

A photograph of three business professionals in a modern office setting. A woman with curly hair is on the left, a man with grey hair is in the middle, and a man with dark hair is on the right. They are all dressed in business attire and are engaged in a conversation. They are sitting on a white sofa with two large, red, modern chairs in front of them. A black briefcase is on the floor next to the man on the right. The background shows large windows with greenery outside. A large white diagonal graphic element is overlaid on the left side of the image.

REPORT TO THE MUNICIPAL AUDIT COMMITTEE

# MUNICIPALITY OF ANCHORAGE

2023 AUDIT RESULTS

**BDO**<sup>®</sup>

# Welcome

September 4, 2025  
Audit Committee  
Municipality of Anchorage, Alaska

We look forward to discussing with you the current year audit results for the Municipality of Anchorage. On October 16, 2024, we presented an overview of our plan for the audit of the financial statements of the Municipality of Anchorage (the “Municipality” or “MOA”) as of and for the year ended December 31, 2023.

This communication is intended to elaborate on the significant findings from our audit, 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

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

## Your Client Service Executive Team



**JOY MERRINER**  
Assurance Principal  
907.770.2257 / jmerriner@bdo.com



**KELLY MAYES**  
Assurance Director  
907.646.7302 / kmayes@bdo.com

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. BDO is the brand name for the BDO network and for each of the BDO Member Firms.

# Contents

<a href="#"><u>EXECUTIVE SUMMARY</u></a>	5
<a href="#"><u>AUDIT RESULTS</u></a>	7
<a href="#"><u>DETAIL OF SIGNIFICANT RISKS AND ADDITIONAL AUDIT CONSIDERATIONS</u></a>	9
<a href="#"><u>INTERNAL CONTROL OVER FINANCIAL REPORTING</u></a>	13
<a href="#"><u>DETAIL OF SIGNIFICANT ACCOUNTING PRACTICE, POLICIES, ESTIMATES AND DISCLOSURES</u></a>	17
<a href="#"><u>ADDITIONAL REQUIRED COMMUNICATIONS</u></a>	19
<a href="#"><u>OTHER TOPICS</u></a>	23

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 Company, and is not intended and should not be used by anyone other than these specified parties.

# Executive Summary



# Executive Summary

## Results of Our Audit

- Overview and Status - We have completed our audit work with respect to the financial statements for the year ended December 31, 2023.
- Quality of the Municipality's Financial Reporting
- Significant Risk Overview & Discussion
- Corrected and Uncorrected Misstatements
- Internal Control Over Financial Reporting

