REPORT TO THE MUNICIPAL AUDIT COMMITTEE

MUNICIPALITY OF ANCHORAGE

2023 AUDIT RESULTS - SINGLE AUDIT

Welcome

BDO USA, P.C.
3601 C Street, Suite 600
Anchorage, AK 99503
Tel.: 907-278-8878
www.bdo.com

August 28, 2026

Audit Committee

Municipality of Anchorage, Alaska

We look forward to discussing with you the current year audit results for Municipality of Anchorage (the "Municipality"). On October 16, 2024, we presented an overview of our plan for the audit of the financial statements including the compliance audits under Uniform Guidance and the State of Alaska Single Audit Guide ("Single Audit") of the Municipality as of and for the year ended December 31, 2023.

This communication is intended to elaborate on the significant findings related to the Single Audit under Uniform Guidance and the State of Alaska Single Audit Guide, including our views on the qualitative aspects of the Municipality's accounting practices and policies, management's judgments and estimates, financial statement disclosures, and other required matters to assist you in fulfilling your obligation to oversee the financial reporting and disclosure process for which management of the Municipality is responsible.

We are pleased to be of service to the Municipality and look forward to meeting with you to discuss our audit findings, as well as other matters that may be of interest to you, and to answer any questions you might have.

Respectfully,

BDO USA

Your Client Service Executive Team

JOY MERRINER
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Contents

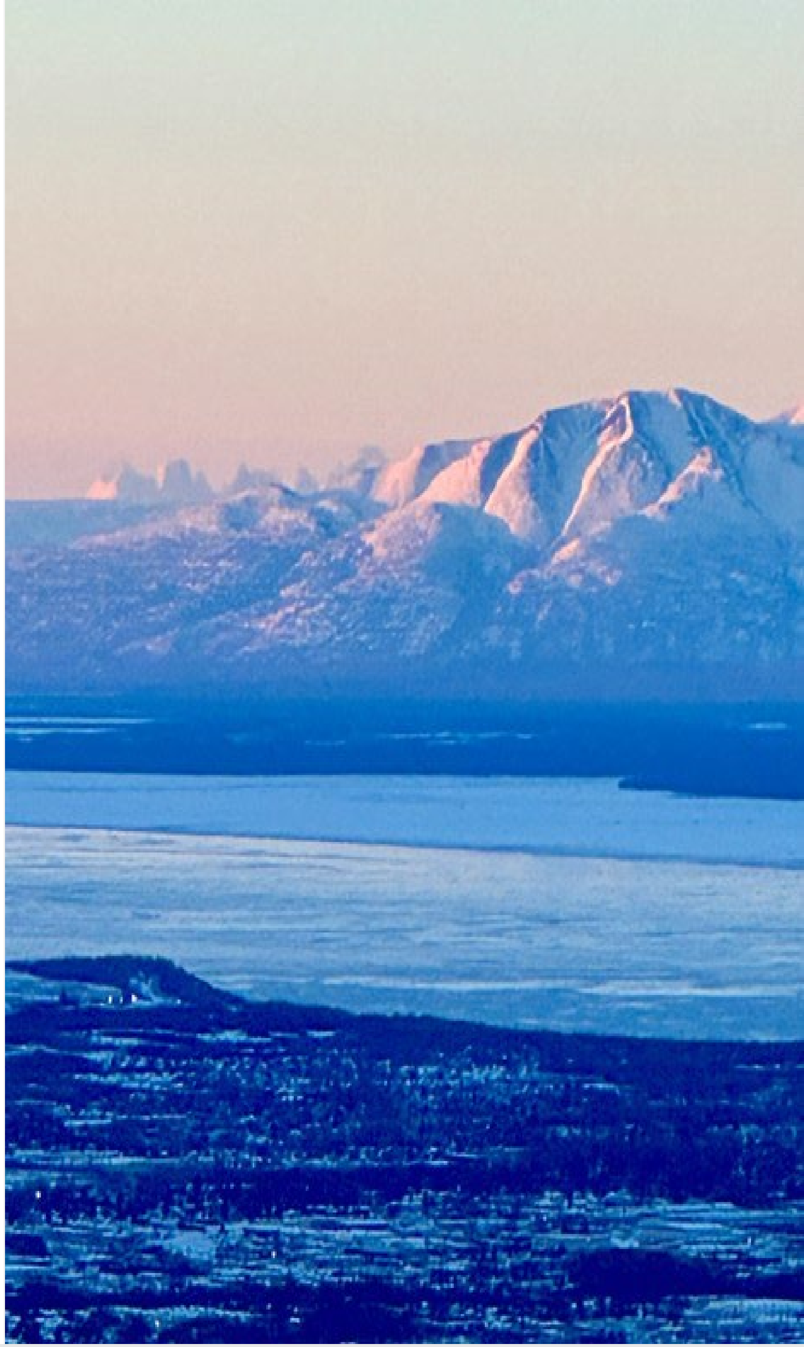
The following communication was prepared as part of our audit, has consequential limitations, and is intended solely for the information and use of those charged with governance (e.g., Board of Directors) and, if appropriate, management of the Municipality, and is not intended and should not be used by anyone other than these specified parties.

