

CITY AND BOROUGH OF JUNEAU, ALASKA
EXPENDITURES OF FEDERAL AWARDS REPORTS
Year Ended June 30, 2017

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, 2017, 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 December 22, 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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December 22, 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, 2017. 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 \$4,740,960 in federal awards which is not included in the schedule during the year ended June 30, 2017. 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, 2017.

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, 2017, 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 December 22, 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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December 22, 2017

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

Year Ended June 30, 2017

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, 2016	Amount Received	Expenditures	Receivable (deferral) at June 30, 2017
U.S. Department of Homeland Security							
Federal Emergency Management Agency:							
Firefighters Grant	EMW-2014-FO-06617	97.044	\$ 92,955	\$ -	\$ 69,149	\$ 69,149	\$ -
Port Security Grant Program	EMW-2013-PU-00497-S01	97.056	<u>76,050</u>	<u>-</u>	<u>4,795</u>	<u>76,050</u>	<u>71,255</u>
			<u>169,005</u>	<u>-</u>	<u>73,944</u>	<u>145,199</u>	<u>71,255</u>
State Pass-Through Grant:							
Alaska Department of Military and Veterans Affairs:							
2015 Emergency Management Performance Grant	RME-2014-RP-00054	97.042	160,000	96,916	96,916	-	-
2016 Emergency Management Performance Grant	EMS-2016-EP-00001-S01	97.042	<u>160,000</u>	<u>-</u>	<u>67,970</u>	<u>160,000</u>	<u>92,030</u>
			<u>320,000</u>	<u>96,916</u>	<u>164,886</u>	<u>160,000</u>	<u>92,030</u>
Total U.S. Department of Homeland Security			<u>489,005</u>	<u>96,916</u>	<u>238,830</u>	<u>305,199</u>	<u>163,285</u>
U.S. Environmental Protection Agency:							
State Pass-Through Loan:							
Alaska Department of Environmental Conservation:							
<i>Clean Water State Revolving Fund Cluster</i>							
Biosolids Treatment Project	445251	66.458	<u>16,666,000</u>	<u>-</u>	<u>-</u>	<u>1,391,533</u>	<u>1,391,533</u>
<i>Total Clean Water State Revolving Fund Cluster</i>			<u>16,666,000</u>	<u>-</u>	<u>-</u>	<u>1,391,533</u>	<u>1,391,533</u>
<i>Drinking Water State Revolving Fund Cluster</i>							
Water Main Replacement Egan Drive - 10th to Main Street (Design)	445221	66.468	<u>1,550,600</u>	<u>47,347</u>	<u>-</u>	<u>601,767</u>	<u>649,114</u>
<i>Total Drinking Water State Revolving Fund Cluster</i>			<u>1,550,600</u>	<u>47,347</u>	<u>-</u>	<u>601,767</u>	<u>649,114</u>
Total U.S. Environmental Protection Agency			<u>18,216,600</u>	<u>47,347</u>	<u>-</u>	<u>1,993,300</u>	<u>2,040,647</u>
U.S. Department of Transportation:							
Federal Transit Administration:							
State Pass-Through Grants:							
Alaska Department of Transportation and Public Facilities:							
Community Transportation Association of America (CTAA) 2016 EXPO	5311AK18-7081	20.509	2,750	-	2,401	2,401	-
Alaska Community Transit - Section 5311 Grant (FY16 Operating Grant)	2511-16-0100	20.509	1,000,000	280,732	280,732	-	-
Alaska Community Transit - Section 5311 Grant (FY17 Operating Grant)	2511-17-0100	20.509	1,758,706	-	791,110	946,722	155,612
STP Transfer to Section 5311 Bus Grant	AK-85-X006	20.509	<u>1,432,778</u>	<u>1,988</u>	<u>1,397,552</u>	<u>1,395,564</u>	<u>-</u>
			<u>4,194,234</u>	<u>282,720</u>	<u>2,471,795</u>	<u>2,344,687</u>	<u>155,612</u>
							(continued)

See notes to schedule of expenditures of federal awards.

