

CITY AND BOROUGH OF JUNEAU, ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND FEDERAL SINGLE AUDIT REPORTS
Year Ended June 30, 2022

CITY AND BOROUGH OF JUNEAU, ALASKA

TABLE OF CONTENTS

Year Ended June 30, 2022

	<u>Page</u>
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 <i>Government Auditing Standards</i>	1
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 in Accordance with the Uniform Guidance	3
Schedule of Expenditures of Federal Awards	6
Notes to Schedule of Expenditures of Federal Awards	11
Schedule of Findings and Questioned Costs	13
Summary Schedule of Prior Year Findings	19
Corrective Action Plan	20



Elgee Rehfeld

Alaska's CPA Firm

Founders: George Elgee, CPA & Robert Rehfeld, CPA

Partners

Janelle Anderson, CPA
Ryan Beason, CPA
Sarah Griffith, CPA
Mark Mesdag, CPA
Adam Sycks, CPA
Karen Tarver, CPA

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

To the Members of the Assembly
City and Borough of Juneau, Alaska

We have audited, in accordance with 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 unit, each major fund, and the aggregate remaining fund information of the City and Borough of Juneau, Alaska (City and Borough) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City and Borough's basic financial statements, and have issued our report thereon dated March 31, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City and Borough'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 the City and Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of the City and Borough's internal control.

Our consideration of internal control over financial reporting 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 have not been 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 a material weakness 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 item 2022-001 to be a material weakness.

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 2022-002 and 2022-003 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City and Borough'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*.

City and Borough's Response to Findings

The City and Borough's response to the findings identified in our audit is described in the accompanying corrective action plan. The City and Borough's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Elgee Rehfeld

March 31, 2023



Elgee Rehfeld

Alaska's CPA Firm

Founders: George Elgee, CPA & Robert Rehfeld, CPA

Partners

Janelle Anderson, CPA
Ryan Beason, CPA
Sarah Griffith, CPA
Mark Mesdag, CPA
Adam Sycks, CPA
Karen Tarver, CPA

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 IN ACCORDANCE WITH THE UNIFORM GUIDANCE

To the Members of the Assembly
City and Borough of Juneau, Alaska

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City and Borough of Juneau, Alaska's (City and Borough) 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 the City and Borough's major federal programs for the year ended June 30, 2022. The City and Borough's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The City and Borough's basic financial statements include the operations of its component unit, the Juneau School District (the School District) which expended \$11,765,190 in federal awards, which are not included in the City and Borough's schedule of federal awards during the year ended June 30, 2022. Our compliance audit, described in the Opinion on Each Major Federal Program, did not include the operations of the School District because it was subjected to a separate audit in accordance with the State of Alaska Audit Guide and Compliance Supplement for State Single Audits for the year ended June 30, 2022.

In our opinion, the City and 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 federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal 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 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 the City and Borough 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City and Borough's compliance with the compliance requirements referred to above.

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 the City and 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 the City and 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 the City and Borough'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 the City and Borough'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 the City and Borough'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 the City and Borough'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.

Report on Internal Control Over Compliance

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. *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.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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 unit, each major fund, and the aggregate remaining fund information of the City and Borough as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City and Borough's basic financial statements. We issued our report thereon dated March 31, 2023 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 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.

Elgee Rehfeld

March 31, 2023

CITY AND BOROUGH OF JUNEAU, ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2022

