

Fiscal Year 2023 Audit Presentation

June 4, 2024

Karen Tarver, CPA

Elgee Rehfeld, LLC



FY23 AUDIT TEAMS

CBJ – Karen Tarver

- Adam Sycks, Jill Smith, Cody Campbell, Andrew Ringle, Ammon Washburn, Brayden Massey-Jones, Katie Tarver, Sophia Schauwecker

BRH – Adam Sycks

- Andrew Ringle, Ammon Washburn, Jill Smith

JSD – Karen Tarver

- Jill Smith, Cody Campbell, Andrew Ringle, Katie Tarver, Brayden Massey-Jones, Sophia Schauwecker



WHAT WE AUDIT



Elgee Rehfeld
Alaska's CPA Firm

ANNUAL FINANCIAL REPORTS OF CBJ, BRH AND JSD

- City and Borough of Juneau (CBJ)
 - ACFR (Annual Comprehensive Financial Report)
 - Compliance Reports
 - Federal and State Major Programs & Schedules
 - FAA Passenger Facility Charges Program and Schedule
- Bartlett Hospital Regional Hospital (BRH)
 - Financial Statements
- Juneau School District (JSD)
 - Financial Statements
 - Compliance Reports
 - Federal and State Major Programs & Schedules
 - State of Alaska DEED Tuition Rate Report



"ACFR" ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year 2023

125,058	154,568	95,054	124,500
125,487	56,845	97,511	125,000
124,000	110,000	99,011	154,000
105,450	150,000	99,216	95,000
86,502	35,000	101,090	154,200
	83,000	101,684	110,000
	45,000	101,962	89,000
		102,747	50,000
			68,700
			123,000

CBJ – FY₂₃ ACFR SECTIONS

Government-wide Financial Statements (pages 17-19)	Fund Financial Statements (pages 20-40)
Notes to the Basic Financial Statements (pages 41-104)	
Required Supplementary Information (pages 107-118)	
Governmental Funds - Special Revenue Funds, Debt Service Fund, Capital Projects Funds, Fiduciary Funds and Permanent Fund (pages 119-163)	
Proprietary Funds - Enterprise Funds and Internal Service Funds (pages 165-189)	
Capital Assets Used in the Operation of Governmental Funds (pages 191-195)	Additional Information (pages 197-202)
Statistical Section (unaudited) (pages 206-247)	

OPINION UNITS & "SINGLE AUDIT"

- **Governmental Activities – Major and Non-major funds**
 - General Fund
 - General Debt Service
 - Special Revenue Funds
 - Capital Project Funds
 - Permanent Fund
- **Business-Type Activities – Major Funds**
 - Enterprise Funds (includes BRH)
- **Internal Service Funds** – allocated into Governmental and Business-Type Activities in Government wide statements
- **Fiduciary Funds**
- **Component Unit** – Juneau School District – Governmental Activities, Major and Non-major funds
- **Compliance Audits** – CBJ & JSD, both Federal and State

TIMING OF AUDITS

City and Borough of Juneau (CBJ)

Fieldwork - August and October-March*

FY23 FS – issued March 2024*

FY23 Compliance Audits – issued March 2024*

Bartlett Regional Hospital (BRH)

Fieldwork - August and September-December*

FY23 FS – issued in January*

Juneau School District (JSD)

Fieldwork - July and September

FY23 FS & Compliance Audits – issued in November

* Not typical timing

AUDIT PROCESS

Planning and Risk Assessment

Testing of Significant Internal Controls

Testing of Balances and Significant Transactions and Disclosures

Concluding on Work

Drafting Auditor Reports

Issuance

AUDIT TERMS

Material – According to the AICPA Auditing Standards Board (ASB), materiality is a concept used to determine what information is important enough to include in financial statements and what can be omitted. The ASB defines material as a misstatement, including an omission, that could influence a reasonable user's judgment based on the financial statements. This could be individually or in aggregate.

Tests of controls - procedures performed to determine whether control techniques which reduce the risk of material misstatements or material non-compliance are operating effectively throughout the audit process.

Substantive tests - procedures performed to detect material misstatements in financial statement balances and disclosures or material non-compliance.



PLANNING AND RISK ASSESSMENT

- During the planning phase of our audit, we will obtain initial audit evidence to assess the risk of material misstatements in the financial statements and noncompliance at the grant program and entity level, and then design the audit plan to provide reasonable assurance of detecting material misstatements and material noncompliance.
- Interview staff, management, and those charged with governance
- Walk through significant transaction cycles
- Review minutes
- Review websites & news articles

TESTING OF SIGNIFICANT INTERNAL CONTROLS

- Tests of controls are procedures performed to determine whether control techniques which reduce the risk of material misstatements or material non-compliance are operating effectively throughout the audit process.
- Our testing includes tests of controls over the following cycles:
 - Disbursements cycle - Payroll and Purchasing
 - Revenue cycle - Billing/Cash Receipts
 - Grant compliance
- We use statistical sampling techniques in these areas.

