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES**

#### **A. TYPES OF SERVICES ALLOWED OR UNALLOWED -**

- 1. Compliance Requirements:** Payments received by a municipality or unincorporated community must be used for a public purpose (AS 29.60.850)

#### **B. ELIGIBILITY -**

The auditor is not expected to verify eligibility.

#### **C. MATCHING, LEVEL OF EFFORT AND/OR EARMARKING REQUIREMENTS -**

There is no matching or level of effort requirements. The auditor should determine that funds have been spent on a public purpose.

#### **D. REPORTING REQUIREMENTS -**

There are no requirements for the periodic reporting on the use of the funds. Municipalities are required to submit an annual audit and/or certified financial statement for continued receipt of the entitlement.

#### **E. SPECIAL TESTS AND PROVISIONS -**

- 1. Compliance Requirement:** Those municipalities which levy and collect a property tax are required to provide notice to taxpayers, pursuant to AS 29.45.020, showing: a) the amount of financial assistance received from the State and b) the equivalent mill rate needed to raise that amount in

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<sup>1</sup> Per 2 AAC 45.010(m)(1), this program is excluded from the threshold calculation in determining if an audit is required for an entity receiving financial assistance under 2 AAC 45.010(b). However, per 2 AAC 45.010(n), exemption from the threshold calculation does not exempt a program from compliance testing if the entity meets the threshold monetary requirements under 2 AAC 45.010(b).

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the municipality. If a borough levies and collects only a sales and use tax it must provide notice to taxpayers, pursuant to AS 29.45.660, showing:

- a) The amount of financial assistance received from the State, and
- b) The equivalent sales tax rate needed to raise that amount in the municipality.

**Suggested Audit Procedure:** Review appropriate records to determine whether required notice to taxpayers was provided in accordance with AS 29.45.020 and AS 29.45.660.