## Required Communications

## Open Discussion and Questions



# Audit Results

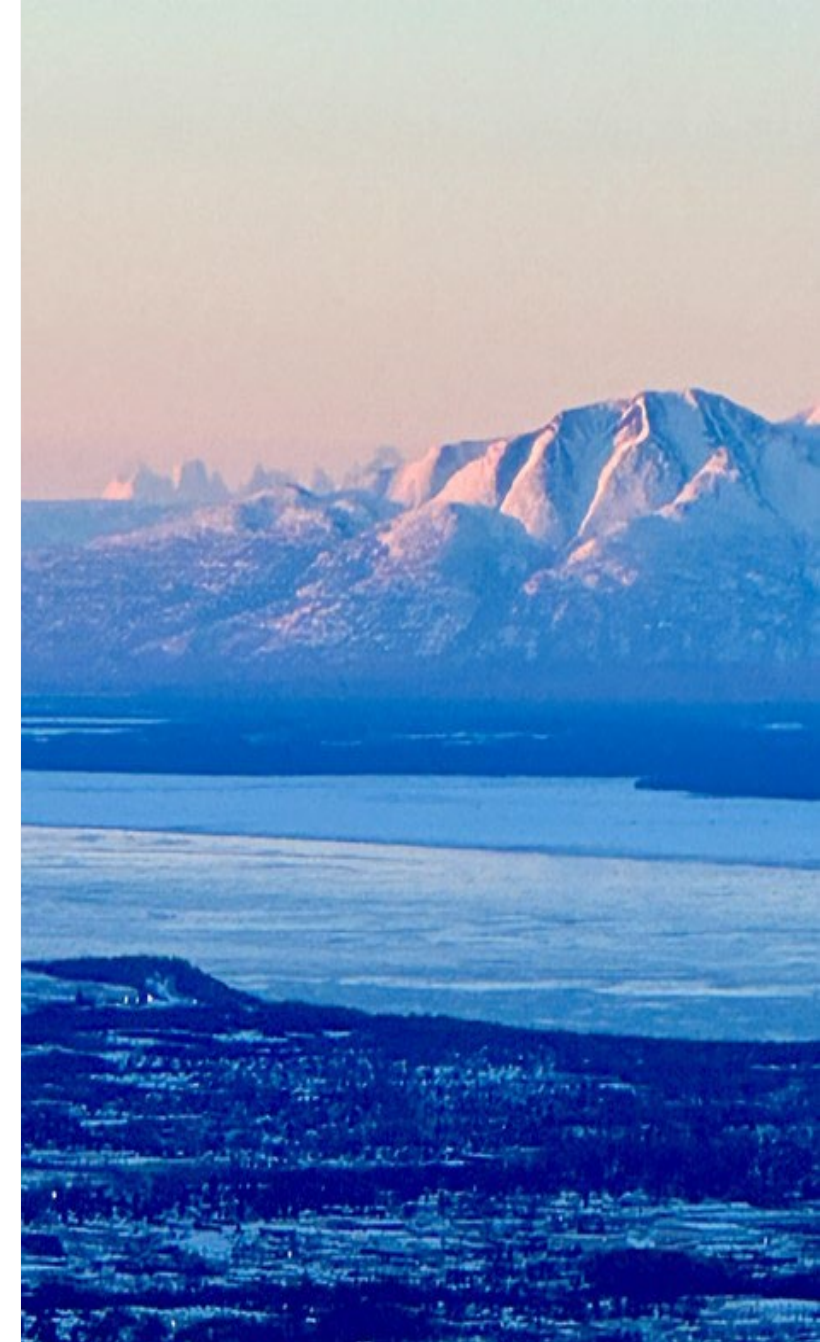




# Overview & Status of Our Audit

We have completed our audit of the financial statements as of and for the year ended December 31, 2023. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*.

- ▶ The objective of our audit was to obtain reasonable - not absolute - assurance about whether the financial statements are free from material misstatements.
- ▶ The scope of the work performed was substantially the same as that described to you in our earlier Audit Plan communications.
- ▶ We issued an unmodified opinion on the financial statements and released our report on August 15, 2025.
- ▶ We issued our report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards* on August 15, 2025.
- ▶ Our responsibility for other information in documents containing the Municipality's audited financial statements (e.g., budgetary comparisons, schedules of pension and OPEB plans) does not extend beyond the financial information identified in the 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 financial statements. 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.
- ▶ We want to acknowledge the cooperation extended to us by all levels of Municipality personnel throughout the course of our work.



# Quality of the Municipality of Anchorage's Financial Reporting

A discussion was held regarding the quality of the Municipality's financial reporting, which included the following:

- ▶ Qualitative aspects of significant accounting policies and practices
- ▶ Our assessment of critical accounting estimates, accounting policies and practices
- ▶ Significant unusual transactions
- ▶ Financial statement presentation
- ▶ New accounting pronouncements
- ▶ Alternative accounting treatments





# Areas of Significant Risk

Our areas of significant risk, which are risks with both a higher likelihood of occurrence and a higher magnitude of effect that require special audit considerations, are as follows:

Risk Area	Description	Results of Planned Audit Procedures
Fraud risk and management override of internal controls	Risks relating to management exercising undue influence to override internal control policies and procedures designed to deter, prevent, and detect misstatements due to fraud	Substantive procedures were performed over manual journal entries. Lack of supporting documentation and adequate review and approval of journal entries, including segregation of duties, were identified during these procedures.
Grant revenue	Risks related to the existence of grant revenue	Substantive procedures were performed over grant revenue. Preliminary grant schedules were not received until July 2025. Not all supporting documentation previously requested was readily available for testwork.
Grant revenue	Risks related to completeness and accuracy of Muni-wide grant schedules	Substantive procedures were performed over the completeness and accuracy of Muni-wide grant schedules. Schedules required multiple modifications to ascertain completeness and accuracy.
FEMA Grant Revenue	Risks related to the recording of FEMA revenue and related grant receivable and grant deferred revenue	Substantive procedures were performed over FEMA grant revenue. Multiple adjustments were identified within Port, Solid Waste Services Disposal Utility, and the ACFR related to FEMA grant revenue recognition.
Financial statement preparation	Entries outside the SAP ERP application	Entries outside the ERP application were identified during testwork procedures performed over the ACFR draft. Entries were identified during the ACFR drafting process that were initially not included in the trial balances nor the entries provided by management.
Financial statement preparation	Risks related to the accuracy of equity / net position by fund	Substantive procedures were performed over the accuracy of equity and net position. Trial balances required adjustments for the full accrual and modified accrual basis of accounting. In addition, supporting documentation for fund balance / net position commitments, restrictions, and reserves were not readily available for testwork.
Financial statement preparation	Risks related to the cash-to-accrual (GASB 34) conversion for governmental activities	Substantive procedures were performed over the GASB 34 conversion. The GASB 34 cash-to-accrual conversion required multiple revisions for accuracy of governmental activities.

