Municipality of Anchorage, Alaska

Single Audit Reports and Supplementary Information

Year Ended December 31, 2023

Municipality of Anchorage, Alaska

Single Audit Reports and Supplementary Information
Year Ended December 31, 2023

Municipality of Anchorage, Alaska

Contents

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Independent Auditor's 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*

Honorable Mayor and
Members of the Assembly
Municipality of Anchorage, Alaska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Municipality of Anchorage, Alaska (Anchorage), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Anchorage's basic financial statements, and have issued our report thereon dated August 15, 2025. Our report includes a reference to other auditors who audited the financial statements of Alaska Center for the Performing Arts, Inc., as described in our report on Anchorage's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Anchorage Police and Fire Retirement System were not audited in accordance with *Government Auditing Standards,* and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with Anchorage Police and Fire Retirement System.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Anchorage's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Anchorage's internal control. Accordingly, we do not express an opinion on the effectiveness of Anchorage's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* 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. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2023-001, 2023-002, 2023-003, 2023-004, and 2023-005 to be material weaknesses.

A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2023-006, 2023-007 and 2023-008 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Anchorage's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Anchorage's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Anchorage's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Anchorage's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, P.C.

Anchorage, Alaska
August 15, 2025

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Independent Auditor's Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Honorable Mayor and
Members of the Assembly
Municipality of Anchorage, Alaska

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited Municipality of Anchorage, Alaska's (Anchorage) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Anchorage's major federal programs for the year ended December 31, 2023. Anchorage's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on Assistance Listings No. 21.027 Coronavirus State and Local Fiscal Recovery Funds, 20.106 Airport Improvement Program, & 20.205 Highway Planning and Construction

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, Anchorage complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Coronavirus State and Local Fiscal Recovery Funds, Airport Improvement Program, and Highway Planning and Construction for the year ended December 31, 2023.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, Anchorage complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended December 31, 2023.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Anchorage and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of Anchorage's compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinion on Assistance Listings No. 21.027 Coronavirus State and Local Fiscal Recovery Funds, 20.106 Airport Improvement Program, & 20.205 Highway Planning and Construction

As described in the accompanying schedule of findings and questioned costs, and as identified in the table below, Anchorage did not comply with requirements regarding the following:

Finding #	Assistance Listing #	Program (or Cluster) Name	Compliance Requirement
2023-009	20.106	Airport Improvement Program	Reporting
2023-010	20.205	Highway Planning and Construction	Equipment and Real Property Management
2023-011	21.027	Coronavirus State and Local Fiscal Recovery Funds	Subrecipient Monitoring

Compliance with such requirements is necessary, in our opinion, for Anchorage to comply with the requirements applicable to that program.

Other Matter - Federal Expenditures Not Included in the Compliance Audit

Anchorage 's basic financial statements include the operations of its component unit, Anchorage School District, which expended $179,889,614 in federal awards which is not included in Anchorage's schedule of expenditures of federal awards during the year ended December 31, 2023. Our compliance audit, described in the "Qualified and Unmodified Opinions," does not include the operations of Anchorage School District because it was subjected to a separate audit in accordance with the Uniform Guidance, for the year ended June 30, 2023.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Anchorage's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Anchorage's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Anchorage's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Anchorage's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Anchorage's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Anchorage's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2023-012 and 2023-013. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Anchorage's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Anchorage's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Anchorage is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. Anchorage's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance 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. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-009, 2023-010, 2023-011, and 2023-012 to be material weaknesses.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-013 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on Anchorage's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Anchorage's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Anchorage is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. Anchorage's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Anchorage as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Anchorage's basic financial statements. We issued our report thereon, dated August 15, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

BDO USA, P.C.

Anchorage, Alaska
August 20, 2026

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Direct Federal Grant Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Award Amount	Total Federal Expenditures
Department of Agriculture						
Pass-Through Alaska Department of Health & Social Services						
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557		164-268-23001	$ -	$ 1,350,337	$ 692,923
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557		164-268-24001	-	1,583,792	554,157
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557		604-268-20001	-	1,559,315	254,661
Total ALN 10.557				-		1,501,741
SNAP Cluster:						
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		164-271-23002	-	131,928	49,411
Pass-Through Alaska Department of Natural Resources						
Cooperative Forestry Assistance - Anchorage Fire Department Wildfire Mitigation	10.664		16-DG-11100106810	-	25,000	(22,369)
Total Department of Agriculture				-		1,528,783
Department of Health & Human Services						
Pass-Through Alaska Department of Health & Social Services:						
Aging Cluster - Special Programs for the Aging, Title III, Part B,						
Grants for Supportive Services and Senior Centers	93.044		167-321-23003	-	86,957	100,529
Grants for Supportive Services and Senior Centers	93.044		167-321-24003	-	100,000	31,055
Grants for Supportive Services and Senior Centers	93.044		167-309-23029	-	337,014	521,243
Grants for Supportive Services and Senior Centers	93.044		167-309-24029	-	384,896	258,807
Total Aging Cluster and ALN 93.044				-		911,634
Project Grants and Cooperative Agreements for Tuberculosis Control Programs:						
Public Health Nursing	93.116		601-289-22001	-	128,600	8,193
Pass-Through Alaska Department of Health & Social Services, continued:						
Temporary Assistance for Needy Families	93.558		601-285-21001	-	85,000	(4,305)
Child Care and Development Cluster:						
Child Care and Development Block Grant:						
FY 23 Child Care Licensing	93.575		164-260-23002	-	1,674,661	775,933
FY 24 Child Care Licensing	93.575		164-260-24002	-	1,674,661	772,339
Total CCDF Cluster and ALN 93.575				-		1,548,272

Municipality of Anchorage
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2023

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Direct Federal Grant Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Award Amount	Total Federal Expenditures
Department of Health & Human Services, continued						
Pass-Through Alaska Department of Health & Human Services						
Public Health Emergency Response: Cooperative Agreement for Emergency Response:						
Public Health Crisis Response						
FY 23 Public Health Nursing	93.354		161-289-23001	$ -	$ 3,726,797	$ 1,296,050
FY 24 Public Health Nursing	93.354		161-289-24001	-	3,903,154	961,713
Total ALN 93.354				-		2,257,763
Medicaid Cluster:						
Grants to States for Medicaid	93.778		607-PA-164	-	1,070,059	800,550
HIV Prevention and Surveillance Activities-Health Department Based	93.940		161-281-23004	-	106,470	68,609
HIV Prevention and Surveillance Activities-Health Department Based	93.940		161-281-24004	-	156,470	39,794
HIV Prevention and Surveillance Activities-Health Department Based	93.940		601-281-21004	-	106,470	(14,956)
Total ALN 93.940				-		93,447
National Bioterrorism Hospital Preparedness Program	93.889		161-299-23003	-	461,672	284,223
National Bioterrorism Hospital Preparedness Program	93.889		161-299-24003	-	596,825	239,605
Total ALN 93.889				-		523,828
Immunization Cooperative Agreements	93.268		C0622-584-A	-	1,700,000	1,042,661
Total Department of Health & Human Services				-		7,182,043
Department of Homeland Security						
Pass-Through Alaska Department of Military & Veterans Affairs:						
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		AK-21-276	-	2,386,792	1,094,506
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		DR-4413-AK	-	14,550,384	3,906,782
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		DR-4533-AK	-	77,078,480	46,328,724
Total ALN 97.036				-	94,015,656	51,330,012
2023 Emergency Management Performance Grant	97.042		23EMPG-GY23	-	230,000	45,872
2022 Emergency Management Performance Grant	97.042		22EMPG-GY22	-	312,500	178,229
Total ALN 97.042				-		224,101
Port Security Grant Program	97.056	EMW-2021-PU-00427-S01		-	1,687,687	456,876

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Direct Federal Grant Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Award Amount	Total Federal Expenditures
Department of Homeland Security, continued						
Assistance to Firefighters Grant	97.044	EMW-2020-FG-10636		$ -	$ 144,319	$ (68,487)
Assistance to Firefighters Grant	97.044	EMW-2021-FG-05703		-	742,125	221,656
Total ALN 97.044				-		153,169
Pass-Through Alaska Department of Military & Veterans Affairs, continued:						
Homeland Security Grant Program:						
Homeland Security Grant	97.067		20SHSP-GY20	$ -	$ 298,357	$ 54,279
Homeland Security Grant	97.067		21SHSP-GY21	-	615,900	154,789
Homeland Security Grant	97.067		20SHSP-GY17	-	373,000	2,326
Homeland Security Grant	97.067		22SHSP-GY22	-	664,600	49,941
Total ALN 97.067				-		261,335
Hazard Mitigation Grant Program	97.039		HMGP 10-AK-DR-4413-04F	-	45,382	(12,269)
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083		EMW-2021-FF-02126	-	9,805,896	1,147,385
Total Department of Homeland Security				-		53,560,609
Department of Housing & Urban Development						
Community Development Block Grants/Entitlement Grants Cluster:						
Community Development Block Grant 2016	14.218	B-16-MC-02-0001		-	1,606,172	16,697
Community Development Block Grant 2017	14.218	B-17-MC-02-0001		-	1,612,907	26,827
Community Development Block Grant 2018	14.218	B-18-MC-02-0001		-	1,726,068	11,290
Community Development Block Grant 2019	14.218	B-19-MC-02-0001		-	1,720,154	130,038
HUD CARES Act Community Block Development Grant	14.218	B-20-MW-02-0001		-	1,070,086	8,607
Community Development Block Grant 2020	14.218	B-20-MC-02-0001		-	1,818,770	218,279
Community Development Block Grant 2020	14.218	B-20-MW-02-001		-	1,991,655	2,921
Community Development Block Grant 2021	14.218	B-21-MC-02-0001		-	1,948,478	116,704
Community Development Block Grant 2022	14.218	B-22-MC-02-0001		-	1,894,631	151,829
Total CDBG - Entitlement Grants Cluster and ALN 14.218				-		683,192
Emergency Solutions Grant Program:						
HUD CARES Act Emergency Solutions Grant	14.231	E-20-MW-02-0001		-	4,295,217	46,624
HUD Emergency Solutions Grant - 2020	14.231	E-20-MC-02-0001		-	151,146	132,650
HUD Emergency Solutions Grant - 2021	14.231	E-21-MC-02-0001		-	155,133	143,974
HUD Emergency Solutions Grant - 2022	14.231	E-22-MC-02-0001		-	163,790	129,008
Total ALN 14.231				-		452,256

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Direct Federal Grant Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Award Amount	Total Federal Expenditures
Department of Housing & Urban Development, continued						
Home Investment Partnerships Program:						
HOME Investment Partnership Agreement 2017	14.239	M-17-MC-02-0200		$ -	$ 543,890	$ 41,900
HOME Investment Partnership Agreement 2018	14.239	M-18-MC-02-0200		-	733,068	(16,954)
HOME Investment Partnership Agreement 2019	14.239	M-19-MC-02-0200		-	377,364	(971)
HOME Investment Partnership Agreement 2020	14.239	M-20-MC-02-0200		-	723,361	178,035
HOME Investment Partnership Agreement 2021	14.239	M-21-MC-02-0200		-	748,644	303,937
HOME Investment Partnership Agreement 2022	14.239	M-22-MC-02-0200		-	778,755	139,268
2021 HOME American Rescue Plan (ARP)	14.239	M-21-MP-02-0200		-	2,713,359	74,291
				-		719,506
Pass-Through Alaska Department of Commerce, Community, and Economic Development						
Community Development Block Grants/State's program						
and Non-Entitlement Grants in Hawaii						
Community Development Block Grant-Disaster Recovery	14.228		B-19-DV-02001	-	2,250,000	(34)
Community Development Block Grant-Disaster Recovery	14.228		19-CDBGDR-02	-	830,257	33,191
Updating Neighborhood and Targeted Plans	14.228		19-CDBGDR-08	-	685,257	19,743
Seismic Hazards Analysis and Mapping	14.228		19-CDBGDR-09	-	677,694	17,306
Total ALN 14.228				-		70,206
Pass-Through State of Alaska Housing Finance Corporation:						
Moving to Work Demonstration Program -						
Alaska Housing Finance Corp	14.881		MOA-CSA-22-1	-	561,136	147,323
Housing Trust Fund:						
National Housing Trust Fund 2017	14.275		HTF-17-MOA-1 (2017)	-	543,890	3,090
AHFC Housing Trust Funds 2018, HUD Subgrant	14.275		HTF-18-MOA-1	-	490,247	24,053
Total ALN 14.275				-		27,143
Total Department of Housing & Urban Development				-		2,099,626
Department of the Interior						
Pass-Through Alaska Department of Natural Resources						
Historic Preservation Fund Grants-In-Aid	15.904		21008	-	7,054	677
Pass-Through Historic Preservation Fund Grants-In-Aid	15.904		CLG 22005	-	23,472	23,472
Total ALN 15.904				-		24,149
Pass-Through Alaska Department of Natural Resources						
Outdoor Recreation, Acquisition, Development and Planning:						
Folker Park Improvements	15.916		02-00431	-	210,084	(107,480)
Chanshtnu Muldoon Town Square Park Improvements	15.916		02-00433	-	696,750	29,204
Lyons Park	15.916		02-00435	-	157,461	(157,461)
Total ALN 15.916				-		(235,737)
Total Department of the Interior				-		(211,588)

