CITY AND BOROUGH OF JUNEAU, ALASKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND FEDERAL SINGLE AUDIT REPORTS

Year Ended June 30, 2025

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, 2025, 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 31, 2026. Our report includes a reference to other auditors who audited the financial statements of Juneau School District, a discretely presented component unit, and Bartlett Regional Hospital, an enterprise fund, as described in our report on the City and Borough's financial statements. This report includes our consideration of the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

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 material weaknesses 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 deficiencies described in the accompanying schedule of findings and questioned costs as items 2025-001 and 2025-002 to be material weaknesses.

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 2025-003 to be a significant deficiency.

The other independent auditors report for Bartlett Regional Hospital, dated February 27, 2026, reported a deficiency, listed as item 2025-001, to be a material weakness. It is not included in the accompanying schedule of findings and questioned costs and the February 27, 2026 report should be reviewed for details. The other independent auditor's report for Juneau School District, dated November 25, 2025, did not identify any deficiencies in internal control that they consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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 matters that we have reported to management of the City and Borough in a separate letter dated March 31, 2026.

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

March 31, 2026

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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, 2025. 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 $5,428,574 of federal awards, which are not included in the schedule of federal awards during the year ended June 30, 2025. 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, 2025.

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 federal programs for the year ended June 30, 2025.

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.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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, 2025, 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 31, 2026, 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. We did not audit the financial statements of the Juneau School District, a discretely presented component unit, or Bartlett Regional Hospital, an enterprise fund. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Juneau School District and Bartlett Regional Hospital, are based solely on the report of the other auditors. 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 31, 2026

CITY AND BOROUGH OF JUNEAU, ALASKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2025

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 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 FY23, Title III	FY23	10.665	$ 47,172	$ 11,866	$ -
Schools and Roads - Grants to States FY24, Title III	FY24	10.665	45,182	45,182	-
Total Forest Service Schools and Roads Cluster			92,354	57,048	-
Total U.S. Department of Agriculture			92,354	57,048	-
U.S. Department of Housing and Urban Development -					
Passed through Tlingit-Haida Regional Housing Authority (THRHA) -					
THRHA ICDBG-IT Flood Mitigation	THRHA ICDBG-IT 25GC0216230	14.862	882,000	882,000	-
Total U.S. Department of Housing and Urban Development			882,000	882,000	-
U.S. Department of the Interior -					
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	586,788	-
Total U.S. Department of the Interior			850,215	586,788	-
U.S. Department of Justice:					
FFY22 The Bulletproof Vest Partnership Program	2022 BUBX-22031147	16.607	6,156	384	-
FFY23 The Bulletproof Vest Partnership Program	2023 BUBX-23037656	16.607	3,386	3,386	-
FFY24 The Bulletproof Vest Partnership Program	2024 BUBX-24041246	16.607	6,617	4,511	-
Total ALN 16.607			16,159	8,281	-
Asset Forfeiture	-	16.922	101,293	25,311	-
COPS School Violence (SVPP)	15JCOPS-21-GG-03774-SSIX	16.710	22,500	3,438	-
Law Enforcement Mental Health and Wellness Act	15JCOPS-22-GG-04105-LEMH	16.710	175,000	52,545	-
FY24 COPS Office Technology and Equipment Program	15JCOPS-24-GG-02401-TECP	16.710	2,000,000	6,270	-
Total ALN 16.710			2,197,500	62,253	-
FY22 EBMJA (JAG)	15PBJA-22-GG-02571-JAGX	16.738	37,362	17,000	-
FY23 EBMJA (JAG)	15PBJA-23-GG-03008-JAGX	16.738	41,241	10,625	-
Total ALN 16.738			78,603	27,625	-
Total U.S. Department of Justice			2,393,555	123,470	-

