

CITY AND BOROUGH OF JUNEAU, ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND FEDERAL SINGLE AUDIT REPORTS
Year Ended June 30, 2023

CITY AND BOROUGH OF JUNEAU, ALASKA

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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, 2023, and the related notes to the financial statements, which collectively comprise the City and Borough's basic financial statements, and have issued our report thereon dated March 29, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City and Borough's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City and Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of the City and Borough's internal control.

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 City and Borough'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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs, as 2023-001 and 2023-002 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City and Borough's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

We noted certain matters that we have reported to management of the City and Borough in a separate letter dated March 29, 2024.

City and Borough's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City and Borough'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 City and Borough's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Elgee Rehfeld

March 29, 2024



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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 IN ACCORDANCE WITH THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited the City and Borough of Juneau, Alaska's (City and Borough) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City and Borough's major federal programs for the year ended June 30, 2023. The City and Borough's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The City and Borough's basic financial statements include the operations of its component unit, the Juneau School District (the School District) which expended \$10,485,367 in federal awards, which are not included in the City and Borough's schedule of federal awards during the year ended June 30, 2023. Our compliance audit, described in the Opinion on Each Major Federal Program, did not include the operations of the School District because it was subjected to a separate audit in accordance with the Uniform Guidance for the year ended June 30, 2023.

Qualified Opinion on Provider Relief Fund Program

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the City and Borough complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Provider Relief Fund Program for the year ended June 30, 2023.

Unmodified Opinion on Each of the Other Major Federal Programs

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 other 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, 2023.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and Borough and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City and Borough's compliance with the compliance requirements referred to above.

Matter Giving Rise to Qualified Opinion on Provider Relief Fund Program

As described in the accompanying schedule of findings and questioned costs, the City and Borough did not comply with requirements regarding Assistance Listing No. 93.498 Provider Relief Fund Program as described in finding number 2023-003 for Reporting.

Compliance with such requirements is necessary, in our opinion, for the City and Borough to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City and Borough's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City and Borough's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City and Borough's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City and Borough's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City and Borough's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City and Borough's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiency in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-003 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures the City and Borough's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City and Borough's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no 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, 2023, and the related notes to the financial statements, which collectively comprise the City and Borough's basic financial statements. We issued our report thereon dated March 29, 2024 which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic

financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Elgee Rehfeld

March 29, 2024

CITY AND BOROUGH OF JUNEAU, ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023

Federal Agency/Pass-through Agency/Program Title	Grant Number	Assistance Listing Number	Program or Award Amount	Expenditures	Passed through to Subrecipients
U.S. Department of Homeland Security:					
State Pass-Through Grants -					
Alaska Department of Military and Veterans Affairs:					
COVID-19 FEMA Disaster Grants - Public Assistance	DR-4533-AK	97.036	\$ 2,471,167	\$ 2,471,167	\$ -
2019 State Homeland Security Grant Program	EMW-2019-SS-00031-S01	97.067	508,464	313,696	-
2020 State Homeland Security Grant Program	EMW-2020-SS-00012-S01	97.067	415,000	334,917	-
2021 State Homeland Security Grant Program	EMW-2021-SS-00025-S01	97.067	192,695	26,904	-
Total ALN 97.067			1,116,159	675,517	-
2022 Emergency Management Performance Grant	EMS-2022-EP-00001-S1	97.042	162,500	110,559	-
Total U.S. Department of Homeland Security			3,749,826	3,257,243	-
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 FY21, Title III	-	10.665	34,564	17,303	-
Schools and Roads - Grants to States FY22, Title III	-	10.665	44,974	32,737	-
<i>Total Forest Service Schools and Roads Cluster</i>			79,538	50,040	-
Total U.S. Department of Agriculture			79,538	50,040	-
U.S. Department of Transportation:					
Federal Transit Administration:					
<i>Federal Transit Cluster</i>					
Purchase Replacement Std 35 ft Bus	AK-34-0007	20.526	407,630	(838)	-
Purchase Replacement - Bus STD 35ft	5339 (c) AK-2019/2511-20-0300	20.526	1,350,000	(34,391)	-
Construct Bus Terminal	AK-2020-037/2511-20-05XX	20.526	2,399,725	732,657	-
<i>Total Federal Transit Cluster</i>			4,157,355	697,428	-

continued

CITY AND BOROUGH OF JUNEAU, ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023