Municipality of Anchorage
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2023

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Direct Federal Grant Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Award Amount	Total Federal Expenditures
Department of Justice						
Bulletproof Vest Partnership Program -						
FY 2022 Bullet Proof Vest Program	16.607	N/A		$ -	$ 21,818	$ 21,818
Services for Trafficking Victims -						
FY 2021 Strengthening Services Through Action-Human Trafficking Task Force	16.320	15POVC-21-GK-04078-HT		-	749,755	120,779
Equitable Sharing Program -						
Federal Forfeiture Funds 2012	16.922	FORFEITURE FUNDS - FED		-	3,106,127	186,706
Missing Children's Assistance:						
2019 Alaska Internet Crimes Against Children Task Force	16.543	2019-MC-FX-K019		-	958,117	(114,621)
FY 2022-2024 Alaska Internet Crimes Against Children Task Force	16.543	15PJDP-22-GK-04885-MECP		-	1,037,655	216,529
Total ALN 16.543				-		101,908
Public Safety Partnership and Community Policing Grants:						
APD Wellbeing Program - LEMHWA	16.710	15JCOPS-21-GG-02187-SLEM		-	124,854	56,790
FY 2022 COPS CDP-Implementing Crisis Intervention Team	16.710	15JCOPS-22-GG-04042-PPSE		-	350,000	65,139
FY 2023 Security-COPS Technology & Equipment Program	16.710	15JCOPS-23-GG-01924-TECP		-	250,000	71,974
Total ALN 16.710				-		193,903
Edward Byrne Memorial Justice Assistance Grant Program:						
FY 20 Justice Assistance Grant	16.738	2020-DJ-BX-0542		-	403,206	10,907
FY 20 Justice Assistance Grant	16.738	15PBJA-21-GG-01114-JAGX		-	472,157	84,743
FY 20 Justice Assistance Grant	16.738	15PBJA-21-GG-04377-SMTP		-	500,000	94,793
FY 20 Justice Assistance Grant	16.738	15PBJA-22-GG-02076-JAGX		-	478,660	189,001
Total ALN 16.738				-		379,444
Body Worn Camera Policy and Implementation -						
FY 2021 Body Worn Camera Implementation Program	16.835	15PBJA-21-GG-04397-BWCX		-	890,000	446,980
Total Department of Justice				-		1,451,538
Department of Transportation						
Airport Improvement Program, Infrastructure Investment and Jobs Act Programs, and COVID-19 Airports Programs						
Reconstruct Q Apron, Phase 7	20.106	3-02-0015-073-2018		-	11,846,298	(43,850)
Reconstruct Taxiway G	20.106	3-02-0015-077-2018		-	1,523,825	12,649
Conduct Miscellaneous Study (RIM study with ALP update)	20.106	3-02-0015-074-2019		-	287,767	121,022
CARES Act Airport for Operational & Maintenance Expenses & Debt Service Payments	20.106	3-02-0015-080-2020/87-23		-	17,898,468	6,852,328
Reconstruct Access Road	20.106	3-02-0015-079-2020		-	8,700,000	234,301
Rehabilitate Runway 7/25 4000' & Various Taxiways - Design	20.106	3-02-0015-086-2022		-	945,303	419,266
Total ALN 20.106				-		7,595,716

Municipality of Anchorage
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2023

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Direct Federal Grant Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Award Amount	Total Federal Expenditures
Department of Transportation, continued						
Federal Transit Cluster:						
Federal Transit Formula Grants:						
2015 FTA FHWA CTP/FTA Dimond Phase 1	20.507	AK95-X019		$ -	$ 1,819,400	$ (3,997)
2015 CMAQ Vehicles	20.507	AK95-X015		-	3,588,766	54,787
2014 FTA Sec 5307; PM ADA OPS	20.507	AK-90-X076		-	7,424,563	(165,264)
FY13 5307 PM; Vans; ADA Ops; Shelter	20.507	AK-90-X070-01		-	1,270,027	1,957
2014 FTA Sec 5307; PM ADA OPS	20.507	AK-90-X076-02		-	1,985,786	134,835
FY16-17 5307 ACM, MSE, SPV (Assoc Cap Maint, Misc Support Equip, Support Vehicles)	20.507	AK-2020-004-02		-	3,024,356	485,972
2017-18 FTA 5307 BSI	20.507	AK-2020-012-01		-	2,396,415	(20,798)
FY20 CARES 5307 Operating Assistance, Security, Veh/Fac PM	20.507	AK-2020-030		-	18,580,864	4,209,650
FY19 CMAQ 5307 Replace Vehicles	20.507	AK-2021-025		-	3,368,818	1,030,358
ARP Act-FY2021 Sec 5307 - Operating Assistance, Preventive Maintenance for MOA	20.507	AK-2022-009		-	3,340,767	227,145
Total ALN 20.507				-		5,954,645
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs:						
CAPITAL-2017 CMAQ Service Expansion & Bus Stop Design & Engineering	20.526	AK-2018-005 (AK95-X023)		-	191,037	2,278
FY15 5339 BUS FACILITY IMPROVEMENTS	20.526	AK-2018-017		-	537,857	180
FY18-20 CMAQ Demo Service Expansion Old Seward & Loussac Library	20.526	AK-2021-016		-	6,020,436	1,665,852
FY18 Sec 5339(b) Intelligent Transportation System Upgrades	20.526	AK-2020-018		-	4,250,000	312,204
FY17-18-19 5339(a) Underground Fuel Storage Tank Transfer Repair Facility	20.526	AK-2020-009		-	2,878,153	10,135
FY 2019-2020 5307 Capital infrastructure Plan and Overhead Doors	20.526	AK-2022-011		-	1,187,000	16,559
Total ALN 20.526				-		2,007,208
Total Federal Transit Cluster				-		7,961,853
Transit Services Programs Cluster:						
Enhanced Mobility of Seniors and Individuals with Disabilities:						
FY21 5310 Travel Training Program	20.513	AK-2021-012		-	188,947	91,964
FTA 2019-20 5310 Travel Training Program	20.513	AK-2020-025		-	358,964	44,353
Total Transit Services Programs Cluster and ALN 20.513				-		136,317
Pass-Through Alaska Department of Transportation & Public Facilities:						
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research:						
Section 5303 FTA Metropolitan Transportation Planning	20.505		2525-22-0200	-	343,300	6,051
2023-2027 AMATS: Rideshare/Marketing	20.505		CFHWY01035	-	933,010	848,422
Total ALN 20.505				-		854,473
Maritime Administration						
Marine Highway grant Program:						
MARAD FY 2019 Port Infrastructure Development Program Grants	20.823	693JF72040019		-	20,000,000	141,569
MARAD FY 2019 BUILD Transportation Grants Program	20.933	693JF72040001		-	25,000,000	838,032

Municipality of Anchorage
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2023

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Direct Federal Grant Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Award Amount	Total Federal Expenditures
Department of Transportation, continued						
Highway Planning and Construction						
Pass-Through Alaska Department of Transportation & Public Facilities:						
Highway Planning and Construction (Federal-Aid Highway Program):						
Highway Planning and Construction	20.205		AMATS TSMO	$ -	$ 421,804	$ 109,078
Highway Planning and Construction	20.205		AMATS UPWP	-	4,004,175	1,688,064
Highway Planning and Construction	20.205		CFHY000962	-	370,879	8,340
Highway Planning and Construction	20.205		CFHWY00960	-	547,494	12,311
Highway Planning and Construction	20.205		CFHWY00961	-	501,870	11,285
Highway Planning and Construction	20.205		CFHWY00387/TA18004	-	780,654	20,969
Highway Planning and Construction	20.205		AK-26-0003	-	280,000	(4,700)
Highway Planning and Construction	20.205		59764HPRL-HPRM-0001(407)	-	1,981,590	31,562
Highway Planning and Construction	20.205		CFHWY00697	-	240,820	5,335
Highway Planning and Construction	20.205		CFHWY00097	-	1,245,860	29,238
Highway Planning and Construction	20.205		CFHWY00604	-	140,000	20,786
Highway Planning and Construction	20.205		CFHWY00555	-	25,000	5,459
Highway Planning and Construction	20.205		CFHWY00710	-	75,000	116
Highway Planning and Construction	20.205		CFHWY00528	-	65,000	2,566
Highway Planning and Construction	20.205		CFHWY01037	-	84,271	59,300
Highway Planning and Construction	20.205		HFHWY00310	-	293,000	63,813
Highway Planning and Construction	20.205		CFHWY00616	-	432,513	253,914
Highway Planning and Construction	20.205		CFHWY00777	-	938,289	345,757
Highway Planning and Construction	20.205		CFHWY00953	-	233,252	200,647
Highway Planning and Construction	20.205		CFHWY00959	-	3,127,485	851,410
Highway Planning and Construction	20.205		CFHWY00521	-	1,023,360	91,555
Highway Planning and Construction	20.205		CFHWY01036	-	852,983	181,829
Highway Planning and Construction	20.205		CFHWY00529	-	3,077,555	20,884
Highway Planning and Construction	20.205		CFHWY00825	-	540,221	68,628
Highway Planning and Construction	20.205		CFHWY01039	-	2,334,821	261,830
Highway Planning and Construction	20.205		CFHWY01038	-	373,204	248,806
Highway Planning and Construction	20.205		CFHWY01079	-	257,929	13,388
Total ALN 20.205				-		4,602,170
Highway Safety Cluster:						
State and Community Highway Safety:						
FFY 2022 CIOT High Visibility Enforcement	20.600		402 PT-22-06-FA(A)-2	-	118,000	(105,755)
FFY 2023 Glenn Hwy & Minnesota Drive High Visibility Speed Enforcement	20.600		402 PT-23-06-BL(C)	-	192,702	192,524
FFY 2023 CIOT High Visibility Enforcement (HVE) Events	20.600		402 PT-23-06-FA(A)-2	-	108,000	103,268
Total ALN 20.600				-		190,037

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Direct Federal Grant Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Award Amount	Total Federal Expenditures
Department of Transportation, continued						
Highway Safety Cluster, continued:						
National Priority Safety Programs:						
FFY 2022 DUI High Visibility Enforcement Events	20.616		405D M5HVE-22-01-FA(A)-2	$ -	$ 64,411	$ (15,025)
FFY 2023 DUI High Visibility Enforcement Events	20.616		405D M5HVE-23-01-FA(A)-1	-	118,000	47,212
FFY 2024 DUI High Visibility Enforcement Events	20.616		405D M5HVE-24-01-FA(A)-1	-	15,000	7,578
2022 Impaired Driving Enforcement Unit-Op	20.616		405d BIL M5X-22-01-BL(D)	-	1,239,500	(281,628)
2023 Impaired Driving Enforcement Unit-Op	20.616		164AL-23-00-BL(A)	-	1,699,000	660,540
2023 Impaired Driving Enforcement Unit-Op	20.616		405D M5X-23-01-BL(C)	-	496,700	233,241
2024 Impaired Driving Enforcement Unit	20.616		164 ENFAL-24-00-BL(A)	-	800,000	85,471
2024 Impaired Driving Enforcement Unit	20.616		405D M5X-24-01-BL(C)	-	1,524,000	303,242
Total ALN 20.616				-		1,040,631
Total Highway Safety Cluster				-		1,230,668
Total Department of Transportation				-		23,360,798
Department of the Treasury						
COVID-19 Emergency Rental Assistance Program	21.023	ERA2-0469		-	26,928,214	568,064
Total ALN 21.023				-		568,064
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	1505-0271		11,674,689	106,147,366	16,965,226
Total ALN 21.027				11,674,689		16,965,226
Total Department of the Treasury				11,674,689		17,533,290
Environmental Protection Agency						
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements						
FY23 Brownfield Assessment Grant	66.818	02J55801		-	1,000,000	22,000
Anchorage Brownfields Assessment Coalition	66.818	01J65601		-	600,000	118,243
Total Environmental Protection Agency				-		140,243

Municipality of Anchorage
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2023

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Direct Federal Grant Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Award Amount	Total Federal Expenditures
Food & Drug Administration						
Food and Drug Administration Research:						
Food and Drug Administration Research	93.103	G-MP-1910-07824		$ -	$ 20,000	$ (14,624)
Food and Drug Administration Research	93.103	G-T-2010-08918		-	4,100	(3,011)
Food and Drug Administration Research	93.103	G-MP-2108-09726		-	26,484	(23,382)
Food and Drug Administration Research	93.103	G-BDEV-202109-01017		-	5,000	3,297
Total Food & Drug Administration				-		(37,720)
Institute of Museum & Library Services						
Pass-Through Alaska Department of Education and Early Development:						
Grants to States						
IMLS CARES Act Grant for Museums and Libraries	45.310		CAGML-247051-OMLS-21	-	69,602	46,994
FY 23 800# Interlibrary Loan and Ref Back Up Service	45.310		ILC 23-008	-	63,868	61,196
FY 24 800# Interlibrary Loan and Ref Back Up Service	45.310		NGTS24-016	-	70,907	38,116
Total Institute of Museum & Library Services				-		146,306
Total Expenditures of Federal Awards				$ 11,674,689		$ 106,753,928

The accompanying notes are an intergral part of this schedule.

