

CITY AND BOROUGH OF JUNEAU, ALASKA
EXPENDITURES OF FEDERAL AWARDS REPORTS
Year Ended June 30, 2016

CITY AND BOROUGH OF JUNEAU, ALASKA
EXPENDITURES OF FEDERAL AWARDS REPORTS

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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, 2016, 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 January 23, 2017.

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) to determine the 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.

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. 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.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 determination of financial statement amounts. 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*.

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.

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January 23, 2017

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited the City and Borough of Juneau, Alaska's (City and Borough's) compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (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, 2016. 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 financial statements include the operations of the City and Borough of Juneau School District, which received \$4,652,682 in federal awards which is not included in the schedule during the year ended June 30, 2016. Our compliance audit, described below, did not include the operations of the City and Borough of Juneau School District because the component unit had its own audit in accordance with the Uniform Guidance.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City and Borough's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City and Borough's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City and Borough's compliance.

Opinion on Each Major Federal Program

In our opinion, the City and 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, 2016.

Report on Internal Control over Compliance

Management of the City and Borough is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City and Borough's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City and Borough's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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, 2016, 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 January 23, 2017, 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 audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance) and is not a required part of the basic financial statements. Such information is the responsibility of management and was

derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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.

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January 23, 2017

CITY AND BOROUGH OF JUNEAU, ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2016

Federal Agency/Pass-through Agency/Program Title	Pass-through Grantor's Number	Catalogue of Federal Domestic Assistance Number	Program or Award Amount	Receivable (deferral) at June 30, 2015	Amount Received	Expenditures	Receivable (deferral) at June 30, 2016
U.S. Department of Homeland Security							
Federal Emergency Management Agency:							
Port Security Grant Program	EMW-2013-PU-00497-S01	97.056	\$ 75,000	\$ -	\$ 62,790	\$ 62,790	\$ -
State Pass-Through Grant:							
Alaska Department of Military and Veterans Affairs:							
2013 State Homeland Security Grant Program	13SHSP-GR34078	97.067	177,275	71,913	71,913	-	-
2014 State Homeland Security Grant Program	14SHSP-GR34094	97.067	469,221	50,780	404,681	418,440	64,539
2015 State Homeland Security Grant Program	EMW-2015-SS-00026-S01	97.067	427,029	-	1,593	43,059	41,466
			<u>1,073,525</u>	<u>122,693</u>	<u>478,187</u>	<u>461,499</u>	<u>106,005</u>
2014 Emergency Management Performance Grant	14EMPG-GR35586	97.042	110,000	44,544	44,544	-	-
2015 Emergency Management Performance Grant	EMW-2014-EP-00054	97.042	160,000	-	63,084	160,000	96,916
			<u>270,000</u>	<u>44,544</u>	<u>107,628</u>	<u>160,000</u>	<u>96,916</u>
 Total U.S. Department of Homeland Security			<u>1,418,525</u>	<u>167,237</u>	<u>648,605</u>	<u>684,289</u>	<u>202,921</u>
U.S. Environmental Protection Agency:							
State Pass-Through Loan:							
Alaska Department of Environmental Conservation:							
<i>Clean Water State Revolving Fund Cluster</i>							
West Mendenhall Valley Sewer Expansion	445291	66.458	1,666,600	15,599	19,499	3,900	-
<i>Total Clean Water State Revolving Fund Cluster</i>			<u>1,666,600</u>	<u>15,599</u>	<u>19,499</u>	<u>3,900</u>	<u>-</u>
<i>Drinking Water State Revolving Fund Cluster</i>							
Water Main Replacement Egan Drive - 10th to Main Street (Design)	445221	66.468	1,550,600	-	-	47,347	47,347
<i>Total Drinking Water State Revolving Fund Cluster</i>			<u>1,550,600</u>	<u>-</u>	<u>-</u>	<u>47,347</u>	<u>47,347</u>
 Total U.S. Environmental Protection Agency			<u>3,217,200</u>	<u>15,599</u>	<u>19,499</u>	<u>51,247</u>	<u>47,347</u>
U.S. Department of Agriculture:							
<i>Forest Service Schools and Roads Cluster</i>							
State Pass-Through Grant:							
Alaska Department of Commerce, Community, and Economic Development:							
Schools and Roads - Grants to States FY13, Title III Forest Timber Receipts	-	10.665	63,591	(63,591)	-	-	(63,591)
Schools and Roads - Grants to States FY14, Title III Forest Timber Receipts	-	10.665	51,024	(51,024)	-	-	(51,024)
Schools and Roads - Grants to States FY15, Title III Forest Timber Receipts	-	10.665	48,483	(48,483)	-	-	(48,483)
Schools and Roads - Grants to States FY16, Title III Special Projects	-	10.665	47,550	-	47,550	-	(47,550)
Schools and Roads - Grants to States FY16, Title I Schools and Roads	-	10.665	577,397	-	577,397	577,397	-
<i>Total Forest Service Schools and Roads Cluster</i>			<u>788,045</u>	<u>(163,098)</u>	<u>624,947</u>	<u>577,397</u>	<u>(210,648)</u>
 Total U.S. Department of Agriculture			<u>788,045</u>	<u>(163,098)</u>	<u>624,947</u>	<u>577,397</u>	<u>(210,648)</u>