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

Year Ended June 30, 2017

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, 2016	Amount Received	Expenditures	Receivable (deferral) at June 30, 2017
JPD-TraCS Equipment	405cM3DA-17-08-00(C)	20.616	114,200	-	11,794	102,307	90,513
High Visibility Enforcement-DUI	405dM5HVE-16-01-00(A)-13	20.616	14,344	-	14,344	14,344	-
High Visibility Enforcement FFY17 DUI Events	405dM5HVE-17-01-00(A)-6	20.616	34,188	-	9,754	9,754	-
			<u>162,732</u>	<u>-</u>	<u>35,892</u>	<u>126,405</u>	<u>90,513</u>
<i>Federal Transit Cluster</i>							
ARRA Replace/Rehab Maintenance Facility and Equipment	AK-04-0030	20.500	400,000	103,023	304,113	201,090	-
<i>Total Federal Transit Cluster</i>			<u>400,000</u>	<u>103,023</u>	<u>304,113</u>	<u>201,090</u>	<u>-</u>
Total Federal Transit Administration			<u>4,756,966</u>	<u>385,743</u>	<u>2,811,800</u>	<u>2,672,182</u>	<u>246,125</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	-	-
Seatbelt Overtime Enforcement FFY17	402 PT-17-06-00(A)-6	20.600	8,880	-	-	3,184	3,184
<i>Total Highway Safety Cluster</i>			<u>21,647</u>	<u>4,332</u>	<u>4,332</u>	<u>3,184</u>	<u>3,184</u>
Total National Highway Traffic Safety Administration			<u>21,647</u>	<u>4,332</u>	<u>4,332</u>	<u>3,184</u>	<u>3,184</u>
Federal Motor Carrier Safety Administration							
State Pass-Through Grants:							
Alaska Department of Transportation and Public Facilities:							
Commercial Vehicle Inspection Training	MSCVE-16PDJNU	20.218	12,500	-	8,530	8,530	-
Commercial Vehicle Inspection Training	MSCVE-17PDJNU	20.218	12,500	-	-	-	-
Total Federal Motor Carrier Safety Administration			<u>25,000</u>	<u>-</u>	<u>8,530</u>	<u>8,530</u>	<u>-</u>

(continued)

See notes to schedule of expenditures of federal awards.

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

Year Ended June 30, 2017

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, 2016	Amount Received	Expenditures	Receivable (deferral) at June 30, 2017
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	979,454	-	-
Construct Runway Safety Area (RSA) Runway 08/26, Phase 6 (AIP 54)	3-02-0133-054-2011	20.106	7,233,027	66,337	66,337	-	-
Construct Runway Safety Area, Phase VII (AIP 55)	3-02-0133-055-2012	20.106	17,284,543	561,297	567,704	6,407	-
Rehabilitate Runway 08/26 (Design)	3-02-0133-058-2013	20.106	1,171,875	117,188	117,188	-	-
Update Airport Master Plan	3-02-0133-059-2013	20.106	703,125	31,087	59,915	74,905	46,077
Rehabilitate Runway 08/26	3-02-0133-060-2014	20.106	20,568,076	1,531,725	-	176,585	1,708,310
Rehabilitation Terminal Building, Acquire Equipment (Handicap Passenger Lift Device)	3-02-0133-061-2015	20.106	526,133	52,613	52,613	-	-
Acquire 3,000 Gallon Aircraft Rescue & Fire Fighting (ARFF) Vehicle	3-02-0133-062-2015	20.106	647,473	628,888	629,741	853	-
ARFF Building Modification - Project Formulation Environmental	3-02-0133-063-2015	20.106	234,375	194,965	210,938	39,410	23,438
Construct Apron; Install Perimeter Fencing	3-02-0133-064-2015	20.106	813,773	329,347	640,631	409,971	98,688
Expand Aircraft Rescue & Fire Fighting (ARFF) Building	3-02-0133-065-2016	20.106	2,200,312	-	758,277	1,773,044	1,014,766
Construct Apron (Northwest)	3-02-0133-066-2016	20.106	3,333,750	-	-	1,864,718	1,864,718
Construct Snow Removal Equipment Building (SREB)	3-02-0133-067-2016	20.106	16,694,036	-	-	4,596,693	4,596,693
Rehabilitate Taxiways A, B, C & D; Runway Incursion Mitigation (RIM), Design	3-02-0133-068-2016	20.106	656,250	-	76,478	478,069	401,591
Total Federal Aviation Administration			88,623,104	4,492,901	4,159,276	9,420,655	9,754,281
Total U.S. Department of Transportation			93,426,717	4,882,976	6,983,938	12,104,551	10,003,590
U.S. Department of the Interior:							
Office of the Secretary:							
Payments in Lieu of Taxes FY16	-	15.226	2,121,216	(2,121,216)	-	2,121,216	-
Payments in Lieu of Taxes FY17	-	15.226	2,216,925	-	2,216,925	-	(2,216,925)
Total Office of the Secretary			4,338,141	(2,121,216)	2,216,925	2,121,216	(2,216,925)
National Park Service:							
Empty Chair Project	P13AP00123	15.933	80,000	4,112	21,917	17,806	-
State Pass-Through Grants:							
Alaska Department of Natural Resources:							
National Alliance of Preservation Commissions: Forum 2016	HPF 15033	15.904	5,898	-	5,898	5,898	-
Juneau Historic Preservation Plan, Phase 1	HPF 15017	15.904	17,186	3,994	16,257	12,262	-
			23,084	3,994	22,155	18,160	-
Total National Park Service			103,084	8,106	44,072	35,966	-

(continued)

See notes to schedule of expenditures of federal awards.