(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, 2025

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:					
Reconstruct North Terminal Building, Phase I	3-02-0133-081-2020	20.106	8,573,971	563,146	-
COVID-19 - Rent Relief Airport Concessions - ARPA	3-02-0133-087-2021	20.106	5,430,992	1,910,130	-
Rehab Part 121/135 Apron (Design); Construct RON Parking Apron (Design)	3-02-0133-091-2022	20.106	2,152,407	(145,666)	-
Gate 5 Passenger Boarding Bridge (Design)	3-02-0133-092-2022	20.106	182,123	(5,319)	-
Construct Replacement Passenger Boarding Bridge Gate 5	3-02-0133-098-2023	20.106	1,703,796	(44,471)	-
Construct RON Apron. Rehabilitate Part 121 Apron	3-02-0133-100-2023	20.106	16,603,563	7,045,692	-
Airport Mater Plan/Airport Layout Plan Update	3-02-0133-102-2024	20.106	911,897	341,929	-
Road Service Area - Shoulder Grading	3-02-0133-103-2024	20.106	422,353	352,908	-
Total ALN 20.106			35,981,102	10,018,349	-
Mt. Bradley Trail Reroute/Restore	690567224002	20.224	325,000	44,682	-
FY24 Safe Streets for All	FHWA 693JJ32340520	20.939	280,000	61,758	-
FY25 LC Multimodal Grant	693JJ32540112	20.940	653,520	6,508	-
Passed through the State of Alaska Department of Natural Resources -					
Recreational Trails Program - 35 Mile ORV Riding Park	RTP23-110	20.219	299,970	249,058	-
Passed through the State of Alaska Department of Transportation and Public Facilities:					
Acquisition-Surveillance/Security (Equipment)	2511-22-0102-AK-2021-044	20.509	273,559	41,149	-
AK Community Transit - Section 5311 Grant (FY25 Operating Grant)	2511-25-0100-AK-2023-050	20.509	2,637,700	2,311,094	-
FY25 Auto Pass Counters and Voice Annunciation	2511-23-0300-AK-2023-051	20.509	240,000	51,274	-
FY24 Capital Transit Rural Training Assistance Program	5311AK18-X088	20.509	19,117	1,145	-
FY25 Capital Transit Rural Training Assistance Program	5311AK18-X088	20.509	25,443	25,443	-
Total ALN 20.509			3,195,819	2,430,105	-
Federal Transit Cluster					
Purchase Replacement - Bus STD 35 ft	2511-20-0304-AK-2019-019	20.526	4,100,000	4,027,350	-
Construct Bus Terminal	2511-20-0500-AK-2020-037	20.526	2,290,405	111,916	-
Electrification and Power Distribution - FY22	2511-20-0700-AK-2022-027	20.526	5,014,400	4,837,307	-
Electrification and Power Distribution - FY23	2511-23-0200-AK-2023-034	20.526	1,446,827	1,073,801	-
Total Federal Transit Cluster			12,851,632	10,050,374	-
Total U.S. Department of Transportation			53,587,043	22,860,834	-
Institute of Museum and Library Services -					
Passed through the State of Alaska Department of Education and Early Development -					
Alaska Mail Services FY2025	RLS25-005	45.310	271,903	271,543	-
Total Institute of Museum and Library Services			271,903	271,543	-