# Areas of Significant Risk continued

Below is a continuation of the areas of significant risk:

Risk Area	Description	Results of Planned Audit Procedures
Financial statement preparation	Risks related to management review of reconciliations for significant classes of transactions	Substantive procedures were performed over management reconciliations for significant classes of transactions. Multiple reconciliations (e.g., capital assets, construction in progress, grants, reconciliations for full and modified accrual basis of accounting, leases, disclosures of cash and investments, disclosures of capital assets, and various internal inconsistencies within the ACFR draft financial statements) required modifications during procedures performed.
Financial statement preparation	Risks related to management communication for preparation and oversight of reconciliations for significant classes of transactions	Substantive procedures were performed regarding the management communication for preparation and oversight of reconciliations for significant classes of transactions. Revisions were required for restricted cash (Port) and lease completeness (Port).
Financial statement preparation	Risks related to the appropriate use of fund classification	Substantive procedures were performed for the appropriate use of fund classifications. Proper financial reporting under GASB No. 54 for proper use of fund classification could result in incorrect reporting of costs.
Lease receivables	Risks related to completeness and accuracy of lease receivables based on executed lease contracts	Substantive procedures were performed over lease receivables and lease payables. Multiple adjustments were required for the completeness (Port) and accuracy (Port and ACFR) of lease receivables and lease payables under GASB No. 87
Interfund Transactions	Risks related to the accuracy of interfund transfers, due to / due from other funds, and advances to / advances from other funds	Substantive procedures were performed over interfund transactions. Interfund transactions were balanced at the entity-wide level, however, multiple adjustments were required for interfund transactions including, but not limited to, intergovernmental transactions (IGCs).
Charges for services	Risks related to charges for services to end users for services provided by the Municipality for utilities (water, wastewater) and other service-related charges (Wharfage, Dockage, Moorage, Refuse, and Disposal)	Substantive procedures were performed for charges for services for Water, Wastewater, Solid Waste Refuse, Solid Waste Disposal, and Port. Requested supporting documentation was readily available and charges were substantiated.



# Corrected Misstatements

## Corrected Misstatements:

There were corrected misstatements for the Municipality, as shown in the attached detailed listing (Attachment A). These corrected misstatements include

- ▶ adjustments to appropriately reflect restricted cash balances,
- ▶ adjustments to record HUD loan activity,
- ▶ adjustments to grant revenue, grant receivables, deferred grant revenue & deferred inflows related to grants,
- ▶ adjustments to balance IGCs entity-wide,
- ▶ adjustments to record 2023 contingent liabilities.

Other adjustments shown in the attached listing reflect management top-side entries to adjust for the appropriate balances based on fund type (i.e., full accrual versus modified accrual) and to appropriately reflect capital expenditures as construction-in-progress for capital project funds.

## Corrected Disclosures:

There were corrected disclosures for the Municipality, as shown in the attached detailed listing (Attachment A). These corrected disclosures include:

- ▶ the cash and investments footnote required multiple revisions and significant adjustments to properly present cash and investments,
- ▶ the capital assets footnote required revision to remove duplications of construction in progress, buildings, and information technology assets and to adjust depreciation for infrastructure deletions,
- ▶ the OPEB footnote required revision to properly state the net OPEB Asset for the ODD plan.