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of the Municipality of Anchorage, Alaska (Anchorage) excluding its component unit, Anchorage School District, under programs of the federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Anchorage, it is not intended to and does not present the financial position, changes in financial position, or cash flows of Anchorage.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in Office of Management and Budget (OMB) Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. Indirect Cost Rate

Anchorage has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

4. Loan Programs

Anchorage participates in Revolving Loan Funds and Section 108 Loan Guarantee programs sponsored by the Department of Housing and Urban Development - Community Development Block Grants (CDBG) and the HOME Investment Partnerships Program. Under these programs, Anchorage issues loans to program participants which may be forgiven over time, or are repaid into the program for the issuance of new loans. Only current year loan drawdowns (new loans issued) are reported on the federal schedule; there are no contingencies noted.

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At December 31, 2023, Anchorage had the following loan activities:

Program Title	Federal Assistance Listing Number	Outstanding Receivable from Program Participants	Outstanding Payable To HUD	Current Year Expenditures
HOME Investment Partnerships Program	14.239	$ 1,192,303	$ -	$ 719,506
Community Development Block Grants/Entitlement Grants	14.218	947,759	-	683,192
Total		$ 2,140,062	$ -	$ 1,394,091

5. Disaster Grants

After a presidentially declared disaster, FEMA provides Disaster Grants – Public Assistance (Presidentially Declared Disasters) (ALN 97.036) to reimburse eligible costs associated with repair, replacement or restoration of disaster-damaged facilities. The federal government makes reimbursements in the form of cost-shared grants that require state matching funds. In 2023, FEMA approved $773,825 in eligible expenditures that were incurred in 2019, $1,802,691 in eligible expenditures that were incurred in 2020, $26,509,358 in eligible expenditures that were incurred in 2021, and $19,997,741 in eligible expenditures that were incurred in 2022, which are included on the Schedule of Expenditures of Federal Awards (SEFA).

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Independent Auditor's Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance; and Report on the Schedule of State Financial Assistance Required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*

Honorable Mayor and
Members of the Assembly
Municipality of Anchorage, Alaska

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Municipality of Anchorage, Alaska's (Anchorage) compliance with the types of compliance requirements identified as subject to audit in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* (State of Alaska Audit Guide) that could have a direct and material effect on each of Anchorage's major state programs for the year ended December 31, 2023. Anchorage's major state programs are identified in the accompanying Schedule of State Financial Assistance.

In our opinion, Anchorage complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended December 31, 2023.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (Government Auditing Standards); and the audit requirements *of State of Alaska Audit Guide*. Our responsibilities under those standards and the *State of Alaska Audit Guide* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Anchorage and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of Anchorage's compliance with the compliance requirements referred to above.

Other Matter – State Expenditures Not Included in the Compliance Audit

Anchorage's basic financial statements include the operations of its component unit, Anchorage School District, which expended $389,033,274 in state awards which is not included in Anchorage's Schedule of State Financial Assistance during the year ended June 30, 2023. Our audit, described below, did not include the operations of the Anchorage School District because it was subjected to a separate audit in accordance with the State of Alaska Audit Guide for the year ended June 30, 2023.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Anchorage's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Anchorage's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the State of Alaska Audit Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Anchorage's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the State of Alaska Audit Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Anchorage's compliance with the types of compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Anchorage's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the State of Alaska requirements, but not for the purpose of expressing an opinion on the effectiveness of Anchorage's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the State of Alaska Audit Guide and which are described in the accompanying schedule of findings and questioned costs as items 2023-014 and 2023-016. Our opinion on each major state program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Anchorage's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Anchorage's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Anchorage is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. Anchorage's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance 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 state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-016 to be a material weakness.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-014 and 2023-015 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on Anchorage's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Anchorage's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Anchorage is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. Anchorage's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State of Alaska Audit Guide. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of State Financial Assistance Required by the State of Alaska

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Municipality of Anchorage, Alaska as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Anchorage's basic financial statements. We issued our report thereon dated August 15, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on those financial statements that collectively comprise the basic financial statements. The accompanying schedule of state financial assistance is presented for purposes of additional analysis as required by the State of Alaska and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

BDO USA, P.C.

Anchorage, Alaska
August 20, 2026

Municipality of Anchorage

Schedule of State Financial Assistance

Year Ended December 31, 2023

State Agency/Program Title	Award Number	Total Award Amount	Passed Through to Subrecipients	State Expenditures
Alaska Department of Commerce, Community & Economic Development				
Major Programs:				
Grants to Municipalities Progam:				
Hillside Fire Abatement	22-RR-010	$ 40,804	$ -	$ 40,804
Russian Jack Springs Park Improvements	22-RR-007	37,124	-	18,040
Chanshtnu Muldoon Park Phase II Development	23-DC-031	500,000	-	398,767
Design, Site Selection, Construction & Operation of Community Gardens in RJ Area	23-RR-003	150,000	-	11,222
Birch Road Safety Improvements - O'Malley Road to Naknek Lane	13-DC-464	1,200,000	-	14,084
Improvements & Safety Upgrades-Intersection Goldenview-Rabbit Crk to Romania Dr	14-RR-032	3,520,063	-	994
Toilsome Hill Drive/Glen Alps Road,Canyon Road Improvements Phase II	14-DC-039	3,000,000	-	(30,057)
Sand Lake Elementary School Safety Lighting	20-DC-007	596,659	-	3,953
Eagle River Traffic Mitigation - Business Boulevard to Eagle River and Artillery Road	13-DC-597	6,000,000	-	118,871
Norm Drive and Doil Drive Resurfacing and Road and Drainage Improvements	22-RR-009	2,281,874	-	1,289,088
Northern Lights Sound Barrier Fence Phase III and Median Landscaping	23-DC-034	1,100,000	-	67,343
Northeast Areawide Pedestrian Safety and Traffic Calming	23-DC-033	500,000	-	34,815
Traffic Calming Study of the Campbell Park Area	23-RR-007	100,000	-	57,190
Design Phase of the Norann Subdivision area Road Reconstruction	23-RR-010	101,864	-	101,864
Russian Jack Area School Pedestrian and Safety Upgrades	23-DC-035	500,000	-	22,843
Port of Alaska Modernization Project	23-DC-045	100,000,000	-	81,169,602
Port of Alaska Modernization Project	23-DC-048	100,000,000	-	423,847
Police Department Crime Prevention and Response and Equipment	19-DC-012	2,000,000	-	172,089
Total Alaska Department of Commerce, Community & Economic Development			-	83,915,359

Municipality of Anchorage
Schedule of State Financial Assistance
Year Ended December 31, 2023

State Agency/Program Title	Award Number	Total Award Amount	Passed Through to Subrecipients	State Expenditures
Alaska Department of Military and Veteran Affairs				
Division of Homeland Security and Emergency Management				
Nonmajor Programs:				
Earthquake Disaster Recovery Fund - Public Assistance	DR-4413-AK	$ 1,620,691	$ -	$ 610,363
Anchorage All Hazard Mitigation Plan Update	HMGP 10-AK-DR-4413-07P	40,625		(7,599)
COVID-19 Disaster Recovery Fund- Public Assistance	DR-4533-AK	268,689	-	268,689
South Central Storm Disaster Recovery Fund- Public Assistance	AK-21-276	525,483	-	414,681
Total Alaska Department of Military and Veteran Affairs		2,455,488	-	1,286,134
Alaska Department of Natural Resources				
Nonmajor Programs:				
Cuddy Park Rain Garden	ACWA-23-15	169,767	-	2,883
Alaska Department of Health & Social Services				
Nonmajor Programs:				
Planning and Design for the Alaska Center for Treatment	C05-536-1604	374,960	-	437
Human Services Community Matching Grant FY 2023	165-231-23002	810,072	-	549,719
HPV Immunization Project	2019 Sponsorship	9,000	-	6,114
FY23 Teen Unintended Pregnancy Prevention	161-285-23001	85,000	-	42,720
Aging and Disability Resource Centers 22-23	167-299-23003	194,746	-	107,160
Human Services Community Matching Grant FY24	165-231-24002	806,661	-	254,282
FY24 Aging and Disability Resource Centers	167-299-24003	771,497	-	90,710
Human Services Community Matching Grants	605-231-20001	822,255	-	99,739
Total Alaska Department of Health & Social Services			-	1,150,881

Municipality of Anchorage
Schedule of State Financial Assistance
Year Ended December 31, 2023

State Agency/Program Title	Award Number	Total Award Amount	Passed Through to Subrecipients	State Expenditures
Alaska Department of Education and Early Development				
Nonmajor Programs:				
FY23 Public Library Assistance (PLA) Grant	PLA23-ANCHO	$ 42,000	$ -	$ 42,000
Total Alaska Department of Education and Early Development			-	42,000
Alaska Mental Health Trust Authority				
Nonmajor Programs:				
FY 22 Crisis Intervention Training	13778	$ 40,000	$ -	$ (12,230)
Total Alaska Mental Health Trust Authority			-	(12,230)
Alaska Department of Transportation & Public Facilities				
Nonmajor Programs:				
2016-2020 APDES Program (NPDES Municipal Storm Water Discharge Permit)	APDES 2016 - 2020	1,400,000	-	94,465
2021-2025 APDES Program (NPDES Municipal Storm Water Discharge Permit)	APDES 2021 - 2025	1,750,000		700,000
Toilsome Hill Drive/GlenAlps Rd/Canyon Rd Impr Phase 1	53166	1,900,345	-	30,057
AMATS: University Medical District Transportation Demand Management Study	CFHWY00616	45,150	-	19,641
AMATS: 2050 Metropolitan Transportation Plan (MTP)	CFHWY00777	36,120	-	26,746
AMATS: SAFETY PLAN	CFHWY00953	17,154	-	15,521
AMATS Non-Motorized Facility Maintenance Equipment	CFHWY00959	149,271	-	65,860
AMATS: Air Quality Public & Business Awareness Education Campaign CY2019-2020	CFHWY00521	108,360	-	4,455
FY23-27 Air Quality Public & Business	CFHWY01036	20,097	-	14,065
AMATS: Anchorage Ridesharing/Transit Marketing CY2019-2022	CFHWY00529	48,050	-	1,615
AMATS Traffic Counts 2021-2022	CFHWY00825	73,478	-	5,309
AMATS Traffic Counts 2023-2026	CFHWY01039	75,233	-	20,254
AMATS:Traffic Control Signalization CY2023-CY2026	CFHWY01038	26,796	-	19,246
AMATS: Non-Motorized Safety Campaign	CFHWY01079	14,423	-	1,036
Emergency Traffic Control Devices	EMERG TRAFFIC CONTROL	200,000	-	(3,499)
FFY 2023 Seward Highway High Visibility Speed Enforcement	NONE ASSIGNED	70,700	-	60,954
SFY23 AMHT AnchorRIDES Purchase of Services	2525-23-0100	250,000	-	125,000
Total Alaska Department of Transportation & Public Facilities			-	1,200,725
Total Financial Assistance			$ -	$ 87,585,752

The accompanying notes are an integral part of this schedule.

1. Basis of Presentation

The accompanying schedule of state financial assistance (the "Schedule") includes the state award activity of the Municipality of Anchorage, Alaska (Anchorage) excluding its component unit, Anchorage School District, under programs of the State of Alaska for the year ended December 31, 2023. The information in this schedule is presented in accordance with the requirements of *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Because the Schedule presents only a selected portion of the operations of Anchorage, it is not intended to and does not present the financial position, changes in financial position, or cash flows of Anchorage.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting.

3. Disaster Recovery Fund – Public Assistance

After a presidentially declared disaster, the State of Alaska Department of Military and Veterans Affairs elects to reimburse eligible costs associated with repair, replacement or restoration of disaster-damaged facilities. The department makes reimbursements in the form of cost-shared federal grants that require state matching funds. In 2023, the Department approved $87,100 in eligible expenditures that were incurred in 2019, $12,313 in eligible expenditures that were incurred in 2020, $34,576 in eligible expenditures that were incurred in 2021, and $466,498 in eligible expenditures that were incurred in 2022, which are included on the Schedule of State Financial Assistance (SSFA).

