

CITY AND BOROUGH OF JUNEAU, ALASKA

FEDERAL FINANCIAL ASSISTANCE REPORTS

Year Ended June 30, 2021

CITY AND BOROUGH OF JUNEAU, ALASKA
FEDERAL FINANCIAL ASSISTANCE REPORTS
Year Ended June 30, 2021

	<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>	1-2
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance with the Uniform Guidance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	3-5
Schedule of Expenditures of Federal Awards	6-11
Notes to Schedule of Expenditures of Federal Awards	12-13
Schedule of Findings and Questioned Costs	14-18
Summary Schedule of Prior Year Findings	19
Corrective Action Plan	20-21



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, 2021, 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 28, 2021.

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.

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. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a significant deficiency.

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 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*.

The City and Borough's Response to Finding

The City and Borough's response to the finding 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 it.

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

December 28, 2021

March 17, 2022 (updated for completion of single audit)



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 AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE; 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) compliance with the types of compliance requirements described 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, 2021. 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 expended \$9,494,922 in federal awards which is not included in the schedule for the year ended June 30, 2021. 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 identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2021.

Other Matter

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and is described in the accompanying schedule of findings and questioned costs as item 2021-002. Our opinion on each major federal program is not modified with respect to this matter.

The City and Borough's response to the noncompliance finding 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 compliance and, accordingly, we express no opinion on the response.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2021-002, that we consider to be a significant deficiency.

The City and Borough's response to the internal control over compliance finding 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 compliance and, accordingly, we do not express an opinion on the response.

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, 2021, 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 28, 2021, 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.

Elgee Rehfeld

March 17, 2022

CITY AND BOROUGH OF JUNEAU, ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2021

Federal Agency/Pass-through Agency/Program Title	Grant Number	Assistance Listing Number	Program or Award Amount	Receivable (Deferral) at July 1, 2020	Amount Received	Passed through to Subrecipients	Expenditures	Receivable (Deferral) at June 30, 2021
U.S. Department of Homeland Security:								
Federal Emergency Management Agency:								
Hazard Mapping	EMS-2018-CA-00011-S01	97.045	\$ 205,000	\$ 140,944	\$ -	\$ -	\$ 35,371	\$ 176,315
Alaska Department of Military and Veterans Affairs:								
2017 State Homeland Security Grant Program	20SHSP-GY17	97.067	192,018	168,469	363,261	-	194,792	-
2018 State Homeland Security Grant Program	20SHSP-GY18	97.067	328,725	5,010	113,964	-	145,012	36,058
2019 State Homeland Security Grant Program	20SHSP-GY19	97.067	432,050	-	-	-	-	-
2020 State Homeland Security Grant Program	20SHSP-GY20	97.067	415,000	-	-	-	-	-
			<u>1,367,793</u>	<u>173,479</u>	<u>477,225</u>	<u>-</u>	<u>339,804</u>	<u>36,058</u>
2019 Emergency Management Performance Grant	20EMPG-GY19	97.042	115,995	34,488	34,488	-	-	-
2019 Emergency Management Performance Grant	20EMPG-GY19	97.042	28,677	28,677	28,677	-	-	-
2019 Emergency Management Performance Grant	20EMPG-GY19	97.042	15,328	15,328	15,328	-	-	-
2020 Emergency Management Performance Grant	20EMPG-GY20	97.042	160,000	-	80,559	-	153,194	72,635
			<u>320,000</u>	<u>78,493</u>	<u>159,052</u>	<u>-</u>	<u>153,194</u>	<u>72,635</u>
Total U.S. Department of Homeland Security			<u>1,892,793</u>	<u>392,916</u>	<u>636,277</u>	<u>-</u>	<u>528,369</u>	<u>285,008</u>
U.S. Environmental Protection Agency:								
State Pass-Through Loans:								
Alaska Department of Environmental Conservation:								
<i>Clean Water State Revolving Fund Cluster</i>								
Glacier Highway Sewer Improvements	445311	66.458	1,791,595	-	-	-	-	-
Biosolids Treatment Project	445251	66.458	16,666,000	-	-	-	-	-
			<u>18,457,595</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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	11,595	-	-	-	11,595
Douglas Highway Water System Replacement Phase III	445421	66.468	4,000,000	-	-	-	441,710	441,710
			<u>5,550,600</u>	<u>11,595</u>	<u>-</u>	<u>-</u>	<u>441,710</u>	<u>453,305</u>
Total U.S. Environmental Protection Agency			<u>24,008,195</u>	<u>11,595</u>	<u>-</u>	<u>-</u>	<u>441,710</u>	<u>453,305</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, 2021