Audit Results

Overview & Status of Our Audit

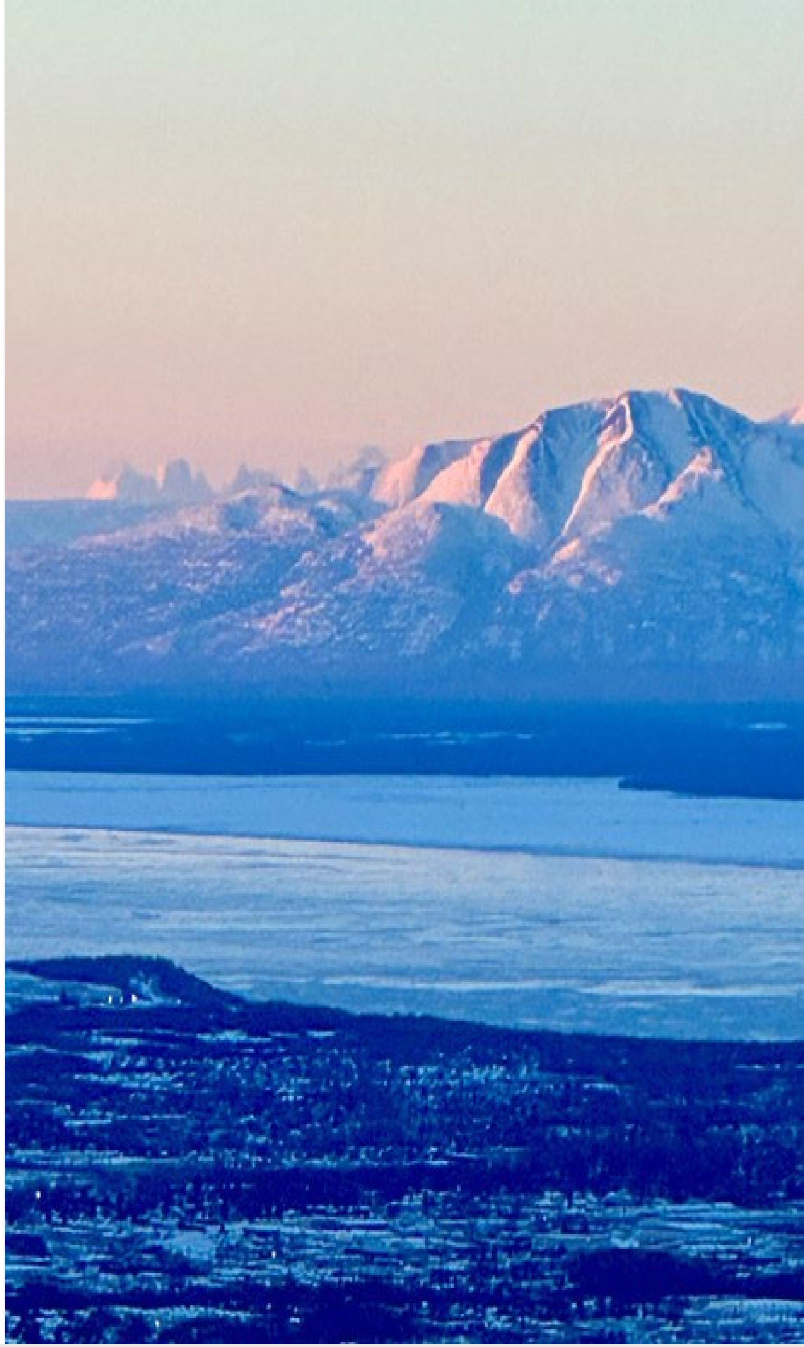
We have completed our audit of the Single Audit as of and for the year ended December 31, 2023. Our audit was conducted in accordance with *Government Auditing Standards* (GAS), *Title 2. U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* (State Single Audit Guide).