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	X yes	___ no
Significant deficiency(ies) identified?	X yes	___ (none reported)
Noncompliance material to financial statements noted?	___ yes	X no

Federal Awards

Internal control over major federal programs:		
Material weakness(es) identified?	X yes	___ no
Significant deficiency(ies) identified?	X yes	___ (none reported)

Type of auditor's report issued on compliance for major federal programs:

Federal Agency and Name of Major Program	Type of Opinion on Major Program
20.106 - Department of Transportation - Airport Improvement Program	Qualified
20.205 - Department of Transportation – Highway Planning and Construction	Qualified
20.500/20.507/20.526 - Department of Transportation - Federal Transit Cluster	Unmodified
21.027 - Department of the Treasury - Coronavirus State and Local Fiscal Recovery Funds	Qualified
97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	X yes	no

Section I - Summary of Auditor's Results, continued

Identification of major federal programs:

Assistance Listing Number	*Name of Federal Program or Cluster*	*Agency*
20.106	Airport Improvement Program	Department of Transportation
20.205	Highway Planning and Construction	Department of Transportation
20.500 / 20.507 / 20.526	Federal Transit Cluster	Department of Transportation
21.027	Coronavirus State and Local Fiscal Recovery Funds	Department of the Treasury
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Department of Homeland Security

Dollar threshold used to distinguish between type A and type B programs:	$3,000,000	
Auditee qualified as low-risk auditee?	___ yes	X no

State Financial Assistance

Internal control over major programs:		
Material weakness(es) identified?	X yes	___ no
Significant deficiency(ies) identified?	X yes	___ none reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Dollar threshold used to distinguish type A and type B programs:	$2,627,756	
Auditee qualified as low-risk auditee?	___ yes	X no

Section II - Financial Statement Findings Required to be Reported in Accordance with *Government Auditing Standards*

Finding 2023-001 **Closure of Books and Records – Material Weakness in Internal Control Over Financial Reporting**

Criteria *Governmental Accounting Standards Board* Concepts Statement No. 1, *Objectives of Financial Reporting*, which establishes the conceptual framework around which GAAP is formed, identifies the objectives of external financial reporting by state and local government entities. These objectives encompass concepts of financial reporting that will promote public accountability. Users of these financial reports include the citizenry, legislative and oversight bodies, and investors and creditors. In order for information in financial reporting to be useful and of value, the information needs to be sufficiently detailed and encompass the basic characteristics of understandability, reliability, relevance, timeliness, consistency, and comparability.

Specifically, GASB Concepts Statement No. 1 states "If financial reports are to be useful, they must be issued soon enough after the reported events to affect decisions. Timeliness alone does not make information useful, but the passage of time usually diminishes the usefulness that the information otherwise would have had."

Condition The Municipality 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 necessary for the production and issuance of annual financial reports. In addition, significant adjustments were required to the financial statements in order to properly present results after final reconciliations and adjustments were processed.

Cause Personnel resources at the Municipality were not sufficient to ensure the timely completion of the Municipality's close of books and records for its fiscal year end and accuracy in financial reporting.

Effect or potential effect The delay in issuing the Municipality's financial statements could diminish their usefulness to the users of the financial statements and undermine public accountability.

Recommendation Management should prepare a close schedule and perform timely reconciliations of the Municipality's books and records to its supporting schedules. Management should reconcile draft financial reports to underlying books and records. Management should incorporate a review process for reconciliations and financial reports.

Views of responsible officials Management concurs with the finding and will strengthen both the monthly close and the year-end closing process by implementing enhanced review procedures, clear timelines, and standardized documentation requirements. Training and process improvements will ensure timely, accurate, and complete financial reporting.

Section II - Financial Statement Findings Required to be Reported in Accordance with Government Auditing Standards, continued

Finding 2023-002 Level of Precision of Management's Review – Material Weakness in Internal Control Over Financial Reporting

Criteria

Governmental Auditing Standards states that management is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Government Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, states that proprietary fund financial statements, including financial data for enterprise funds, should be prepared using the economic resources measurement focus and the accrual basis of accounting; whereas governmental funds should be prepared using the modified accrual basis of accounting.

The level of precision of management's review is designed to prevent or detect and correct material misstatements. A deficiency in the level of precision of management's review arises when the level of precision is not clearly defined nor documented to effectively perform the review.

Condition

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:

- Proper reconciliation of modified and full accrual basis of accounting, including adjustments for presentation of balances for governmental-activities and duplications in trial balances for modified and full accrual accounts.
- Significant changes to disclosures for cash and investments and capital assets, along with various internal consistency errors.
- Grant revenues and related receivables, unearned revenues, and deferred inflows.
- Identified errors in reconciliations for lease amortization, lease completeness (at Port of Alaska), accounts receivable reconciliations, and intergovernmental charges.

Cause

Along with staffing gaps during the year, certain key personnel were new to their positions and some financial statement areas were not delegated to appropriate personnel, which led to insufficient supervisory review of the general ledger and related financial reporting elements against reconciliation details and activity throughout the fiscal year. In addition, the general ledger system parameters allow for multiple bases of accounting for all fund types.

Effect or potential effect

Financial statements and trial balances required multiple material adjustments. This results in inaccurate and delayed financial reporting.

Section II - Financial Statement Findings Required to be Reported in Accordance with *Government Auditing Standards*, continued

Recommendation Management should ensure supervisory review of the reconciliation details and activity throughout the fiscal year are performed at a sufficient level of precision to support the financial reporting elements. The CFO should consider having a single person in a position of authority who oversees accurate and comprehensive financial reporting and coordinates between various control owners. Management should also consider changing the parameters of the general ledger system and train staff to ensure proper reporting of transactions according to the appropriate basis of accounting.

Views of responsible officials Management concurs with the finding and will refine supervisory review procedures to increase the precision and effectiveness of oversight. Enhanced checklists, documented review steps, and targeted training will ensure timely detection and correction of discrepancies.

<u>Finding 2023-003</u> Journal Entry Review – Material Weakness in Internal Control Over Financial Reporting

Criteria *Governmental Auditing Standards* states that management is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

COSO Internal Control Integrated Framework defines internal control at the organization level and identifies objectives, components, and principles of internal control to establish and maintain an effective internal control environment. Control Activities Principal Number 10 states that an organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels, which includes components to design controls to ensure appropriate segregation of duties. A deficiency in segregation of duties arises when preparation and review functions are accessible by one party, in particular parties expected to operate in monitoring roles.

Condition 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.

Cause The general ledger system parameters allowed for a single person to prepare and post entries without review. Supporting documentation was not always sufficient to allow a reviewer to detect errors.

Effect or potential effect Lack of segregation of duties could result in material errors or allow users to be able to perpetrate fraud. Material audit adjustments were identified.

Recommendation Management should ensure the roles of preparer, reviewer, and approver are appropriately segregated between multiple personnel to prevent, detect and deter misstatements.

Section II - Financial Statement Findings Required to be Reported in Accordance with *Government Auditing Standards*, continued

Views of responsible officials	Management concurs with the finding and has updated permissions in the financial reporting system. Management will strengthen journal entry controls by requiring documented support, formalized review, and approval prior to posting. Ongoing monitoring and staff training will ensure accuracy, compliance, and timely recording.
<u>Finding 2023-004</u>	**Grant Reconciliations - Material Weakness in Internal Control Over Financial Reporting**
Criteria	Governmental Auditing Standards states that management is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. GASB IV.N50.118 stipulates that recipients should recognize receivables and revenues for voluntary nonexchange transactions when all applicable eligibility requirements are met. Governments should also evaluate the reasonable collectability of all receivables for inclusion in the financial statements.
Condition	BDO identified material inaccuracies in reconciliations and the related financial statements for grant revenue, unearned grant revenue, grant receivables, and deferred inflows. In addition, grant revenue on the financial statements was initially misstated by approximately $50 million for the Don Young Port of Alaska, $2 million for Disposal, and $5 million for other funds.
Cause	The Municipality failed to perform grant reconciliations timely to identify material inaccuracies between the reconciliations and underlying books and records. There was not a systematic process in place to document grant-related cash receipts, reports, or entries. The Municipality does not have identified internal controls nor identified control owners to perform final close out reconciliations of grants to ensure that the grant schedules are complete and accurate and that all available grant funds have been expended, reported, and received.
Effect or potential effect	Inaccurate recording of grant revenue, liabilities, deferred inflows and receivables throughout the year could impact management financial decisions.
Recommendation	Management should ensure grant reconciliations are prepared, reviewed, and approved throughout the fiscal year, and adjustments for grant revenues should be posted at least quarterly.
Views of responsible officials	Management concurs with the finding and will improve grant reconciliation processes through standardized templates, timely reviews, and documented support for all transactions. Enhanced coordination between grant management and accounting teams will ensure accuracy and compliance with reporting requirements.

Section II - Financial Statement Findings Required to be Reported in Accordance with *Government Auditing Standards*, continued

<u>Finding 2023-005</u> **Tracking of Capital Assets – Material Weakness in Internal Control Over Financial Reporting**

Criteria Management is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Specifically, the general ledger and accounting records used to maintain capital asset information for the Municipality should be updated and reconciled timely to ensure that such information is reliable and properly recorded.

Condition Reconciliations and related details for construction in progress and capital asset schedules contained significant inaccuracies and required multiple revisions. Closure of construction in progress to capital assets of $8.4 million were placed in service but did not have sufficient supporting documentation at the time the adjustment was made to support that construction had been completed. Disposals of capital assets of $1.3 million were recorded without readily available support to document and approve the asset being removed from service.

Cause There was insufficient review of the capital assets schedules against the general ledger to ensure the details of capital assets schedules were complete and accurate. Insufficient communication between departments also contributed to the issue.

Effect or potential effect Capital assets schedules were not initially supported by adequate documentation, which resulted in financial reporting delays.

Recommendation Management should ensure reconciliations and adequate reviews of capital assets include inputs from other control owners for capital assets to ensure construction in process, additions, and disposals are accurately accounted for and the schedules are complete and accurate.

Views of responsible officials Management concurs with the finding and will strengthen controls by enhancing review and approval of capital asset reconciliations, requiring adequate supporting documentation, and improving interdepartmental communication. Targeted staff training and periodic internal reviews will ensure accuracy, completeness, and timely reporting.

Section II - Financial Statement Findings Required to be Reported in Accordance with *Government Auditing Standards*, continued

Finding 2023-006 **Procurement and Purchasing Policies – Significant Deficiency in Internal Control Over Financial Reporting**

Criteria Municipality Policies & Procedures 48-16, Policy & Procedures 24-23 and the Municipality's Procurement Card Guide dictate the requirements for purchasing and procurement at the Municipality, in order for the Municipality to follow best practices, ensure proper accountability for use of public funds, and comply with federal and state procurement requirements under 2 Code of Federal Regulations 200.317-.319 and Alaska Statute 36, where applicable.

Condition There were several items reported by Internal Audit where procurement activities did not comply with Municipality Policies & Procedures 48-16, Policy & Procedures 24-23 and the Municipality's Procurement Card Guide. 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. Internal audit identified questionable or prohibited procurement card purchases and transactions amongst multiple departments for approximately $386,811.

Cause The Municipality's policies and procedures were not enforced properly in certain situations by those with review and approval authority.

Effect or potential effect Certain purchases may have not been competitively priced.

Recommendation We recommend the Municipality implement the recommendation of internal audit to improve compliance with existing policies related to purchasing and purchasing cards.

Views of responsible officials Management concurs and will strengthen compliance with procurement policies through employee training, enhanced approvals, contract oversight, and periodic monitoring of procurement card transactions to ensure proper accountability and adherence to municipal and federal requirements.

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Section II - Financial Statement Findings Required to be Reported in Accordance with *Government Auditing Standards,* continued

Finding 2023-007 **Monitoring of Restricted Cash - Significant Deficiency in Internal Control Over Financial Reporting**

Criteria — *Governmental Auditing Standards* states that management is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Specifically, restricted cash calculations should be performed on a periodic basis throughout the year to ensure compliance with the legal, legislative, or external restrictions.

Condition — BDO identified an adjustment for $1.95 million to restricted cash balances and related restricted net position in the Don Young Port of Alaska.

Cause — Restricted cash calculations were not performed nor reviewed on a periodic basis to ensure compliance with legal, legislative, and external restrictions.

Effect or potential effect — Incorrect reporting of restricted cash and related net position during the year could affect management's financial decisions.

Recommendation — Management should ensure restricted cash is monitored and reconciled on a quarterly basis. Management should identify control owners for this process to ensure compliance is appropriately monitored.

Views of responsible officials — Management agrees with the finding and will strengthen controls over restricted cash by providing training to designated Finance Division staff on the requirements and procedures for restricted cash management. Management will implement a review process to verify the accuracy of restricted cash balances and related net positions before financial statements are finalized.

Finding 2023-008 **Use of Fund Classifications - Significant Deficiency in Internal Control Over Financial Reporting**

Criteria — Management is responsible for the preparation and fair presentation of financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP); this includes the evaluation of proper fund reporting in line with Government Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54), and recording related fund activity in the proper fund classification in the financial records.

Condition — The Municipality does not have adequate controls in place to document cost coding is 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.

Section II - Financial Statement Findings Required to be Reported in Accordance with *Government Auditing Standards*, continued

Cause — The design of the internal controls related to fund classification is such that coding for changes to the budget are performed by individuals outside of the Controller Division. The initial resolution whereby the Assembly authorizes project costs indicates the funds to be used, and budget codes are set up accordingly. However, there is no review of this accounting with individuals who have the requisite skills, knowledge, and experience to ensure proper financial reporting under the requirements of GASB 54.

Effect or potential effect — Incorrect reporting of costs could result if budget codes are set up that are not in compliance with accounting requirements.

Recommendation — We recommend the Municipality review and enhance the design of internal controls related to fund classifications to ensure that the books and records properly reflect all financial information in line with GASB requirements. While it is important that budgetary controls be in place related to the spending of funds in line with Assembly approvals, the classification of expenditures into funds for financial reporting purposes typically would rest with those responsible for the statements themselves. Determinations of classifications should be reviewed and approved by individuals with the appropriate skills, knowledge and experience to apply the financial reporting requirements of GASB 54.

Views of responsible officials — Management concurs and will strengthen internal controls over fund classification to ensure compliance with GASB requirements.