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

Year Ended June 30, 2017

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, 2016	Amount Received	Expenditures	Receivable (deferral) at June 30, 2017
Fish and Wildlife Service:							
State Pass-Through Grants:							
Alaska Department of Fish and Game:							
<i>Fish and Wildlife Cluster</i>							
Amalga Harbor Fish Cleaning Float	15-049	15.605	37,500	5,972	5,972	140	140
Statter Harbor Ramp Construction	14-110	15.605	3,137,500	435,325	2,200,919	2,096,328	330,733
<i>Total Fish and Wildlife Cluster</i>			3,175,000	441,297	2,206,891	2,096,468	330,873
Total Fish and Wildlife Service			3,175,000	441,297	2,206,891	2,096,468	330,873
Total U.S. Department of the Interior			7,616,225	(1,671,813)	4,467,888	4,253,650	(1,886,052)
Corporation for National and Community Service							
AmeriCorps Training	16CAHAK001	94.003	1,660	-	-	861	861
Total Corporation for National and Community Service			1,660	-	-	861	861
Institute of Museum and Library Services:							
State Pass-Through Grant:							
Alaska Department of Education and Early Development:							
Continuing Education FY17	N/A	45.310	2,500	-	996	2,196	1,200
Alaska Mail Services FY2017	RS-17-743-01	45.310	207,000	-	207,000	230,534	23,534
Total Institute of Museum and Library Services			209,500	-	207,996	232,730	24,734
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)	H3HRH00026-15-00	93.301	6,712	-	6,712	6,712	-
Total Health Resources and Services Administration			6,712	-	6,712	6,712	-

(continued)

See notes to schedule of expenditures of federal awards.

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

Year Ended June 30, 2017

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, 2016	Amount Received	Expenditures	Receivable (deferral) at June 30, 2017
Substance Abuse and Mental Health Services Administration							
State Pass-Through Grant:							
Alaska Department of Health and Social Services							
Medication Assisted Treatment Expansion Grant	602-238-17002	93.243	175,000	-	131,250	165,763	34,513
Total Substance Abuse and Mental Health Services Administration			175,000	-	131,250	165,763	34,513
Office of the Secretary:							
State Pass-Through Grant:							
Alaska Department of Health and Social Services							
Healthcare Organization Preparedness FFY14	1U90TP000501-03	93.889	20,148	-	10,954	19,275	8,321
Healthcare Organization Preparedness FFY15	1U90TP000501-04	93.889	29,264	20,974	20,974	-	-
Total Office of the Secretary			49,412	20,974	31,928	19,275	8,321
Total U.S. Department of Health and Human Services			231,124	20,974	169,890	191,750	42,834
U.S. Department of Justice:							
Bureau of Justice Assistance:							
Bullet Proof Vests	2014BUBX14071621	16.607	3,228	14	14	-	-
Bullet Proof Vests	2015BUBX15076930	16.607	5,487	608	5,487	4,879	-
Bullet Proof Vests	2016BUBX16081765	16.607	7,153	-	343	673	329
			15,868	622	5,844	5,552	329
Implementing a Body-Worn Camera Program at the Juneau Police Department	2016-BC-BX-K096	16.835	25,060	-	437	25,060	24,623
FY15 EBMJA (JAG)	2015-DJ-BX-0860	16.738	20,575	8,827	20,575	11,748	-
FY17 EBMJA (JAG)	2016-DJ-BX-1072	16.738	23,405	-	6,155	23,405	17,250
			43,980	8,827	26,730	35,153	17,250
Total Bureau of Justice Assistance			84,908	9,449	33,011	65,765	42,202
Total U.S. Department of Justice			84,908	9,449	33,011	65,765	42,202
Total Federal Expenditures			\$ 120,275,739	\$ 3,385,849	\$ 12,101,553	\$ 19,147,806	\$ 10,432,101

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, 2017

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	\$ 2,277,577
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	235,642

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	3,287,396
Federal grant and loan sources reported as capital contributions in Juneau International Airport, Boat Harbors, and Dock enterprise funds	13,510,422

(continued)

CITY AND BOROUGH OF JUNEAU, ALASKA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2017

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 (159,592)

State funded portion of loans passed through the State of Alaska Department of Environmental Conservation (3,639)

Total federal expenditures per schedule of expenditures of federal awards \$ 19,147,806

CITY AND BOROUGH OF JUNEAU, ALASKA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2017

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>
66.458	Clean Water State Revolving Fund Cluster
66.468	Drinking Water State Revolving Fund Cluster
20.509	Formula Grants for Rural Areas
20.106	Airport Improvement Program

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 2017.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None to report for fiscal year 2017.

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

Year Ended June 30, 2017

FINANCIAL STATEMENT FINDINGS

None reported for fiscal year 2016.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported for fiscal year 2016.