Federal Agency/Pass-through Agency/Program Title	Grant Number	Assistance Listing Number	Program or Award Amount	Receivable (Deferral) at July 1, 2021	Amount Received	Passed through to Subrecipients	Expenditures	Receivable (Deferral) at June 30, 2022
U.S. Department of Homeland Security:								
Federal Emergency Management Agency (FEMA):								
Hazard Mapping	EMS-2018-CA-00011-S01	97.045	\$ 205,000	\$ 176,315	\$ -	\$ -	\$ 27,747	\$ 204,062
Port Security	EMW-2021-PU-00243	97.056	24,730	-	15,095	-	23,026	7,931
Total Federal Emergency Management Agency (FEMA)			229,730	176,315	15,095	-	50,773	211,993
State Pass-Through Grant:								
Alaska Department of Military and Veterans Affairs:								
COVID-19 FEMA								
	DR-4533-AK	97.036	1,528,051	173,935	1,528,051	-	1,354,116	-
2018 State Homeland Security Grant Program	EMW-2018-SS-00045-S01	97.067	328,725	36,058	87,000	-	50,943	-
2019 State Homeland Security Grant Program	EMW-2019-SS-00031-S01	97.067	432,050	-	158,750	-	172,750	14,000
2021 State Homeland Security Grant Program	EMW-2021-SS-00012-S01	97.067	415,000	-	12,100	-	12,100	-
Total Homeland Security Grant Program			1,175,775	36,058	257,850	-	235,793	14,000
2020 Emergency Management Performance Grant	EMS-2020-EP-00001-S1	97.042	160,000	72,635	72,635	-	-	-
2021 Emergency Management Performance Grant	EMS-2021-EP-00001-S1	97.042	160,000	-	86,423	-	160,000	73,577
Total Management Performance Grant			320,000	72,635	159,058	-	160,000	73,577
Total Alaska Department of Military and Veterans Affairs:			3,023,826	282,628	1,944,959	-	1,749,909	87,577
Total U.S. Department of Homeland Security			3,253,556	458,943	1,960,054	-	1,800,682	299,570
U.S. Environmental Protection Agency:								
<i>Drinking Water State Revolving Fund Cluster</i>								
State Pass-Through Loans:								
Alaska Department of Environmental Conservation:								
Water Main Replacement Egan Drive-10th to Main Street (Design)	445221	66.468	1,550,600	11,594	11,594	-	-	-
Douglas Highway Water System Replacement Phase III	445421	66.468	4,000,000	441,710	3,238,333	-	2,796,624	-
<i>Total Drinking Water State Revolving Fund Cluster</i>			5,550,600	453,304	3,249,927	-	2,796,624	-
Total U.S. Environmental Protection Agency			5,550,600	453,304	3,249,927	-	2,796,624	-
U.S. Department of Agriculture:								
State Pass-Through Grants:								
Alaska Department of Commerce, Community, and Economic Development:								
<i>Forest Service Schools and Roads Cluster</i>								
Schools and Roads - Grants to States FY16, Title III	-	10.665	47,550	(12,137)	-	-	12,137	-
Schools and Roads - Grants to States FY18, Title III	-	10.665	42,275	(42,275)	-	-	42,275	-
Schools and Roads - Grants to States FY19, Title III	-	10.665	39,368	(39,368)	-	-	39,368	-
Schools and Roads - Grants to States FY20, Title III	-	10.665	38,732	(38,732)	-	-	38,732	-
Schools and Roads - Grants to States FY21, Title III	-	10.665	34,564	(34,564)	-	-	17,261	(17,303)
Schools and Roads - Grants to States FY22, Title III	-	10.665	44,974	-	44,974	-	-	(44,974)
Schools and Roads - Grants to States FY20, Title I	-	10.665	546,118	-	546,118	-	546,118	-
<i>Total Forest Service Schools and Roads Cluster</i>			793,581	(167,076)	591,092	-	695,891	(62,277)
Total U.S. Department of Agriculture			793,581	(167,076)	591,092	-	695,891	(62,277)
U.S. Department of Transportation:								
Federal Transit Administration:								
State Pass-Through Grants:								
Alaska Department of Transportation and Public Facilities:								
Acquisition-Surveillance/Security (Bus/Equipment)	AK-2020-048	20.509	87,600	-	48,391	-	48,391	-
Acquisition-Surveillance/Security (Equipment)	AK-2021-044	20.509	350,707	-	-	-	4,689	4,689
AK Community Transit - Section 5311 Grant (FY21 Operating Grant)	5311 AK-2020-048	20.509	1,100,000	469,226	589,846	-	120,621	-
AK Community Transit - Section 5311 Grant (FY22 Operating Grant)	5311 AK-2021-044	20.509	1,100,000	-	1,100,000	-	1,100,000	-
Capital Transit Rural Training Assistance Program	5311AK18-X088	20.509	9,597	-	6,402	-	9,597	3,195
Snow Removal/Support Equip-Facilities Equip	AK-18-X088/2511-19-0500	20.509	176,000	176,000	176,000	-	-	-
<i>Total USDOT Federal Transit Administration AKDOTPF Pass-Through Grants</i>			2,823,904	645,226	1,920,639	-	1,283,298	7,884

(continued)

CITY AND BOROUGH OF JUNEAU, ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2022

