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March 21, 2024

Municipality of Anchorage, Alaska
Municipal Audit Committee

CC: Mr. Alden Thern, Chief Financial Officer
CC: Mr. Michael Cipriano, Controller

RE: Fiscal Year 2022 Audit - Municipality of Anchorage, Anchorage Water and Wastewater Utilities, Solid Waste Services - Refuse and Disposal, Port of Alaska, CIVICVentures

We are writing to inform you of the current status of the fiscal year 2022 audit for the Municipality of Anchorage. Our planning and fieldwork procedures rely on information provided by the Municipality. As we update and prioritize our list of requested items, we will continue to undergo an evaluation of our estimated timelines, including fieldwork, review, and issuance target dates.

Main areas outstanding for the audit are as follows:

Title	Description	Status
Grants	Tie out of grant schedules to TB, SEFA SSFA, and confirmations. Testing of grant samples.	NO CHANGE FROM LAST WEEK: Additional sample information received 3/13, testing ongoing. Some samples yet to be received. Waiting on tie out of SEFA/SSFA to the trial balance. Appears there will be an adjustment required for grant receivables and revenue of approx. \$22mil. This has not yet been received or posted.
Single Audit	Indirect cost pool testing, review, SEFA/SSFA info	Populations complete and samples sent 3/21/24. Still need detail for SEFA/SSFA notes. BDO's 2 nd Review identified several additional procurement items for testing, those were sent 3/20/24. Reviewer sent initial comments on findings to BDO team 3/19/24. Still waiting for SEFA/SSFA tie out and notes.
Leases	Several items identified in review requiring revision	BDO completed review of airport leases and updated amounts based on incorrect preliminary calculations. Pending review of ACFR note disclosure.
Corrective Action Plans	Management's planned response to audit items identified	BDO provided draft of all findings on 3/5/2024. No corrective action plans yet received. May have an additional finding for grant reconciliations.
JE testing	Testing of additional entries identified in review	Received SAP access, testing in progress. No action required of management.
ACFR draft	Full draft of ACFR	Received statements with GASB 34 conversion on 3/11/24. Waiting for updated footnotes to be provided.
Standalone Audits (Port, SWS)		In BDO review, close to issuance. Port is essentially ready to issue, pending outstanding items for grants. SWS is pending grant tie out.

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Items we expect to require management response:

- Timing of closure of books and records (including review controls and information/communication)
- Roll forward of prior year net position/fund balance and posting of prior year journal entries
- GASB 87 Leases implementation
- Recording of capital asset disposals
- Calculation of SWS Landfill closure liability (\$3.9mil adjustment)
- Grant reconciliations
- Monitoring of restricted cash and debt covenant compliance
- Single audit - subrecipient monitoring, procurement, real property & equipment management
- Use of fund classifications
- Information and communication for accurate financial reporting
- Late filing single audit (Federal and State)

Items of Note (no formal response required):

- IT security and general controls
- Indirect cost rate
- Documentation of lease rate adjustments (Merrill Field)
- Cybersecurity training
- Other revenue, fines, and related accounts receivable
- Prior year revenue recovery adjustments

The status for each component of the audit follows:

	Planning	Fieldwork	Draft Status	Issuance
Municipality (ACFR)	In Review	In Review	In Process	Unknown*
Single Audit - 7 major federal, 4 major state	In Review	In Review	In Process	Will issue with ACFR
AWWU	Complete	Complete	Complete	Issued 1/31/24
CIVICVentures	Complete	Complete	Complete	Issued 2/9/24
Solid Waste Services	Complete	In Review	In Review	Target March
Port of Alaska	Complete	In Review	In Review	Target March
Anchorage Community Development Authority	Complete	Complete	Complete	Issued 9/1/23
Alaska Center for the Performing Arts	Complete	Complete	Complete	Issued 9/20/23
Anchorage Police and Fire Retirement System	Complete	Complete	Complete	Issued 6/30/23

* Issuance of the ACFR is dependent on receipt of outstanding items from management. Once we receive the draft of the financial statements, we will proceed to review those, agree them to our audit work, and send through concurring reviewer(s). We estimate 2-3 weeks from receipt of a complete ACFR, along with correct SEFA/SSFA (reconciled to the trial balance) for BDO to complete this review, assuming other items and requests are provided timely during this period.

We are available to answer any questions as they may arise.

Best regards,
Joy Merriner
Principal

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