CITY AND BOROUGH OF JUNEAU, ALASKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND FEDERAL SINGLE AUDIT REPORTS

Year Ended June 30, 2024

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 (*Government Auditing Standards*), 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, 2024, 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 February 14, 2025.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2024-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2024-002 to be a significant deficiency.

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.

We noted certain other matters that we have reported to management and the boards of Bartlett Regional Hospital and Juneau School District in separate letters dated December 20, 2024 and November 6, 2024, respectively.

In addition, we have issued the Independent Auditor's Report on Compliance for the Passenger Facility Charge Program; Report on Internal Control over Compliance; and Report on Schedule of Passenger Facility Charges, March 17, 2025, which included a significant deficiency in internal controls over a special condition of the Passenger Facility Charge Program.

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 and described in the accompanying schedule of findings and questioned costs. 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

February 14, 2025

March 17, 2025 (updated for completion of single audit)

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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

Opinion on 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 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, 2024. 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). The School District expended $8,112,528 of federal awards, which are not included in the schedule of federal awards during the year ended June 30, 2024. Our compliance audit, described below, 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, 2024.

In our opinion, the City and Borough complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal 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 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.

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.

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 which is described in the accompanying schedule of findings and questioned costs as item 2024-003. Our opinion on each major federal 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 finding identified in our compliance 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 a certain deficiency 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 2024-003 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 on the City and Borough's response to the internal control over compliance findings identified in our compliance 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, 2024, 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 February 14, 2025 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 17, 2025

CITY AND BOROUGH OF JUNEAU, ALASKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2024

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:					
Rehab Txwy A&E, Constr Txwy D1, Acquire Emerg Generator, Relocate Lighting	3-02-0133-080-2019	20.106	$ 25,217,745	$ 456,290	$ -
COVID-19 - Maintain Safe Airports - CARES	3-02-0133-082-2020	20.106	9,747,384	628,516	-
COVID-19 - Maintain Safe Airports - ACRGP/CRRSA	3-02-0133-084-2021	20.106	3,324,451	572,094	-
COVID-19 - Rent Relief Airport Concessions - ARPA	3-02-0133-087-2021	20.106	5,430,992	1,961,297	-
COVID-19 - Rent Relief Airport Concessions - ARPA	3-02-0133-089-2021	20.106	393,387	63,839	-
Rehab Part 121/135 Apron (Design); Construct RON Parking Apron (Design)	3-02-0133-091-2022	20.106	2,152,407	824,340	-
Gate 5 Passenger Boarding Bridge (Design)	3-02-0133-092-2022	20.106	187,442	19,747	-
Rehabilitate Float Pond Access Road	3-02-0133-093-2022	20.106	2,291,130	36,712	-
Airport Parking Lot Rehabilitation (Design and Construction)	3-02-0133-094-2023	20.106	10,095,740	7,852,202	-
COVID-19 - Maintain Safe Airports - CARES	3-02-0133-095-2023	20.106	1,317,365	1,267,408	-
Construct Replacement Passenger Boarding Bridge Gate 5	3-02-0133-098-2023	20.106	1,795,266	1,748,267	-
COVID-19 - Maintain Safe Airports - CARES	3-02-0133-099-2023	20.106	575,853	575,736	-
Construct RON Apron. Rehabilitate Part 121 Apron	3-02-0133-100-2023	20.106	16,603,563	8,805,958	-
Total ALN 20.106			79,132,725	24,812,406	-
Mt. Bradley Trail Reroute/Restore	FHWA-WFL MOA	20.224	325,000	10,076	-
Passed through the State of Alaska Department of Natural Resources - Recreational Trails Program - 35 Mile ORV Riding Park	RTP23-110	20.219	299,970	30,481	-
Passed through the State of Alaska Department of Transportation and Public Facilities:					
Acquisition-Surveillance/Security (Equipment)	2511-22-0102-AK-2021-044	20.509	350,707	227,078	-
AK Community Transit - Section 5311 Grant (FY24 Operating Grant)	2511-24-0100-AK-2021-044	20.509	526,420	526,420	-
AK Community Transit - Section 5311 Grant (FY24 Operating Grant)	2511-24-0100-AK-2022-018	20.509	973,580	973,580	-
Capital Transit Rural Training Assistance Program	5311AK18-X088	20.509	17,972	17,972	-
Total ALN 20.509			1,868,679	1,745,050	-
Federal Transit Cluster					
Purchase Replacement - Bus < 30 FT	AK-2019-021 (2486)	20.526	216,000	208,837	-
Construct Bus Terminal	AK-2020-037	20.526	2,519,711	248,317	-
Electrification and Power Distribution - FY22	AK-2022-027	20.526	5,014,400	37,673	
Electrification and Power Distribution - FY23	AK-2023-034	20.526	1,446,827	21,320	-
Total Federal Transit Cluster			9,196,938	516,147	-
Highway Safety Cluster					
HVE DUI - FFY23	405D FA M5HVE-23-01-FA(A)-2	20.616	3,096	780	-
FY24 High Visibility Enforcement (HVE) Click It or Ticket	OP-24-07-SP24(A)-3	20.600	10,500	3,438	-
Total Highway Safety Cluster			13,596	4,218	-
Total U.S. Department of Transportation			90,836,908	27,118,378	-