- The scope of the work performed was substantially the same as that described to you in our earlier Audit Plan Communications.
- We issued the following opinions on the Single Audit and released our report on August 20, 2026.
  - Unmodified Opinions
    - Federal ALN 20.500/20.507/20.526 Department of Transportation Federal Transit Cluster
    - Federal ALN 97.036 Disaster Grants-Public Assistance (Presidentially Declared Disasters)
    - State Department of Commerce, Community and Economic Development 2023 Grants to Municipalities
  - Qualified Opinions:
    - Federal ALN 20.106 Department of Transportation Airport Improvement Program
    - Federal ALN 20.205 Department of Transportation Highway Planning and Construction Cluster
    - Federal ALN 21.027 Department of Treasury Coronavirus State and Local Fiscal Recover Funds
- We issued an unmodified in-relation to opinion on the Schedule of Expenditures of Federal Awards (SEFA) and Schedule of State Financial Assistance (SSFA) and released our report on August 20, 2026.
- In planning and performing our audit, we considered the Municipality’s internal control over compliance with requirements that could have a direct and material effect on its major federal and state programs to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with GAS, Uniform Guidance, and the State Single Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.



Overview & Status of Our Audit, continued

- Our responsibility for other information in documents containing the Municipality's audited federal and state single audit report (e.g., Department of Health and Social Services supplementary schedules) does not extend beyond the information identified in the Single Audit report, and we are not required to perform procedures to corroborate such other information. However, in accordance with professional standards, we have read the information included by the Municipality and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the Single Audit report. Our responsibility also includes calling to management's attention any information that we believe is a material misstatement of fact. We have not identified any material inconsistencies or concluded there are any material misstatements of facts in the other information that management has chosen not to correct.
- All records and information requested by BDO were freely available for our inspection.



Internal Control Over Compliance

Internal Control Over Compliance Findings

In performing our compliance audit in accordance with Uniform Guidance and the State Single Audit Guide, we obtained an understanding of the Municipality's internal control over compliance to design audit procedures and to test and report on internal control over compliance in accordance with the Uniform Guidance and State Single Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control over compliance. Accordingly, we did not express an opinion on the effectiveness of the Municipality's internal control over compliance.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

We are required to communicate, in writing and in a timely manner, to those charged with governance all material weaknesses and significant deficiencies that have been identified in the Municipality's internal control over compliance. The definitions of a material weakness, significant deficiency, and control deficiency in internal control over compliance are as follows:

Category	Definition
Material Weakness	A deficiency or a combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.
Significant Deficiency	A deficiency or a combination of deficiencies in internal control over compliance that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
Control Deficiency	A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis.
Instances of Noncompliance with Laws and Regulations	In accordance with GAS, matters that involve instances of noncompliance with laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements.