(continued)

CITY AND BOROUGH OF JUNEAU, ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2016

Federal Agency/Pass-through Agency/Program Title	Pass-through Grantor's Number	Catalogue of Federal Domestic Assistance Number	Program or Award Amount	Receivable (deferral) at June 30, 2015	Amount Received	Expenditures	Receivable (deferral) at June 30, 2016
U.S. Department of Transportation:							
Federal Transit Administration:							
State Pass-Through Grants:							
Alaska Department of Transportation and Public Facilities:							
Alaska Community Transit - Section 5311 Grant (FY16 Operating Grant)	2511-16-0100	20.509	1,000,000	-	719,267	999,999	280,732
STP Transfer to Section 5311 Bus Grant	AK-85-X006	20.509	1,432,778	-	-	1,988	1,988
FY15 RTAP CTAA	-	20.509	8,288	-	6,446	6,446	-
FY16 RTAP PASS	-	20.509	4,500	-	1,472	1,472	-
			<u>2,445,566</u>	<u>-</u>	<u>727,185</u>	<u>1,009,905</u>	<u>282,720</u>
<i>Federal Transit Cluster</i>							
ARRA Replace/Rehab Maintenance Facility and Equipment	AK-04-0030	20.500	400,000	-	35,220	138,243	103,023
<i>Total Federal Transit Cluster</i>			<u>400,000</u>	<u>-</u>	<u>35,220</u>	<u>138,243</u>	<u>103,023</u>
Total Federal Transit Administration			<u>2,845,566</u>	<u>-</u>	<u>762,405</u>	<u>1,148,148</u>	<u>385,743</u>
National Highway Traffic Safety Administration:							
State Pass-Through Grants:							
<i>Highway Safety Cluster</i>							
Alaska Department of Transportation and Public Facilities:							
Seatbelt Overtime Enforcement FFY16	402 PT-16-06-00(A)-10	20.600	12,767	-	-	4,332	4,332
Lifesavers National Conference 2016- Ofc. B. Hatch	402PT-16-06-00(D)-1	20.600	2,550	-	2,373	2,373	-
<i>Total Highway Safety Cluster</i>			<u>15,317</u>	<u>-</u>	<u>2,373</u>	<u>6,705</u>	<u>4,332</u>
Total National Highway Traffic Safety Administration			<u>15,317</u>	<u>-</u>	<u>2,373</u>	<u>6,705</u>	<u>4,332</u>
Federal Highway Administration:							
State Pass-Through Grants:							
Alaska Department of Transportation and Public Facilities:							
<i>Highway Planning and Construction Cluster</i>							
Juneau Mendenhall Valley Street Dust Control (Street Sweeper Purchase)	69552	20.205	280,000	-	23,633	23,633	-
Auke Bay Coastal Trails Interpretive Program	SB-AK-2006-53541	20.205	70,511	66,552	66,552	-	-
<i>Total Highway Planning and Construction Cluster</i>			<u>350,511</u>	<u>66,552</u>	<u>90,185</u>	<u>23,633</u>	<u>-</u>
Total Federal Highway Administration			<u>350,511</u>	<u>66,552</u>	<u>90,185</u>	<u>23,633</u>	<u>-</u>
Federal Motor Carrier Safety Administration							
State Pass-Through Grants:							
Alaska Department of Transportation and Public Facilities:							
Commercial Vehicle Inspection Training	15-PD-002	20.218	7,830	-	5,250	5,250	-
Total Federal Motor Carrier Safety Administration			<u>7,830</u>	<u>-</u>	<u>5,250</u>	<u>5,250</u>	<u>-</u>

(continued)

CITY AND BOROUGH OF JUNEAU, ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2016

