

CITY AND BOROUGH OF JUNEAU, ALASKA
SCHEDULE OF STATE FINANCIAL ASSISTANCE
AND 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 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*.

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 STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE AND REPORT ON THE SCHEDULE OF
STATE FINANCIAL ASSISTANCE REQUIRED BY THE *STATE OF ALASKA AUDIT GUIDE AND
COMPLIANCE SUPPLEMENT FOR STATE SINGLE AUDITS*

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

Report on Compliance for the Major State Programs

Opinion on Each Major State 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 *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that could have a direct and material effect on each of the City and Borough's major state programs for the year ended June 30, 2023. The City and Borough's major state programs are identified on the Schedule of State Financial Assistance.

The City and Borough's basic financial statements include the operations of its component unit, the Juneau School District (the School District) which expended \$39,320,239 of state awards which is not included in the Schedule of State Financial Assistance for the year ended June 30, 2023. Our compliance audit, described in the Opinion on the Major State Programs, did not include the operations of the School District because it was subjected to a separate audit in accordance with the State of Alaska Audit Guide and Compliance Supplement for State Single Audits for the year ended June 30, 2023.

In our opinion, the City and Borough complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2023.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (Government Auditing Standards); and the audit requirements in the State of Alaska Audit Guide. Our responsibilities under those standards and the State of Alaska Audit Guide 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 the major state program. Our audit does not provide a legal determination of the City and Borough's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to City and Borough's state 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 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 State of Alaska Audit Guide requirements 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 City and Borough's compliance with the requirements of the major state program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the State of Alaska Audit Guide, 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 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 State of Alaska requirements, but not for the purpose of expressing an opinion on the effectiveness of 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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the State of Alaska Audit Guide and which is described in the accompanying schedule of findings and questioned costs as item 2023-004. Our opinion on each major state program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the City and Borough's response to the noncompliance 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.

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 deficiencies 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 state 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 state 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 state 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 2023-004 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 on 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 State of Alaska. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of State Financial Assistance and Schedules of Expenditures - Budget and Actual Required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* and the State of Alaska Department of Health and Social Services, Respectively

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 City and Borough as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City and Borough's basic financial statements, and have 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 state financial assistance and schedules of expenditures - budget and actual are presented for purposes of additional analysis as required by the State of Alaska Audit Guide and Compliance Supplement for State Single Audits and the State of Alaska Department of Health and Social Services, respectively, and are 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 state financial assistance and schedules of expenditures - budget and actual are 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 STATE FINANCIAL ASSISTANCE
Year Ended June 30, 2023

State of Alaska Agency/Program Title	Grant Number	Award Amount	Expenditures	Passed through to Subrecipients
Alaska Mental Health Trust Authority:				
ZGYC-Spruce Root House	AMHTA 12708	\$ 75,000	\$ 29,378	\$ -
AMHTA Crisis Stabilization	-	100,000	69,836	-
Total Alaska Mental Health Trust Authority		175,000	99,214	-
Alaska State Housing Authority:				
ASHA 'in-lieu' tax	-	76,289	76,289	-
Total Alaska State Housing Authority		76,289	76,289	-
Alaska Energy Authority:				
JNU Electric Public Transit Bus (VW)	7910062-AEA	233,960	(45)	-
Total Alaska Energy Authority		233,960	(45)	-
Department of Commerce, Community, and Economic Development:				
Designated Legislative Grant Programs:				
North SOB Building Parking	23-DC-042	5,000,000	46,463	-
International Airport Approach Lighting	15-DC-070	93,750	2,271	-
Total Department of Commerce, Community, and Economic Development		5,093,750	48,734	-
Department of Education and Early Development:				
Public Library Assistance	PLA-23-JUNEA	21,000	21,000	-
Passed through from Juneau School District:				
Juneau School District Roof Repair	GR-23-014	1,039,438	652,358	-
State Shared Revenue:				
School Debt Retirement Reimbursement Prior Years	* -	16,035,035	16,035,035	-
School Debt Retirement FY23	* -	2,798,717	2,798,717	-
Total Department of Education and Early Development		19,894,190	19,507,110	-

(continued)

See notes to schedule of state financial assistance.

CITY AND BOROUGH OF JUNEAU, ALASKA
SCHEDULE OF STATE FINANCIAL ASSISTANCE, continued
Year Ended June 30, 2023

State of Alaska Agency/Program Title	Grant Number	Award Amount	Expenditures	Passed through to Subrecipients
Alaska Department of Military and Veterans Affairs:				
COVID-19 Cares Relief - FEMA (state portion)	DR-4533-AK	30,349	30,349	-
Total Alaska Department of Military and Veterans Affairs		<u>30,349</u>	<u>30,349</u>	<u>-</u>
Department of Health and Social Services:				
DES/DET Administration Grant Program	1626-001-23002	250,000	250,000	-
Comprehensive Behavioral Health Treatment and Recovery	162-208-23015	404,267	404,267	-
Total Department of Health and Social Services		<u>654,267</u>	<u>654,267</u>	<u>-</u>
Department of Revenue:				
State Shared Revenue FY20:				
Commercial Passenger Vessel Excise Taxes (CPV-SMPF)	* -	5,970,995	732,671	-
State Shared Revenue FY22:				
Commercial Passenger Vessel Excise Taxes (CPV-SMPF)	* -	2,607,610	1,667,102	-
Total Department of Revenue		<u>8,578,605</u>	<u>2,399,773</u>	<u>-</u>
Department of Transportation and Public Facilities:				
Aurora Harbor Phase III	23-HG-004 DOT	2,000,000	78,356	-
Total Department of Transportation and Public Facilities		<u>2,000,000</u>	<u>78,356</u>	<u>-</u>
Total State Financial Assistance		<u>\$ 36,736,410</u>	<u>\$ 22,894,047</u>	<u>\$ -</u>

*Major Program

See notes to schedule of state financial assistance.