Internal Control Over Compliance Findings

- The following material weaknesses were identified:

Material Weakness	Comments
Finding 2023-009 Reporting – Material Noncompliance and Material Weakness in Internal Control Over Compliance (ALN 20.106 Airport Improvement Program)	Anchorage was required to file Federal Aviation Administration forms 5100-127, Operating and Financial Summary, and 5100-126, Financial Government Payment Reports. Anchorage was not previously aware of the requirement and filed the reports in 2025. Adequate controls were not implemented to ensure timely filing of the required reports.
Finding 2023-010: Equipment and Real Property Management – Material Noncompliance and Material Weakness in Internal Control Over Compliance (ALN 20.205 – Highway Planning and Construction)	Anchorage was required to perform a fixed asset inventory count at least once every two years. Anchorage did not perform these inventory counts, and the fixed asset inventory listing contained ten fixed assets that were not properly included in the listing. Adequate controls were not implemented to ensure fixed asset inventory counts were performed nor that reconciliations were complete and accurate.
Finding 2023-011: Subrecipient Monitoring – Material Noncompliance and Material Weakness in Internal Control Over Compliance (ALN 21.027 – Coronavirus State and Local Fiscal Recover Funds-COVID 19)	Anchorage is required to ensure that subawards are (a) clearly identified to the subrecipient as a subaward; (b) includes the necessary information at the time of the subaward for subrecipient reporting on federal awards; and (c) includes requirement to follow 2 CRF 200.501 if expenditure thresholds are met. Testwork identified ten subawards out of a sample of 24 did not include these requirements. Adequate controls were not implemented to ensure accurate monitoring of subawards.
Finding 2023-012: Reporting – Deadline for Federal Single Audit – Noncompliance and Material Weakness in Internal Control Over Compliance (ALN 20.106, 20.205, 20.500/20.507/20.526, 21.027, 97.036)	Anchorage is required to timely complete the audit and data collection form within 30 days after receipt of the auditor’s report or 9 months after the end of the audit period. Anchorage did not comply with the required submission date of the data collection form and reporting package to the Federal Audit Clearinghouse for the fiscal year ended December 31, 2023.
Finding 2023-016: Reporting – Deadline for State Single Audit – Noncompliance and Material Weakness in Internal Control Over Compliance	Anchorage is required to timely complete the audit and submit the reporting package to the State of Alaska within 30 days after receipt of the auditor’s report or 9 months after the end of the audit period. Anchorage did not comply with the required submission date of the State Single Audit reporting package.

Internal Control Over Compliance Findings, continued

- The following significant deficiencies were identified:

Significant Deficiencies	Comments
Finding 2023-013: Allowable Costs – Noncompliance and Significant Deficiency in Internal Control Over Compliance (ALN 97.036 Disaster Grants)	Anchorage is required to provide adequate support for allowable costs and activities. Testwork identified five transactions from a sample of forty transactions where the direct rate of pay utilized to request reimbursement for hours worked did not match the approved rate.
Finding 2023-014: Reporting – Noncompliance and Significant Deficiency in Internal Control Over Compliance (State of Alaska Department of Commerce, Community, and Economic Development)	Anchorage is required to submit certain financial reports on a quarterly basis within 30 days of quarter-end. Testwork identified three financial reports out of a sample population of eight reports that lacked supporting documentation to ensure timely submission.
Finding 2023-015: Types of Services Allowed and Unallowed – Significant Deficiency in Internal Control Over Compliance (State of Alaska Department of Commerce, Community, and Economic Development)	Anchorage is required to select and implement internal controls for the segregation of duties for preparation, review, and approval of journal entries and that supporting documentation is retained. Testwork identified three transactions out of a sample population of thirteen transactions that did not have documentation of segregation of duties of preparation, review, and approval.

Internal Control Over Compliance Findings, continued

- We have communicated to management of the Municipality the deficiencies that were identified as a result of our audit that we did not consider to be material weaknesses or significant deficiencies:

Control Deficiency	Comments
Supplementary Information: Department of Health and Human Services (DHHS) Supplementary Schedules	Anchorage is required to submit supporting DHHS schedules with the Single Audit Report for each award that includes the prior year amount, current year amount, total actual amount, total budget, and variance for favorable and unfavorable. Anchorage provided schedules that were not complete and accurate. Adequate controls were not established for the preparation and reconciliation of the DHHS supplementary information schedules.
SEFA Reconciliation	Anchorage is required to maintain adequate control activities to reconcile the SEFA expenditures to the underlying books and records. Adjustments of approximately $677,459 were identified to properly reconcile the SEFA expenditures to the underlying grants schedule. Anchorage should establish adequate controls to ensure that all audit adjustments have been reflected in the SEFA.