(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, 2025

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 Energy -					
Water EV Charging Stations	DOE EECBG IA-0000000225	81.128	76,130	73,369	-
Total U.S. Department of Energy			76,130	73,369	-
Executive Office of the President:					
High Intensity Drug Trafficking Areas (HIDTA)	HIDTA-USDHHS G21AK0003A	95.001	90,000	28,187	-
High Intensity Drug Trafficking Areas (HIDTA)	HIDTA-USDHHS G22AK0003A	95.001	90,000	25,107	-
High Intensity Drug Trafficking Areas (HIDTA)	HIDTA-USDHHS G24AK0003A	95.001	343,000	117,989	-
Total ALN 95.001			523,000	171,283	-
Total Executive Office of the President			523,000	171,283	-
U.S. Department of Health and Human Services:					
Zach Gordon Youth Center Basic Center Program	90 CY 7554-01-00	93.623	250,000	62,500	-
Zach Gordon Youth Center Basic Center Program	90 CY 7554-02-00	93.623	250,000	250,000	-
Total ALN 93.623			500,000	312,500	-
Passed through the State of Alaska Department of Health:					
Alaska Rural Small Hospital Improvement Program (SHIP)	0618-124	93.301	13,312	13,312	-
COVID 19 - Healthy and Equitable Communities	CO622-584-I MOA	93.391	347,340	49,224	-
FY25 Mobile Integrated Healthcare (MIH) and Community Paramedicine Rural Extension	161-319-25001	93.493	150,000	116,843	-
FY25 SUD (CBHTR) SOA	162-268-25016	93.959	270,126	67,532	-
Total U.S. Department of Health and Human Services			1,280,778	559,411	-
U.S. Department of Homeland Security:					
Passed through the State of Alaska Department of Military and Veterans Affairs:					
Juneau Hazard Mitigation Plan 23HMGP-GY23	DR-4533-2-R	97.039	111,600	46,241	-
2022 State Homeland Security Grant Program	EMW-2022-SS-00034	97.067	287,265	226,293	-
2023 State Homeland Security Grant Program	EMW-2023-SS-00037	97.067	117,000	14,673	-
Total ALN 97.067			404,265	240,966	-
2023 Emergency Management Performance Grant	EMS-2023-EP-00001	97.042	130,000	54,134	
2024 Emergency Management Performance Grant	EMS-2024-EP-05005	97.042	132,000	122,864	-
Total ALN 97.042			262,000	176,998	-
Total U.S. Department of Homeland Security			777,865	464,205	-
Total Federal Expenditures			$ 60,734,843	$ 26,049,951	$ -

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, 2025

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. Negative amounts shown on the SEFA represent grant funds returned for previously reimbursed unallowable costs or reclassification of expenses previously reported for on-going capital projects to other funding sources.

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

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CITY AND BOROUGH OF JUNEAU, ALASKA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2025

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	$ 10,201,296
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	2,875,868
Internal Service Funds	199,989
Add:	
Amounts reported as federal expenditures in the SEFA, but not reported as federal revenue in the basic financial statements:	
Federal grants passed through the State of Alaska	9,151,686
Federal grants reported as other revenue in the basic financial statements	106,155
Federal grant sources reported as capital contributions in Juneau International Airport enterprise fund	7,545,073
Less:	
Amounts reported as federal revenue in the basic financial statements but not included in the SEFA:	
Amounts reported as federal revenue in the basic financial statements that do not meet the definition of federal financial assistance under 2 CFR Part 200	(3,888,303)
State grants reported as federal revenue in the basic financial statements	(85,520)
Federal revenues recognized in the basic financial statements but not yet recognized on the SEFA	(56,293)
Total federal expenditures as reported in the SEFA	$ 26,049,951

CITY AND BOROUGH OF JUNEAU, ALASKA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2025

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:	
Governmental 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

Unmodified opinion per other independent auditor's report

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)?	___ Yes _x_ None reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	___ Yes _x_ No

Identification of major federal programs:

ALN	Name of Federal Program or Cluster
20.106	Airport Improvement Program
15.611	Fish and Wildlife Cluster
14.862	THRHA ICDBG-IT Flood Mitigation

Federal Awards, continued

Dollar threshold used to distinguish between type A and type B programs:	$ 781,499
Auditee qualified as low-risk auditee?	___ Yes _x_ No

SECTION II – FINANCIAL STATEMENT FINDINGS

2025-001 **Material Weakness in Internal Controls over Financial Reporting – Timely and Accurate Reconciliation of Significant Accounts – Debt Issuance, Tax Accruals, and Unearned Revenue**

New or Repeat: Repeat of Material Weakness 2024-001 for listed accounts

Criteria: Generally accepted accounting principles require that entities maintain a system of internal controls to provide reasonable assurance regarding the achievement of reliable financial reporting.

Condition: Internal controls over financial reporting were not sufficiently designed or implemented to accurately review accounting data used in recording debt issuance, tax accruals or unearned revenue. Calculations and support contained undetected errors in the application of accounting standards or spreadsheet errors which caused account balances to be inaccurate despite going through an internal review process.

Account balances were corrected by management as a result of proposed changes during the audit process. Adjustments included significant account balance, as well as insignificant account balance adjustments in the accounting and presentation of debt issuance due to not following generally accepted accounting principles (GAAP) for unamortized premium balances in a debt refunding and guidance for when to record bond proceeds. Adjustments for the year-end tax accruals were incorrect due to the wrong field in the year-end reconciliation spreadsheet being utilized and the error was not detected through the review process. The unearned revenue account related to the Airport enterprise fund's passenger facility charge program had been reconciled and an adjustment was identified as needed but the adjustment had not been posted and its omission was not detected through internal reviews of the program at year-end.