Federal Agency/Pass-through Agency/Program Title	Grant Number	Assistance Listing Number	Program or Award Amount	Expenditures	Passed through to Subrecipients
U.S. Department of Transportation continued:					
State Pass-Through Grants -					
Alaska Department of Transportation and Public Facilities:					
Acquisition-Surveillance/Security (Equipment)	2511-22-0102-AK-2021-044	20.509	350,707	643	-
AK Community Transit - Section 5311 Grant (FY23 Operating Grant)	2511-23-0100-AK-2019-028	20.509	18,930	18,930	-
AK Community Transit - Section 5311 Grant (FY23 Operating Grant)	2511-23-0100-AK-2018-020	20.509	410,833	410,833	-
AK Community Transit - Section 5311 Grant (FY23 Operating Grant)	2511-23-0100-AK-2021-044	20.509	670,237	670,237	-
Capital Transit Rural Training Assistance Program	5311AK18-X088	20.509	6,807	6,807	-
COVID-19 - CRRSA Operating 5311	2511-21-0300-AK-2022-019	20.509	1,026,177	1,026,177	-
Total ALN 20.509			2,483,691	2,133,627	-
Total Federal Transit Administration			6,641,046	2,831,055	-
National Highway Traffic Safety Administration -					
State Pass-Through Grant -					
Alaska Department of Transportation and Public Facilities -					
<i>Highway Safety Cluster</i>					
ASHO Speed Enforcement	402 PT-22-06-FA(G)	20.600	25,391	23,183	-
<i>Total Highway Safety Cluster</i>			25,391	23,183	-
Total National Highway Traffic Safety Administration			25,391	23,183	-
Federal Highway Administration -					
Mt. Bradley Trail Reroute/Restore	FHWA-WFL MOA	20.224	265,000	5,000	-
Total ALN 20.224			265,000	5,000	-
Federal Aviation Administration:					
Airport Improvement Program (AIP):					
Construct NW Apron Phase 2, Construct NE Apron Phase 3	3-02-0133-073-2017	20.106	10,125,000	(12,466)	-
Rehab Txwy A&E, Constr Txwy D1, Acquire Emerg Generator, Relocate Airfield Lighting Vault	3-02-0133-080-2019	20.106	25,402,903	(120,124)	-
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CITY AND BOROUGH OF JUNEAU, ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023