# Uncorrected Misstatements

## Uncorrected Misstatements:

There were uncorrected misstatements for the Municipality, as shown in the attached detailed listing (Attachment B). These uncorrected misstatements include:

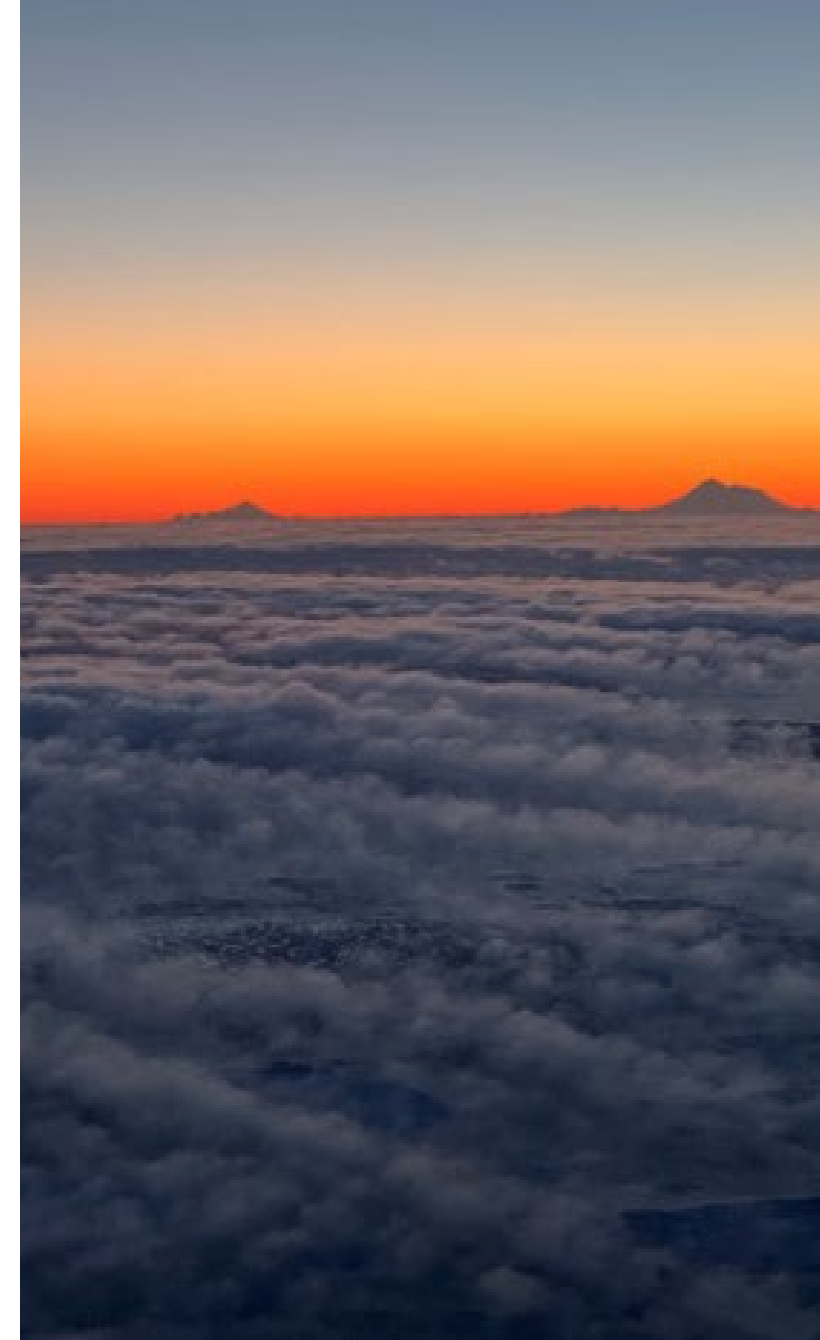
- ▶ Capital asset deletions for Merrill Field. Supporting documentation and evidence of disposal was not obtained which resulted in an adjustment.
- ▶ Opening balances for grants, grant receivables, deferred grant revenue, and deferred inflows related to grants required adjustment due to prior year uncorrected misstatements.
- ▶ Opening balances for State grants and exceptions identified during testwork resulted in a misstatement.
- ▶ Current year and prior year legal expense relating to claims for incidents that incurred prior to 2023 that were paid and accrued either in 2023 or subsequent to year end.