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Section III - Federal Award Findings and Questioned Costs

Finding 2023-009 **Reporting - Material Noncompliance and Material Weakness in Internal Control Over Compliance**

Agency/Pass-through Grantor	Agency: Department of Transportation; Sub-tier: Federal Aviation Administration
ALN and Program Name	ALN 20.106 – Airport Improvement Program
Award #	3-02-0015-073-2018, 3-02-0015-077-2018, 3-02-0015-074-2019, 3-02-0015-080-2020, 3-02-0015-087-2023, 3-02-0015-079-2020, 3-02-0015-086-2022
Criteria or Specific Requirement	The Uniform Guidance in 2 CFR Section 200.303 requires that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. Anchorage was required to file Federal Aviation Administration (FAA) form 5100-127, Operating and Financial Summary, as well as FAA form 5100-126, Financial Government Payment Report.
Condition	The required reports were not submitted during the year. Controls were not in place to evaluate the applicability of the reporting requirement and ensure the reports were submitted timely.
Cause	Anchorage was not aware of the reporting requirement until 2025.
Effect or potential effect	Anchorage was not in compliance with reporting requirements.
Questioned Costs	None noted.
Context	The auditor requested the 5100-126 and 5100-127 reports from Anchorage. Anchorage was unable to provide the requested support until they were filed in 2025.
Identification as a Repeat Finding	Not a repeat finding.
Recommendation	Anchorage should implement internal control procedures to evaluate applicability of grant reporting requirements, especially when funding sources or nature of grant awards change.
Views of responsible officials	Management concurs with the finding and has begun implementing an enterprise-wide corrective action strategy to strengthen grant administration and reporting processes.

Section III - Federal Award Findings and Questioned Costs, continued

Finding 2023-010 **Equipment and Real Property Management – Material Noncompliance and Material Weakness in Internal Control Over Compliance**

Agency/Pass-through Grantor Agency: Department of Transportation; Passed through: State of Alaska Department of Transportation & Public Facilities

ALN and Program Name 20.205 – Highway Planning and Construction

Award # CFHWY00959, AMATS UPWP, CFHWY00387/TA18004

Criteria or Specific Requirement The regulations in 2 CFR 200.313(d) includes the following provisions: (1) equipment and real property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the federal award identification number), who holds title, the acquisition date, cost of the property, percentage of federal participation in the project costs for the federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sales price of the property. (2) A Physical Inventory of the property must be taken and the results reconciled with the property records at least once every two years (3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property.

Condition We reviewed a sample of 14 items owned by Anchorage and identified 10 instances in which management's internal controls were not functioning as designed, and in which equipment records were not properly maintained. Furthermore, there was no documentation of a physical inventory being performed that was subsequently reconciled to the property records. An inventory count was not performed at least once every two years.

Cause Controls to review, inventory, and track equipment and real property funded by federal awards are not properly maintained by program personnel. In addition, there is no reconciliation from the program equipment and real property lists to the general ledger detail to ensure all equipment and/or real property is being recorded and properly capitalized, if applicable.

Effect or potential effect Anchorage was not in compliance with Equipment and Real Property requirements outlined in 2 CFR 200.313. Anchorage could be exposed to a reduction or elimination of funds by the Federal awarding agency.

Questioned Costs Not applicable.

Context When requested, Anchorage did not provide supporting documentation that an inventory count had been performed for equipment and real property in the most recent two reporting periods. Anchorage's inventory listing was obtained and tested for completeness. The completeness test identified 6 vehicles with an acquisition value of $916,072 were improperly marked as disposed in the listing. Four additional fixed assets purchased in prior years, with a total acquisition value of $103,452, were also improperly excluded from the listing.

Section III - Federal Award Findings and Questioned Costs, continued

Identification as a Repeat Finding	Yes. This finding was reported as Finding 2022-012 in the prior audit.
Recommendation	We recommend an inventory is completed at least annually to compare items purchased with federal funds to counts and the values recorded in the general ledger.
Views of responsible officials	Management concurs with the finding and has begun strengthening internal controls over federally funded equipment and real property.

Finding 2023-011 **Subrecipient Monitoring – Material Noncompliance and Material Weakness in Internal Control Over Compliance**

Agency/Pass-through Grantor	Department of the Treasury
ALN and Program Name	21.027 - Coronavirus State and Local Fiscal Recovery Funds – COVID 19
Award #	1505-0271
Criteria or Specific Requirement	The Uniform Guidance in 2 CFR Section 200.303 requires that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. 2 CFR 200.332 requires pass-through entities to ensure that subrecipients comply with the terms and conditions of 2 CFR 200.501 related to audit requirements. This includes ensuring that every subaward is (1) clearly identified to the subrecipient as a subaward; (2) includes the necessary information at the time of the subaward for subrecipient reporting on federal awards (2 CFR 200.332) and (3) includes requirement to follow 2 CFR 200.501 if expenditure thresholds are met. This also includes verifying that every subrecipient is audited as required by 2 CFR Subpart F if the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in 2 CFR 200.501.
Condition	During our testing of subrecipient monitoring, we noted all 10 of the subrecipient agreements tested did not include language clearly identifying the federal program from which the subaward originated, or the applicable requirements from 2 CFR 300.332 and Subpart F. We also noted for all 10 subrecipients tested that Anchorage did not verify whether subrecipients were audited in accordance with 2 CFR 200.501 where applicable.
Cause	The issuance of subrecipient agreements for these grants related to new funding streams in response to the COVID-19 pandemic. Significant amounts of funding were provided in a short period of time, and systems to distribute these monies were newly created and implemented. The standard award agreements were not reviewed in advance to ensure adherence to federal

	requirements. Staff were not fully trained on the informational requirements and monitoring responsibilities related to audit requirements.
Effect or Potential Effect	Subrecipients may be unaware and not in compliance with the requirements of 2 CFR Part 200.
Questioned Costs	Not applicable.
Context	A sample of 24 subawards were selected for testing totaling current year expenditures of $8,379,572 from a population of 24 subawards totaling $11,674,690. Exceptions were identified for all 10 subrecipient agreements tested. All samples tested were selected using nonstatistical sampling methods and were not statistically valid samples.
Identification as a Repeat Finding	Yes. This finding was reported as Finding 2022-009 in the prior year audit.
Recommendation	Management should establish policies to ensure subawards contain required federal award information. In addition, procedures should be established to monitor subrecipient compliance with audit requirements of 2 CFR 200.501.
Views of *Responsible Officials*	Management concurs with the finding and has begun revising policies and procedures related to subrecipient monitoring.
Finding 2023-012	**Reporting - Deadline for Federal Single Audit - Noncompliance and Material Weakness in Internal Control Over Compliance**
Agency/Pass-through Grantor	Department of Transportation passed through the State of Alaska Department of Transportation and Public Facilities, Department of the Treasury, and Department of Health and Human Services passed through the State of Alaska Department of Health and Social Services and the State of Alaska Department of Military and Veterans Affairs
ALN and Program Name	Finding 2023-012 is applicable to all grant awards issued for the following major programs: 20.106 – Airport Improvement Program 20.205 – Highway Planning and Construction Cluster 20.500 & 20.507 & 20.526 - Federal Transit Cluster 21.027 - Coronavirus State and Local Fiscal Recovery Funds – COVID-19 97.036 – Disaster Grants - Public Assistance – COVID-19

Section III - Federal Award Findings and Questioned Costs, continued

Criteria or Specific Requirement	The Uniform Guidance in 2 CFR Section 200.303 requires that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. 2 CFR 200.512, Report Submission, establishes that the audit must be completed and the data collection form and reporting package submitted to the Federal Audit Clearinghouse (FAC) within the earlier of 30 days after receipt of the auditor's report or 9 months after the end of the audit period.
Condition	Anchorage did not comply with the required submission date of the data collection form and reporting package to the FAC for the fiscal year ended December 31, 2023.
Cause	Anchorage did not have controls in place to ensure the audit was completed timely so that the reporting package could be submitted to the FAC within the required timeframe.
Effect or Potential Effect	Anchorage is not compliant with 2 CFR 200.512. Anchorage could be exposed to a reduction or elimination of funds by the Federal awarding agencies.
Questioned Costs	Not applicable.
Context	This is a condition identified per review of Anchorage's compliance with the specified requirements.
Identification as a Repeat finding	Yes. This finding was reported as Finding 2022-008 in the prior year audit.
Recommendation	We recommend Anchorage establish controls to ensure the audit is completed timely and the reporting package is submitted to the FAC within the required timeframe.
Views of Responsible Officials	Management concurs with the finding and has begun updating year-end financial reporting to support the timely completion of future federal single audits.

Section III - Federal Award Findings and Questioned Costs, continued

Finding 2023-013	**Allowable Costs - Noncompliance and Significant Deficiency in Internal Control Over Compliance**
Agency/Pass-through Grantor	Agency: U.S. Department of Homeland Security; Pass-through Grantor: State of Alaksa Department of Military and Veterans Affairs
ALN and Program Name	ALN: No. 97.036 Disaster Grants, Public Assistance
Award Number	Various
Award Year	2020, 2021
Criteria or Specific Requirement	The Uniform Guidance in 2 CFR Section 200.303 requires that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. 2 CFR Subtitle A Chapter II Part 200 Subpart E states that a non-Federal entity must provide for adequate documentation to support costs charged to the Federal Award.
Condition	Testwork over a sample of payroll transactions identified five transactions, where the direct rate of pay utilized to request reimbursement for hours worked did not match the approved rate.
Cause	Internal controls did not ensure that proper supporting documentation was retained in accordance with 2 CFR.
Effect or potential effect	Direct payroll and fringe benefit costs that were submitted for reimbursement for five transactions were not accurately calculated.
Questioned Costs	None reported.
Context	BDO tested a sample of forty payroll transactions for a total of $36,849 of a population 2,832 payroll transactions totaling $2,059,757. Five employees were identified whose supporting documentation did not support the rate of pay, which resulted in $134 unsupported cost for the payroll transactions selected. For these five employees, this resulted in $1,923 in payroll charged to the program more than approved rates.
Repeat Finding	Not a repeat finding.
Recommendation	Management should ensure that payroll policies and procedures are properly implemented to ensure adequate documentation is retained to support costs charged.
Views of responsible officials and planned corrective actions	Management concurs with the finding and has begun implementing enhanced procedures to ensure the allowability of expenditures.

Section IV - State Award Findings and Questioned Costs

Finding 2023-014 **Reporting – Noncompliance and Significant Deficiency in Internal Control Over Compliance**

State Agency	Department of Commerce, Community, and Economic Development
Grant Name and Award Number and Award Year	Grants to Municipalities, various, 2023
Criteria	State of Alaska Department of Commerce, Community, and Economic Development requires submission of certain financial reports and narrative (or progress reports) on a quarterly basis within 30 days of quarter-end.
Condition	A quarterly report was identified as having been filed with the awarding agency after the deadline.
Questioned Costs:	Not applicable.
Context	During our testwork of the reporting requirements, of the 8 reports selected for testwork, out of a population of 68 reports, we identified that for three of the eight financial reports tested that Anchorage was unable to provide evidence of their submission.
Effect	Anchorage is out of compliance with grant reporting requirements as reports are not submitted timely.
Cause	Anchorage did not have controls in place to reconcile and provide the information necessary to complete required reporting timely.
Identification as a Repeat Finding	Not a repeat finding.
Recommendation	We recommend Anchorage to establish controls to ensure the required fiscal and narrative reporting is completed timely.
Views of responsible officials	Management concurs with the finding and has begun implementing standardized review procedures to ensure expenditures are timely reported.

Section IV - State Award Findings and Questioned Costs, continued

<u>**Finding 2023-015**</u>	**Types of Services Allowed and Unallowed – Significant Deficiency in Internal Control Over Compliance**
State Agency	Department of Commerce, Community, and Economic Development
Grant Name and Award Number and Award Year	Grants to Municipalities, various, 2023
Criteria	AS 37.05.315 - .325 requires that local subdivisions of the state receiving grants to municipalities are spent on various capital projects and activities.
Condition	Certain manual adjustments in the general ledger for activity under grants to municipalities were not appropriately prepared, reviewed, and approved. During the year, a system design change was made that did 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.
Questioned Costs:	Not applicable.
Context	During our testwork of journal entries as part of testing Anchorage's compliance the types of services allowed or unallowed, of the 13 journal entries selected for testwork, we noted 3 which did not have review and approval documented before their posting in the Anchorage's accounting system. Although controls were not documented for 3 or the 13 journal entries tested, each entry was supported by sufficient documentation to substantiate the underlying transaction and program charge.
Effect	Failure to submit document review and approval of journal entries could result in entries with types of services unallowed being funded under grants to municipalities.
Cause	Anchorage did not have controls in place to ensure documentation of journal entry approval was completed before finalization of the entry.
Identification as a Repeat Finding	Not a repeat finding.
Recommendation	We recommend Anchorage establish controls to ensure that documentation over the review and approval of journal entries is retained in the accounting system.
Views of responsible officials	Management concurs with the finding and has begun implementing standardized review procedures to ensure review of expenditures is documented.

