



Matanuska-Susitna Borough Alaska

Members of the Assembly AUDIT PRESENTATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2023



Independent Auditor's Report

Honorable Mayor and Members of the Assembly
Matanuska-Susitna Borough
Palmer, Alaska

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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 and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Matanuska-Susitna Borough (Borough), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Matanuska-Susitna Borough's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Matanuska-Susitna Borough, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinion – clean opinion over the financial statements.

Audit procedures:

1. We asked management for supporting documentation that support the balances in the financial statements,
2. We performed audit procedures over the support to make sure the financial statements were presented fairly in all material respects.
3. We tested the internal controls over financial reporting to make sure staff were following the policy and procedures as set forth by the Assembly.
4. We pulled samples of Accounts Payable, Cash Receipts, and Payroll transactions.
5. We reviewed material journal entries equal to or greater than as follows: General Fund – \$2.5 million; Port \$10,000, Solid Waste \$110K, All Other Funds \$100K.
6. We also reviewed all material checks: with the above thresholds.
7. Performed final analytical procedures comparing current year to prior year and current year to budgeted amounts.

Definitions of Material Weaknesses and Significant Deficiencies:

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.

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.

Results of Testing Internal Controls:

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Negatively Phased:

We only pulled a sample of transaction and did not review the entire population.

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance as Required by the *Uniform Guidance*

Independent Auditor's Report

Honorable Mayor and Members of the Assembly
Matanuska-Susitna Borough
Palmer, Alaska

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 Matanuska-Susitna Borough'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 Matanuska-Susitna Borough'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 Matanuska-Susitna Borough's compliance with the requirements of each major federal program as a whole.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Matanuska-Susitna Borough's 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 Matanuska-Susitna Borough's major federal programs for the year ended June 30, 2023. Matanuska-Susitna Borough's major federal programs are identified in the summary of auditor's results section of the accompanying federal schedule of findings and questioned costs.

Matanuska-Susitna Borough's basic financial statements include the operations of the Matanuska-Susitna Borough School District discretely presented component unit, which expended \$36,528,691 in federal awards which is not included in Matanuska-Susitna Borough's schedule of expenditures of federal awards during the year ended June 30, 2023. Our audit, described below, did not include the operations of Matanuska-Susitna Borough School District because Matanuska-Susitna Borough School District was subjected to a separate audit performed in accordance with Uniform Guidance.

In our opinion, Matanuska-Susitna Borough 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 federal programs for the year ended June 30, 2023.

Programs Reviewed:

We were required to review four programs for federal compliance:

- 21.027 Coronavirus State and Local Fiscal Recovery Funds
- 15.226 Payment in Lieu of Taxes
- 15.608 Fish and Wildlife
- 20.205 Highway Planning and Construction

Results:

We pulled an additional sample of accounts payable and payroll transaction related to the above programs. We also pulled and reviewed material transaction at 5% of program expenditures.

We found that management was following all the rules and regulation of the above program. I'm happy to disclose no findings or issues noted during our review.

Report on Compliance for Each Major State Program and Report on Internal Control Over Compliance as Required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*

Independent Auditor's Report

Honorable Mayor and Members of the Assembly
Matanuska-Susitna Borough
Palmer, Alaska

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 Matanuska-Susitna Borough'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 Matanuska-Susitna Borough'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 State of Alaska Audit Guide requirements 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 Matanuska-Susitna Borough's compliance with the requirements of each major state program as a whole.

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited Matanuska-Susitna Borough's compliance with the types of compliance requirements identified as subject to audit in State of Alaska Audit Guide and Compliance Supplements that could have a direct and material effect on each of Matanuska-Susitna Borough's major state programs for the year ended June 30, 2023. Matanuska-Susitna Borough's major state programs are identified on the Schedule of State Financial Assistance.

Matanuska-Susitna Borough's basic financial statements include the operations of the Matanuska-Susitna Borough School District discretely presented component unit, which expended \$198,248,162 in state awards which is not included in Matanuska-Susitna Borough's schedule of state financial assistance during the year ended June 30, 2023. Our audit, described below, did not include the operations of Matanuska-Susitna Borough School District because Matanuska-Susitna Borough School District was subjected to a separate audit performed in accordance with the State of Alaska Audit Guide and Compliance Supplement.

In our opinion, Matanuska-Susitna Borough complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2023.

Programs Reviewed:

We were required to review seven programs for State compliance:

Pavement Rehab Through Mat-Su Population Corridor, 2024 Arctic Winter Games, 2021 Transportation Infrastructure Package, Houston Middle School Replacement, Debt Retirement Program, 2018 Cook Inlet Earthquake, and the Felton Street Project.

Results:

We pulled an additional sample of accounts payable and payroll transaction related to the above programs. We also pulled and reviewed material transaction at 5% of program expenditures.

We found that management was following all the rules and regulation of the above program. I'm happy to disclose no findings or issues noted during our review.