Cause: Limited resources of the Treasury and Controller departments and the lack of a fully implemented comprehensive year-end reconciliation and ACFR preparation process, led to errors not being detected during review. An updated comprehensive year-end reconciliation and ACFR preparation process was not fully implemented for fiscal year 2025, and therefore self-checks were not in place over the application of GAAP for the bond issuance, nor were self-checks built within the tax accruals or passenger facility charge revenue reconciliations.

Effect and Context: Several significant adjustments to the accounts receivable and revenue accounts in the Debt Service Fund and Hotel and Sales Tax special revenue funds, as well as to the Airport enterprise fund unearned revenue and revenue. The overall impact of the adjustments was a decrease to accounts receivable of over $7 million dollars, an increase in liabilities of slightly more than $1 million dollars and a decrease to revenue and other financing sources of approximately $8 million dollars.

Recommendation: We recommend the Treasury and Controller departments continue to formalize their comprehensive year-end reconciliation and ACFR preparation process and internal review processes be at a sufficient level, so that accounts, statements, schedules and note disclosure differences are detected and corrected in a timely manner.

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

2025-002 Material Weakness in Internal Controls over Financial Reporting – Lease Receivable Valuation and Monitoring

New or Repeat: New

Criteria: Generally accepted accounting principles require accounting and reporting of lease receivables follow GASB No. 87, *Leases*. Payments that depend on an index (such as consumer price index – CPI) should be initially measured using the index as of the commencement of the lease term. The lease receivable is recorded using the present value of the lease payments expected to be received during the lease term. The variable payment amounts are required to be disclosed, as well as the related deferred inflows. Changes in the index do not trigger remeasurement of the lease receivable unless certain conditions occur.

Condition: Internal controls were not sufficiently designed and implemented to ensure leases with variable payments were appropriately valued and the variable portion of the subsequent payments tracked for reporting and disclosure purposes.

Selected lease 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 input of leases into the third-party lease management software utilized for lease tracking several years ago. The variable payment leases were set up as fixed payment leases with estimates for future index increases estimated and built into their initial measurement valuation. In addition, the billing and collection of the lease payments was not reconciled between the billing software and the lease management software and the variable payment amounts were not captured for note disclosure.

Context and effect: Policies and procedures for the accounting and reporting of leases were not adequate to ensure appropriate measurement and tracking for financial statement presentation. Decisions made and processes used to calculate and enter leases into the lease management system were not retained, nor was the initial input monitored consistently in the period since implemented. Turnover in key accounting positions exacerbated the issue. As a result, lease receivables and related deferred inflows in the business-type activities and Boat Harbor enterprise fund have been overstated. The impact of the adjustments posted to correct balances was a decrease of $8 million dollars to both accounts in the business-type activities and Boat Harbor enterprise fund.

Recommendation: We recommend policies and procedures be developed, and necessary documentation retained to ensure measurement of leases with variable payments is accurate and set up correctly in the lease management system. In addition, we recommend coordination and reconciliation between the billing and the lease management systems be completed on a routine periodic basis and a system to capture the variable payment changes be implemented.

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

2025-003 Significant Deficiency in Internal Controls over Financial Reporting – Compliance Schedule Preparation

New or Repeat: New

Criteria: Local governments that expend over a threshold amount in Federal awards or State awards during a fiscal year are subject to the Single Audit Act and are required to prepare and have audited a Schedule of Expenditures of Federal Awards (SEFA) and Schedule of State Financial Assistance (SSFA). These are required supplemental schedules to the financial statements. The schedules contain financial statement numbers, but also contain other information not typically found in a general ledger and therefore are not produced directly from the accounting system. The accounting system, specifically as it relates to federal and state assistance, should be set up in such a way though to ensure the schedules are complete and accurate.