Detail of Significant Accounting Practices, Policies, Estimates and Disclosures

Significant Accounting Practices (including Policies, Estimates and Disclosures)

ACCOUNTING PRACTICES, POLICIES, ESTIMATES, AND DISCLOSURES

The following summarizes the more significant required communications related to our audit concerning the Municipality's accounting practices, policies, estimates and significant unusual transactions:

The Municipality's significant accounting practices and policies are those included in Note 2 to the SEFA and SSFA. These accounting practices and policies are appropriate, comply with the applicable financial reporting framework and industry practice, were consistently applied, and are adequately described within Note 2 to the SEFA and SSFA.

- The Basis of Presentation is included in Note 2 of the SEFA and SSFA.
- The Municipality elected not to use the federal 10-percent de minimis indirect cost rate as allowed under Uniform Guidance
- There were no changes in significant accounting policies and practices during fiscal year 2023.

Additional Required Communications

Independence

Our engagement letter to you dated September 6, 2024, and as amended on July 30, 2025, describes our responsibilities in accordance with professional standards and certain regulatory authorities and *Government Auditing Standards* regarding independence and the performance of our services. This letter also stipulates the responsibilities of the Municipality with respect to independence as agreed to by the Municipality. Please refer to that letter for further information.

About BDO USA

Our purpose is helping people thrive, every day. Together, we are focused on delivering exceptional and sustainable outcomes and value for our people, our clients, and our communities. BDO is proud to be an ESOP company, reflecting a culture that puts people first. BDO professionals provide assurance, tax, and advisory services for a diverse range of clients across the U.S. and in over 160 countries through our global organization.

BDO is the brand name for the BDO network and for each of the BDO Member Firms. BDO USA, P.C., a Virginia professional corporation, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. For more information, please visit: www.bdo.com.

Material discussed is meant to provide general information and should not be acted on without professional advice tailored to your needs.

Mayor Suzanne LaFrance
Municipality of Anchorage
Finance – CFO Lance R. Wilber

Augst 20, 2026

BDO USA, P.C.
3601 C Street, Suite 600
Anchorage, AK 99507

Ladies and gentlemen:

We are providing this letter in connection with your audits on compliance for each major federal program and each major state program for the year ended December 31, 2023, for the purpose of expressing an opinion as to whether the Municipality of Anchorage, Alaska (Anchorage) complied, in all material respects, with the compliance requirements identified as subject to audit in *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance),* and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* (State Single Audit Guide) that could have a direct and material effect on each of Anchorage's major federal and state programs.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of the date of this representation letter, as entered on the first page, the following representations made to you during your audits:

(1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated September 6, 2024, and amended on July 30, 2025, for the compliance audits performed in accordance with the Uniform Guidance and the State Single Audit Guide.

(2) We have fulfilled our responsibility, as set out in the terms of the aforementioned audit engagement letter, for the design, implementation, and maintenance of internal control relevant to the federal and state major programs and preparation and fair presentation of the Schedule of Expenditures of Federal Awards (SEFA) and State Schedule of Financial Assistance (SSFA) that are free from material misstatement, whether due to fraud or error. There are no material transactions that have not been properly recorded in the accounting records underlying the SEFA or the SSFA.