(continued)

See notes to schedule of expenditures of federal awards.

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:					
Zach Gordon Youth Center Basic Center Program	90 CY 7218-03-00	93.623	200,000	50,000	-
Zach Gordon Youth Center Basic Center Program	90 CY 7554-01-00	93.623	250,000	187,500	-
Total ALN 93.623			450,000	237,500	-
Passed through the State of Alaska Department of Health:					
SOA CMHI FY24	162-270-24004	93.104	100,000	100,000	-
Alaska Rural Small Hospital Improvement Program (SHIP)	0618-124	93.301	11,550	11,550	-
COVID 19 - Healthy and Equitable Communities	CO622-584-I MOA	93.391	347,340	300,433	-
DOH Crisis Youth CSS	162-264-24002	93.959	232,955	232,955	-
FY24 SUD (CBHTR) SOA	162-268-24016	93.959	270,126	270,126	-
Total ALN 93.959			503,081	503,081	-
Passed through Thread -					
COVID 19 - Preschool Development Grants Birth to Five	90TP0103	93.434	2,000,000	701,321	701,321
Total U.S. Department of Health and Human Services			3,411,971	1,853,885	701,321
U.S. Department of Housing and Urban Development -					
Passed through the State of Alaska Department of Commerce, Community, and Economic Development -					
Community Development Block Grant - Aware Retaining Wall	21-CDBG-06	14.228	333,402	301,802	-
Total U.S. Department of Housing and Urban Development			333,402	301,802	-
U.S. Department of Agriculture:					
Passed through the State of Alaska Department of Commerce, Community, and Economic Development:					
Forest Service Schools and Roads Cluster					
Schools and Roads - Grants to States FY22, Title III	FY22	10.665	44,974	12,237	-
Schools and Roads - Grants to States FY23, Title III	FY23	10.665	47,172	35,306	-
Total Forest Service Schools and Roads Cluster			92,146	47,543	-
Total U.S. Department of Agriculture			92,146	47,543	-

(continued)

See notes to schedule of expenditures of federal awards.

CITY AND BOROUGH OF JUNEAU, ALASKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, continued