## Uncorrected disclosures:

There were uncorrected disclosures for the Municipality, as shown in the attached detailed listing (Attachment B). These uncorrected disclosures include:

- ▶ Cash in central treasury per footnote 2 is different for business type activities due to a grant adjustment for Port and State grant funds
- ▶ OPEB net position does not equal fiduciary net position as shown per footnote 13.A

We concur with management's assessment that the effects of not recording these adjustments, nor modifications to the disclosures, in 2023 is immaterial to the financial statements taken as a whole, considering both qualitative and quantitative factors.



# Internal Control Over Financial Reporting





# Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Municipality’s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Municipality’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Municipality’s internal control.

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, to those charged with governance all material weaknesses and significant deficiencies that have been identified in the Municipality’s internal control over financial reporting. The definitions of control deficiency, significant deficiency and material weakness follow:

Category	Definition
Control Deficiency	A deficiency in internal control over financial reporting 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 misstatements on a timely basis.
Significant Deficiency	A deficiency or combination of deficiencies in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
Material Weakness	A deficiency or combination of deficiencies in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Municipality’s financial statements will not be prevented or detected and corrected on a timely basis.

# Internal Control Over Financial Reporting

In conjunction with our audit of the financial statements, we identified the following deficiencies that we consider to be material weaknesses:  
Please refer to the attached schedule of identified control deficiencies (Attachment C) for further information.

Material Weaknesses	
2023-001: Closure of Books and Records	The MOA failed to perform closure of books and records in a timely manner after its fiscal year end. This resulted in delayed completion of reconciliations and final period-ending trial balances. In addition, significant adjustments were required to the financial statements to properly present results after final reconciliations and adjustments were processed.
2023-002: Level of Precision of Review	Adjustments were identified during the audit related to reconciliations performed by management in closing of the books and records. In addition, certain issues were identified as part of understanding internal controls over financial reporting. Overall reconciliation and review controls were not performed at a level of precision to detect errors in the following areas: <ul style="list-style-type: none"> <li>• Reconciliation of modified and full accrual basis of accounting</li> <li>• Significant changes to disclosures for cash and investments and capital assets, along with various internal inconsistencies.</li> <li>• Grant revenues and related receivables, unearned revenues, and deferred inflows</li> <li>• Reconciliations for lease amortization, lease completeness (at Port of Alaska), accounts receivable, and intergovernmental charges.</li> </ul>
2023-003: Journal Entry Deficiency	Certain manual adjustments in the general ledger were not appropriately prepared, reviewed, and approved. During the year, a system design change was made that does not require review and approval of all journals. Adjustments were posted with improper review and approval, segregation of duties issues, and/or insufficient supporting documentation
2023-004: Grant Reconciliations	BDO identified material inaccuracies in reconciliations and the related financial statements and underlying books and records for grant revenue, unearned grant revenue, grant receivables, and deferred inflows.
2023-005: Capital Assets	Reconciliations and related details for construction in progress and capital asset schedules contained significant inaccuracies and required multiple revisions

# Internal Control Over Financial Reporting

In conjunction with our audit of the financial statements, we identified the following deficiencies that we consider to be significant deficiencies:  
Please refer to the attached schedule of identified control deficiencies (Attachment C) for further information.

Significant Deficiencies	
2023-006: Purchasing Deficiencies	There were several items reported by Internal Audit where procurement activities did not comply with Municipality Policies & Procedures. Procurement card purchases were identified as having exceeded the single transaction limit, mandatory annual supply contracts were not always utilized, and supporting documentation was not always readily available or properly approved. In addition, a contract within Solid Waste Services division was entered into without the proper Municipal Manager signatory authority.
2023-007: Monitoring of Restricted Cash	BDO identified an adjustment for \$1.95 million to restricted cash balances and related restricted net position. Restricted cash calculations were not performed nor reviewed on a periodic basis to ensure compliance with legal, legislative, and external restrictions.
2023-008: Use of Fund Classifications	The Municipality does not have adequate controls in place to document cost coding to ensure these are in line with GASB 54 requirements. During the year, a new form was created to document approval from various departments before any new fund is created. However, this does not address the risk of improper coding for expenditures within existing funds, which are typically approved by the Assembly prior to Controller Division review.

# Internal Control Over Financial Reporting

In conjunction with our audit of the financial statements, we identified the following control deficiencies that we do not consider to be material weaknesses nor significant deficiencies.

Please refer to the attached schedule of identified control deficiencies (Attachment C) for further information.