Section IV - State Award Findings and Questioned Costs, continued

Finding 2023-016	**Reporting – Deadline for State Single Audit - Noncompliance and Material Weakness in Internal Control Over Compliance**
State Agency	Department of Commerce, Community, and Economic Development
Grant Name and Award Number and Award Year	Grants to Municipalities, various, 2023
Criteria	2 AAC 45.010(b) states an entity that expends a cumulative total of $750,000 or more shall submit an audit report for the audit period by “the earlier of 30 days after the entity receives its audit report for the audit period; or nine months after the end of the audit period” or a later date agreed upon in writing and advance of the date in this section.
Condition	Anchorage did not provide the necessary information to complete the audit related to state programs subject to audit in a timely manner resulting in the audit not being completed by the State deadline.
Questioned Costs:	Not applicable.
Context	This is a condition identified per review of Anchorage's compliance with the specified requirements.
Effect	Anchorage is not in compliance with 2 AAC 45.010 (b)(1).
Cause	Anchorage did not have controls in place to reconcile and provide the information necessary to complete the audit by the required time.
Identification as a Repeat Finding	Yes. This finding was reported as Finding 2022-014 in the prior audit.
Recommendation	We recommend Anchorage to establish controls to ensure the audit is completed timely and the reporting package is submitted to the State within the required timeframe.
Views of responsible officials	Management concurs with the finding and has begun implementing financial reporting and audit planning processes to support the timely completion of the State Single Audit in future years.

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Supplementary Information

BDO

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3601 C Street, Suite 600
Anchorage, AK 99503

Independent Auditor's Report on Supplementary Information

Honorable Mayor and
Members of the Assembly
Municipality of Anchorage, Alaska

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Municipality of Anchorage, Alaska as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Anchorage's basic financial statements. We issued our report thereon dated August 15, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on those financial statements that collectively comprise the basic financial statements. The accompanying schedule of revenue and expenditures – budget and actual – State of Alaska Department of Health and Social Services Grants are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

BDO USA, P.C.

Anchorage, Alaska
August 20, 2026

MUNICIPALITY OF ANCHORAGE, ALASKA
Department of Health and Social Services
Human Services Community Matching Grants(HSCMG)
165-231-23002
Schedule of Revenues and Expenditures - Budget and Actual
Grant Period Ended June 30, 2023

	Fiscal Year Ending December 31, 2022	Fiscal Year Ending December 31, 2023	Total Actual	Budget	Variance Favorable (Unfavorable)
Revenues:					
State of Alaska	$ -	549,719	549,719	810,072	(260,353)
Total Revenues	-	549,719	549,719	810,072	(260,353)
Expenditures:					
Direct Costs:					
Other Operating Costs	-	523,542	523,542	771,497	247,955
Total Direct Costs	-	523,542	523,542	771,497	247,955
Indirect Costs	-	26,177	26,177	38,575	12,398
Total Expenditures	**$ -**	**549,719**	**549,719**	**810,072**	**260,353**

MUNICIPALITY OF ANCHORAGE, ALASKA
Department of Health and Social Services
Teen and Unintended Pregnancy Prevention(TUPP)
161-285-23001
Schedule of Revenues and Expenditures - Budget and Actual
Grant Period Ended June 30, 2023

	Fiscal Year Ending December 31, 2022	Fiscal Year Ending December 31, 2023	Total Actual	Budget	Variance Favorable (Unfavorable)
Revenues:					
State of Alaska	$ 35,830	42,720	78,550	85,000	(6,450)
Total Revenues	35,830	42,720	78,550	85,000	(6,450)
Expenditures:					
Direct Costs:					
Personal Services	28,706	32,450	61,156	57,252	(3,904)
Facility	323	270	593	684	91
Supplies	1,790	5,639	7,429	13,678	6,249
Travel	-	2,472	2,472	1,800	(672)
Other Operating Costs	345	-	345	500	155
Total Direct Costs	31,164	40,831	71,995	73,914	1,919
Indirect Costs	4,666	2,229	6,895	11,086	4,191
Total Expenditures	**$ 35,830**	**43,060**	**78,890**	**85,000**	**6,110**

MUNICIPALITY OF ANCHORAGE, ALASKA
Department of Health and Social Services
Aging and Disability Resource Centers(ADRC)
167-299-24003
Schedule of Revenues and Expenditures - Budget and Actual
Grant Period Ended June 30, 2024

	Fiscal Year Ending December 31, 2023	Total Actual	Budget	Variance Favorable (Unfavorable)
Revenues:				
State of Alaska	$ 90,003	90,710	209,581	(118,871)
Total Revenues	90,003	90,710	209,581	(118,871)
Expenditures:				
Direct Costs:				
Personal Services	68,794	69,501	155,703	86,202
Equipment	-	730	2,000	1,270
Facility	1,299	1,299	5,000	3,701
Supplies	550	550	1,804	1,254
Travel	154	154	3,300	3,146
Other Operating Costs	7,467	6,737	14,438	7,701
Total Direct Costs	78,264	78,971	182,245	103,274
Indirect Costs	11,740	117,340	27,336	(90,004)
Total Expenditures	**$ 90,004**	**196,311**	**209,581**	**13,270**

MUNICIPALITY OF ANCHORAGE, ALASKA
Department of Health and Social Services
Public Health Emergency Preparedness(PHEP)
167-299-23003
Schedule of Revenues and Expenditures - Budget and Actual
Grant Period Ended June 30, 2023

		Fiscal Year Ending December 31, 2022	Fiscal Year Ending December 31, 2023	Total Actual	Budget	Variance Favorable (Unfavorable)
Revenues:						
State of Alaska	$	77,810	104,092	181,902	194,746	(12,844)
Federal Passed Through the State of Alaska		2,092	3,068	5,160	5,254	(94)
Total Revenues		79,902	107,160	187,062	200,000	(12,938)
Expenditures:						
Direct Costs:						
Personal Services		62,152	81,328	143,480	154,707	11,227
Equipment		-	-	-	200	200
Facility		807	1,263	2,070	5,000	2,930
Supplies		1,431	2,951	4,382	1,800	(2,582)
Travel		625	1,255	1,880	2,000	120
Other Operating Costs		4,955	5,652	10,607	10,206	(401)
Total Direct Costs		69,970	92,449	162,419	173,913	11,494
Indirect Costs		9,932	14,430	24,362	26,087	1,725
Total Expenditures	**$**	**79,902**	**106,879**	**186,781**	**200,000**	**13,219**

MUNICIPALITY OF ANCHORAGE, ALASKA
Department of Health and Social Services
Human Services Community Matching Grants(HSCMG)
165-231-24002
Schedule of Revenues and Expenditures - Budget and Actual
Grant Period Ended June 30, 2023

	Fiscal Year Ending December 31, 2023	Total Actual	Budget	Variance Favorable (Unfavorable)
Revenues:				
State of Alaska	$ 254,282.0	254,282	806,661	(552,379)
Total Revenues	254,282	254,282	806,661	(552,379)
Expenditures:				
Direct Costs:				
Other Operating Costs	242,173	242,173	768,249	526,076
Total Direct Costs	242,173	242,173	768,249	526,076
Indirect Costs	12,109	12,109	12,109	-
Total Expenditures	**$ 254,282**	**254,282**	**780,358**	**526,076**

MUNICIPALITY OF ANCHORAGE, ALASKA
Department of Health and Social Services
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
164-268-23001
Schedule of Revenues and Expenditures - Budget and Actual
Grant Period Ended June 30, 2023

	Fiscal Year Ending December 31, 2022	Fiscal Year Ending December 31, 2023	Total Actual	Budget	Variance Favorable (Unfavorable)
Revenues:					
Federal Passed Through					
	$ 501,659	693,334	1,194,993	1,350,337	(155,344)
Total Revenues	501,659	693,334	1,194,993	1,350,337	(155,344)
Expenditures:					
Direct Costs:					
	436,015	542,849	978,864	1,074,075	95,211
	2,190	866	3,056	4,468	1,412
	3,164	3,369	6,533	9,854	3,321
	1,361	14,378	15,739	15,278	(461)
	87	3,890	3,977	4,767	790
	6,111	24,898	31,009	65,764	34,755
Total Direct Costs	448,928	590,250	1,039,178	1,174,206	135,028
Indirect Costs	52,731	103,084	155,815	176,131	20,316
Total Expenditures	**$ 501,659**	**693,334**	**1,194,993**	**1,350,337**	**155,344**

MUNICIPALITY OF ANCHORAGE, ALASKA
Department of Health and Social Services
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
164-268-24001
Schedule of Revenues and Expenditures - Budget and Actual
Grant Period Ended June 30, 2024

	Fiscal Year Ending December 31, 2023	Total Actual	Budget	Variance Favorable (Unfavorable)
Revenues:				
Federal Passed Through				
the State of Alaska	$ 558,644	558,644	1,401,047	(842,403)
Total Revenues	558,644	558,644	1,401,047	(842,403)
Expenditures:				
Direct Costs:				
Personal Services	467,966	467,966	1,061,300	593,334
Equipment	1,040	1,040	75,269	74,229
Facility	3,463	3,463	9,854	6,391
Supplies	3,951	3,951	11,340	7,389
Travel	359	359	2,884	2,525
Other Operating Costs	9,664	9,664	57,655	47,991
Total Direct Costs	486,443	486,443	1,218,302	731,859
Indirect Costs	72,201	72,201	182,745	110,544
Total Expenditures	**$ 558,644**	**558,644**	**1,401,047**	**842,403**

MUNICIPALITY OF ANCHORAGE, ALASKA
Department of Health and Social Services
Senior & Disabilities American Rescue Plan Act Relief for Older Adults (ARPA ADRC)
167-321-23003
Schedule of Revenues and Expenditures - Budget and Actual
Grant Period Ended June 30, 2023

	Fiscal Year Ending December 31, 2022	Fiscal Year Ending December 31, 2023	Total Actual	Budget	Variance Favorable (Unfavorable)
Revenues:					
Federal Passed Through					
the State of Alaska	$ -	100,000	100,000	100,000	-
Total Revenues	-	100,000	100,000	100,000	-
Expenditures:					
Direct Costs:					
Personal Services	-	22,999	22,999	19,328	(3,671)
Other Operating Costs	-	67,629	67,629	67,629	-
Total Direct Costs	-	90,628	90,628	86,957	(3,671)
Indirect Costs	-	9,372	9,372	13,043	3,671
Total Expenditures	**$ -**	**100,000**	**100,000**	**100,000**	**-**

MUNICIPALITY OF ANCHORAGE, ALASKA

Department of Health and Social Services

Senior & Disabilities American Rescue Plan Act Relief for Older Adults (ARPA ADRC)

167-321-24003

Schedule of Revenues and Expenditures - Budget and Actual

Grant Period Ended June 30, 2024

	Fiscal Year Ending December 31, 2023	Total Actual	Budget	Variance Favorable (Unfavorable)
Revenues:				
Federal Passed Through				
the State of Alaska	$ 48,631	48,631	105,944	(57,313)
Total Revenues	48,631	48,631	105,944	(57,313)
Expenditures:				
Direct Costs:				
Personal Services	9,167	9,167	27,421	18,254
Other Operating Costs	17,838	17,838	64,705	46,867
Total Direct Costs	27,005	27,005	92,126	65,121
Indirect Costs	4,050	4,050	13,819	9,769
Total Expenditures	**$ 31,055**	**31,055**	**105,945**	**74,890**

MUNICIPALITY OF ANCHORAGE, ALASKA

Department of Health and Social Services

Nutrition, Transportation and Support Services(NTS)

167-309-23029

Schedule of Revenues and Expenditures - Budget and Actual

Grant Period Ended June 30, 2023

	Fiscal Year Ending December 31, 2022	Fiscal Year Ending December 31, 2023	Total Actual	Budget	Variance Favorable (Unfavorable)
Revenues:					
Federal Passed Through					
the State of Alaska	$ -	521,243	521,243	521,243	-
Total Revenues	-	521,243	521,243	521,243	-
Expenditures:					
Direct Costs:					
Other Operating Costs	-	521,243	521,243	521,243	-
Total Direct Costs		521,243	521,243	521,243	-
Indirect Costs	-	-	-	-	-
Total Expenditures	**$ -**	**521,243**	**521,243**	**521,243**	**-**

MUNICIPALITY OF ANCHORAGE, ALASKA

Department of Health and Social Services

Nutrition, Transportation and Support Services(NTS)

167-309-24029

Schedule of Revenues and Expenditures - Budget and Actual

Grant Period Ended June 30, 2024

	Fiscal Year Ending December 31, 2023	Total Actual	Budget	Variance Favorable (Unfavorable)
Revenues:				
Federal Passed Through				
the State of Alaska	$ 629,913	629,913	661,346	(31,433)
Total Revenues	629,913	629,913	661,346	(31,433)
Expenditures:				
Direct Costs:				
Other Operating Costs	258,807	258,807	648,294	389,487
Total Direct Costs	258,807	258,807	648,294	389,487
Indirect Costs	13,052	13,052	13,052	-
Total Expenditures	**$ 271,859**	**271,859**	**661,346**	**389,487**

MUNICIPALITY OF ANCHORAGE, ALASKA
Department of Health and Social Services
Child Care Licensing(CCL)
164-260-23002
Schedule of Revenues and Expenditures - Budget and Actual
Grant Period Ended June 30, 2023