Year Ended June 30, 2024

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 the Interior:					
Passed through the State of Alaska Department of Natural Resources:					
JNU Historic Survey & Inventory	21010 HPF	15.904	31,500	31,496	-
JNU Historic Survey & Inventory	21005 HPF	15.904	24,000	365	-
Total ALN 15.904			55,500	31,861	-
Passed through the State of Alaska Department of Fish and Game -					
Fish and Wildlife Cluster					
Hank Harmon Public Range Improvements	COOP 23-125 ADF&G	15.611	850,215	77,243	-
Total U.S. Department of the Interior			905,715	109,104	-
U.S. Department of Homeland Security:					
FY21 Assistance to Firefighters	EMW-2021-FG-11738	97.044	17,455	17,455	-
Passed through the State of Alaska Department of Military and Veterans Affairs:					
2019 State Homeland Security Grant Program	EMW-2019-SS-00031	97.067	508,464	22,018	-
2020 State Homeland Security Grant Program	EMW-2020-SS-00012	97.067	415,377	68,360	-
2021 State Homeland Security Grant Program	EMW-2021-SS-00025	97.067	193,115	166,212	-
2022 State Homeland Security Grant Program	EMW-2022-SS-00034	97.067	288,326	60,971	-
Total ALN 97.067			1,405,282	317,561	-
2022 Emergency Management Performance Grant	EMS-2022-EP-00004	97.042	149,650	39,090	
2023 Emergency Management Performance Grant	EMS-2023-EP-00001	97.042	130,000	75,866	-
Total ALN 97.042			279,650	114,956	-
Seismic Evaluation	EMS-2022-CA-00003	97.082	45,000	45,000	-
Total U.S. Department of Homeland Security			1,747,387	494,972	-
National Endowment for the Humanities -					
Passed through Alaska Humanities Forum -					
Promotion of the Humanities Public Programs	ZOR-283411-21	45.164	50,000	459	-
Total National Endowment for the Humanities			50,000	459	-
Institute of Museum and Library Services:					
Passed through the State of Alaska Department of Education and Early Development:					
Alaska Mail Services FY2023	ILC23-009	45.310	189,076	24,841	-
Alaska Mail Services FY2024	ILC24-009	45.310	247,376	247,376	-
Total Institute of Museum and Library Services			436,452	272,217	-

(continued)

See notes to schedule of expenditures of federal awards.

Federal Agency/Pass-through Agency/Program Title	Grant Number	Assistance Listing Number	Program or Award Amount	Expenditures	Passed through to Subrecipients
Executive Office of the President -					
High Intensity Drug Trafficking Areas (HIDTA)	HIDTA-USDHHS G22AK0003A	95.001	90,000	64,893	-
Total Executive Office of the President			90,000	64,893	-
U.S. Department of Justice:					
The Bulletproof Vest Partnership Program	2022 BUBX-22031147	16.607	6,156	5,772	-
Asset Forfeiture	-	16.922	101,293	40,278	-
COPS School Violence (SVPP)	15JCOPS-21-GG-03774-SSIX	16.710	22,500	5,634	-
COPS School Violence (SVPP)	15JCOPS-21-GG-02305-SPPS CIT	16.710	20,000	15,275	-
Law Enforcement Mental Health and Wellness Act	15JCOPS-22-GG-04105-LEMH	16.710	175,000	100,624	-
Total ALN 16.710			217,500	121,533	-
FY18 EBMJA (JAG)	2018-DJ-BX-0445	16.738	31,062	249	-
FY20 EBMJA (JAG)	2020-DJ-CX-0549	16.738	31,047	20,919	-
FY21 EBMJA (JAG)	15PBJA-21-GG-01116-JAGX	16.738	36,135	8,421	-
FY22 EBMJA (JAG)	15PBJA-22-GG-02571-JAGX	16.738	37,362	18,066	-
FY23 EBMJA (JAG)	15PBJA-23-GG-03008-JAGX	16.738	41,241	17,799	-
Total ALN 16.738			176,847	65,454	-
Passed through Municipality of Anchorage - Internet Crimes Against Children	ICAC 15PJDP-22-GK-04885	16.543	5,000	5,000	-
Total U.S. Department of Justice			506,796	238,037	-
U.S. Department of The Treasury -					
COVID-19 - Local Assistance And Tribal Consistency Fund	LATCFC02088	21.032	2,642,986	1,321,493	-
Total U.S. Department of The Treasury			2,642,986	1,321,493	-
Total Federal Expenditures			$ 101,053,763	$ 31,822,783	$ 701,321

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, 2024

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 the cost principles contained in the Uniform Guidance and OMB circulars, as applicable, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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 66.458 and 66.468 EPA Clean Water and Drinking Water Revolving Funds*
> Under this program the City and Borough 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 2024.