Federal Agency/Pass-through Agency/Program Title	Grant Number	Assistance Listing Number	Program or Award Amount	Expenditures	Passed through to Subrecipients
U.S. Department of Transportation continued:					
COVID-19 - Maintain Safe Airports - CARES	3-02-0133-082-2020	20.106	21,736,343	685,248	-
COVID-19 - Maintain Safe Airports - CARES	3-02-0133-091-2022	20.106	2,152,407	1,193,541	-
COVID-19 - Maintain Safe Airports - CARES	3-02-0133-092-2022	20.106	187,442	167,695	-
COVID-19 - Maintain Safe Airports - CARES	3-02-0133-093-2022	20.106	2,254,418	2,254,418	-
COVID-19 - Maintain Safe Airports - CARES	3-02-0133-094-2023	20.106	10,454,010	2,243,446	-
COVID-19 - Maintain Safe Airports - CARES	3-02-0133-095-2023	20.106	1,469,716	49,958	-
COVID-19 - Maintain Safe Airports - CARES	3-02-0133-099-2023	20.106	670,426	117	-
COVID-19 - Maintain Safe Airports - ACRGP/CRRSA	3-02-0133-084-2021	20.106	3,324,451	191,457	-
COVID-19 - Airport Concessions Relief - ACRGP/CRRSA	3-02-0133-085-2021	20.106	98,347	98,347	-
COVID-19 - Rent Relief Airport Concessions - ARPA	3-02-0133-087-2021	20.106	5,430,992	3,871,428	-
Total ALN 20.106			83,306,455	10,623,065	-
Total U.S. Department of Transportation			90,237,892	13,482,303	-
U.S. Department of Health and Human Services:					
Health Resources and Services Administration:					
COVID-19 - Provider Relief Fund	-	93.498	2,980,365	2,980,365	-
COVID-19 - American Rescue Plan Rural Payments	-	93.498	1,816,018	1,816,018	-
Total ALN 93.498			4,796,383	4,796,383	-
State Pass-Through Grants -					
Alaska Department of Health and Social Services:					
Zach Gordon Youth Center Basic Center Program	90 CY 7218-02-00	93.623	200,000	50,000	-
Zach Gordon Youth Center Basic Center Program	90 CY 7218-03-00	93.623	200,000	150,000	-
Total ALN 93.623			400,000	200,000	-
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CITY AND BOROUGH OF JUNEAU, ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023

Federal Agency/Pass-through Agency/Program Title	Grant Number	Assistance Listing Number	Program or Award Amount	Expenditures	Passed through to Subrecipients
U.S. Department of Health and Human Services continued:					
Center for Disease Control and Prevention - State Pass-Through Grant - Alaska Department of Health and Social Services - Opioid Tech Enhancement Funding Sponsorship	N/A	93.136	12,300	12,300	-
Total ALN 93.136			<u>12,300</u>	<u>12,300</u>	<u>-</u>
Substance Abuse and Mental Health Services Administration - State Pass-Through Grant - Alaska Department of Health and Social Services - COVID-19-Emergency Grant MH&SUD Covid-19	162-255-23010	93.665	172,464	172,464	-
Total ALN 93.665			<u>172,464</u>	<u>172,464</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>5,381,147</u>	<u>5,181,147</u>	<u>-</u>
U.S. Department of the Interior:					
National Park Service: State Pass-Through Grants - Alaska Department of Natural Resources: JNU Historic Survey & Inventory	21010 HPF	15.904	31,500	4	-
JNU Historic Survey & Inventory	21005 HPF	15.904	24,000	18,716	-
Total ALN 15.904			<u>55,500</u>	<u>18,720</u>	<u>-</u>
Fish and Wildlife Service - State Pass-Through Grant - Alaska Department of Fish and Game - Harris & Statter Harbors Boat Sewage Pump-out Facility Improvements	COOP 20-019	15.616	84,563	19,751	-
Total U.S. Department of the Interior			<u>140,063</u>	<u>38,471</u>	<u>-</u>
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CITY AND BOROUGH OF JUNEAU, ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023