Federal Agency/Pass-through Agency/Program Title	Pass-through Grantor's Number	Catalogue of Federal Domestic Assistance Number	Program or Award Amount	Receivable (deferral) at June 30, 2015	Amount Received	Expenditures	Receivable (deferral) at June 30, 2016
Federal Aviation Administration:							
Airport Improvement Program:							
Construct Runway Safety Area (RSA) Phase 3; Construct Aprons (NE & NW Quad Areas) Phase 3; Construct Snow Removal Equipment Building (SREB) Embankment & Mechanical Phase 2	3-02-0133-050-2009	20.106	16,556,356	979,454	(1,844,577)	(1,844,577)	979,454
Construct Runway Safety Area (RSA) Runway 08/26, Phase 4	3-02-0133-052-2011	20.106	4,509,960	135,299	135,299	-	-
Construct Runway Safety Area (RSA) Runway 08/26, Phase 5	3-02-0133-053-2011	20.106	2,000,000	-	(38,339)	(38,339)	-
Construct Runway Safety Area (RSA) Runway 08/26, Phase 6 (AIP 54)	3-02-0133-054-2011	20.106	7,233,027	114,540	366,834	318,631	66,337
Construct Runway Safety Area, Phase VII (AIP 55)	3-02-0133-055-2012	20.106	17,284,543	545,716	-	15,581	561,297
Construct Runway Safety Area, Phase 9 (AIP 57)	3-02-0133-057-2013	20.106	1,903,817	57,115	-	-	-
Rehabilitate Runway 08/26 (Design)	3-02-0133-058-2013	20.106	1,171,875	186,539	69,351	-	117,188
Update Airport Master Plan	3-02-0133-059-2013	20.106	703,125	208,212	563,897	386,772	31,087
Rehabilitate Runway 08/26	3-02-0133-060-2014	20.106	20,568,076	11,236,862	12,101,391	2,396,254	1,531,725
Rehabilitation Terminal Building, Acquire Equipment (Handicap Passenger Lift Device)	3-02-0133-061-2015	20.106	526,133	-	473,520	526,133	52,613
Acquire 3,000 Gallon Aircraft Rescue & Fire Fighting (ARFF) Vehicle	3-02-0133-062-2015	20.106	647,473	-	-	628,888	628,888
ARFF Building Modification- Project Formulation Environmental	3-02-0133-063-2015	20.106	234,375	-	-	194,965	194,965
Construct Apron; Install Perimeter Fencing	3-02-0133-064-2015	20.106	813,773	-	-	329,347	329,347
Total Federal Aviation Administration			74,152,533	13,463,737	11,884,491	2,913,655	4,492,901
Total U.S. Department of Transportation			77,371,757	13,530,289	12,744,704	4,097,391	4,882,976
U.S. Department of the Interior:							
Office of the Secretary:							
Payments in Lieu of Taxes FY15	-	15.226	1,916,143	(1,916,143)	-	1,916,143	-
Payments in Lieu of Taxes FY16	-	15.226	2,121,216	-	2,284,520	163,304	(2,121,216)
Total Office of the Secretary			4,037,359	(1,916,143)	2,284,520	2,079,447	(2,121,216)
National Park Service:							
Empty Chair Project	P13AP00123	15.933	80,000	41,930	46,460	8,642	4,112
State Pass-Through Grants:							
Alaska Department of Natural Resources:							
AJ Mine Power Tower Stabilization	HPF 14610	15.904	19,042	-	6,678	6,678	-
Evergreen Cemetery	HPF 14621	15.904	17,031	3,242	17,031	13,789	-
Alaska Historic Preservation Conference	HPF 15018	15.904	2,546	-	2,214	2,214	-
Juneau Historic Preservation Plan, Phase 1	HPF 15017	15.904	17,186	-	-	3,994	3,994
			55,805	3,242	25,923	26,675	3,994
Total National Park Service			135,805	45,172	72,383	35,317	8,106

(continued)

CITY AND BOROUGH OF JUNEAU, ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2016

Federal Agency/Pass-through Agency/Program Title	Pass-through Grantor's Number	Catalogue of Federal Domestic Assistance Number	Program or Award Amount	Receivable (deferral) at June 30, 2015	Amount Received	Expenditures	Receivable (deferral) at June 30, 2016
Fish and Wildlife Service:							
State Pass-Through Grants:							
Alaska Department of Fish and Game:							
<i>Fish and Wildlife Cluster</i>							
Aurora Harbor Pump Out Station	05-041	15.605	180,000	8,599	63,751	55,152	-
Amalga Harbor Fish Cleaning Float	15-049	15.605	37,500	4,102	-	1,870	5,972
Statter Harbor Ramp Construction	14-110	15.605	3,137,500	-	-	435,325	435,325
<i>Total Fish and Wildlife Cluster</i>			3,355,000	12,701	63,751	492,347	441,297
Alaska Department of Commerce, Community, and Economic Development:							
Habitat Mapping and Analysis Project	10-CIAP-009	15.668	1,628,164	457,126	684,385	361,729	134,470
Total Fish and Wildlife Service			4,983,164	469,827	748,136	854,076	575,767
Total U.S. Department of the Interior			9,156,328	(1,401,144)	3,105,039	2,968,840	(1,537,343)
Institute of Museum and Library Services:							
State Pass-Through Grant:							
Alaska Department of Education and Early Development:							
Continuing Education FY16	N/A	45.310	6,000	-	6,000	6,000	-
Alaska Mail Services FY2015	15-74	45.310	228,342	57,090	57,090	-	-
Alaska Mail Services FY2016	N/A	45.310	228,901	-	228,901	228,901	-
Total Institute of Museum and Library Services			463,243	57,090	291,991	234,901	-
U.S. Department of Health and Human Services:							
Health Resources and Services Administration:							
State Pass-Through Grant:							
Alaska Department of Health and Social Services							
Alaska Rural Small Hospital Improvement Program (SHIP)	6 H3HRH00026-14-00	93.301	6,556	-	6,556	6,556	-
Total Health Resources and Services Administration			6,556	-	6,556	6,556	-
Office of the Secretary:							
State Pass-Through Grant:							
Alaska Department of Health and Social Services							
Healthcare Organization Preparedness FFY14	1U90TP000501-03	93.889	19,460	15,664	15,664	-	-
Healthcare Organization Preparedness FFY15	1U90TP000501-04	93.889	29,264	-	-	20,974	20,974
Total Office of the Secretary			48,724	15,664	15,664	20,974	20,974
Total U.S. Department of Health and Human Services			55,280	15,664	22,220	27,530	20,974