Federal Agency/Pass-through Agency/Program Title	Grant Number	Assistance Listing Number	Program or Award Amount	Receivable (Deferral) at July 1, 2021	Amount Received	Passed through to Subrecipients	Expenditures	Receivable (Deferral) at June 30, 2022
U.S. Department of Transportation continued:								
<i>Federal Transit Cluster</i>								
Purchase Replacement Std 35 ft Bus & 30 ft Bus	AK-2016-013	20.526	1,175,760	-	-	-	-	-
Purchase Replacement Std 35 ft Bus & 30 ft Bus	AK-2017-011	20.526	1,612,080	397,339	397,339	-	-	-
Purchase Replacement Std 35 ft Bus	AK-34-0007	20.526	407,630	838	-	-	45	883
Snow Removal/Acquisition-Misc Equip	AK-2019-021/2511-20-0200 (2487)	20.526	140,000	135,842	135,842	-	-	-
Paratransit Buses/Bus & It; 30ft	AK-2019-021/2511-20-0200 (2486)	20.526	216,000	-	-	-	-	-
Purchase Replacement - Bus STD 35ft	5339 (c) AK-2019/2511-20-0300	20.526	1,350,000	107,041	-	-	-	107,041
Misc Equipment-Trailers	AK-2020-039 (2447)/2511-20-0600	20.526	25,600	-	-	-	-	-
Support Equipment-1 Ton Truck(s)	AK-2020-039 (2445)/2511-20-0600	20.526	48,000	-	-	-	48,000	48,000
Construct Maintenance Facility	AK-2016-013/2511-17-0304	20.526	800,000	411,767	800,000	-	388,233	-
Construct Bus Terminal	AK-2020-037	20.526	2,399,725	-	32,207	-	1,197,515	1,165,308
Support Equipment/Facilities Equipment	AK-04-X028	20.500	243,321	-	-	-	-	-
Support Equipment/Facilities Equipment	AK-04-X023	20.500	148,488	-	-	-	-	-
<i>Total Federal Transit Cluster</i>			<u>8,566,604</u>	<u>1,052,827</u>	<u>1,365,388</u>	<u>-</u>	<u>1,633,793</u>	<u>1,321,232</u>
Total Federal Transit Administration			<u>11,390,508</u>	<u>1,698,053</u>	<u>3,286,027</u>	<u>-</u>	<u>2,917,091</u>	<u>1,329,116</u>
National Highway Traffic Safety Administration:								
State Pass-Through Grants:								
Alaska Department of Transportation and Public Facilities:								
<i>Highway Safety Cluster</i>								
Seatbelt Overtime Enforcement FFY21	402 PT-21-06-FA(A)-6	20.600	15,240	331	331	-	-	-
Seatbelt Overtime Enforcement FFY22	402 PT-22-06-SP(A)-6	20.600	10,240	-	-	-	370	370
Speed Enforcement/AHSO FFY22	402 PT-22-06-FA(G)	20.600	25,391	-	-	-	-	-
FFY2021 High Visibility Enforcement DUI Events	M5HVE-21-01-FA(A)6	20.616	27,940	5,579	5,579	-	-	-
FFY2022 High Visibility Enforcement DUI Events	M5HVE-22-01-FA(A)	20.616	4,204	-	1,643	-	1,643	-
<i>Total Highway Safety Cluster</i>			<u>83,015</u>	<u>5,910</u>	<u>7,553</u>	<u>-</u>	<u>2,013</u>	<u>370</u>
Total National Highway Traffic Safety Administration			<u>83,015</u>	<u>5,910</u>	<u>7,553</u>	<u>-</u>	<u>2,013</u>	<u>370</u>
Federal Highway Administration:								
<i>Highway Planning and Construction Cluster</i>								
Treadwell Ditch Reroute	COOP 6905671850004	20.224	111,535	-	4,213	-	4,213	-
<i>Total Highway Planning and Construction Cluster</i>			<u>111,535</u>	<u>-</u>	<u>4,213</u>	<u>-</u>	<u>4,213</u>	<u>-</u>
Federal Aviation Administration:								
<i>Airport Improvement Program (AIP):</i>								
Construct Snow Removal Equipment Building (SREB)	3-02-0133-067-2016	20.106	16,694,036	383,013	383,013	-	-	-
Design for Rehabilitate Taxiway A,D-1 Relocation, Taxiway E Alignment	3-02-0133-071-2017	20.106	1,979,062	45,841	45,841	-	-	-
Improve Seaplane Base	3-02-0133-072-2017	20.106	767,345	76,500	78,845	-	2,345	-
Contract NW Apron Phase 2, Contract NE Apron Phase 3	3-02-0133-073-2017	20.106	10,125,000	3,092	3,092	-	2,444	2,444
Acquire Snow Removal Equipment & Command Vehicle	3-02-0133-074-2017	20.106	4,823,551	300,659	300,711	-	52	-
Energy Efficiency Equipment/Infrastructure (Ramp Lighting Replacement)	3-02-0133-075-2017	20.106	240,000	5,065	5,065	-	314	314
Construct Sand & Chemical Storage Buidling (Design Only)	3-02-0133-077-2018	20.106	529,688	33,565	-	-	(7,387)	26,179
Construct Sand & Chemical Storage Buidling (Construction)	3-02-0133-079-2018	20.106	9,985,312	998,531	-	-	-	998,531
Rehab Txwy A&E, Constr Txwy D1, Acquire Emerg Generator	3-02-0133-080-2019	20.106	25,402,903	1,946,549	1,257,831	-	1,330,248	2,018,966
Reconstruct North Terminal Building, Phase 1	3-02-0133-081-2020	20.106	8,010,825	4,629,815	4,938,470	-	3,381,010	3,072,355
Reconstruct North Terminal Building, Phase 2	3-02-0133-083-2020	20.106	6,847,402	684,740	-	-	-	684,740
Design: Rehab Part 121/135 Apron; Constr RON Parking Apron	3-02-0133-091-2022	20.106	2,152,407	-	-	-	-	-
Design: Gate 5 Passenger Boarding Bridge	3-02-0133-092-2022	20.106	187,442	-	-	-	-	-
Rehabilitate Float Pond Access Road	3-02-0133-093-2022	20.106	2,254,418	-	-	-	-	-
Total Airport Improvement Program (AIP):			<u>89,999,391</u>	<u>9,107,370</u>	<u>7,012,868</u>	<u>-</u>	<u>4,709,026</u>	<u>6,803,529</u>

(continued)

CITY AND BOROUGH OF JUNEAU, ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2022