## Control Deficiencies

---

Accuracy of Payroll

---

Payroll Reconciliations

---

Cash Control Procedures

---

Office of the Mayor Language Access Policy

---

WIC Program

---

AWWU Key and Lock Controls

---

Review of Commitments and Contingencies

---

Internal Service Fund Recovery

---

AHD Child-Care Licensing Program

---

Review and Approval of IBNR Calculations

---

Airport Rates Approved by Assembly

---

Traffic Engineering Inventory

---

## IT Control Deficiencies

---

SAP, AWWU CIS: Segregation of duties for developer access to deploy program changes to the production environment. Mitigating controls include the OIT Change Management Policy which requires approval by the Change Management Board prior to deploying changes to production.

---

KABA, AFD TeleStaff, APD TeleStaff, TeleDriver, AWWU CIS: Application database password parameters are not configured. Mitigating controls include a limited number of users that are required to utilize privileged access to the database servers

---

AFD TeleStaff, APD TeleStaff, and TeleDriver: Documentation to support user access reviews are not retained to support implementation of this control.

---

AFD Telestaff, TeleDriver, Tower Billing: Privileged access for users outside the IT roles are granted which can result in a segregation of duties.

---

AFD Telestaff and TeleDriver: Password application policies are not robust.

---

TeleDriver: New hire access and modification of access levels (onboarding) and termination of access (offboarding) are not formally documented to support implementation of the control.

---

# 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 1 to the financial statements. 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 1 to the financial statements.

- ▶ A summary of recently issued accounting pronouncements is included in Note 21 to the Municipality's financial statements.
- ▶ The Municipality adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*
- ▶ There were no changes in significant accounting policies and practices during fiscal year 2023.

Accounting estimates are those that require management's most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain. The Municipality's accounting estimates, including a description of management's processes and significant assumptions used in development of the estimates, are disclosed in Note 1 of the financial statements.

### Accounting Estimates

---

Collectability of Accounts Receivable

---

Net Pension / OPEB Liabilities and Asset

---

Discount Rate Utilized in Lease and Subscription-Based Information Technology Arrangement Calculations

---

Fair Value Measurements

---

Useful Life / Depreciation of Capital Assets

---

Self-Insured Liabilities / IBNR

---

Landfill Closure Liability

---

- ▶ The methods used to account for significant or unusual transactions, and related disclosures, are considered appropriate.

# Additional Required Communications



# Other Required Communications

Following is a summary of other required items, along with specific discussion points as they pertain to the Municipality:

Requirement	Discussion Point
Significant changes to planned audit strategy or significant risks initially identified	There were no significant changes to the planned audit strategy or significant risks initially identified and previously communicated to those charged with governance as part of our Audit Planning communications related to the Municipality, other than the change in the timing of the audit due to delays in receipt of financial and audit information.
Obtain information from those charged with governance relevant to the audit	There were no matters noted relevant to the audit, including, but not limited to: violations or possible violations of laws or regulations; risks of material misstatement, including fraud risks; or tips or complaints regarding the Municipality's financial reporting that we were made aware of as a result of our inquiry of those charged with governance.
Alternative Accounting Treatment	No alternative accounting treatments permissible under the applicable financial reporting framework for policies and practices related to material items were identified and discussed with management.
Significant Unusual Transactions	During the year ended December 31, 2023, we were not aware of any significant unusual transactions.
Consultations with other accountants	We are not aware of any consultations about accounting or auditing matters between management and other independent public accountants. Nor are we aware of opinions obtained by management from other independent public accountants on the application of requirements of an applicable financial reporting framework.
Significant findings and issues arising during the audit in connection with the Municipality's related parties	We have evaluated whether the identified related party relationships and transactions have been appropriately identified, accounted for, and disclosed and whether the effects of the related party relationships and transactions, based on the audit evidence obtained, prevent the financial statements from achieving fair presentation.
Significant findings or issues arising during the audit that were discussed, or were the subject of correspondence, with management	There were no significant findings or issues arising during the audit that were discussed, or were the subject of correspondence, with management other than those findings related to Internal Control over Financial Reporting.