Federal Agency/Pass-through Agency/Program Title	Grant Number	Assistance Listing Number	Program or Award Amount	Receivable (Deferral) at July 1, 2020	Amount Received	Passed through to Subrecipients	Expenditures	Receivable (Deferral) at June 30, 2021
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 FY13, Title III Forest Timber Receipts	-	10.665	63,591	(25,710)	-	-	25,710	-
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)	-	-	35,414	(12,136)
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 FY20, Title I	-	10.665	393,811	-	393,811	-	393,811	-
Schools and Roads - Grants to States FY21, Title III	-	10.665	34,564	-	34,564	-	-	(34,564)
<i>Total Forest Service Schools and Roads Cluster</i>			759,398	(293,142)	428,375	-	554,442	(167,075)
Total U.S. Department of Agriculture			759,398	(293,142)	428,375	-	554,442	(167,075)
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 (FY20 Operating Grant)	5311-AK-2019-028	20.509	482,320	255,171	255,171	-	-	-
Snow Removal/Support Equipment/Facilities Equipment	AK-18-X088/2511-19-0500	20.509	176,000	-	-	-	176,000	176,000
COVID-19 - CARES Alaska Community Transit - Section 5311 Grant (FY20 Operating Grant)	AK-2020-027	20.509	2,920,889	889,738	2,920,889	-	2,031,151	-
Alaska Community Transit - Section 5311 Grant (FY21 Operating Grant)	5311 AK-2020-048	20.509	1,100,000	-	510,153	-	979,379	469,226
Acquisition Surveillance/Security (Bus)	AK-2020-048	20.509	59,600	-	-	-	-	-
Acquisition Surveillance/Security (Equipment)	AK-2020-048	20.509	28,000	-	-	-	-	-
			4,766,809	1,144,909	3,686,213	-	3,186,530	645,226
<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	-	368,659	-	369,497	838
Snow Removal/Acquisition-Misc. Equip	AK-2019-021/2511-20-0200	20.526	140,000	-	-	-	135,842	135,842
Purchase Replacement Std 35 ft Bus	5339(c) AK-2019/2511-20-0300	20.526	1,350,000	-	-	-	107,041	107,041
Construct Maintenance Facility	AK-2016-013/2511-17-0304	20.526	800,000	205,273	-	-	206,494	411,767
Support Equipment/Facilities Equipment	AK-2017-011	20.526	208,191	-	-	-	-	-
			5,693,661	205,273	368,659	-	1,216,213	1,052,827
Support Equipment/Facilities Equipment	AK-04-X028	20.500	243,321	-	-	-	-	-
Support Equipment/Facilities Equipment	AK-04-X023	20.500	148,488	-	-	-	-	-
			391,809	-	-	-	-	-
<i>Total Federal Transit Cluster</i>			6,085,470	205,273	368,659	-	1,216,213	1,052,827
Total Federal Transit Administration			10,852,279	1,350,182	4,054,872	-	4,402,743	1,698,053