CITY AND BOROUGH OF JUNEAU, ALASKA
NOTES TO SCHEDULE OF STATE FINANCIAL ASSISTANCE
Year Ended June 30, 2023

General

The accompanying schedule of state financial assistance (schedule) presents the activity of all state financial assistance programs of City and Borough of Juneau, Alaska (City and Borough). City and Borough's reporting entity is defined in Note 1 to City and Borough's basic financial statements. State financial assistance received directly from state agencies is included in the schedule.

Basis of Accounting

The accompanying schedule of state financial assistance is presented using the modified-accrual and accrual basis of accounting, which is described in Note 1 to City and Borough's basic financial statements.

Relationship to Basic Financial Statements

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

State revenues as reported in the basic financial statements:

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	\$ 31,647,620
Combining Statement of Revenues, Expenses, and Changes in Net Position:	
Proprietary Funds	4,383,730
Internal Service Funds	16,701

Plus:

Amounts reported as state expenditures in the schedule of state financial assistance, but not reported as state revenues in the basic financial statements:

State grant revenue sources reported as capital contributions in Juneau International Airport, Boat Harbors, Dock, Areawide Water Utility and Areawide Wastewater Utility enterprise funds	80,580
State grant revenue sources reported in Bartlett Regional Hospital enterprise fund as charges for services revenue	724,103

Less:

Amounts reported as state revenue in the basic financial statements but not included in the schedule of state financial assistance:

Federal grants passed through the State of Alaska or reported as state sources in the capital projects and operations	(3,325,809)
Amounts reported as state revenue in the basic financial statements but do not meet the definition of state financial assistance for fiscal year 2023	<u>(10,632,878)</u>
Total state expenditures as reported in the schedule of state financial assistance	<u>\$ 22,894,047</u>

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

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? ___ Yes x No

State Financial Assistance

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

- Internal control over major programs:
- Material weakness(es) identified? ___ Yes x No
 - Significant deficiency(ies) identified that are not considered to be material weaknesses? x* Yes ___ None reported

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

Auditee qualified as a low-risk auditee? ___ Yes x No

Other Matters*

Reportable conditions – non-major programs x Yes ___ No

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

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.

Cause: Turnover and vacancy in key finance positions, lack of documented procedures, and 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.

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

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 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

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

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 – STATE AWARD FINDINGS AND QUESTIONED COSTS

2023-004 Significant Deficiency in Internal Controls over Compliance and Compliance – Reporting non-major program

Department: State of Alaska, Department of Education and Early Development

Program(s): Juneau School District Roof Repair

New or Repeat: New

Criteria: The grantee entity is responsible for maintaining effective internal controls over submissions of financial reports to comply with terms and conditions of the state awards.

Condition: Internal controls were not sufficiently designed and implemented to ensure expenses reported on the financial report were accurate.

Context: The expense total was over reported by \$387,080.

Effect: Costs, totaling \$387,080, were incorrectly reported as eligible project costs and therefore are considered unallowable costs and error in reporting is considered non-compliance with accurate reporting requirement.

Questioned costs: Questioned costs are \$387,080 for costs erroneously reported but a reimbursement request has not been submitted yet so there is no questioned costs liability. The eligible expenditures on the Schedule of State Financial Assistance were adjusted to reflect the June 30, 2023 eligible expenditure total of \$652,358.

Cause: Lack of review, by an individual independent of report preparation completed by Juneau School District (JSD), and failure by JSD to coordinate with the City and Borough’s finance department regarding reporting responsibilities at time of grant award acceptance and prior to report submission.

Recommendation: We recommend a revised expenditure report be submitted. In addition, we recommend that a formal sub-recipient agreement between JSD and the

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

City and Borough be used, when grants are awarded to one entity and administered by the other, to establish and document clear responsibilities, including reporting, of each entity.

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 |

CITY AND BOROUGH OF JUNEAU, ALASKA
 SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
 Comprehensive Behavioral Health Treatment
 and Recovery (162-208-23015)
 Year Ended June 30, 2023

	Budget	Actual	Variance
Personnel services	\$ 404,267	\$ 404,267	\$ -

See independent auditor's report.

CITY AND BOROUGH OF JUNEAU, ALASKA
 SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
 DES/DET Administrative Grant Program
 (1626-001-23002)
 Year Ended June 30, 2023

	Budget	Actual	Variance
Personnel services	\$ 250,000	\$ 250,000	\$ -

See independent auditor's report.



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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

STATE AWARD – NON-MAJOR PROGRAM FINDING

Finding: 2023-004 Significant Deficiency in Internal Controls over Compliance and Compliance – Reporting non-major program

Name of Contact Person: Angie Flick, Finance Director

Corrective Action: Management will work to strengthen communication with the component unit of the City through the addition of shared staff that will bolster JSD's financial resources and strengthen the internal controls around reporting.

Proposed Completion Date: June 30, 2024