MATANUSKA-SUSITNA BOROUGH

Department of Finance

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December 26, 2023

Altman, Rogers & Company
3000 C St. N. Suite 201
Anchorage, Alaska 99503

This representation letter is provided in connection with your audit of the financial statements of Matanuska-Susitna Borough, which comprise the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows for the period then ended, and the related notes (collectively, the "financial statements"), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

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

We confirm, to the best of our knowledge and belief, as of December 26, 2023, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated July 14, 2023, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with U.S. GAAP.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.

Providing Outstanding Borough Services to the Matanuska-Susitna Community.

- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs.
- 8) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 9) The effect of the uncorrected misstatement is immaterial to the financial statements as a whole in the General Fund and Governmental Activities. The immaterial misstatement was identified as an understatement of cash and investments in the General Fund in the amount of \$863,261.
- 10) Guarantees, whether written or oral, under which the Borough is contingently liable, if any, have been properly recorded or disclosed.
- 11) In regard to the preparation of the data collection form services performed by you, we have—
 - 1) Assumed all management responsibilities.
 - 2) Designated an individual within senior management, who has suitable skill, knowledge, or experience to oversee the services.
 - 3) Evaluated the adequacy and results of the services performed.
 - 4) Accepted responsibility for the results of the services.
 - 5) Ensured that the data and records are complete, and we have sufficient information to oversee the services.
- 12) We believe that the proportionate share of the collective net pension and OPEB liability and related deferred outflows and inflows of resources are appropriate in the circumstances.

Information Provided

- 13) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the Borough from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings for the Borough's board or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 14) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.
- 15) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 16) We have no knowledge of any fraud or suspected fraud that affects the Borough and involves—
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
- 17) We have no knowledge of any allegations of fraud or suspected fraud affecting the Borough's financial statements communicated by employees, former employees, regulators, or others.
- 18) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.
- 19) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

Providing Outstanding Borough Services to the Matanuska-Susitna Community.

20) We have disclosed to you the names of the Borough's related parties and all the related party relationships and transactions, including any side agreements.

Government-specific

- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have identified to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.
- 21) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
- 22) The Borough has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
- 23) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 24) We have appropriately disclosed all information for conduit debt obligations in accordance with GASBS No. 91.
- 25) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements.
- 26) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 27) As part of your audit, you assisted with preparation of the financial statements and disclosures and schedule of expenditures of federal awards, as well as schedule of state financial assistance. We acknowledge our responsibility as it relates to those non-audit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and disclosures and schedule of expenditures of federal awards as well as schedule of state financial assistance.
- 28) The Borough has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 29) The Borough has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 30) The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 31) The financial statements include all fiduciary activities required by GASBS No. 84, as amended.
- 32) The financial statements properly classify all funds and activities in accordance with GASBS No. 34, as amended.
- 33) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 34) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (non-spendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.

Providing Outstanding Borough Services to the Matanuska-Susitna Community.

- 35) Investments, derivative instrument transactions, and land and other real estate held by endowments are properly valued.
- 36) Provisions for uncollectible receivables have been properly identified and recorded.
- 37) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 38) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 39) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 40) Deposits and investment securities and derivative instrument transactions are properly classified as to risk and are properly disclosed.
- 41) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
- 42) We have appropriately disclosed the Borough's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 43) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 44) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 45) With respect to the supplementary information listed in the table of contents.
 - a) We acknowledge our responsibility for presenting the supplementary information in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b) If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
- 46) With respect to federal and state award programs:
 - a) We are responsible for understanding and complying with and have complied with, the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State of Alaska Audit Guide and Compliance Supplement for State Single Audits, including requirements relating to preparation of the schedule of expenditures of federal awards as well as schedule of state financial assistance.
 - b) We acknowledge our responsibility for preparing and presenting the schedule of expenditures of federal awards (SEFA), as well as schedule of state financial assistance (SSFA) and related disclosures in accordance with the requirements of the Uniform Guidance and the State of Alaska Audit Guide and Compliance Supplement for State Single Audits, and we believe the SEFA and SSFA, including its form and content, is fairly presented in accordance with the Uniform Guidance and the State of Alaska Audit Guide and Compliance Supplement for State Single Audits. The

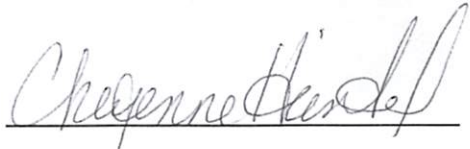
Providing Outstanding Borough Services to the Matanuska-Susitna Community.

methods of measurement or presentation of the SEFA and SSFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA and SSFA.

