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January 26, 2024

Municipality of Anchorage, Alaska
 Municipal Audit Committee

CC: Mr. Alden Thern, Chief Financial Officer
 CC: Mr. Michael Cipriano, Controller
 CC: Ms. Cassandra West, Consultant to Controller division

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.

Our activities for this week include the following areas:

Items Received this Week	BDO Testing	Current Items Outstanding
<ul style="list-style-type: none"> • Currently working with Controller division on outstanding ACFR draft items as specific requests are received • Received the Management Discussion and Analysis for the Port financial statements • Functional expenses per MOA detailed statements 	<ul style="list-style-type: none"> • Working through updates for the Port draft financial statements for incorporating Management’s Discussion and Analysis • Working through updates to ACFR draft based on updates provided through the MOA detailed statements 	<ul style="list-style-type: none"> • Master grant schedule that ties to trial balances • Accounting treatment memo for key bank instruments • Outstanding items related to footnote disclosures and GASB 34 conversion for ACFR draft (PBC footnotes, functional expenses, debt covenant calculations) • CIVICVentures draft financial statement review and approval by management (need corrective action plan for finding) • Water and Wastewater updates to draft financial statements

Items we expect to require management response:

- Timing of closure of books and records
- 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)
- Monitoring of restricted cash and debt covenant compliance
- Single audit - subrecipient monitoring, procurement, real property & equipment management
- Use of fund classifications
- Indirect cost rate
- Late filing single audit (Federal and State)



Items of Note:

- IT security and general controls
- Documentation of lease rate adjustments (Merrill Field)
- Cybersecurity training
- Grant reconciliations
- Financial statement presentation considerations for defined control owners
- 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 Target
Municipality (ACFR)	In Review	In Process	In Process	
Single Audit - 7 major federal, 4 major state	In Review	In Review	In Process	Will issue with ACFR
AWWU	Complete	In Review-pending final outstanding items	Returned to AWWU Management for final edits	
CIVICVentures	Complete	Complete-pending Management's corrective action plan	Updated final Draft - provided to MOA on 10/30/2023	Pending Management's corrective action
Solid Waste Services	In Review	In Process - Pending grants	In Review	
Port of Alaska	In Review	In Process - Pending grants	In Review	
Anchorage Community Development Authority	Complete	Complete	Complete	Issued September 1
Alaska Center for the Performing Arts	Complete	Complete	Complete	Issued September 20
Anchorage Police and Fire Retirement System	Complete	Complete	Complete	Issued June 30

As we progress through our audit, we will be updating our current phase and targeted completion by entity as we move into these different aspects of planning, fieldwork, review, and issuance. We are available to answer any questions as they may arise.

Best regards,

Joy Merriner
Principal