(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, 2021

Federal Agency/Pass-through Agency/Program Title	Grant Number	Assistance Listing Number	Program or Award Amount	Receivable (Deferral) at July 1, 2020	Amount Received	Passed through to Subrecipients	Expenditures	Receivable (Deferral) at June 30, 2021
U.S. Department of Transportation (continued):								
National Highway Traffic Safety Administration:								
State Pass-Through Grants:								
Alaska Department of Transportation and Public Facilities:								
<i>Highway Safety Cluster</i>								
Seatbelt Overtime Enforcement FFY20	402 PT-20-06-FA(A)-6	20.600	10,005	-	-	-	-	-
Seatbelt Overtime Enforcement FFY20	402 PT-20-06-FA(A)-3	20.600	1,700	-	-	-	-	-
Seatbelt Overtime Enforcement FFY21	402 PT-21-06-FA(A)-6	20.600	15,240	-	-	-	331	331
			26,945	-	-	-	331	331
FFY2020 High Visibility Enforcement - DUI Events	M5HVE-20-01-FA(A)-6	20.616	17,510	2,583	8,296	-	5,713	-
FFY2021 High Visibility Enforcement - DUI Events	M5HVE-21-01-FA(A)-6	20.616	27,940	-	-	-	5,579	5,579
			45,450	2,583	8,296	-	11,292	5,579
<i>Total Highway Safety Cluster</i>			72,395	2,583	8,296	-	11,623	5,910
Total National Highway Traffic Safety Administration			72,395	2,583	8,296	-	11,623	5,910
Federal Highway Administration:								
<i>Highway Planning and Construction Cluster</i>								
Treadwell Ditch Reroute	COOP 6905671850004	20.224	116,535	-	-	-	-	-
Total Federal Highway Administration			116,535	-	-	-	-	-
Federal Aviation Administration:								
Construct Snow Removal Equipment Building (SREB)	3-02-0133-067-2016	20.106	16,694,036	380,596	-	-	2,417	383,013
Design for Rehabilitate Taxiway A, D-1 Relocation, Taxiway E Alignment	3-02-0133-071-2017	20.106	1,979,062	225,211	256,477	-	77,107	45,841
Improve Seaplane Base	3-02-0133-072-2017	20.106	765,000	50,720	-	-	25,780	76,500
Construct NW Apron Phase 2, Construct NE Apron Phase 3	3-02-0133-073-2017	20.106	10,125,000	12,496	12,098	-	2,693	3,091
Acquire Snow Removal Equipment and Command Vehicle	3-02-0133-074-2017	20.106	4,823,551	1,307,844	1,574,797	-	567,612	300,659
Energy Efficiency Equipment/Infrastructure (Ramp Lighting Replacement)	3-02-0133-075-2017	20.106	240,000	393	9,844	-	14,516	5,065
Construct Sand & Chemical Storage Building (Design Only)	3-02-0133-077-2018	20.106	529,688	27,736	-	-	5,829	33,565
Reconstruct North Terminal Building (Design)	3-02-0133-078-2018	20.106	634,735	63,474	63,474	-	-	-
Construct Sand and Chemical Storage Building, Phase 2 (Construction)	3-02-0133-079-2018	20.106	9,985,312	216,008	-	-	782,524	998,532
Rehabilitate Taxiway A and E; Construct Taxiway D1; Acquire Emergency Generator; Relocation Airfield Lighting Vault	3-02-0133-080-2019	20.106	25,402,903	9,738,043	21,273,578	-	13,482,084	1,946,549
COVID-19 - CARES Maintain Safe Airports	3-02-0133-082-2020	20.106	21,736,343	724,664	724,664	-	4,029,486	4,029,486
Reconstruct North Terminal Building Phase I	3-02-0133-081-2020	20.106	8,010,825	-	-	-	4,629,815	4,629,815
Reconstruct North Terminal Building Phase 2	3-02-0133-083-2020	20.106	6,847,402	-	6,162,662	-	6,847,402	684,740
Total Federal Aviation Administration			107,773,857	12,747,185	30,077,594	-	30,467,265	13,136,856
Total U.S. Department of Transportation			118,815,066	14,099,950	34,140,762	-	34,881,631	14,840,819