Federal Agency/Pass-through Agency/Program Title	Grant Number	Assistance Listing Number	Program or Award Amount	Receivable (Deferral) at July 1, 2021	Amount Received	Passed through to Subrecipients	Expenditures	Receivable (Deferral) at June 30, 2022
U.S. Department of Transportation continued:								
Coronavirus Aid, Relief, & Economic Security Act (CARES):								
COVID-19 - Maintain Safe Airports - CARES	3-02-0133-082-2020	20.106	21,736,343	4,029,486	4,295,696	-	483,095	216,885
Airport Coronavirus Response Grant Program (ACRGP):								
COVID-19 - Maintain Safe Airports - ACRGP/CRRSA	3-02-0133-084-2021	20.106	3,324,451	-	-	-	1,559,564	1,559,564
COVID-19 - Airport Concessions Relief - ACRGP/CRRSA	3-02-0133-085-2021	20.106	98,347	-	-	-	-	-
American Rescue Plan Act (ARPA):								
COVID-19 - Maintain Safe Airports - ARPA	3-02-0133-087-2021	20.106	5,430,992	-	-	-	1,559,564	1,559,564
COVID-19 - Rent Relief Airport Concessions - ARPA	3-02-0133-089-2022	20.106	393,387	-	-	-	-	-
Total Federal Aviation Administration			<u>120,982,911</u>	<u>13,136,856</u>	<u>11,308,564</u>	<u>-</u>	<u>8,311,249</u>	<u>10,139,542</u>
Total U.S. Department of Transportation			<u>132,567,969</u>	<u>14,840,819</u>	<u>14,606,357</u>	<u>-</u>	<u>11,234,566</u>	<u>11,469,028</u>
U.S. Department of Health and Human Services:								
Health Resources and Services Administration:								
COVID-19 - Provider Relief Fund	-	93.498	5,000,000	-	5,000,000	-	5,000,000	-
COVID-19 - HRSA COVID-19 Claims Reimbursement	-	93.461	392,964	319,884	210,095	-	(111,689)	(1,900)
Total Direct Health Resources and Services Administration			<u>5,392,964</u>	<u>319,884</u>	<u>5,210,095</u>	<u>-</u>	<u>4,888,311</u>	<u>(1,900)</u>
State Pass-Through Grants:								
Alaska Department of Health and Social Services:								
Zach Gordon Youth Center Basic Center Program	90 CY 7218-01-00	93.623	200,000	36,971	300,000	-	313,029	50,000
COVID-19 - Emergency Grant MH&SUD Covid-19	602-255-22010	93.665	222,023	-	210,922	-	222,023	11,101
Substance Abuse and Mental Health Services Administration:								
State Pass-Through Grants:								
Alaska Department of Health and Social Services:								
COVID-19-Emergency Grant MH&SUD Covid-19	602-255-21010	93.665	200,000	121,417	121,417	-	-	-
Total ALN 93.665			<u>422,023</u>	<u>121,417</u>	<u>332,339</u>	<u>-</u>	<u>222,023</u>	<u>11,101</u>
RRC 3.7 - Comprehensive Behavioral Health Treatment and Recovery	602-208-22016	93.959	101,067	5,053	75,800	-	101,067	30,320
Medical Library Assistance								
Collection Equity Outreach Award	-	93.879	1,500	-	1,500	-	1,500	-
Centers for Disease Control and Prevention:								
COVID-19 - Emergency Operations Center (DPH-EOC)	CO621-540-GMOA	93.323	1,657,875	288,548	1,655,687	-	1,325,037	(42,102)
COVID-19 Healthy & Equitable Communities	CO622-584-I MOA	93.391	222,954	-	68,451	-	68,451	-
Total Center for Disease Control & Prevention			<u>1,880,829</u>	<u>288,548</u>	<u>1,724,138</u>	<u>-</u>	<u>1,393,488</u>	<u>(42,102)</u>
Total U.S. Department of Health and Human Services			<u>7,998,383</u>	<u>771,873</u>	<u>7,643,872</u>	<u>-</u>	<u>6,919,418</u>	<u>47,419</u>
U.S. Department of the Interior:								
Alaska Department of Natural Resources								
JNU Historic Survey & Inventory	21005 HPF	15.904	24,000	-	-	-	4,176	4,176

(continued)

CITY AND BOROUGH OF JUNEAU, ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2022

Federal Agency/Pass-through Agency/Program Title	Grant Number	Assistance Listing Number	Program or Award Amount	Receivable (Deferral) at July 1, 2021	Amount Received	Passed through to Subrecipients	Expenditures	Receivable (Deferral) at June 30, 2022
U.S. Department of the Interior continued:								
Fish and Wildlife Service:								
State Pass-Through Grants:								
Alaska Department of Fish and Game:								
Harris & Statter Harbors Boat Sewage Pump-out Facility Improvements	COOP 20-019	15.616	75,000	60,627	-	-	4,195	64,822
Total U.S. Department of the Interior			<u>99,000</u>	<u>60,627</u>	<u>-</u>	<u>-</u>	<u>8,371</u>	<u>68,998</u>
National Endowment for the Arts:								
NEA Big Read 2021-2022								
	-	45.024	11,500	-	7,575	-	7,575	-
Total National Endowment for the Arts			<u>11,500</u>	<u>-</u>	<u>7,575</u>	<u>-</u>	<u>7,575</u>	<u>-</u>
National Endowment for the Humanities:								
Local Pass-Through Grant:								
Alaska Humanities Forum:								
SHARP Grant	FY2021 SHARP GRT	45.129	8,000	-	8,000	-	8,000	-
Total National Endowment for the Humanities			<u>8,000</u>	<u>-</u>	<u>8,000</u>	<u>-</u>	<u>8,000</u>	<u>-</u>
Institute of Museum and Library Services:								
State Pass-Through Grants:								
Alaska Department of Education and Early Development -								
COVID-19 - ARPA/JDCM Artworks mounts, photos, videos, artist honorariums	Grants to States/ARPA	45.310	39,700	-	30,080	-	30,080	-
COVID-19 - ARPA/EASY Grant for JDCM	N/A	45.310	3,500	-	3,500	-	3,500	-
Alaska Mail Services FY2022	ILC-22-009	45.310	247,376	-	247,376	-	247,376	-
COVID-19 - ARPA EASY Grant fr Juneau Public Libraries FY22	EASY22-090	45.310	6,000	-	6,000	-	6,000	-
Total Institute of Museum and Library Services			<u>296,576</u>	<u>-</u>	<u>286,956</u>	<u>-</u>	<u>286,956</u>	<u>-</u>
Executive Office of the President:								
Office of National Drug Control Policy								
High Intensity Drug Trafficking Areas (HIDTA)	HIDTA-USDHHS G21AK0003A	95.001	20,000	-	-	-	17,823	17,823
High Intensity Drug Trafficking Areas (HIDTA)	HIDTA-USDHHS G21AK0003A-	95.001	70,000	-	-	-	4,586	4,586
Total Executive Office of the President			<u>90,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,409</u>	<u>22,409</u>
U.S. Department of Justice:								
Bureau of Justice Assistance:								
COVID-19 - USDOJ-COVID	2020-VD-BX-1176	16.034	113,709	99,977	113,709	-	13,732	-
Bullet Proof Vests	2018BUBX18094122	16.607	4,566	923	923	-	-	-
Bullet Proof Vests	2019BUBX19098241	16.607	3,694	616	2,770	-	2,155	-
Bullet Proof Vests	2020BUBX20023709	16.607	2,770	-	1,862	-	1,862	-
Bullet Proof Vests	2020BUBX20023709	16.607	6,183	-	-	-	-	-
Total ALN 16.607			<u>17,213</u>	<u>1,539</u>	<u>5,555</u>	<u>-</u>	<u>4,017</u>	<u>-</u>
Total Bureau of Justice Assistance			<u>130,922</u>	<u>101,516</u>	<u>119,264</u>	<u>-</u>	<u>17,749</u>	<u>-</u>

