



February 29, 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.	Received schedules on 2/9/24. BDO tied out and provided differences on 2/15/24 (State grants \$29mil, fed grants \$6.5mil, SWS \$5.1mil, Airport \$2mil, plus others). BDO picked samples from detail and requested further information.
Reclassifications	Tie out of report-only entries to intergovernmental, transfers, capital contributions; agree the TB to the statements	Received detail statements for all funds and identification of reclassifications on 2/28/24. Working to update ACFR draft for additional information received.
Corrective Action Plans	Management's planned response to audit items identified	BDO has provided findings for all but ACFR. Plan to deliver all remaining draft findings by 3/5/24.
Indirect Cost Pool testing for FTA	Test the pool used to charge indirect rates for the FTA major program	BDO has requested a detail of costs charged to the pool so we can pull a sample and test it.
ACFR draft	Full draft of ACFR	BDO has a draft in progress; largely pending incorporation of information from management and GASB 34 conversion.
Standalone Audits (Port, SWS)		In BDO review, close to issuance. Both are waiting on grant tie out to be addressed and a few other minor items for completion.

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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)
- 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 (no formal response required):

- 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
Municipality (ACFR)	In Review	In Review	In Process	Target March 29
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 15
Port of Alaska	Complete	In Review	In Review	Target March 8
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

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

Best regards,

Joy Merriner
Principal

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