(3) You have identified and discussed with us in the course of the audit the deficiencies in our internal control over compliance listed immediately below:

Material Weaknesses:

- Finding 2023-009: Reporting – Material Noncompliance and Material Weakness in Internal Control Over Compliance (Department of Transportation ALN 20.106 – Airport Improvement Program)
    - Anchorage was required to file Federal Aviation Administration forms 5100-127, Operating and Financial Summary, and 5100-126, Financial Government Payment Reports. Anchorage was not previously aware of the requirement and filed the reports in 2025. Adequate controls were not implemented to ensure timely filing of the required reports.
- Finding 2023-010: Equipment and Real Property Management – Material Noncompliance and Material Weakness in Internal Control Over Compliance (Department of Transportation ALN 20.205 – Highway Planning and Construction)
    - Anchorage was required to perform a fixed asset inventory count at least once every two years. Anchorage did not perform these inventory counts, and the fixed asset inventory listing contained ten fixed assets that were not properly included in the listing. Adequate controls were not implemented to ensure fixed asset inventory counts were performed nor that reconciliations were complete and accurate.
- Finding 2023-011: Subrecipient Monitoring – Material Noncompliance and Material Weakness in Internal Control Over Compliance (Department of Treasury ALN 21.027 – Coronavirus State and Local Fiscal Recover Funds-COVID 19)
    - Anchorage is required to ensure that subawards are (a) clearly identified to the subrecipient as a subaward; (b) includes the necessary information at the time of the subaward for subrecipient reporting on federal awards; and (c) includes requirement to follow 2 CRF 200.501 if expenditure thresholds are met. Testwork identified ten subawards out of a sample of 24 did not include these requirements. Adequate controls were not implemented to ensure accurate monitoring of subawards.
- Finding 2023-012: Reporting – Deadline for Federal Single Audit – Noncompliance and Material Weakness in Internal Control Over Compliance (Department of Transportation, Department of Treasury, Department of Health and Human Services; ALN 20.106, 20.205, 20.500/20.507/20.526, 21.027, 97.036)
    - Anchorage is required to timely complete the audit and data collection form within 30 days after receipt of the auditor's report or 9 months after the end of the audit period. Anchorage did not comply with the required submission date of the data collection form and reporting package to the Federal Audit Clearinghouse for the fiscal year ended December 31, 2023.
- Finding 2023-016: Reporting – Deadline for State Single Audit – Noncompliance and Material Weakness in Internal Control Over Compliance
    - Anchorage is required to timely complete the audit and submit the reporting package to the State of Alaska within 30 days after receipt of the auditor's report or 9 months after the end of the audit period. Anchorage did not comply with the required submission date of the State Single Audit reporting package.

Significant Deficiencies:

- Finding 2023-013: Allowable Costs – Noncompliance and Significant Deficiency in Internal Control Over Compliance (U.S. Department of Homeland Security, ALN 97.036)
    - Anchorage is required to provide adequate support for allowable costs and activities. Testwork identified five transactions from a sample of forty transactions where the direct rate of pay utilized to request reimbursement

for hours worked did not match the approved rate.

- Finding 2023-014: Reporting – Noncompliance and Significant Deficiency in Internal Control Over Compliance (State of Alaska Department of Commerce, Community, and Economic Development)
  - Anchorage is required to submit certain financial reports on a quarterly basis within 30 days of quarter-end. Testwork identified three financial reports out of a sample population of eight reports that lacked supporting documentation to ensure timely submission.
- Finding 2023-015: Types of Services Allowed and Unallowed – Significant Deficiency in Internal Control Over Compliance (State of Alaska Department of Commerce, Community, and Economic Development)
  - Anchorage is required to select and implement internal controls for the segregation of duties for preparation, review, and approval of journal entries and that supporting documentation is retained. Testwork identified three transactions out of a sample population of thirteen transactions that did not have documentation of segregation of duties of preparation, review, and approval.

Deficiencies Other than Material Weakness or Significant Deficiencies:

- Supplementary Information: Department of Health and Human Services (DHHS) Supplementary Schedules
  - Anchorage is required to submit supporting DHHS schedules with the Single Audit Report for each award that includes the prior year amount, current year amount, total actual amount, total budget, and variance for favorable and unfavorable. Anchorage provided schedules that were not complete and accurate. Adequate controls were not established for the preparation and reconciliation of the DHHS supplementary information schedules.
- SEFA reconciliation:
  - Anchorage is required to maintain adequate control activities to reconcile the SEFA expenditures to the underlying books and records. Adjustments of approximately $677,459 were identified to properly reconcile the SEFA expenditures to the underlying grants schedule. Anchorage should establish adequate controls to ensure that all audit adjustments have been reflected in the SEFA.

