



Tel: 907-278-8878
 Fax: 907-278-5779
 www.bdo.com

3601 C Street, Suite 600
 Anchorage, AK 99503

August 26, 2022

Ms. Suzanne LaFrance, Chair - Assembly
 Mr. Felix Rivera, Chair - Municipal Audit Committee

Mr. Ross Risvold, Acting CFO / Public Finance and Investments Manager
 Ms. Pam Ellis, Assistant Controller

RE: Fiscal Year 2021 Audit

We are writing to inform you of the current status of the fiscal year 2021 audit for the Municipality of Anchorage.

This week we finalized the draft financial statements for Solid Waste Services. Controller Division is updating the ACFR for Solid Waste Services changes that were made and waiting on receipt of the corrective action plan. ACFR file final review is in progress.

MUNICIPALITY ENTITIES

	Planning	Fieldwork	Draft	Anticipated issuance	Comments
Municipality (ACFR)	Complete	In Review	Second draft reviewed	Likely pushing to mid-September	Management preparing corrective action plan on finding
Single Audit	Complete	In Review	Draft findings delivered	Anticipate issuance with ACFR	Pending receipt of corrective action plan
AWWU	Complete	Complete	Complete	Issued August 4	
CIVICVentures	Complete	Complete	Complete	Issued June 22	
Solid Waste Services	Complete	Complete	Final Review Complete	August 29	Pending final report changes, representation letter, and corrective action plan
Port of Alaska	Complete	Complete	Complete	Issued August 19	

COMPONENT UNITS

APFRS	Complete	Complete	Complete	Issued June 15	
PAC	Complete	Complete	Complete	Issued June 23	
ACDA	Complete	Complete	Complete	Issued August 8	

The following internal control deficiencies have been identified and discussed:

Material weaknesses

- Accounting for proper use of special revenue funds
- Solid Waste Services only - accounting for deferred inflows



Other deficiencies

- Timing and review of cash and investment footnote disclosures
- Information technology general control deficiencies encountered were commensurate with prior year. These include the following:
 - Formal user access reviews are not being performed
 - Password policies are not being enforced for AFD TeleStaff and TeleDriver
 - Inappropriate administrative level access creating a segregation of duties deficiency exists for AFD TeleStaff, TeleDriver, Tower Billing, and Custom Information Suite
- Calculation and review of net position classifications
- Timing of review of debt covenant calculations

Compliance-related findings

- Subrecipient monitoring under the ARPA grant (noncompliance, Material Weakness)
- Procurement for Port Infrastructure (suspension and debarment documentation, Significant Deficiency)

During our detail review of corrected and uncorrected misstatements, we have determined the following misstatements that have been corrected by management:

- Adjustment for Solid Waste Services to recognize revenues received under FEMA grant (approximately \$2 million)

No uncorrected misstatements have been identified at this point in the audit.

As we progress through our audit, we will be updating our current phase and percentage of 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
Office Managing Partner