(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, 2021

Federal Agency/Pass-through Agency/Program Title	Grant Number	Assistance Listing Number	Program or Award Amount	Receivable (Deferral) at July 1, 2020	Amount Received	Passed through to Subrecipients	Expenditures	Receivable (Deferral) at June 30, 2021
U.S. Department of Health and Human Services:								
Health Resources and Services Administration:								
COVID-19 - Provider Relief Fund	-	93.498	7,252,838	-	7,252,838	-	7,252,838	-
COVID-19 - HRSA COVID-19 Claims Reimbursement	-	93.461	392,964	-	73,080	-	392,964	319,884
State Pass-Through Grants:								
Alaska Department of Health and Social Services:								
COVID-19 - Alaska Rural Small Hospital Improvement Program (SHIP COVID Response)	H3JRH37429	93.301	84,317	-	84,317	-	84,317	-
Alaska Rural Small Hospital Improvement Program (SHIP FY18)	H3HRH00026	93.301	22,389	10,523	22,389	-	11,866	-
			106,706	10,523	106,706	-	96,183	-
			7,752,508	10,523	7,432,624	-	7,741,985	319,884
Total Health Resources and Services Administration								
Administration for Children and Families:								
Zach Gordon Youth Center Basic Center Program	90 CY 7218-01-00	93.623	200,000	-	-	-	36,971	36,971
Office of the Secretary:								
Local Pass-Through Grants:								
Alaska State Hospital and Nursing Home Association (ASHNHA) - COVID-19 - Federal ASPR Grant	ASHNHA ASPR	93.889	38,960	-	38,960	-	38,960	-
Substance Abuse and Mental Health Services Administration:								
State Pass-Through Grants:								
Alaska Department of Health and Social Services:								
COVID-19 - Emergency Grant to Address Mental Health and Substance Abuse Disorders During COVID-19	602-255-21010	93.665	200,000	-	78,583	-	200,000	121,417
RRC 3.7 - Comprehensive Behavioral Health Treatment and Recovery	602-208-21016	93.959	101,067	-	96,014	-	101,067	5,053
			301,067	-	174,597	-	301,067	126,470
Total Substance Abuse and Mental Health Services Administration								
Centers for Disease Control and Prevention:								
COVID-19 - Emergency Operations Center (DPH-EOC)	CO621-540-GMOA	93.323	1,657,875	-	-	-	288,548	288,548
Total U.S. Department of Health and Human Services			9,950,410	10,523	7,646,181	-	8,407,531	771,873
U.S. Department of the Interior:								
Office of the Secretary:								
Payments in Lieu of Taxes FY20	-	15.226	2,528,835	(2,472,385)	-	-	2,472,385	-
Payments in Lieu of Taxes FY21	-	15.226	2,527,473	-	2,527,473	-	-	(2,527,473)
			5,056,308	(2,472,385)	2,527,473	-	2,472,385	(2,527,473)
Total Office of the Secretary								
Fish and Wildlife Service:								
State Pass-Through Grants:								
Alaska Department of Fish and Game -								
Harris and Statter Harbors Boat Sewage Pump-out Facility Improvements	COOP 20-019	15.616	45,000	-	-	-	60,627	60,627
Total U.S. Department of the Interior			5,101,308	(2,472,385)	2,527,473	-	2,533,012	(2,466,846)

(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, 2021

Federal Agency/Pass-through Agency/Program Title	Grant Number	Assistance Listing Number	Program or Award Amount	Receivable (Deferral) at July 1, 2020	Amount Received	Passed through to Subrecipients	Expenditures	Receivable (Deferral) at June 30, 2021
National Endowment for the Humanities:								
Local Pass-Through Grants:								
Alaska Humanities Forum:								
COVID-19 - AK Humanities Forum COVID-19 Emergency Relief	C20-0030	45.129	6,250	(6,250)	-	-	6,250	-
Juneau Community Voices Audio Wayfinding	G19-0005	45.129	10,000	-	10,000	-	10,000	-
Total National Endowment for the Humanities			16,250	(6,250)	10,000	-	16,250	-
Institute of Museum and Library Services:								
State Pass-Through Grants:								
Alaska Department of Education and Early Development -								
Alaska Mail Services	ILC-20-009	45.310	239,251	-	239,251	-	239,251	-
Total Institute of Museum and Library Services			239,251	-	239,251	-	239,251	-
U.S. Department of Justice:								
Bureau of Justice Assistance:								
COVID-19 - Juneau COVID-19 Emergency Response	2020-VD-BX-1176	16.034	113,709	-	-	-	99,977	99,977
Bullet Proof Vests	2018BUBX18094122	16.607	8,003	923	923	-	923	923
Bullet Proof Vests	2019BUBX19098241	16.607	7,213	-	923	-	1,539	616
Bullet Proof Vests	2020BUBX20023709	16.607	2,770	-	-	-	-	-
Total Bureau of Justice Assistance			17,986	923	1,846	-	2,462	1,539
			131,695	923	1,846	-	102,439	101,516
Office of Justice Programs:								
ICAC Activity	2019-MC-FX-K019	16.543	5,000	-	-	-	-	-
FY19 EBMJA (JAG)	2019-DJ-BX-0763	16.738	35,292	-	-	-	7,992	7,992
FY20 EBMJA (JAG)	2020-DJ-CX-0549	16.738	31,047	-	-	-	-	-
Total Office of Justice Programs			66,339	-	-	-	7,992	7,992
Total U.S. Department of Justice			71,339	-	-	-	7,992	7,992
			203,034	923	1,846	-	110,431	109,508