(4) We have identified and communicated to you any investigation or legal proceedings that have been initiated with respect to the period under audit. We have not consulted an external attorney. We have consulted our internal legal counsel and affirm the following:

(a) We are unaware of any investigations, disputes, or claims involving federal or state agencies that provide funding to Anchorage.
(b) We do not have federal or state awarding agencies that are questioning costs charged to federal or state awards.
(c) There are no pending or threatened actions seeking repayment of federal or state funds.
(d) We are not aware of allegations of noncompliance with federal or state statutes, regulations, terms, or conditions of federal or state awards.
(e) We have not had federal or state agencies indicate that grant funding may be suspended terminated or reduced.
(f) We do not have any disputes regarding allowability of costs charged to federal or state programs.
(g) We do not have any disputes regarding indirect cost rates or cost allocation

methodologies.

(h) We are not aware of any matters that could result in disallowance of costs under Uniform Guidance or the State Single Audit Guide.

(5) We have made available to you minutes of the meetings of the Anchorage Assembly that were held January 1, 2023, to the date of this letter, or summaries of actions of recent meetings for which minutes have not yet been prepared.

(6) You have provided assistance in: (1) preparing the required form SF-SAC Data Collection Form; and (2) preparation of the SEFA and SSFA based on Anchorage's underlying books and records as part of the financial statement preparation services. In regard to the aforementioned services performed by you, we have: (1) assumed all management responsibilities, (2) designated an individual (within senior management) with suitable skill, knowledge, or experience to oversee the services, (3) evaluated the adequacy and results of the services performed, and (4) accepted responsibility for the results of the services.

(7) We acknowledge our responsibility for the presentation of the supplementary information in accordance with the applicable criteria, and we believe the supplementary information, including its form and content, is fairly presented in accordance with the applicable criteria. The methods of measurement or presentation have not changed from those used in the prior period.

If the Schedule of Expenditures of Federal Awards, Schedule of State Financial Assistance, or the schedules of revenue and expenditures – budget and actual – State of Alaska Department of Health and Social Services Grants are not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

(8) With respect to federal and state award programs:

(a) We are responsible for understanding and complying with, and have complied with, the requirements of the Uniform Guidance, and the State Single Audit Guide including requirements relating to the preparation of the SEFA and SSFA.

(b) We have, in accordance with the Uniform Guidance and State Single Audit Guide, identified and disclosed to you in the SEFA and the SSFA, expenditures made during the audit period for all government programs and related activities provided by federal and state agencies in the form of federal and state awards, grants, federal and state cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.

(c) We acknowledge our responsibility for the preparation of the SEFA and SSFA and related notes in accordance with the requirements of the Uniform Guidance and State Single Audit Guide, and we believe the SEFA and SSFA, including its form and content, is fairly presented in accordance with the Uniform Guidance and State Single Audit Guide. The methods of measurement or presentation of the SEFA and SSFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA and SSFA below.

(d) We have notified you of federal awards and funding increments that were received for awards received before December 26, 2014, and differentiated those awards from awards received on or after December 26, 2014, and subject to the audit requirements of the Uniform Guidance, as well as from those awards that are subject to the 2024 Revised Uniform Guidance.

(e) We will include the auditor's report on the SEFA and SSFA in any document that contains the SEFA and SSFA and that indicates you have reported on such information.

(f) If the SEFA and SSFA are not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA and SSFA no later than the date we issue the SEFA and SSFA and the auditor's report thereon.

(g) We are responsible for understanding and complying with, and have complied with in all material respects, the requirements of federal and state statutes, regulations, and the terms and conditions of federal and state awards related to each of our federal and state programs and have identified and disclosed to you the requirements of federal and state statutes, regulations, and the terms and conditions considered to have a direct and material effect on each federal and state program.