Federal Agency/Pass-through Agency/Program Title	Grant Number	Assistance Listing Number	Program or Award Amount	Expenditures	Passed through to Subrecipients
U.S. Department of Housing and Urban Development:					
State Pass-Through Grant - Alaska Department of Commerce, Community, and Economic Development - Community Development Block Grant - Aware Retaining Wall	21-CDBG-06	14.228	333,402	31,600	-
Total U.S. Department of Housing and Urban Development			<u>333,402</u>	<u>31,600</u>	<u>-</u>
National Endowment for the Humanities:					
State Passed-Through Grant - AK Humanities Forum - Promotion of the Humanities Public Programs	ZOR-283411-21	45.164	50,000	49,541	-
Total National Endowment for the Humanities			<u>50,000</u>	<u>49,541</u>	<u>-</u>
National Endowment for the Arts:					
NEA Big Read 2021-2022	-	45.024	11,500	3,925	-
Total National Endowment for the Arts			<u>11,500</u>	<u>3,925</u>	<u>-</u>
Institute of Museum and Library Services:					
State Pass-Through Grants - Alaska Department of Education and Early Development: COVID-19 - ARPA/JDCM Artworks mounts, photos, videos, artist honorariums	ARPA50	45.310	39,700	9,620	-
Alaska Mail Services FY2023	ILC23-009	45.310	247,376	222,535	-
Continuing Education	CED23-005P	45.310	1,250	1,250	-
Total Institute of Museum and Library Services			<u>288,326</u>	<u>233,405</u>	<u>-</u>
Executive Office of the President:					
High Intensity Drug Trafficking Areas (HIDTA)	HIDTA-USDHHS G21AK0003A	95.001	20,000	2,177	-
High Intensity Drug Trafficking Areas (HIDTA)	HIDTA-USDHHS G21AK0003A-	95.001	70,000	37,227	-
Total Executive Office of the President			<u>90,000</u>	<u>39,404</u>	<u>-</u>
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CITY AND BOROUGH OF JUNEAU, ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023

Federal Agency/Pass-through Agency/Program Title	Grant Number	Assistance Listing Number	Program or Award Amount	Expenditures	Passed through to Subrecipients
U.S. Department of Justice:					
Office of Justice Programs:					
Bullet Proof Vests	2020BUBX20023709	16.607	2,770	616	-
Bullet Proof Vests	2021 BUBX 21028163	16.607	6,183	4,700	-
Total ALN 16.607			8,953	5,316	-
Boards and Divisions Offices - Community Oriented Policing Service:					
Law Enforcement Training	15JCOPS-21-GG-02305-SPPS CIT	16.710	36,135	27,714	-
COPS School Violence (SVPP)	15JCOPS-21-GG-03774-SSIX	16.710	22,500	13,428	-
Law Enforcement Mental Health and Wellness Act	15JCOPS-22-GG-04105-LEMH	16.710	175,000	3,900	-
Total ALN 16.710			233,635	45,042	-
Boards and Divisions Offices - Criminal Division - Asset Forfeiture					
	-	16.922	101,293	-	-
Total ALN 16.922			101,293	-	-
Office of Justice Programs:					
FY18 EBMJA (JAG)	2018-DJ-BX-0445	16.738	34,240	15,813	-
FY19 EBMJA (JAG)	2019-DJ-BX-0763	16.738	35,292	12,937	-
FY20 EBMJA (JAG)	2020-DJ-CX-0549	16.738	31,047	7,113	-
Total ALN 16.738			100,579	35,863	-
Total U.S. Department of Justice			444,460	86,221	-
U.S. Department of The Treasury:					
Asset Forfeiture	-	21.016	10,296	-	-
COVID-19 - Local Assistance And Tribal Consistency Fund	LATCFC02088	21.032	2,642,986	1,321,493	-
COVID-19 - Cares Relief - ARPA SLFRP (fr DCCED)	AK-0056	21.027	7,739,038	3,869,519	-
COVID-19 - CNA Retention	-	21.027	25,000	24,000	-
Total ALN 21.027			7,764,038	3,893,519	-
Total U.S. Department of The Treasury			10,417,320	5,215,012	-
Total Federal Expenditures			\$ 111,223,474	\$ 27,668,312	\$ -

CITY AND BOROUGH OF JUNEAU, ALASKA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023

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 and Indirect Cost Rate

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. Negative amounts shown on the SEFA represent adjustments or credits made in the normal course of business to amounts reported as expenditures in the prior year.

The following programs may report expenditures on the SEFA using reporting criteria, established by the grantor for the program, which may include prior period expenditures or another basis of satisfying grant reporting requirements:

ALN 97.036 – FEMA Disaster Grants – Public Assistance

Per 2 CFR Part 200 Appendix IX, non-federal entities must record expenditures on the SEFA when: (1) FEMA has approved the project, and (2) the eligible expenditures are incurred. Federal awards expended in years subsequent to the fiscal year in which the project worksheet is approved are to be recorded on the SEFA in those subsequent years. Projects reported on the SEFA include expenses incurred from 4/09/20 – 11/21/22.