(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, 2021

Federal Agency/Pass-through Agency/Program Title	Grant Number	Assistance Listing Number	Program or Award Amount	Receivable (Deferral) at July 1, 2020	Amount Received	Passed through to Subrecipients	Expenditures	Receivable (Deferral) at June 30, 2021
U.S. Department of Treasury:								
Coronavirus State and Local Fiscal Recovery Funds:								
COVID-19 - CARES Relief - ARPA SLFRF	-	21.027	6,210,575	-	3,105,288	-	2,858,900	(246,388)
COVID-19 - ARPA SLFRF (AK DCCED)	AK-0056	21.027	7,718,276	-	-	-	-	-
Total Coronavirus State and Local Fiscal Recovery Funds			<u>13,928,851</u>	<u>-</u>	<u>3,105,288</u>	<u>-</u>	<u>2,858,900</u>	<u>(246,388)</u>
Coronavirus Relief Fund:								
COVID-19 - CARES Relief - FEMA	DR-4533-AK	21.019	173,935	-	-	-	173,935	173,935
Local Pass-Through Grants:								
Alaska Community Foundation -								
COVID-19 - CRNF Telehealth Equipment	20258	21.019	974,825	-	974,825	-	974,825	-
State Pass-Through Grants:								
Alaska Department of Commerce, Community, and Economic Development -								
COVID-19 - CARES Relief - CBJ Ops	20-CRF-091	21.019	53,288,390	12,477,619	53,288,390	13,975,886	40,810,771	-
Alaska Department of Health and Social Services:								
COVID-19 - Substance Use Disorder Services Expansion -								
Crisis Stabilization CARES Funding	602-239-21004	21.019	700,000	-	700,000	-	700,000	-
COVID-19 - Substance Use Disorder Services Expansion -								
Youth Psychiatric Stabilization CARES	602-239-21004	21.019	500,000	-	500,000	-	451,978	(48,022)
COVID-19 - Ambulatory Withdrawal Management	602-239-21010	21.019	34,750	-	34,750	-	34,750	-
			<u>1,234,750</u>	<u>-</u>	<u>1,234,750</u>	<u>-</u>	<u>1,186,728</u>	<u>(48,022)</u>
Total Coronavirus Relief Fund			<u>55,671,900</u>	<u>12,477,619</u>	<u>55,497,965</u>	<u>13,975,886</u>	<u>43,146,259</u>	<u>125,913</u>
Total U.S. Department of Treasury			<u>69,600,751</u>	<u>12,477,619</u>	<u>58,603,253</u>	<u>13,975,886</u>	<u>46,005,159</u>	<u>(120,475)</u>
Total Federal Expenditures			<u>\$ 230,586,456</u>	<u>\$ 24,221,749</u>	<u>\$ 104,233,418</u>	<u>\$ 13,975,886</u>	<u>\$ 93,717,786</u>	<u>\$ 13,706,117</u>

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, 2021

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.

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	\$ 46,520,685
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	24,528,799

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	5,937,498
Federal grant and loan sources reported as capital contributions in Juneau International Airport, Boat Harbors, and Dock enterprise funds	14,960,562
Provider Relief Funds recognized in prior year	6,384,791
Federal grant revenues reported in the Bartlett Regional Hospital enterprise fund as charges for services revenue	2,990,726
Federal revenues recognized in prior year	548,772

(continued)

CITY AND BOROUGH OF JUNEAU, ALASKA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2021

Less:

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

Provider Relief Funds reported as federal revenue in Bartlett Regional Hospital enterprise fund; expenditures incurred after 6/30/21 reporting period	(4,956,311)
Amounts reported as federal revenue in the basic financial statements but do not meet the definition of federal financial assistance	(2,323,711)
Juneau International Airport Transportation Security Administration reimbursement reported as federal revenue	<u>(874,025)</u>
Total federal expenditures per schedule of expenditures of federal awards	<u>\$ 93,717,786</u>

Federal Assistance Not Included in the SEFA (Unaudited)

Not included in the total expenditures of federal awards, as presented in the SEFA, is donated personal protective equipment (PPE), from federal assistance passed through other agencies, in the amount of \$16,500.