The City and Borough has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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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 SEFA:

Federal revenues as reported in the basic financial statements:	
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	$ 5,533,995
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	3,636,670
Add:	
Amounts reported as federal expenditures in the SEFA, but not reported as federal revenue in the basic financial statements:	
Bartlett Regional Hospital federal grants	659,631
Federal grants passed through the State of Alaska	4,172,199
Federal grants reported as other revenue in the basic financial statements	44,509
Federal grant and loan sources reported as capital contributions in Juneau International Airport, Boat Harbors, and Dock enterprise funds	22,084,645
Less:	
Amounts reported as federal revenue in the basic financial statements but not included in the SEFA:	
Revenue reported in prior year SEFA, but not recognized in basic financial statements until fiscal year 2024	(113,394)
Payments in Lieu of Taxes and National Forest Receipts	(3,286,563)
Airport ARPA and ACRGP adjustment	(326,284)
Juneau International Airport Transportation Security	(582,625)
Total federal expenditures as reported in the SEFA	$ 31,822,783

CITY AND BOROUGH OF JUNEAU, ALASKA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2024

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?	_x_ Yes ___ 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:	Unmodified
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:

ALN	Name of Federal Program or Cluster
20.106	Airport Improvement Program
20.526	Federal Transit Cluster

Dollar threshold used to distinguish between type A and type B programs:	$ 954,683
Auditee qualified as low-risk auditee?	___ Yes _x_ No

SECTION II – FINANCIAL STATEMENT FINDINGS

2024-001 Material Weakness in Internal Controls over Financial Reporting – Timely and Accurate Reconciliation of Significant Accounts

New or Repeat: Repeat

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.

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 accurately completed, including the year-end reconciliation of sales tax fund deferred inflows, land fund notes receivable, a general fund accounts receivable-related clearing account, central equipment fund inventory, other general fund accruals, and grants, as well as calculations and support related to the reporting of components of fund balance and net position designations.

Much of the close and audit preparation was completed much later than originally planned.

Account balances and disclosures were corrected by management as a result of proposed changes during the audit process.

Cause: Turnover 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 the review of certain account balances.

For several accounts, support was prepared and reconciled but was not reviewed to ensure that the general ledger was appropriately adjusted to reflect these reconciliations. In one case, a reconciliation was incorrectly performed due to a lack of adequate accounts. This led to the erroneous inclusion of a deferred inflows amount in an otherwise unrelated reconciliation.

Context: The year-end adjustments and close process, scheduled to conclude in mid-October, was not completed until late December. The compilation of the draft ACFR, originally scheduled to be completed by December, was delayed until early February. As a result of review of provided support 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.

Recommendation: We recommend the City and Borough evaluate its year-end close process, including an analysis of any reporting changes anticipated and resources available, to ensure sufficient time is available for preparation and internal review. The account reconciliation and internal review processes should be at a sufficient level, so that accounts, 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.

2024-002 Significant Deficiency in Internal Controls over Financial Reporting – Financial Statement Presentation of Lease and SBITA Payments and Additions

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.

Condition: Internal controls were not sufficiently designed and implemented to ensure lease and SBITA payments and additions were appropriately presented in the governmental fund financial statements.

Account balances and disclosures were corrected by management as a result of proposed changes during the audit process.

Cause: A shortage of adequate resources and staff turnover in key positions within the accounting department led to the lack of appropriate preparation and presentation during the fiscal year.

Context and effect: Policies and procedures for the accounting and reporting of leases and SBITAs were not adequate to ensure appropriate financial statement presentation. Decisions made and processes used to prepare information for financial statement presentation were not sufficiently documented. Turnover in key accounting positions exacerbated the issue. As a result, presentation of lease and SBITA payments and additions in the governmental fund financial statements was not appropriate.

Recommendation: We recommend policies and procedures be developed, and necessary documentation retained to ensure lease and SBITAs payments and additions are appropriately presented in governmental fund financial statements.

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

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2024-003 Significant Deficiency in Internal Controls over Compliance and Compliance – Setup and Monitoring of Reporting and Match

Agency: U.S. Department of Transportation, Federal Aviation Administration

Program(s) and Federal Award Listing Number(s): Airport Improvement Program
ALN: 20.106
FAIN: 3-02-0133-092-2022, 3-02-0133-098-2023, 3-02-0133-100-2023

New or Repeat: New

Criteria: 2 CFR 200.303 requires internal controls to ensure accuracy in financial reporting, while 2 CFR 200.306 mandates proper tracking and documentation of matching contributions.

Condition: Internal controls were not sufficiently designed and implemented to ensure that matching funds were correctly allocated in accordance with grant requirements. As a result, errors in the match setup were not detected in a timely manner, leading to discrepancies between the financial data provided for audit and the City and Borough's prepared reports submitted to the grantor. Internal controls over reporting were not designed or implemented to detect and correct the errors prior to report submission.