(continued)

CITY AND BOROUGH OF JUNEAU, ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2022

Federal Agency/Pass-through Agency/Program Title	Grant Number	Assistance Listing Number	Program or Award Amount	Receivable (Deferral) at July 1, 2021	Amount Received	Passed through to Subrecipients	Expenditures	Receivable (Deferral) at June 30, 2022
U.S. Department of Justice continued:								
Public Safety Partnership & Community Policing Development								
COPS CIT	15JCOPS-21-GG-02305-SPPS CIT	16.710	20,000	-	-	-	-	-
COPS School Violence (SVPP)	15JCOPS-21-GG-03774-SSIX	16.710	22,500	-	-	-	-	-
Total Public Safety Partnership & Community Policing Development			42,500	-	-	-	-	-
Office of Justice Programs:								
Asset Forfeiture	-	16.922	101,293	(101,293)	-	-	33,360	(67,933)
ICAC Activity	2019-MC-FX-K019	16.543	5,000	-	5,000	-	5,000	-
FY18 EBMJA (JAG)	2018-DJ-BX-0445	16.738	34,240	-	15,000	-	15,000	-
FY19 EBMJA (JAG)	2019-DJ-BX-0763	16.738	35,292	7,992	-	-	10,369	18,360
FY20 EBMJA (JAG)	2020-DJ-CX-0549	16.738	31,047	-	-	-	3,015	3,015
FY21 EBMJA (JAG)	2020-DJ-CX-0549	16.738	36,135	-	-	-	-	-
Total ALN 16.738			136,714	7,992	15,000	-	28,384	21,375
Total Office of Justice Programs			243,007	(93,301)	20,000	-	66,744	(46,558)
Total U.S. Department of Justice			416,429	8,215	139,264	-	84,493	(46,558)
U.S. Department of Treasury:								
Asset Forfeiture	-	20.016	10,296	(10,296)	-	-	-	(10,296)
COVID-19 - ARPA SLFRF	-	21.027	6,210,575	(246,388)	3,105,288	-	3,351,675	-
COVID-19 - Cares Relief - ARPA SLFRP (fr DCCED)	AK-0056	21.027	7,739,038	-	3,869,520	-	3,869,519	-
COVID-19 - Cares Relief - ARPA LGLR (fr DCCED)	22-LGR-16	21.027	9,261,459	-	9,261,459	-	9,261,459	-
COVID-19 - Cares Relief - ARPA SMPF (fr DoR)	N/A	21.027	11,369,605	-	11,369,605	-	11,369,605	-
COVID-19 - Cares Relief - ARPA Fisheries (fr DoR)	N/A	21.027	116,484	-	116,484	-	116,484	-
Total ALN 21.027			34,697,161	(246,388)	27,722,356	-	27,968,742	-
State Pass-Through Grant:								
Alaska Department of Health and Social Services:								
Substance Use Disorder Services Expansion -								
Youth Psychiatric Stabilization CARES	602-239-21004	21.019	500,000	(48,022)	(48,022)	-	-	-
Total U.S. Department of Treasury			35,207,457	(304,706)	27,674,334	-	27,968,742	(10,296)
Total Federal Expenditures			\$ 186,293,051	\$ 16,121,999	\$ 56,167,431	\$ -	\$ 51,833,727	\$ 11,788,293

CITY AND BOROUGH OF JUNEAU, ALASKA
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended June 30, 2022

General

The accompanying schedule of expenditures of federal awards (SEFA) presents the activity of all federal financial assistance programs of the City and Borough of Juneau, Alaska (City and Borough). The information in the SEFA 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). Federal awards received directly from federal agencies, as well as federal financial assistance passed through the State of Alaska and other agencies, are included in the SEFA. The City and Borough's reporting entity is defined in Note 1 to the City and Borough's basic financial statements.

Basis of Accounting

Expenditures reported in the accompanying SEFA are presented using the modified-accrual and accrual basis of accounting, which are described in Note 1 to the City and Borough's basic financial statements. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local and 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. The City and Borough has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance. Negative amounts shown on the SEFA represent adjustments or credits made in the normal course of business to amounts reported as expenditures in the prior year.

Relationship to Basic Financial Statements

The following is a reconciliation of federal revenues reported in the City and Borough's basic financial statements to federal expenditures reported in the schedule of expenditures of federal awards:

Federal revenues as reported in the basic financial statements:

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 33,088,627
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	12,224,148

Plus:

Amounts reported as federal expenditures in the schedule of expenditures of federal awards, but not reported as federal revenue in the basic financial statements:

Federal grants passed through the State of Alaska	7,669,348
Federal grant and loan sources reported as capital contributions in Juneau International Airport, Boat Harbors, and Dock enterprise funds	1,545,395
Provider Relief Funds adjustment	647,780

(continued)

CITY AND BOROUGH OF JUNEAU, ALASKA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2022

Less:

Amounts reported as federal revenue in the basic financial statements but not included in the schedule of expenditures of federal awards:

Amounts reported as federal revenue in the basic financial statements but do not meet the definition of federal financial assistance	(78,369)
Payments of lieu of taxes	(2,527,473)
Juneau International Airport Transportation Security Administration reimbursement reported as federal revenue	<u>(735,729)</u>
Total federal expenditures per schedule of expenditures of federal awards	<u>\$ 51,833,727</u>

Donated Federal Assistance Not Included in the SEFA (Unaudited)
None to report.