ALN 93.498 Provider Relief Fund (PRF)

SEFA reporting amounts for this program (including both expenditures and lost revenue) are based upon the PRF report that is required to be submitted to the HRSA reporting portal. Submissions included on the SEFA are for the 36 months ended December 31, 2022.

ALN 66.458 and 66.468 EPA Clean Water and Drinking Water Revolving Funds

Under this program the City and Borough's only reports project expenditures when expenditures have been incurred and reimbursement requested from the awarding agency, because it is considered a subaward, not a direct federal loan. This may result in prior period expenditures being reported on the SEFA. The loan reporting requirements of 2 CFR sections 200.502(b) or (d) do not apply when calculating the amount of federal funds expended. There were no reimbursement requests in fiscal year 2023.

CITY AND BOROUGH OF JUNEAU, ALASKA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023

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	\$ 11,967,779
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	6,081,769

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:

Bartlett Regional Hospital Federal Grants	4,992,847
Federal grants passed through the State of Alaska	3,452,802
Federal grant and loan sources reported as capital contributions in Juneau International Airport, Boat Harbors, and Dock enterprise funds	5,840,811

Less:

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

Harbors Pacific Cod Catch Allocation	(10,960)
Payments in Lieu of Taxes and National Forrest Receipts	(3,387,931)
Airport ARPA and ACRGP adjustment	(647,780)
Juneau International Airport Transportation Security	<u>(621,025)</u>

Total federal expenditures per schedule of expenditures of federal awards	<u>\$ 27,668,312</u>
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Donated Federal Assistance Not Included in the SEFA (Unaudited)

None to report.

CITY AND BOROUGH OF JUNEAU, ALASKA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2023

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? ___ Yes x No

Federal Awards

Type of auditor's report issued on compliance for major federal programs: See Below

Internal control over major federal programs:

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

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

Identification of major federal programs:

<u>ALN</u>	<u>Name of Federal Program or Cluster</u>	<u>Type of Report</u>
97.036	FEMA Disaster Grants – Public Assistance	Unmodified
21.027	Coronavirus State and Local Fiscal Recovery Funds	Unmodified
21.032	Local Assistance and Tribal Consistency	Unmodified
93.498	Provider Relief Fund	Qualified
20.509	Formula Grants for Rural Areas	Unmodified

CITY AND BOROUGH OF JUNEAU, ALASKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023

Federal Awards, continued

Dollar threshold used to distinguish between
type A and type B programs: \$ 830,049

Auditee qualified as low-risk auditee? Yes No

SECTION II – FINANCIAL STATEMENT FINDINGS

**2023-001 Significant Deficiency in Internal Controls over Financial Reporting –
Timely Reconciliation of Significant Accounts and Preparation of the
Annual Comprehensive Financial Report (ACFR)**

New or Repeat: New

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

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

In addition, both internal and external requirements for the annual report list 120 and 210 days after year-end as the time period for which the annual close should be completed and annual report issued.

Condition: Internal controls over financial reporting were not sufficiently designed or implemented to accurately close the accounting records and prepare the ACFR for the City and Borough as of year-end in a timely manner. Key steps in the year-end close process were not completed as planned, including the year-end reconciliation of capital projects and grants, which impacted most funds of the City and Borough.

Accounting for two significant and unusual late-in-the year transactions caused delays in closing several funds as resources were not available to complete the analysis needed in a timely manner. Updates to balances and disclosures related to the implementation of new accounting standards was not sufficiently planned for as resources were not available to complete the necessary data entry, evaluation and preparation of documentation and adjustments. Much of the close and audit preparation was completed much later than originally planned.