CITY AND BOROUGH OF JUNEAU, ALASKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2021

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? Yes 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 No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes None reported

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

Major programs:

<u>ALN</u>	<u>Program</u>
20.106	Airport Improvement Program
21.027	Coronavirus State and Local Fiscal Recovery Funds
21.019	Coronavirus Relief Fund
93.498	Provider Relief Fund

Dollar threshold used to distinguish between type A and type B programs: \$ 2,811,534

Auditee qualified as low-risk auditee? Yes No

CITY AND BOROUGH OF JUNEAU, ALASKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS

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

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: Internal controls over purchasing at Bartlett Regional Hospital (the Hospital) were not sufficiently designed and implemented to ensure that physical assets purchased with credit cards, including artwork, furnishings, equipment, IT assets, and gift cards were tracked and safeguarded. Tested credit card, employee reimbursement, and travel purchases were not adequately supported, nor was the business purpose of transactions sufficiently documented in some cases.

The Hospital's current written policies and procedures are not sufficiently designed to respond to the risks to the Hospital, nor are they representative of current practices.

Context: In many instances in the documentation we reviewed, credit card purchases, or employee reimbursement, including reimbursement for travel, did not provide sufficient audit evidence to conclude on the appropriateness of costs. Asset purchases, such as artwork, furnishings, IT equipment, and gift cards, in certain instances, when purchased with credit cards, did not provide enough evidence to conclude that the assets were purchased for a valid business purpose. The pool of costs not sufficiently documented are not material to the financial statements; however, the weaknesses in internal controls could allow for undetected error or fraud.

We observed many of the Hospital's finance policies and procedures are outdated and do not represent actual current practices. The existing policies and current practices do not adequately address the risks to the Hospital. We specifically observed that the credit card and travel policy is several years old and is not being followed, and policies over other key areas, such as gift card usage and purchase of IT equipment, do not exist.

Effect (or potential): Without sufficient internal controls over the Hospital's purchasing processes, risk significantly increases that errors and fraud, including misappropriation of assets, could occur and not be detected within a timely basis.

Cause: Turnover at the Hospital during the past several years has resulted in deferral of updating policies and procedures, as it has not been a top priority. Lack of clear 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

CITY AND BOROUGH OF JUNEAU, ALASKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2021

documentation to support the business purpose of certain financial transactions.

Recommendation: Management and the Hospital Board should complete a formal evaluation of the risks and controls associated with the purchasing cycle, as well as all other financial functions. In response to the identified risks and evaluation of existing or missing controls, updates, development and implementation of controls to mitigate the risks of the Hospital should be completed and documented. The evaluation of risks and related controls for each significant financial function should be completed on a pre-scheduled basis, with exceptions to the schedule when changes occur to the risks or practices.

View of responsible officials: Management concurs with this finding. See Corrective Action Plan.

SECTION III – 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

New or Repeat: New

CITY AND BOROUGH OF JUNEAU, ALASKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2021