CITY AND BOROUGH OF JUNEAU, ALASKA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2022

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued on whether the financial Statements were prepared in accordance with GAAP:

Government Activities	Unmodified
Business Type Activities	Unmodified
General Fund	Unmodified
Sales Tax Special Revenue Fund	Unmodified
Pandemic Response Special Revenue Fund	Unmodified
General Debt Service Fund	Unmodified
Other Governmental funds	Unmodified
Proprietary Funds:	
Juneau International Airport	Unmodified
Bartlett Regional Hospital	Unmodified
Areawide Water Utility	Unmodified
Areawide Wastewater Utility	Unmodified
Boat Harbors	Unmodified
Dock	Unmodified
Internal Service Funds	Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? x Yes No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? x Yes None reported

Noncompliance material to financial statements noted? Yes x No

Federal Awards

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

Internal control over major federal programs:

- Material weakness(es) identified? Yes x No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes x None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes x No

Identification of major federal programs:

<u>ALN</u>	<u>Name of Federal Program or Cluster</u>
20.106	Airport Improvement Program
21.027	Coronavirus State and Local Fiscal Recovery Funds
66.468	DEC Drinking Water State Rev Fund Cluster
93.498	Provider Relief Fund
20.500/20.526	Federal Transit Cluster

CITY AND BOROUGH OF JUNEAU, ALASKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

Federal Awards, continued

Dollar threshold used to distinguish between
type A and type B programs: \$ 1,555,012

Auditee qualified as low-risk auditee? Yes No

SECTION II – FINANCIAL STATEMENT FINDINGS

2022-001 Material Weakness in Internal Controls over Financial Reporting – Timely Reconciliation of Significant Accounts and Preparation of the Annual Comprehensive Financial Report (ACFR)

New or Repeat: New

Criteria: Generally accepted accounting principles require that entities maintain a system of internal controls to provide reasonable assurance regarding the achievement of the following objectives:

- Reliability of financial reporting.
- Compliance with applicable laws and regulations.

Condition: Internal controls over financial reporting were not sufficiently designed or implemented to accurately close the accounting records and prepare the ACFR for the City as of year-end. Significant adjustments to net position/fund balance, cash, pension liabilities, deferred inflow/outflows, revenues, and expenses were identified as a result of audit procedures and review of the draft ACFR. In addition to balances requiring adjustment, disclosures were missing, and disclosures and supplemental information was not in agreement with draft financial statements included in the draft ACFR. The records in place to support account balances did not agree to some balances and internal reviews were not sufficient to detect or identify the errors. Account balances and disclosures were corrected by management as a result of the audit process.

Cause: Turnover in key financial positions, lack of documented procedures, and outdated report preparation resources and technology, inadequate review by the Controller’s department lead to inadequate monitoring of account balances and disclosures included in the draft ACFR.

Context: Financial statements and support were not complete or accurate at the time of the audit. Multiple versions of the ACFR were necessary due to changes identified during the audit, some of which were immaterial, but are needed for the financial statements, schedules and footnotes to be in agreement. Not all differences between the statements, schedules or footnotes, identified by our audit, were corrected by management, as they evaluated and decided not to correct some of the footnotes or supplementary information.

CITY AND BOROUGH OF JUNEAU, ALASKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

The significant issues identified and corrected included the following:

- The governmental activities net pension liability balance and related expenses were overstated by approximately \$24 million and the business-type activities (and proprietary funds) were understated by approximately \$5 million. The misstatements were not detected due to a lack of adequate review to ensure adjustments amounts were correctly calculated and ending balances agreed to the State of Alaska reports, which are the basis for the journal entry. A reconciliation of the pension footnote and the financial statement balances was not completed in a timely manner.
- Fund balances were not classified in the appropriate categories in the draft financial statements and adjustments to restate some prior period balances were not disclosed. Revisions to properly report fund balance were not internally detected or corrected during the preparation for our audit.
- Capital improvement projects were not reconciled at the beginning of audit and were not captured accurately in the early ACFR drafts. As a result of our audit, adjustments were proposed to accurately present the closed and current capital improvement projects and related encumbrance balances. Current project totals were not adjusted for all funds in the current project listing by management. The amounts not adjusted are not material but the supplemental information schedules should be in agreement to the financial statements.
- Modifications were necessary to the ACFR and accounting records to reduce grant revenue and related receivable balance by \$3.9 million, and to reconcile with the federal assistance schedule.
- Lease amounts and disclosures were not accurately reported in the initial ACFR drafts. Certain disclosures related to regulatory leases are still not included, and while immaterial, are an important part of the required lease disclosures.

Effect or Potential Effect:

Due to the significance of the errors in the preparation of the ACFR, there was a significant delay in completing an ACFR draft without material misstatements. The lack of an accurate ACFR resulted in significant delays in the audit and failure to meet audit completion due date requirements.