In addition, due to delays in preparation of the draft ACFR, internal reviews were not fully completed prior to providing the draft non-major fund statements to the auditors. The reviews completed were not sufficient to detect or identify the reporting errors prior to submitted for audit. Immaterial changes to schedules and disclosures were also needed to ensure amounts and disclosures internally agreed within the ACFR. Account balances and disclosures were corrected by management as a result of proposed changes during the audit process.

CITY AND BOROUGH OF JUNEAU, ALASKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023

Cause: Turnover and vacancy in key finance positions, lack of documented procedures, outdated report preparation resources and technology, and inadequate review by the Controller's department lead to significant delays in closing the year and inadequate review of certain account balances and disclosures included in the draft ACFR.

Context: The year-end adjustments and close process, scheduled to conclude in mid-October, was not complete until late December. The compilation of the draft ACFR, originally scheduled to be completed by early November, was delayed until early February. As a result of review of provided support and the draft ACFR we proposed several significant adjustments, as well as proposing other insignificant changes for clarity in reporting.

Effect: The lack of timely close and delayed preparation of the draft ACFR resulted in significant delays in the audit and a failure to meet audit completion due date requirements.

Recommendation: We recommend the City and Borough evaluate its year-end close and ACFR preparation processes, including an analysis of any reporting changes anticipated and resources available, to ensure sufficient time is available for preparation and internal review. The ACFR draft internal review should be at a sufficient level, so that statements, schedules and footnote differences are detected and corrected in a timely manner.

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

2023-002 **Significant Deficiency in Internal Controls over Financial Reporting – Implementation of New Accounting Standard**

New or Repeat: New

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

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

The implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, (SBITA) effective in fiscal year 2023 required updates to the internal control system in order to comply with new accounting and reporting requirements.

Condition: Internal controls were not sufficiently designed and implemented to ensure GASB 96 was implemented prior to the audit. Internal policies and procedures were not documented for the new accounting standard.

Cause: A shortage of adequate resources and staff turnover in key positions within the accounting department led to the lack of preparation and

CITY AND BOROUGH OF JUNEAU, ALASKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023

documentation for the implementation of the new accounting standard during the fiscal year.

Context and effect: Financial records, including policies and procedures for accounting and reporting SBITAs were not complete at the time of the audit. Decisions made and processes used during the implementation of the standards were not documented during the implementation period. Turnover in key accounting positions during the audit exacerbated the issue. As a result, the infrastructure needed by the accounting department to ensure data being captured on a timely basis for accounting and reporting purposes was not present and caused a delay in the audit process.

Recommendation: We recommend policies and procedures be developed, and necessary documentation retained to ensure SBITAs are evaluated in a timely manner, and any adjustments posted during the fiscal year.

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

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2023-003 Significant Deficiency in Internal Controls over Compliance and Compliance – Reporting (Bartlett Regional Hospital enterprise fund)

Agency: U.S. Department of Health and Human Services, Health Resources and Services Administration

Program(s) and Federal Award Listing Number(s): 93.498 Provider Relief Fund (Covid 19 – American Rescue Plan Rural Payments)

New or Repeat: New

Criteria: Per 2 CFR 200.303, the nonfederal entity is responsible for maintaining effective internal controls over submissions of financial reports to comply with terms and conditions of the Federal award.

Condition: Internal controls were not sufficiently designed and implemented to ensure a key line item "total other Provider Relief Fund (PRF) expenses" in the PRF report for PRF Phase 4 and American Rescue Plan (ARP) expenses for payments received July 1, 2021 to December 31, 2021 was accurate.

Context: The total line was reported cumulatively, for the PRF and ARP program rather than specific to the PRF Phase 4 and American Rescue Plan (ARP) funding listed in the report instructions. The line was over reported by \$266,448.

Effect: Costs, totaling \$266,448, were already reported for the previous reporting period and therefore are considered unallowable costs. This error in

CITY AND BOROUGH OF JUNEAU, ALASKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023

reporting is considered reportable non-compliance as the amount is above the questioned cost threshold.