	Fiscal Year Ending December 31, 2022	Fiscal Year Ending December 31, 2023	Total Actual	Budget	Variance Favorable (Unfavorable)
Revenues:					
Federal Passed Through					
the State of Alaska	$ 717,565	805,325	1,522,890	1,674,661	(151,771)
Total Revenues	717,565	805,325	1,522,890	1,674,661	(151,771)
Expenditures:					
Direct Costs:					
Personal Services	614,745	658,763	1,273,508	1,402,589	129,081
Equipment	14,834	1,544	16,378	13,382	(2,996)
Facility	4,793	4,585	9,378	10,617	1,239
Supplies	(5,353)	7,484	2,131	15,732	13,601
Travel	313	1,011	1,324	2,100	776
Other Operating Costs	1,231	415	1,646	11,807	10,161
Total Direct Costs	630,563	673,802	1,304,365	1,456,227	151,862
Indirect Costs	86,998	108,657	195,655	218,434	22,779
Total Expenditures	**$ 717,561**	**782,459**	**1,500,020**	**1,674,661**	**174,641**

MUNICIPALITY OF ANCHORAGE, ALASKA

Department of Health and Social Services

Child Care Licensing(CCL)

164-260-24002

Schedule of Revenues and Expenditures - Budget and Actual

Grant Period Ended June 30, 2024

	Fiscal Year Ending December 31, 2023	Total Actual	Budget	Variance Favorable (Unfavorable)
Revenues:				
Federal Passed Through				
the State of Alaska	$ 741,176	741,176	1,674,661	(933,485)
Total Revenues	741,176	741,176	1,674,661	(933,485)
Expenditures:				
Direct Costs:				
Personal Services	65,959	659,589	1,412,582	752,993
Equipment	1,060	1,060	9,366	8,306
Facility	5,333	5,333	10,775	5,442
Supplies	2,077	2,077	8,500	6,423
Travel	90	90	2,400	2,310
Other Operating Costs	3,450	3,450	12,605	9,155
Total Direct Costs	77,969	671,599	1,456,228	784,629
Indirect Costs	100,739	100,740	218,433	117,693
Total Expenditures	**$ 178,708**	**772,339**	**1,674,661**	**902,322**

MUNICIPALITY OF ANCHORAGE, ALASKA

Department of Health and Social Services

Public Health Nursing(PHN)

161-289-23001

Schedule of Revenues and Expenditures - Budget and Actual

Grant Period Ended June 30, 2023

	Fiscal Year Ending December 31, 2022	Fiscal Year Ending December 31, 2023	Total Actual	Budget	Variance Favorable (Unfavorable)
Revenues:					
Federal Passed Through					
the State of Alaska	$ 1,400,991	1,305,625	2,706,616	3,726,797	(1,020,181)
Total Revenues	1,400,991	1,305,625	2,706,616	3,726,797	(1,020,181)
Expenditures:					
Direct Costs:					
Personal Services	1,118,333	1,034,488	2,152,821	2,948,456	795,635
Equipment	-	20,362	20,362	18,762	(1,600)
Facility	4,910	3,741	8,651	9,400	749
Supplies	46,412	39,209	85,621	109,580	23,959
Other Operating Costs	49,614	42,228	91,842	154,496	62,654
Total Direct Costs	1,219,269	1,140,028	2,359,297	3,240,694	881,397
Indirect Costs	181,721	165,599	347,320	486,103	138,783
Total Expenditures	**$ 1,400,990**	**1,305,627**	**2,706,617**	**3,726,797**	**1,020,180**

MUNICIPALITY OF ANCHORAGE, ALASKA

Department of Health and Social Services

Public Health Nursing(PHN)

161-289-24001

Schedule of Revenues and Expenditures - Budget and Actual

Grant Period Ended June 30, 2024

	Fiscal Year Ending December 31, 2023	Total Actual	Budget	Variance Favorable (Unfavorable)
Revenues:				
Federal Passed Through				
the State of Alaska	$ 979,538	979,538	3,903,154	(2,923,616)
Total Revenues	979,538	979,538	3,903,154	(2,923,616)
Expenditures:				
Direct Costs:				
Personal Services	784,498	784,498	2,846,242	2,061,744
Equipment	4,000	4,000	57,343	53,343
Facility	3,399	3,399	4,632	1,233
Supplies	22,999	22,999	185,784	162,785
Travel	16	16	5,000	4,984
Other Operating Costs	23,637	23,637	293,090	269,453
Total Direct Costs	838,549	838,549	3,392,091	2,553,542
Indirect Costs	122,041	122,041	511,063	389,022
Total Expenditures	**$ 960,590**	**960,590**	**3,903,154**	**2,942,564**

MUNICIPALITY OF ANCHORAGE, ALASKA

Department of Health and Social Services

HIV/AIDS Prevention

161-281-23004

Schedule of Revenues and Expenditures - Budget and Actual

Grant Period Ended June 30, 2023

	Fiscal Year Ending December 31, 2022	Fiscal Year Ending December 31, 2023	Total Actual	Budget	Variance Favorable (Unfavorable)
Revenues:					
Federal Passed Through					
the State of Alaska	$ 37,657	66,457	104,114	106,470	(2,356)
Total Revenues	37,657	66,457	104,114	106,470	(2,356)
Expenditures:					
Direct Costs:					
Personal Services	27,786	40,927	68,713	66,493	(2,220)
Facility	296	248	544	660	116
Supplies	4,671	16,607	21,278	25,430	4,152
Total Direct Costs	32,753	57,782	90,535	92,583	2,048
Indirect Costs	4,905	8,675	13,580	13,887	307
Total Expenditures	**$ 37,658**	**66,457**	**104,115**	**106,470**	**2,355**

MUNICIPALITY OF ANCHORAGE, ALASKA

Department of Health and Social Services

HIV/AIDS Prevention

161-281-24004

Schedule of Revenues and Expenditures - Budget and Actual

Grant Period Ended June 30, 2024

	Fiscal Year Ending December 31, 2023	Total Actual	Budget	Variance Favorable (Unfavorable)
Revenues:				
Federal Passed Through				
the State of Alaska	$ 53,235	53,235	156,470	(103,235)
Total Revenues	53,235	53,235	156,470	(103,235)
Expenditures:				
Direct Costs:				
Personal Services	29,453	29,453	52,469	(23,016)
Equipment	-	-	16,739	(16,739)
Facility	322	322	1,320	(998)
Supplies	1,472	1,472	57,541	(56,069)
Travel	2,897	2,897	4,992	(2,095)
Other Operating Costs	550	550	3,000	(2,450)
Total Direct Costs	34,694	34,694	136,061	(101,367)
Indirect Costs	5,100	5,100	20,408	(15,308)
Total Expenditures	**$ 39,794**	**39,794**	**156,469**	**(116,675)**

MUNICIPALITY OF ANCHORAGE, ALASKA
Department of Health and Social Services
Public Health Emergency Preparedness(PHEP)
161-299-23003
Schedule of Revenues and Expenditures - Budget and Actual
Grant Period Ended June 30, 2023

	Fiscal Year Ending December 31, 2022	Fiscal Year Ending December 31, 2023	Total Actual	Budget	Variance Favorable (Unfavorable)
Revenues:					
Federal Passed Through					
the State of Alaska	$ 227,394	287,677	515,071	515,295	(224)
Total Revenues	227,394	287,677	515,071	515,295	(224)
Expenditures:					
Direct Costs:					
Personal Services	178,203	174,347	352,550	345,756	(6,794)
Equipment	5,156	45,409	50,565	51,357	792
Facility	6,426	2,431	8,857	21,900	13,043
Supplies	1,957	23,644	25,601	24,514	(1,087)
Travel	787	2,178	2,965	2,966	1
Other Operating Costs	6,270	8,330	14,600	1,590	(13,010)
Total Direct Costs	198,799	256,339	455,138	448,083	(7,055)
Indirect Costs	28,595	31,562	60,157	67,212	7,055
Total Expenditures	**$ 227,394**	**287,901**	**515,295**	**515,295**	**-**

MUNICIPALITY OF ANCHORAGE, ALASKA

Department of Health and Social Services

Public Health Emergency Preparedness(PHEP)

161-299-24003

Schedule of Revenues and Expenditures - Budget and Actual

Grant Period Ended June 30, 2024

	Fiscal Year Ending December 31, 2023	Total Actual	Budget	Variance Favorable (Unfavorable)
Revenues:				
Federal Passed Through				
the State of Alaska	$ 2,834,123	283,413.00	596,825.00	(313,412.00)
Total Revenues	2,834,123.00	283,413.00	596,825.00	(313,412.00)
Expenditures:				
Direct Costs:				
Personal Services	167,985.00	167,985.00	341,350.00	173,365.00
Equipment	24,303.00	24,303.00	135,449.00	111,146.00
Facility	4,287.00	4,287.00	22,624.00	18,337.00
Supplies	8,009.00	8,009.00	17,585.00	9,576.00
Contractual	6,495.00	6,495.00	-	(6,495.00)
Other Operating Costs	20.00	20.00	1,970.00	1,950.00
Total Direct Costs	211,099.00	211,099.00	518,978.00	307,879.00
Indirect Costs	31,253.00	31,253.00	77,847.00	46,594.00
Total Expenditures	**$ 242,352**	**242,352.00**	**596,825.00**	**354,473.00**

MUNICIPALITY OF ANCHORAGE, ALASKA

Department of Health and Social Services

Grants to States for Medicaid

607-PA-164

Schedule of Revenues and Expenditures - Budget and Actual

Grant Period Ended December 31, 2023

	Fiscal Year Ending December 31, 2022	Fiscal Year Ending December 31, 2023	Total Actual	Budget	Variance Favorable (Unfavorable)
Revenues:					
Federal Passed Through					
the State of Alaska	$ 400,498	452,223.00	852,721.00	321,079.00	531,642.00
Total Revenues	400,498.00	452,223.00	852,721.00	321,079.00	531,642.00
Expenditures:					
Direct Costs:					
Personal Services	414,740.00	460,711.00	875,451.00	298,842.00	(576,609.00)
Facility	557.00	173.00	730.00	-	(730.00)
Supplies	-	374.00	374.00	-	(374.00)
Travel	40.00	-	40.00	-	(40.00)
Total Direct Costs	415,337.00	461,258.00	876,595.00	298,842.00	(577,753.00)
Indirect Costs	20,151.00	5,792.00	25,943.00	22,096.00	(3,847.00)
Total Expenditures	**$ 435,488**	**467,050.00**	**902,538.00**	**320,938.00**	**(581,600.00)**

MUNICIPALITY OF ANCHORAGE, ALASKA

Department of Health and Social Services

Immunization Cooperative Agreements

C0622-584-A

Schedule of Revenues and Expenditures - Budget and Actual

Grant Period Ended December 31, 2023

	Fiscal Year Ending December 31, 2023	Total Actual	Budget	Variance Favorable (Unfavorable)
Revenues:				
Federal Passed Through				
the State of Alaska	$ 424,628	424,628	2,027,726	(1,603,098)
Total Revenues	424,628	424,628	2,027,726	(1,603,098)
Expenditures:				
Direct Costs:				
Contractual Services	1,043,559	1,043,559	1,797,739	754,180
Total Direct Costs	1,043,559	1,043,559	1,797,739	754,180
Indirect Costs	-	-	229,987	229,987
Total Expenditures	**$ 1,043,559**	**1,043,559**	**2,027,726**	**984,167**

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Municipality of Anchorage's Response to Single Audit (Unaudited)

Summary Schedule of Prior Audit Findings
Year Ended December 31, 2023

Finding 2022-001 **Closure of Books and Records - Material Weakness in Internal Control Over Financial Reporting**

Condition: The Municipality 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 necessary for the production and issuance of annual financial reports.

Status: This was not fully corrected in 2023. See finding 2023-001.

Finding 2022-002 **Reconciliation and Review Controls - Material Weakness in Internal Control Over Financial Reporting**

Condition: Significantly material adjustments were identified during the audit related to reconciliations performed by management in closing of the books and records, preparation of the basic financial statements, and preparation of the Schedule of Expenditures of Federal Awards and Schedule of State Financial Assistance. These adjustments impacted the following areas:

- Rollforward of prior year balances impacted General Fund and aggregate nonmajor funds fund balance, transfers, capital contributions and grant revenue.
- Landfill closure liability related to the Disposal Utility (business-type Activities) with related expense effect.
- Grant revenues and related receivables, unearned revenues, and deferred inflows for the General Fund, nonmajor governmental funds, and the Disposal Utility.
- Interfund balance classifications between the General Fund and aggregate nonmajor funds.

There were also adjustments to cash and investment balances and their classifications, investment income, interest expense, transfers, debt disclosures, and accounts payable.

Status: This was not fully corrected in 2023. See finding 2023-002.

Summary Schedule of Prior Audit Findings, continued

Finding 2022-003 **Internal Communication - Material Weakness in Internal Control Over Financial Reporting**

Condition

During the course of the audit, we noted that there were several key areas impacting financial reporting for which the personnel responsible for this reporting did not readily have access to information necessary to perform their duties. Specifically, this was identified during review of the cash and investment footnote, testing of debt covenants, review of restricted assets, testing of indirect rates and proposals submitted, and capital assets (disposals, reconciliations, and completeness reviews).