- Criteria:** Uniform Guidance 2 CFR 200.403(g) states that in order for costs to be allowable under Federal awards, they must be adequately documented. Additionally, per Uniform Guidance 2 CFR 200.303(a), nonfederal entities receiving federal awards are required to establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations and the terms and conditions of the federal award.
- Condition:** As reported in significant deficiency 2021-001, internal controls over purchasing were not sufficiently designed and implemented to ensure costs charged to the award were adequately documented and/or supported for costs incurred and recorded in the Bartlett Regional Hospital enterprise fund. Credit card, employee reimbursements, and travel purchases charged to award number 602-239-21004, *COVID-19 – Substance Use Disorder Services Expansion – Youth Psychiatric Stabilization CARES* award were not adequately supported to confirm that costs charged to the award were allowable.
- Context:** Of the Coronavirus Relief Fund program (assistance listing number 21.019), with total expenditures of \$43,146,259, the costs at high risk of being unsupported, due to the condition described above, were isolated to travel and supplies costs incurred at Bartlett Regional Hospital, totaling \$94,757. Due to the increased risk, testing included 77% of these costs. Of the \$94,757 of travel and supplies charged to the Hospital's award number 602-239-21004, *COVID-19 – Substance Use Disorder Services Expansion – Youth Psychiatric Stabilization CARES* award, we tested \$72,641 of the travel and supply purchases charged to this grant (153 individual checks or credit card charges). Our testing found that \$25,279 of the purchases (76 individual checks or credit card charges) were not adequately supported, or did not sufficiently document the purpose of the transaction. Consequently, we were unable to determine the allowability of the costs, and lack of sufficient documentation is considered non-compliance with applicable cost principles.
- Questioned Costs:** Unsupported purchases discovered during testing totaled \$25,279, and are considered questioned costs. The total eligible expenditures reported in the schedule of expenditures of federal awards (SEFA) was reduced by the amount of questioned costs.
- Effect (or potential):** An adjustment to the SEFA was required to reduce expenditures by \$25,279 in questioned costs for award number 602-239-21004, *COVID-19 – Substance Use Disorder Services Expansion – Youth Psychiatric Stabilization CARES* award.
- Without sufficient internal controls over compliance for purchasing processes, risk significantly increases for unallowable costs to be charged to the program. Total questioned costs and remaining untested travel and supply costs in the grants administered by the Hospital for this program are not material to the program. Therefore, our opinion is not

CITY AND BOROUGH OF JUNEAU, ALASKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2021

qualified, but the finding is disclosed as required in accordance with 2 CFR 200.516(a).

Cause: Hospital turnover during the past several years has resulted in deferral of updating policies and procedures, as it has not been a top priority. Lack of clear policies and procedures has resulted in weaknesses in the Hospital's internal controls, providing opportunities for undetected errors or fraud, and a lack of sufficient documentation to support the allowability of transactions.

Recommendation: See recommendation to Significant Deficiency 2021-001. In addition, specific to the grants administered by the Hospital, implementation of procedures and training for ensuring documentation retained meets applicable cost principles and provides adequate support for the allowability of costs charged to the program is recommended.

View of responsible officials: Management concurs with this finding. See Corrective Action Plan.

CITY AND BOROUGH OF JUNEAU, ALASKA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
Year Ended June 30, 2021

FINANCIAL STATEMENT FINDINGS

None reported for fiscal year 2020.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

**2020-001 Major Program Noncompliance and Significant Deficiency in
Internal Controls over Compliance – Allowable Costs**

Program: U.S. Department of the Treasury
Coronavirus Relief Fund: ALN 21.019

Passed through State of Alaska, Department of Commerce,
Community and Economic Development, Division of Community
and Regional Affairs – Grant #20-CRF-091, Project Title – Section
601(a) of the Social Security Act as aided by Section 5001 of the
Coronavirus Aid, Relief, and Economic Security Act (CARES Act:
P.L. 116-136)

Status: Considered resolved during fiscal year 2021.



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, 2021

FINANCIAL STATEMENT FINDINGS

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

Name of Contact Person: Sam Muse, Controller

Corrective Action: Bartlett will reduce the number of credit cards outstanding to ensure each card can receive a proper review and reconciliation each month. All purchases - other than those that must be purchased through a credit card - are to follow the Purchase Order process. Additionally, Bartlett will hire a Supply Chain consultant to perform an outside review of the Materials Management/Purchasing Department; this consultant will develop new processes and policies for the entire Bartlett Regional Hospital (BRH) organization. Finally, oversight of the purchasing process will be moved under the direction of the Chief Financial Officer.

Proposed Completion Date: Reduction of credit cards will be completed no later than May 1, 2022. The review of Materials Management process will be completed by an outside supply chain consultant by July 15th.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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

Name of Contact Person: Sam Muse, Controller

Corrective Action: Management of all grants and Federal awards has been moved under the direction of the Grants Manager within the BRH Finance Department. Purchases made under

these grants will go through the purchase review process. The Grants Manager will be responsible for understanding allowable costs and cost principles for each grant or Federal award

Proposed Completion Date: Review of all grants and federal awards to be completed no later than May 31, 2022.