Questioned costs: Questioned costs are \$226,448 of "total other Provider Relief Fund (PRF) expenses" erroneously reported.

Cause: Lack of review by an individual independent of preparation process, due to turnover and vacancies in key finance department positions, at Bartlett Regional Hospital, and a misunderstanding of reporting requirements as being cumulative, rather than funding specific.

Recommendation: As the report cannot be revised and resubmitted we recommend the City and Borough follow the granting agency's remedy for non-compliance, which is to indicate a reduction in healthcare related expenses and an increase to the lost revenue expense total that was reported, in management's corrective action plan.

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



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City & Borough of Juneau
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2023

FINANCIAL STATEMENT FINDINGS

- 2022-001** **Material Weakness in Internal Controls over Financial Reporting – Timely Reconciliation of Significant Accounts and Preparation of the Annual Comprehensive Financial Report (ACFR)**
- Current Status: Partially Resolved - The Controller is strengthening review procedures through the mechanical automation of internal checks, checks lists and staff training. Improvements made during fiscal year 2023 will continue in fiscal year 2024. See significant deficiency 2023-001.
- 2022-002** **Significant Deficiency in Internal Controls over Financial Reporting – Implementation of Lease Standard**
- Current Status: Resolved, except the documentation of controls for departments was not fully completed as of June 30, 2023. This will be completed in fiscal year 2024.
- 2022-003** **Significant Deficiency in Internal Controls over Financial Reporting –Purchasing Processes (Bartlett Regional Hospital)**
- Current Status: Resolved



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City & Borough of Juneau
Corrective Action Plan
Year Ended June 30, 2023

FINANCIAL STATEMENT FINDINGS

Finding: 2023-001 Significant Deficiency in Internal Controls over Financial Reporting – Timely Reconciliation of Significant Accounts and Preparation of the Annual Comprehensive Financial Report (ACFR)

Name of Contact Person: Angie Flick, Finance Director

Corrective Action: Management will first work to fill vacant positions to ensure proper and continuous staffing of the Controller division and other divisions of the Finance department. Second, management will work with department staff to continue to develop and improve process manuals, ensuring the continuity of the process throughout the year and during the year end close out. An important feature of each manual will be the regular and timely reconciliation and close of important financial systems, including the general ledger, capital projects, grants, and contract management. This will help ensure less strain on staff at the end of the year. Also, through further development of these processes, management will look for areas that can be automated or streamlined, limiting the need for human intervention and chances for human error.

Additionally, for any unusual transactions that occur throughout the year, outside of normal City and accounting processes, management will timely utilize both internal and external resources to determine the proper financial accounting of such transactions.

Proposed Completion Date: January 1, 2025

Finding: 2023-002 Significant Deficiency in Internal Controls over Financial Reporting – Implementation of New Accounting Standard

Name of Contact Person: Angie Flick, Finance Director

Corrective Action: Management will ensure that all Controller staff attend annual updates regarding new accounting standards, whether through GFOA sponsored training or other presentation means. As a part of these updates, the Controller, in coordination with staff, will assess and document the applicability of such pronouncements to the city. If a standard is deemed applicable, the Controller will then coordinate with internal staff and external resources to document how the implementation will impact the financial statements as the city as well as what resources are needed to ensure proper internal controls are in place to capture any new financial transactions.

Proposed Completion Date: June 30, 2024

FEDERAL AWARD FINDING

Finding: 2023-003 Significant Deficiency in Internal Controls over Compliance and Compliance – Reporting (Bartlett Regional Hospital enterprise fund)

Name of Contact Person: Joe Wanner, Chief Financial Officer

Corrective Action: For any unusual or new grant reporting, management will implement additional review procedures to ensure information is captured as expected. The unallowable expense, which had previously been reported and was mistakenly included in the report again, will be “replaced” by unreimbursed lost revenues, which was the intended use of the funds from the beginning.

Proposed Completion Date: March 26, 2024