Context: The City and Borough's financial system was not properly configured to allocate matching funds correctly, resulting in discrepancies in reported amounts. Specifically, an under-allocation to an Airport Improvement Program (AIP) grant and an over-allocation to the match occurred in one project of $474,704 and an under-allocation to match and over-allocation of $107,651 to two other AIP grants occurred.

Effect: Overall expenses were under-allocated to the AIP and over-allocated to match funding. The overall impact of these errors resulted in discrepancies between reported amounts and supporting documentation. Due to amount reported as AIP costs being under-reported, this is considered immaterial non-compliance and is reported as an other matter.

Questioned costs: No questioned costs as overall program impact was the under-allocation of expenses to the grants as of June 30, 2024. The City and Borough elected not to adjust the amounts reported in the schedule of expenditures of federal awards, since allocations and reports can be corrected in the following reporting year.

Cause: Internal controls were not designed or implemented to detect the incorrect system configuration for allocating project expenses between grant and match funds in a timely manner, nor was the report preparation

review process sufficiently designed or implemented to detect and correct the under-and over-allocations of project costs being reported.

Recommendation: We recommend the City and Borough improve monitoring controls over the setup for project expense allocations and the review controls over report preparation process to ensure that errors are detected and corrected in a timely manner.

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

155 Heritage Way
Juneau, AK 99801
907-586-5215

City & Borough of Juneau
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2024

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)**

Current Status: Partially Resolved – Improvements were made in the fiscal year 2024 close process and ACFR preparation, but due to additional deficiencies identified related to ensuring accurate reporting of specific accounts, the reported issues will continue into fiscal year 2025. See Material Weakness 2024-001.

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

Current Status: Partially Resolved – Improvements were made in the fiscal year 2024 close process related to SBITAs (Subscription-Based Information Technology Agreements); however, SBITA payments were incorrectly presented in the governmental fund financial statements. See Significant Deficiency 2024-002.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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

Current Status: Resolved

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City & Borough of Juneau
Corrective Action Plan
Year Ended June 30, 2024

FINANCIAL STATEMENT FINDINGS

Finding:	2024-001 Material Weakness in Internal Controls over Financial Reporting – Timely and Accurate Reconciliation of Significant Accounts
Name of Contact Person:	Angie Flick, Director of Finance
Corrective Action:	The corrective action includes a multi-pronged approach to address the core issues which include staff turnover, staff knowledge and internal controls. The CBJ accounting workgroup has been fully staffed since August 2024. Focus is required on staff engagement and morale in order to remain fully staffed and gain the benefits of a seasoned team. In addition to being fully staffed, having those accountants with more time in their positions is creating a learning opportunity for content, context and process. They have and will continue to be engaged in classes and other learning opportunities to gain confidence and competence in accounting principles. All members of Finance working on year-end close actions will receive training on reconciliation processes and verifying trial balance amounts compared to their own work scope. Finally, we are also going to be working on reconciliation quarterly instead of annually. This will make our year end reconciliations quicker and gives us more time to research and resolve issues.
Proposed Completion Date:	October 31, 2025
Finding:	2024-002 Significant Deficiency in Internal Controls over Financial Reporting – Financial Statement Presentation of Lease and SBITA Payments and Additions
Name of Contact Person:	Angie Flick, Director of Finance
Corrective Action:	Similar to finding 2024-001, new staff had to learn both process, principles and a tool in order to work through lease and SBITA information and presentation. Staff will continue to work with the tool over the next few months, look for training opportunities on the tool and verify data that may need to be cleaned up. Additionally, as noted in 2024-001; a more robust review of potential lease and SBITA transactions will be implanted.
Proposed Completion Date:	October 31, 2025

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City & Borough of Juneau
Corrective Action Plan
Year Ended June 30, 2024

FEDERAL AWARD FINDING

Finding:	2024-003 Significant Deficiency in Internal Controls over Compliance and Compliance – Setup and Monitoring of Reporting and Match
Name of Contact Person:	Angie Flick, Director of Finance
Corrective Action:	The accountants will be going through additional training on setting up grants in the system and how to reconcile them. CBJ will also be completing a grant reconciliation process quarterly instead of annually. This will act both as a control as well as an opportunity to make timely corrections in the case of error.
Proposed Completion Date:	September 30, 2025