(h) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal and state programs that provides reasonable assurance that we are managing our federal and state awards in compliance with federal and state statutes, regulations, and the terms and conditions that could have a material effect on our federal and state programs. We believe the internal control system is adequate and is functioning as intended. Also, subsequent to the date of the auditor's report as of which compliance was audited, no changes have occurred in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies and material weaknesses in internal control over compliance as reported in the schedule of findings and questioned costs.

(i) We have made available to you all federal and state award contracts and grant agreements (including amendments, if any) and any other correspondence with federal or state agencies or pass-through entities relating to each major federal and state program and related activities that have taken place with federal or state agencies or pass-through entities.

(j) We have received no requests from a federal or state agency to audit one or more specific programs as a major program.

(k) We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including, when applicable, those set forth in the OMB *Compliance Supplement* and State Single Audit Guide, relating to federal and state awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal and state awards, including the results of other audits or program reviews. We also know of no instances of noncompliance occurring subsequent to the end of the period audited.

(l) We have disclosed to you any communications from federal and state awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.

(m) Amounts claimed or used for cost-sharing (matching) were determined in accordance with relevant guidelines in the Uniform Guidance (2 CFR part 200), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* subpart E) and the State Single Audit

(n) We have disclosed to you our interpretations of compliance requirements that are subject to varying interpretations, if any.

(o) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal and state program financial reports and claims for advances and reimbursements.

(p) We have disclosed to you the nature of any subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.

(q) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditor's report.

(r) Federal and state program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared and are prepared on a basis consistent with the schedule of expenditures of federal awards and schedule of state financial assistance.

(s) The copies of federal and state program financial reports provided to you are true copies of the reports submitted or electronically transmitted, to the respective federal agency or state or pass-through entity, as applicable.

(t) We have not issued management decisions for audit findings that relate to federal and state awards made to subrecipients or issued management decisions within six months of acceptance of the audit report by the Federal Audit Clearinghouse and acknowledge noncompliance in this area as reported in the Schedule of Findings and Questioned Costs. Additionally, we have not followed up ensuring that the subrecipient has taken timely and appropriate action on all deficiencies detected through audits, on-site reviews, and other means that pertain to the federal award provided to the subrecipient.

(u) We have charged costs to federal and state awards in accordance with applicable cost principles.

(v) We are responsible for, and have accurately completed, the appropriate sections of the Data Collection Form as required by the Uniform Guidance. The final version of the applicable audit reporting package, which includes your signed auditor's reports, that we will submit to the Federal Audit Clearinghouse (FAC) will be identical to the final version of such documents that you provided to us.

(w) We have identified and disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, internal or external monitoring, and other studies directly related to the audit objectives of the compliance audit, including findings received and corrective actions taken from the end of the audit period covered by the compliance audit report to the date of the auditor's report.

(x) We have provided views on your reported findings, conclusions, and recommendations, as well as our planned corrective actions. We are responsible for taking corrective action on audit findings and we are responsible for preparing and implementing a corrective action plan for each audit finding that meets the requirements of the Yellow Book and the Uniform Guidance and the State Single Audit Guide.

(y) We are responsible for, and have accurately prepared, the summary schedule of prior audit findings required to be included by the Uniform Guidance and State Single Audit Guide, and we have provided you with all information on the status of the follow-up on prior audit findings by federal and state awarding agencies and pass-through entities, including all management decisions.

(z) We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.

(9) We have a process to track the status of audit findings and recommendations.

(10) We have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that you have reported to us.

(11) We have identified and disclosed to you findings received from previous audits, attestation engagements, and other studies related to the audit objective and whether related recommendations have been implemented.

(12) We have provided our views on your reported findings, conclusions, and recommendations. We are responsible for taking corrective action on audit findings and we are responsible for preparing and implementing a corrective action plan for each audit finding.

To the best of our knowledge and belief, no events, including instances of noncompliance, have occurred subsequent to the statement of financial position date and through the date of this representation letter, as entered on the first page, that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs.

Very truly yours,

William D. Falsey

William Falsey, Municipal Manager

LANCE WILBER

Lance Wilber, Chief Financial Officer