Recommendation:

We recommend that CBJ evaluate its monthly, quarterly and year-end processes related to the ACFR preparation. All accounts should be reconciled, and report preparation should be completed timely and accurately. The ACFR draft internal review should be at a sufficient level, so that statements, schedules and footnote differences are detected and corrected in a timely manner. We also recommend annual training on Governmental Accounting Standards Board (GASB) reporting requirements for those involved in the ACFR preparation process. Further we recommend an analysis of the resources, used to prepare the ACFR, by the Controller and Treasury departments, be undertaken to identify modifications necessary to current resources or implementation of new

CITY AND BOROUGH OF JUNEAU, ALASKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

resources necessary to ensure timely and accurate preparation of future ACFRs.

View of responsible officials:	Management concurs with this finding, see corrective action plan.
2022-002	Significant Deficiency in Internal Controls over Financial Reporting – Implementation of Lease Standard
New or Repeat:	New
Criteria:	<p>Generally accepted accounting principles require that entities maintain a system of internal controls to provide reasonable assurance regarding the achievement of the following objectives:</p> <ul style="list-style-type: none">• Reliability of financial reporting.• Compliance with applicable laws and regulations. <p>The implementation of GASB Statement No. 87 <i>Leases</i>, effective in fiscal year 2022, required updates to the internal control system in order to comply with new accounting and reporting requirements.</p>
Condition:	Internal controls were not sufficiently designed and implemented to ensure lease populations were complete, lease discount rates were supported and reasonable, and lease balances and disclosures were accurate. Internal policies and procedures were not documented for the new lease accounting standard during fiscal year 2022. Significant adjustments to balances and disclosures for leases were identified as a result of audit procedures.
Cause:	Turnover in key financial positions and lack adequate resources in the Controller’s department lead to inadequate documentation of key decisions made in the implementation of the new lease standard, lack of documented policies or procedures for departmental use related to the implementation and accounting for leases under the new standard and for preparation of the ACFR.
Context and effect:	Lease account balances and disclosures required adjustment based on the new lease standard. Financial records, including policies and procedures for accounting and reporting of leases, were not complete at the time of the audit. Decisions made during the implementation of the standard and processes used to implement the standard were not documented. As a result the infrastructure needed, by finance and departments, to ensure lease data is being captured on a timely basis for accounting and reporting purposes is not present.
Recommendation:	We recommend the Controller’s department complete additional training on the new lease standard reporting requirements and document necessary lease related policies and procedures for departments, as well as for ACFR preparation, to ensure accurate accounting and reporting.

CITY AND BOROUGH OF JUNEAU, ALASKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

View of responsible officials: Management concurs with this finding, see corrective action plan.

2022-003 Significant Deficiency in Internal Controls over Financial Reporting – Purchasing Processes (Bartlett Regional Hospital)

New or Repeat: Repeat (2021-001)

Criteria: Internal controls should be properly designed and implemented to efficiently conduct business, safeguard assets, prevent or detect misstatement, errors, or fraud, ensure completeness and accuracy of financial records, and timely preparation of the financial statements.

Condition: For a portion of the fiscal year, internal controls over purchasing were not sufficiently designed and implemented to ensure credit card purchases were adequately supported, including documentation of the business purpose of transactions.

The current written policies and procedures do not sufficiently respond to the risks to the organization, nor are they representative of current practices for credit card purchases.

Context: Finding 2021-001, as reported in the fiscal year 2021 audit, reported a significant deficiency in internal controls over financial reporting – purchasing process. Finding 2021-001 was issued in the middle of fiscal year 2022, and due to the time necessary to implement corrective action, the conditions continued to be present in a portion of fiscal 2022. During the first three quarters of fiscal 2022, in many instances, credit card purchases, or employee reimbursement, including reimbursement for travel, did not provide sufficient audit evidence to conclude on the appropriateness of costs. Certain asset purchases did not provide enough evidence to conclude that the assets were purchased for a valid business purpose. However, significant improvements were noted in items tested, from the fourth quarter of 2022, as corrective actions were implemented by the start of the quarter.

Many finance policies and procedures are still outdated and do not represent actual current practices. The existing policies or current practices do not adequately address the risks to the organization.

Effect (or potential): Without sufficient internal controls over purchasing processes, risk significantly increases that errors and fraud, related to purchases and expenditures, including misappropriation of assets, could occur and not be detected or corrected within a timely basis.

Cause: Turnover in key finance department positions has resulted in deferring the update of finance related policies and procedures. The lack of updated and thorough financial policies and procedures has resulted in weaknesses in the organization’s internal controls, opportunities for employees to take advantage of the weaknesses in the system, and a lack of sufficient documentation to support the business purpose consistently

CITY AND BOROUGH OF JUNEAU, ALASKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

in financial transactions. The corrective actions designed by management in response to the fiscal 2021 audit finding, were either not complete until late in fiscal 2022, or are still in the process of being implemented as of June 30, 2022 due to the time necessary to design and implement controls.

Recommendation: We recommend that management continue to implement their planned corrective actions, if not already in place. We understand significant modifications were already made to purchasing processes after the third quarter of fiscal 2022. We further recommend that financial policies and procedures be reviewed and updated periodically and as necessary.

View of responsible officials: Management concurs with this finding, see corrective action plan.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.