Status: This was fully corrected in 2023.

Finding 2022-004 **Use of Fund Classifications - Material Weakness in Internal Control Over Financial Reporting**

Condition

The Municipality incorrectly recorded costs incurred for general government capital assets in an internal service fund instead of as capital outlays in a governmental capital projects fund.

Status: This was not fully corrected in 2023. See finding 2023-008.

Finding 2022-005 **Implementation of Governmental Accounting Standards Board Statement No. 87 (GASBS No. 87), *Leases* - Material Weakness in Internal Control over Financial Reporting**

Condition

The Municipality failed to include extension factors within multiple lessor and lessee leases. This resulted in approximately $43 million in material adjustments to lease receivable and deferred inflows related to leases for the Port of Alaska; $716,709 in adjustments to lease receivable and deferred inflows related to leases for Governmental Activities; $2.8 million in material adjustments for lease receivable and deferred inflows related to leases for Business-Type Activities; and $42 million in material adjustments to right-to-use assets and lease liabilities for Governmental Activities.

The Municipality incorrectly recorded intra-entity leases in the Disposal Utility Enterprise Fund, and the Refuse Utility Enterprise Fund, during the implementation of GASB 87. This resulted in approximately $160,000 in

Summary Schedule of Prior Audit Findings, continued

adjustments to lease receivables and deferred inflows related to leases, and approximately $162,000 in lease liabilities and related right-to-use assets.

Status: This was fully corrected in 2023.

Finding 2022-006 **Tracking of Capital Assets - Material Weakness in Internal Control Over Financial Reporting**

Condition Reconciliations and related details for Construction Work in Progress contained significant inaccuracies and required multiple revisions. Capital assets were disposed on the capital asset schedules that were still in service and operational. These inaccuracies resulted in material adjustments of $19,076,158 on the capital asset schedules for governmental activities.

Status: This was not fully corrected in 2023. See finding 2023-005.

Finding 2022-007 **Monitoring of Restricted Cash and Debt Covenant Compliance - Significant Deficiency in Internal Control Over Financial Reporting**

Condition Restricted cash calculations and debt covenant calculations were not performed nor reviewed on a periodic basis to ensure compliance with debt covenant requirements or financial reporting requirements.

Status: This was not fully corrected in 2023. See finding 2023-007.

Finding 2022-008 **Reporting - Deadline for Federal Single Audit - Noncompliance and Material Weakness in Internal Control Over Compliance**

Condition Anchorage did not comply with the required submission date of the data collection form and reporting package to the FAC for the fiscal year ended December 31, 2022.

Status: This was not fully corrected in 2023. See finding 2023-012.

Summary Schedule of Prior Audit Findings, continued

Finding 2022-009 **Subrecipient Monitoring - Material Noncompliance and Material Weakness in Internal Controls Over Compliance**

Condition During our testing of subrecipient monitoring, we noted all 18 of the subrecipient agreements tested did not include language clearly identifying the federal program from which the subaward originated, or the applicable requirements from 2 CFR 300.332 and Subpart F. We also noted for all 18 subrecipients tested that the Municipality did not verify whether subrecipients were audited in accordance with 2 CFR 200.501 where applicable.

Status: This was not fully corrected in 2023. See finding 2023-011.

Finding 2022-010 **Procurement and Suspension and Debarment - Noncompliance and Significant Deficiency in Internal Control Over Compliance**

Condition Testing of 16 procurements and 15 sub-awards identified 27 exceptions where evidence was not retained to support the required verification of whether a contractor or subrecipient was a suspended or debarred party.

Status: This was fully corrected in 2023.

Finding 2022-011 **Equipment and Real Property Management - Material Noncompliance and Material Weakness in Internal Controls Over Compliance**

Condition We reviewed a sample of 6 items owned by the Municipality and noted 1 instance in which managements internal controls were not functioning as designed, and in which equipment records were not properly maintained.

Status: This was fully corrected in 2023.

Finding 2022-012 **Equipment and Real Property Management - Noncompliance and Significant Deficiency in Internal Control Over Compliance**

Condition We reviewed a sample of 4 items owned by the Municipality and noted 3 instances in which management’s internal controls were not functioning as designed, and in which equipment records were not properly maintained.

Summary Schedule of Prior Audit Findings, continued

Furthermore, there was no documentation of a physical inventory being performed that was subsequently reconciled to the property records.

Status: This was not fully corrected in 2023. See finding 2023-010.

Finding 2022-013 **Equipment and Real Property Management - Noncompliance and Significant Deficiency in Internal Control Over Compliance**

Condition Testing of a sample of 5 items that were disposed of during the year identified 5 instances in which management's internal controls were not functioning as designed and equipment disposals were not properly reflected in the property records.

Status: This was not fully corrected in 2023. See finding 2023-010.

Finding 2022-014 **Reporting - Deadline for State Single Audit - Noncompliance and Material Weakness in Internal Control Over Compliance**

Condition Anchorage did not provide the necessary information to complete the audit related to state programs subject to audit in a timely manner resulting in the audit not being completed by the State deadline.

Status: This was not fully corrected in 2023. See finding 2023-012.

Finding 2022-015 **Reporting - Noncompliance and Significant Deficiency in Internal Control Over Compliance**

Condition A quarterly report was identified as having been filed with the awarding agency after the deadline.

Status: This was fully corrected in 2023.

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

Management Corrective Action Plan – 2023 Single Audit
Year Ended December 31, 2023

Finding 2023-001	**Closure of Books and Records - Material Weakness in Internal Control Over Financial Reporting**
Corrective Action Plan:	Management will implement an annual monthly close calendar with defined deadlines, require timely reconciliations with assigned reviewers, begin year-end preparations in the final quarter, augment staff resources during peak periods, establish documented review and approval processes with sign-offs, and monitor progress monthly to address schedule variances promptly.
Anticipated Completion Date:	Initial rollout by September 30, 2025; full implementation by December 31, 2025.
Finding 2023-002	**Level of Precision of Management's Review - Material Weakness in Internal Control Over Financial Reporting**
Corrective Action Plan:	Management will establish documented review checklists with defined criteria and dual sign-offs, designate a single point of accountability for financial reporting oversight, assign tasks by expertise with balanced workloads, provide targeted training on accounting bases and complex areas, review system parameters to prevent errors, and conduct quarterly interim reviews of key reconciliations and statements.
Anticipated Completion Date:	Review protocols and oversight assignment by September 30, 2025; training and system review by December 31, 2025; first interim review by March 31, 2026.
Finding 2023-003	**Journal Entry Review - Material Weakness in Internal Control Over Financial Reporting**
Corrective Action Plan:	Management will update general ledger permissions to maintain segregation of duties, require supporting documentation for all manual journal entries, mandate system approval by a reviewer prior to posting, develop and use a compliance checklist, monitor monthly for compliance, and provide refresher training on segregation of duties, documentation, and workflow processes.

Management Corrective Action Plan – 2023 Single Audit, continued

Anticipated Completion Date: December 31, 2025

Finding 2023-004 **Grant Reconciliations - Material Weakness in Internal Control Over Financial Reporting**

Corrective Action Plan: Management will implement a standardized process for documenting and reconciling all grant-related transactions, assign control owners for performance and review, require quarterly reconciliations with prompt posting of adjustments, establish final grant close-out procedures, and provide staff training on reconciliation requirements and GASB standards, with compliance monitoring.

Anticipated Completion Date: December 31, 2025

Finding 2023-005 **Tracking of Capital Assets - Material Weakness in Internal Control Over Financial Reporting**

Corrective Action Plan: Management will implement a formal review and approval process for all capital asset reconciliations, establish minimum documentation requirements, improve interdepartmental communication for project, acquisition, and disposal information, provide targeted staff training on documentation and reconciliation standards, and perform periodic internal audits of capital asset schedules.

Anticipated Completion Date: June 30, 2026

Management Corrective Action Plan – 2023 Single Audit, continued

Finding 2023-006	**Procurement and Purchasing Policies - Significant Deficiency in Internal Control Over Financial Reporting**
Corrective Action Plan:	Management will train staff on procurement policies, transaction limits, documentation standards, and contract use, strengthen supervisory review of procurement card transactions with checklists, implement contract tracking to ensure proper signatory authority, and perform periodic audits with reporting of non-compliance.
Anticipated Completion Date:	June 30, 2026
Finding 2023-007	**Monitoring of Restricted Cash - Significant Deficiency in Internal Control Over Financial Reporting**
Corrective Action Plan:	Management will provide targeted training to Finance staff on restricted cash requirements, implement quarterly reconciliations of restricted cash and related net positions, assign control owners for reconciliations and compliance, and require periodic leadership review of reconciliations to ensure accuracy and adherence to restrictions.
Anticipated Completion Date:	March 31, 2026
Finding 2023-008	**Use of Fund Classifications - Significant Deficiency in Internal Control Over Financial Reporting**
Corrective Action Plan:	Management will strengthen internal controls over fund classification to ensure compliance with GASB requirements. Classification determinations will be reviewed and approved by qualified financial reporting staff, with procedures updated to clearly assign responsibility while maintaining budgetary controls in line with Assembly approvals.
Anticipated Completion Date:	June 30, 2026

Management Corrective Action Plan – 2023 Single Audit, continued

Finding 2023-009	**Reporting - Material Noncompliance and Material Weakness in Internal Control Over Compliance**
Corrective Action Plan:	The Municipality has begun implementing an enterprise-wide corrective action strategy to strengthen grant administration and reporting processes. Corrective actions include developing standardized policies and procedures, formalizing documentation and supervisory review requirements, improving subrecipient monitoring, strengthening cross-departmental coordination, and incorporating these processes into formal year-end close and audit planning activities. Management will evaluate the effectiveness of these controls through completion of a full audit cycle.
Anticipated Completion Date	March 31, 2027
Finding 2023-010	**Equipment and Real Property Management - Material Noncompliance and Material Weakness in Internal Control Over Compliance**
Corrective Action Plan:	The Municipality has begun strengthening internal controls over federally funded equipment and real property by developing standardized policies and procedures, enhancing documentation standards, implementing supervisory review processes, and improving coordination between departments responsible for grant administration and capital assets. Management will evaluate the effectiveness of these controls through completion of a full audit cycle.
Anticipated Completion Date	March 31, 2027
Finding 2023-011	**Subrecipient Monitoring - Material Noncompliance and Material Weakness in Internal Control Over Compliance**
Corrective Action Plan:	The Municipality has begun implementing standardized subrecipient monitoring procedures, including documented risk assessments, monitoring protocols, supervisory review, and enhanced oversight to strengthen compliance with Uniform Guidance requirements. Management will evaluate the effectiveness of these controls through completion of a full audit cycle.
Anticipated Completion Date	June 30, 2027

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

Management Corrective Action Plan – 2023 Single Audit, continued

Finding 2023-012	**Reporting - Deadline for Federal Single Audit - Noncompliance and Material Weakness in Internal Control Over Compliance**
Corrective Action Plan:	The Municipality has begun strengthening year-end financial reporting and audit planning through formal close schedules, defined responsibilities, milestone tracking, enhanced interdepartmental coordination, and increased management oversight to support the timely completion of future Federal Single Audits. Management will evaluate the effectiveness of these improvements through completion of a full audit cycle.
Anticipated Completion Date	June 30, 2027
Finding 2023-013	**Allowable Costs - Noncompliance and Significant Deficiency in Internal Control Over Compliance**
Corrective Action Plan:	The Municipality has begun implementing enhanced grant compliance review procedures to ensure expenditures are allowable, adequately supported, and incurred within the applicable period of performance. Standardized documentation, supervisory review, and monitoring procedures will be incorporated into routine grant administration. Management will evaluate the effectiveness of these controls through completion of a full audit cycle.
Anticipated Completion Date	June 30, 2027
Finding 2023-014	**Reporting - Noncompliance and Significant Deficiency in Internal Control Over Compliance**
Corrective Action Plan:	The Municipality has begun strengthening grant reporting controls through the implementation of standardized reporting procedures, enhanced supervisory review, documented quality control processes, and improved coordination among departments responsible for grant administration and financial reporting. Management will evaluate the effectiveness of these controls through completion of a full audit cycle.
Anticipated Completion Date	March 31, 2027

Management Corrective Action Plan – 2023 Single Audit, continued

Finding 2023-015	**Types of Services Allowed and Unallowed Significant Deficiency in Internal Control Over Compliance**
Corrective Action Plan:	The Municipality has begun strengthening grant administration controls by implementing standardized compliance review procedures, supervisory oversight, and documentation requirements to ensure expenditures and activities comply with applicable federal requirements. Management will evaluate the effectiveness of these controls through completion of a full audit cycle.
Anticipated Completion Date	March 31, 2027
Finding 2023-016	**Reporting - Deadline for State Single Audit - Noncompliance and Material Weakness in Internal Control Over Compliance**
Corrective Action Plan:	The Municipality has begun strengthening financial reporting and audit planning processes through formalized year-end close procedures, milestone tracking, enhanced management oversight, and improved coordination across departments to support the timely completion of future State Single Audits. Management will evaluate the effectiveness of these improvements through completion of a full audit cycle.
Anticipated Completion Date	June 30, 2027