Condition: Internal controls were not sufficiently designed and implemented to ensure a system for the preparation of these two supplemental schedules was in place or reviews of the draft schedules were completed in a timely manner for year-end reporting.

Cause: A shortage of adequate resources and staff turnover in key positions within the finance department, as it relates to grant management, has resulted in the absence of written procedures for the preparation of these supplemental schedules. The process of using excel spreadsheets to manually compile data from the accounting system, in which federal and

state assistance are not always accounted for in unique accounts, and using data from both paper and electronic grant files, results in an increased risk of input error. A thorough review of the draft schedules, along with a reconciliation to the accounting system, prior to providing them for audit was not fully completed.

Context and effect: The control deficiency could result in required information being omitted from the schedules. The impact in fiscal year 2025 was the identification of an additional program had was required to be audited due to changes made after the schedules were initially provided.

Recommendation: We recommend management review its processes related to the preparation of these schedules in order to ensure completeness and accuracy of data.

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

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported for fiscal year 2025.

CITY AND BOROUGH OF JUNEAU

Address: 155 Municipal Way, Juneau, AK 99801
Phone: 907-586-5278, Fax: 907-586-4552

City & Borough of Juneau
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2025

FINANCIAL STATEMENT FINDINGS

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

Current Status: Partially Resolved – Significant improvements were made in the fiscal year 2025 close process and ACFR preparation, but due to deficiencies identified related to ensuring accurate reporting of specific accounts, the material weakness is not fully resolved. See Material Weakness 2025-001.

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

Current Status: Resolved

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: Closed since repeated as material weakness 2024-001.

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

Current Status: Resolved - was repeated as significant deficiency 2024-002 and resolved in fiscal year 2025.

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: Program(s) and Federal Award: U.S. Department of Transportation, Federal Aviation Administration

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
Current Status:	Resolved

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

City & Borough of Juneau
Corrective Action Plan
Year Ended June 30, 2025

FINANCIAL STATEMENT FINDINGS

Finding:	2025-001 Material Weakness in Internal Controls over Financial Reporting – Timely and Accurate Reconciliation of Significant Accounts – Debt Issuance, Tax Accruals, and Unearned Revenue
Name of Contact Person:	Joey DeLuca, Controller
Corrective Action:	In FY24, the Finance Department experienced significant turnover, including a new Controller, Accounting Manager, and three new accountants. As a result, a considerable amount of institutional knowledge related to year-end processes was lost. We have created a year-end processes file. We are continuing to update with missed/new year end reconciliations and ACFR preparation processes and will be implementing them starting in FY26.
Proposed Completion Date:	June 2026
Finding:	2025-002 Material Weakness in Internal Controls over Financial Reporting – Lease Receivable Valuation and Monitoring
Name of Contact Person:	Joey DeLuca, Controller
Corrective Action:	CBJ's lease management software, FinQuery, is used to track all lease agreements. At the time of implementation, department administrators were responsible for entering lease information into the system and maintaining it by adding new leases, processing renewals, and monitoring expirations. To improve accuracy and consistency, this process will be centralized within the Controller's Office, as many department administrators do not have an accounting or financial background. Going forward, an accountant within the Controller's Office will be responsible for entering lease data into FinQuery, with a second accountant assigned to review and approve the entries. In FY26, the Controller's Office will conduct a comprehensive

	review of all leases currently recorded in FinQuery to ensure completeness and accuracy. Additionally, staff will pursue further training, including participation in FinQuery's monthly training webinars, to strengthen system knowledge and maintain best practices.
Proposed Completion Date:	June 2026
Finding:	2025-003 Significant Deficiency in Internal Controls over Financial Reporting – Compliance Schedule Preparation
Name of Contact Person:	Joey DeLuca, Controller
Corrective Action:	In prior years, the supplemental schedules were prepared by the Controller and Accounting Manager. Due to significant turnover in these positions, much of the institutional knowledge regarding the most effective approach to completing these schedules was lost, largely due to limited documentation and training. To address this gap, we will pursue targeted training to better understand best practices for preparing supplemental schedules. In addition, we will develop a comprehensive procedures manual that clearly outlines both the process and the underlying rationale to ensure consistency, accuracy, and continuity moving forward.
Proposed Completion Date:	September 2026