Address: 155 Municipal Way, Juneau, AK 99801
Phone: 907-586-5278, Fax: 907-586-4552

City & Borough of Juneau
Summary of Prior Year Findings
Year Ended June 30, 2022

FINANCIAL STATEMENT FINDINGS

2021-001 Significant Deficiency in Internal Controls over Financial Reporting – Purchasing Processes, Bartlett Regional Hospital Enterprise Fund

Current Status: Recurring. Management remains committed to resolving this finding and recommendation. It anticipates the issue being fully resolved January 31, 2023

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2021-002 Major Program Noncompliance and Significant Deficiency in Internal Controls over Compliance – Allowable Costs/Cost Principles – Transaction Support, Bartlett Regional Hospital Enterprise Fund

Program: U.S. Department of Treasury, Coronavirus Relief Fund
ALN: 20.019

COVID-19 – Substance Use Disorder Services Expansion – Crisis Stabilization CARES Funding

*Awarded to Bartlett Regional Hospital (an enterprise fund of the City and Borough of Juneau, Alaska) - Passed through the Alaska Department of Health and Social Services Pass through award number 602-239-21004
FAIN: SLT-0073*

COVID-19 – Substance Use Disorder Services Expansion – Youth Psychiatric Stabilization CARES

*Awarded to Bartlett Regional Hospital (an enterprise fund of the City and Borough of Juneau, Alaska) - Passed through the Alaska Department of Health and Social Services Pass through award number: 602-239-21004
FAIN: SLT-0073*

COVID-19 – Ambulatory Withdrawal Management

*Awarded to Bartlett Regional Hospital (an enterprise fund of the City and Borough of Juneau, Alaska) - Passed through the Alaska Department of Health and Social Services Pass through award number: 602-239-21010
FAIN: SLT-0073*

Current Status: Resolved.



Address: 155 Municipal Way, Juneau, AK 99801
Phone: 907-586-5278, Fax: 907-586-4552

City & Borough of Juneau
Corrective Action Plan
Year Ended June 30, 2022

FINANCIAL STATEMENT FINDINGS

Finding: 2022-001 Material Weakness in Internal Controls over Financial Reporting – Timely Reconciliation of Significant Accounts and Preparation of the Annual Comprehensive Financial Report (ACFR)

Name of Contact Person: Sarita Knull, Controller

Corrective Action: The Controller is strengthening review procedures through the mechanical automation of internal checks, checks lists and staff training.

The template for the mechanical automation containing internal checks of the FY23 ACFR will be completed by July 1, 2023. It includes rebuilding and tying out the 2022 ACFR so that the notes and financial state statements meet all requirements. Additionally, cross review of work is being built into team processes so that the team reviews and cross checks each other's work prior to management review.

The Controller recognizes the financial report preparation training needs of the ACFR team and has already implemented a training plan for the on the team. Training includes implementation of GASB pronouncements and inclusion of pronouncements into statements and notes. Training for the FY23 ACFR is to be completed by August 1st.

The Controller Division has also begun documenting processes and procedures in order to create consistency and accountability in accounting practices rather than relying on hearsay and historical memory.

The Controllers Division has moved to reconciling and closing its books on a quarterly cycle with the goal of being able to shift a monthly a soft close of the City

and Borough of Juneau's books. The monthly soft close process will be fully implemented by January 1, 2024.

Proposed Completion Date: December 31, 2023

Finding: 2022-002 Significant Deficiency in Internal Controls over Financial Reporting – Implementation of Lease Standard

Name of Contact Person: Sarita Knull, Controller

Corrective Action: The Controller's Division is in the process of drafting policies and procedures for maintaining compliance with GASB 87 throughout the fiscal year. The policies and procedures will enable the financial reporting to be in compliance with GASB 87 as well.

Additionally, the Controller Division's training needs regarding GASB 87 are being addressed. See the response to Finding 2022-001

Proposed Completion Date: July 31, 2023

Finding: 2022-003 Significant Deficiency in Internal Controls over Financial Reporting – Purchasing Processes

Name of Contact Person: Samuel Muse, Bartlett CFO

Corrective Action: Bartlett Finance implemented M-files software which digitizes invoices and automates the approval process for payments and ultimate storage. This went live on July 1st 2021. With invoices tracked and approved virtually, documentation and approval of invoices always occurs prior to payment. This change also allowed us to eliminate manual routing of invoice by folder or email, resulting in more timely payments and ensure proper approvals from the correct individuals.

Additionally, starting the month of March 2022, review of credit card receipts was transitioned to the executive assistant for CFO & CFO. This transition allowed Finance to follow up and ensure that every credit card purchases included receipt and the cardholder was making only valid purchases. To ensure separation of duties, accounts payable staff review CFO and CFO's assistant card receipts. Bartlett took further action to cancel some of the credit cards and to transition those purchases to normal purchase order or check requests. There are now only 7 active cards outstanding, less than half of what there was previously.

As of October 2021, Gift cards are no longer allowed to be purchased except for rare exceptions with approval of Senior Leadership. In these situations, cash or cash equivalent gifts will be processed through payroll, to tax employees appropriately per IRS regulation. Annual holiday gift card from Bartlett will be processed as a bonus starting current year to tax employees appropriately per IRS regulation.

Bartlett Hospital hired a Supply Chain consultant to perform an outside review of the Materials Management/Purchasing Department; this consultant helped develop new processes and policies for the entire Bartlett Regional Hospital (BRH) organization.

Management has also taken this opportunity to also implement a culture shift toward accountability. Staff are encouraged to ask questions, follow up with things that aren't well documented or understood. Management is focusing on being receptive to ideas, critiques, and providing a safe whistleblower environment where individuals can come forward with concerns.

Lastly, Bartlett has reduced the amount of travel in the interim while strengthening our controls over approval and documentation that travel has occurred.

In addition to these changes, Bartlett is also currently developing more internal control measures, including revising the spending authority to include new departments and managers and align it better with industry practices; using PolicyTech software to provide organizational feedback on our procurement policy, personal reimbursement policies and credit card policy. Bartlett is developing procedures to streamline the submission of credit card reconciliations and travel reimbursements utilizing software for automated notifications for approvals and adding additional checks and balances.

Proposed Completion Date: 1/31/2023