(continued)

CITY AND BOROUGH OF JUNEAU, ALASKA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2016

Federal Agency/Pass-through Agency/Program Title	Pass-through Grantor's Number	Catalogue of Federal Domestic Assistance Number	Program or Award Amount	Receivable (deferral) at June 30, 2015	Amount Received	Expenditures	Receivable (deferral) at June 30, 2016
U.S. Department of Justice:							
Bureau of Justice Assistance:							
Bullet Proof Vests	2013BUBX13065793	16.607	2,889	872	872	-	-
Bullet Proof Vests	2014BUBX14071621	16.607	3,228	1,810	3,215	1,419	14
Bullet Proof Vests	2015BUBX15076930	16.607	5,487	-	-	608	608
			11,604	2,682	4,087	2,027	622
FY15 EBMJA (JAG)	2015-DJ-BX-0860	16.738	20,575	-	-	8,827	8,827
Total Bureau of Justice Assistance			32,179	2,682	4,087	10,854	9,449
Total U.S. Department of Justice			32,179	2,682	4,087	10,854	9,449
Total Federal Expenditures			\$ 92,502,557	\$ 12,224,319	\$ 17,461,092	\$ 8,652,449	\$ 3,415,676

See notes to schedule of expenditures of federal awards.

CITY AND BOROUGH OF JUNEAU, ALASKA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2016

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 on the accompanying SEFA are presented using the modified-accrual basis of accounting, which is 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. Negative amounts shown on the SEFA represent grant funds returned for previously reimbursed unallowable costs. The City and Borough has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Subrecipients

The City and Borough does not pass through federal funds to subrecipients, therefore there are no amounts provided to subrecipients on the SEFA.

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	\$ 2,676,340
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	106,100

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	2,456,072
Federal grant and loan sources reported as capital contributions in Juneau International Airport, Boat Harbors, and Dock enterprise funds	3,534,539

CITY AND BOROUGH OF JUNEAU, ALASKA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2016

Less:

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

Juneau International Airport Transportation Security Administration reimbursement reported as federal revenue	(106,100)
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State funded portion of loans passed through the State of Alaska Department of Environmental Conservation	<u>(14,502)</u>
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Total federal expenditures per schedule of expenditures of federal awards	<u>\$ 8,652,449</u>
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CITY AND BOROUGH OF JUNEAU, ALASKA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2016

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? Yes x No

Federal Awards

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

Internal control over major 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

Major programs:

<u>CFDA#</u>	<u>Program</u>
20.106	Airport Improvement Program
15.226	Payments in Lieu of Taxes
15.605	Fish and Wildlife Cluster

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? Yes x No

FINANCIAL STATEMENT FINDINGS

None to report for fiscal year 2016.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None to report for fiscal year 2016.

CITY AND BOROUGH OF JUNEAU, ALASKA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

Year Ended June 30, 2016

FINANCIAL STATEMENT FINDINGS

None reported for fiscal year 2015.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2015-001 Major Program Noncompliance and Significant Deficiency in Internal Controls over Compliance – Allowable Costs/Cost Principles

Condition: The City and Borough failed to complete semi-annual payroll certifications for a grant to meet the documentation requirement for payroll costs to be allowable.

Status: Semi-annual payroll certifications were completed for the Alaska Mail Services grant in fiscal year 2016. Comment considered resolved.

Finding 2015-002 Major Program Noncompliance and Significant Deficiency in Internal Controls over Compliance – Reporting

Condition: The City and Borough failed to submit annual SF-270 and SF-271 reports for its Airport Improvement Program grants.

Status: Reports were submitted timely in fiscal year 2016. Comment considered resolved.