## Other Required Communications (cont.)

Following is a summary of other required items, along with specific discussion points as they pertain to the Municipality:

Requirement	Discussion Point
Results of procedures performed related to other information included in annual report	The Municipality releases an Annual Comprehensive Financial Report which includes the basic financial statements, Required Supplementary Information (RSI), and Supplementary Information (SI). As a result, additional limited procedures were required to be performed on the RSI & SI for consistency but not for the purposes of issuing an opinion on the RSI & SI.
Other matters significant to the oversight of the Municipality's financial reporting process, including complaints or concerns regarding accounting or auditing matters	There are no other matters that we consider significant to the oversight of the Municipality's financial reporting process that have not been previously communicated.
Representation requested from management	Please refer to the management representation letter shown as an attachment.
Disagreements with management	There were no disagreements with management about matters, whether or not satisfactorily resolved, that individually or in aggregate could be significant to the Municipality's financial statements or to our auditor's report.
Significant difficulties encountered during the audit	There were delays associated with the timing of audit preparations performed and errors in the initial trial balances used to prepare the initial draft of the financial statements. There were no other significant difficulties encountered during the audit.
Matters that are difficult or contentious for which the auditor consulted outside the engagement team	There were no difficult or contentious matters that we consulted with others outside the engagement team that we reasonably determined to be relevant to those charged with governance regarding their oversight of the financial reporting process.

# Independence

Our engagement letter to you dated September 6, 2024, describes our responsibilities in accordance with professional standards and certain regulatory authorities 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.





# Other Topics



# BDO's System of Quality Management

An effective quality management system in an audit firm is crucial for supporting the consistent performance of high-quality audits and reviews of financial statements, or other assurance or related services engagements under professional standards, and applicable legal and regulatory requirements.

Accordingly, BDO has implemented a system of quality management designed to provide reasonable assurance that its professionals fulfill their responsibilities and conduct engagements in accordance with those professional standards, and legal and regulatory requirements. The firm's system of quality management supports the consistent performance of quality audits through many ongoing activities including, at least annually, certification by leaders with responsibility for key controls and related processes. Our Assurance Quality Management team performs regular reviews and testing of key controls and processes throughout the system of quality management and identifies and communicates areas for improvement. In addition, our Audit Quality Advisory Council supports our system of quality management by providing guidance and input on audit quality initiatives.

As required by International Standard on Quality Management 1 (ISQM 1) under the International Auditing and Assurance Standards Board (IAASB), BDO has conducted an evaluation of the effectiveness of its system of quality management and concluded, as of July 31, 2023, that, except for certain deficiencies related to the execution of its issuer audits, that system provides the reasonable assurance that our professionals will perform audits and reviews of financial statements or related assurance services engagements in accordance with professional standards, and applicable legal and regulatory requirements. BDO has either implemented or is designing remedial actions to address those deficiencies prior to our next evaluation.



We will continue to provide you with updates on our progress. Currently, you may find discussion of BDO's system of quality management within our annual [Audit Quality Reports](#), the most recent of which is accessible [here](#).

[CLICK HERE TO ACCESS IAASB ISQM-1 IN ITS ENTIRETY >](#)



## Report on the Firm's System of Quality Control

November 22, 2024

To the Principals of BDO USA, P.C. and the National Peer Review Committee:

We have reviewed the system of quality control for the accounting and auditing practice of BDO USA, P.C. (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended March 31, 2024. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a system review as described in the Standards may be found at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

### Firm's Responsibility

The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported on in conformity with the requirements of applicable professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

### Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of and compliance with the firm's system of quality control based on our review.

### Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act, audits of employee benefit plans, an audit performed under FDICIA, and examinations of service organizations (SOC 1® and SOC 2® engagements).

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

### Opinion

In our opinion, the system of quality control for the accounting and auditing practice of BDO USA, P.C. applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended March 31, 2024, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. BDO USA, P.C. has received a peer review rating of *pass*.

*Baker Tilly US, LLP*

Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, are members of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. Baker Tilly US, LLP is a licensed CPA firm that provides assurance services to its clients. Baker Tilly Advisory Group, LP and its subsidiary entities provide tax and consulting services to their clients and are not licensed CPA firms.

At BDO, our purpose is helping people thrive, every day. Together, we are focused on delivering exceptional and sustainable outcomes – for our people, our clients and our communities. Across the U.S., and in over 160 countries through our global organization, BDO professionals provide assurance, tax and advisory services for a diverse range of clients.

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. [www.bdo.com](http://www.bdo.com).

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

© 2024 BDO USA, P.C. All rights reserved.