- c) If the SEFA and SSFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA and SSFA no later than the date we issue the SEFA and SSFA and the auditor's report thereon.
- d) We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit and the State of Alaska Audit Guide and Compliance Supplement for State Single Audits, and have included in the SEFA and SSFA, expenditures made during the audit period for all awards provided by federal and state agencies in the form of federal and state awards, federal and state cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- e) We are responsible for understanding and complying with, and have complied with, the requirements of federal and state statutes, regulations, and the terms and conditions of federal and state awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal and state awards that are considered to have a direct and material effect on each major program.
- f) We are responsible for establishing, designing, implementing, and maintaining, and have established, designed, implemented, and maintained, effective internal control over compliance for federal and state programs that provides reasonable assurance that we are managing our federal and state awards in compliance with federal and state statutes, regulations, and the terms and conditions of federal and state awards that could have a material effect on our federal and state programs. We believe the internal control system is adequate and is functioning as intended.
- g) We have made available to you all federal and state awards (including amendments, if any) and any other correspondence with federal and state agencies or pass-through entities relevant to federal and state programs and related activities.
- h) We have received no requests from a federal or state agency to audit one or more specific programs as a major program.
- i) We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Compliance Supplement* relating to federal and state awards and confirm that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of federal and state awards.
- j) We have disclosed any communications from federal and state awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- k) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- l) Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR part 200, subpart E) and the State of Alaska Audit Guide and Compliance Supplement for State Single Audits.
- m) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- n) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.

- o) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- p) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- q) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditor's report.
- r) Federal and state program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- s) The copies of federal and state program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal and state agency or pass-through entity, as applicable.
- t) We have charged costs to federal and state awards in accordance with applicable cost principles.
- u) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance and the State of Alaska Audit Guide and Compliance Supplement for State Single Audits, and we have provided you with all information on the status of the follow-up on prior audit findings by federal and state awarding agencies and pass-through entities, including all management decisions.
- v) We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
- w) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.

Signature:  _____

Signature:  _____

Title: Borough Manager

Title: Finance Director

MATANUSKA-SUSITNA BOROUGH

Letter to the Governing Board

Year Ended June 30, 2023

Altman, Rogers
& Co. | CERTIFIED
PUBLIC
ACCOUNTANTS

MATANUSKA-SUSITNA BOROUGH

Letter to the Governing Board

Year Ended June 30, 2023

December 26, 2023

Honorable Mayor and Members of the Assembly
Matanuska-Susitna Borough
Palmer, Alaska

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Matanuska-Susitna Borough (Borough) for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards, Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), *the State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 14, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Accounting Policies and Transactions

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Matanuska-Susitna Borough are described in Summary of Significant Accounting Policies section of the report. We noted no transactions entered into by the Borough during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

All Opinion Units:

Management's estimate of the collectability of accounts receivable is based on historical collections. We evaluated the key factors and assumptions used to develop the collectability of accounts receivable in determining that it is reasonable in relation to the financial statements taken as a whole.

Governmental Activities and Business-Type Activities Opinion Units:

Management's estimate of the useful lives of depreciable assets and depreciation expense is based upon the expected life of an asset. We evaluated the key factors and assumptions used to develop the useful lives and depreciation expense in determining that it is reasonable in relation to the financial statements as a whole.

Management's estimates of the Borough's proportionate share of the collective net pension and OPEB liability/asset and related deferred outflows and inflows of resources are based on information furnished by the State of Alaska and actuarial reports generated during the audit of the Public Employees' Retirement System. The amortization of these deferrals is based on guidance provided by the Governmental Accounting Standards Board. We evaluated the key factors and assumptions used to develop the estimates of the Borough's proportionate share of the collective net pension and OPEB liability and deferred outflows and inflows of resources and related amortization in determining that it is reasonable in relation to the financial statements as a whole.

Management's estimate of the calculation of the right use asset and lease liability is based on an estimated incremental borrowing rate for the present value calculation of the lease payments. We evaluated the key factors and assumptions used to develop present value calculation in determining that it is reasonable in relation to the financial statements as a whole.

Management's estimate of accrued health insurance claims payable and IBNR are based on claims incurred. We evaluated the key factors and assumptions used to develop the ending liability in determining that it is reasonable in relation to the financial statements as a whole.

Business-Type Activities and Solid Waste Proprietary Opinion Units:

Management's uses estimates to calculate the liability for the closure and post closure for the landfill. These estimates are based upon engineering surveys. We evaluated the key factors and assumptions used to develop the ending liability in determining that it is reasonable in relation to the financial statements as a whole.

Financial Statement Disclosures

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The list below summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

The following misstatement detected as a result of audit procedures was not corrected by management:

- \$863,261 understatement of cash and investments in the General Fund.

Disagreements with Management

For the purposes of this letter, a disagreement with management is a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 26, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Borough's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Internal Control Matters

See Compliance Reports for definition and descriptions of deficiencies, significant deficiencies, material weaknesses and any reported findings.

Other Matters

We applied certain limited procedures to the management discussion and analysis, budgetary comparison schedules and schedules of the Borough's proportionate share of net pension and OPEB liabilities and assets, contributions for the public employees' retirement system, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the federal schedule of expenditures of awards and state schedule of financial assistance, major fund schedules, and combining and individual nonmajor fund statements and schedules described as supplementary information in the table of contents which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory section, statistical section and the component unit section, which accompany the financial statements but are not RSI. The information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Major Issues Discussed with Management Prior to Retention

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Borough's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Restriction on Use

This information is intended solely for use of the Borough Assembly and management of the Borough and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in cursive script that reads "Altman, Rogers & Co." The signature is written in black ink and is positioned above the printed name of the firm.

Anchorage, Alaska