FISCAL YEAR 2023 RISK FACTORS IMPACTING AUDIT APPROACH

- GASB No. 87, Leases (delay in work on FAA leases and FY23 updates)
- GASB No. 96, SBITAs (delay in implementation)
- COVID funding, continued assistance
- Increased audit risk identified in immaterial account balances at BRH (prior year issue)
- Turnover and staffing shortages at all three entities
- Increased audit risk over budgetary compliance (JSD prior year issue)

TESTING OF BALANCES AND SIGNIFICANT TRANSACTIONS AND DISCLOSURES

- Substantive tests are procedures performed to detect material misstatements in financial statement balances or material non-compliance.
- We perform substantive testing of the financial statement support and schedules to gain assurance that the amounts reported are adequately supported, materially correct, and appropriate disclosures are included.

SIGNIFICANT TRANSACTION CYCLES & AUDIT APPROACH

- **Treasury – Cash & Investments**
- Treasury Cycle is primarily substantive in nature and includes verifications with independent sources when possible. For example, we confirm your cash and investments balances as appropriate.
- We also test restrictions on cash and investment balances for proper compliance with statutes and agreements, such as your bond indentures.
- The scope of our testing is based on our evaluation of the system of internal controls. This includes tests of the recording of investment activity. We also test inter-fund balances between entities and related inter-fund receivables and payables.
- Analytical procedures are also used for income from other revenue accounts.
- Assessment of disclosures related to cash and investments and their adherence to GASB reporting requirements is done with the ACFR draft.

SIGNIFICANT TRANSACTION CYCLES & AUDIT APPROACH

- **Treasury** – Revenue Cycle - Taxation (CBJ), other Revenue and Related Receivables
- Revenue Cycle includes a combination of substantive, analytical testing against various non-financial data (tax rolls, utility customers, harbor customers, enplanements and landings, etc.), substantive testing over scheduled payments for various contractual agreements, testing to source data (such as PFC data submitted by airlines as an example), management's monitoring controls over areas such as investments and utility billing, as well as other procedures.
- These will include ensuring that proper inter-period accruals and deferrals are made and that procedures to recognize appropriate allowances for doubtful accounts are made, if appropriate.
- We also apply control testing over cash receipts in treasury and cash receipts in parks and recreation functions, capital transit, engineering and other cash receiving points.

SIGNIFICANT TRANSACTION CYCLES AND APPROACH

- **BRH Specific Revenue**

- Patient/consumer services revenue from admissions through billing including related management of contractual and bad debt recording

- **Federal and State Assistance**

- These amounts have specific requirements and restrictions which are tested in our compliance procedures.

- **Juneau School District Specific Revenues**

- Fees from services provided (food service, RALLY, Community Schools), as well as student activity and custodial fund cash receipts.

SIGNIFICANT TRANSACTION CYCLES & AUDIT APPROACH

- **Capital Assets** include depreciable and non-depreciable accounts and related accumulated depreciation and depreciation expense. Also included are leases and SBITA's.
- Some of our audit procedures include:
 - Reviewing the capitalization of expenses in accordance with GAAP, applicable statutes and regulations and internal policies.
 - Reconciling the balances and activity reflected in the capital asset schedule to the appropriate amounts in the general ledger.
 - Sampling of additions to capital assets and "CIP" projects with relevant controls in engineering and purchasing.
 - Assessing completion of the projects and adequacy of the relevant funding sources for projects and accruals related to these projects.
 - Depreciation expense is evaluated on an analytical basis using predictive or comparative means as appropriate.
 - Assessing disclosures related to capital assets and their adherence to GASB reporting requirements.

SIGNIFICANT TRANSACTION CYCLES & AUDIT APPROACH

- **Debt**

- Bond and notes payable related items require principally substantive procedures.
- These include:
 - Confirmation of bond series or notes outstanding and the testing for compliance with audit related bond covenants including sinking fund requirements, additional indebtedness, redemption provisions and others as specified by the State and pertinent resolutions.
 - Analytical analysis for debt balances and related interest expense and investigate unexpected results.
 - For new debt obtaining appropriate authorizing documentation and tracing the transaction through the accounting records and evaluation of the appropriateness of classification and reporting.

SIGNIFICANT TRANSACTION CYCLES AND AUDIT APPROACH

- **Expenditure** – Purchasing, Accounts Payable, Inventory and Supplies, and Payroll
 - A combination of attribute testing for compliance with internal controls as stipulated in CBJ code and each entity's policies and procedures, and analytical testing of accounts against non-financial data and to budgets and prior fiscal years. Expenditure Cycle are integrated with our compliance related testing.
 - Budgets are reconciled to appropriated amounts including budgetary revisions during the fiscal year. The amount and mix of our testing is determined based on our evaluation of the system of internal controls each year. We substantively test the budget amounts presented in the ACFR against approved and revised amounts. We also test the integration of the budget in controls over purchases, expenditure, and other areas as part of test work in those cycles.
 - We typically perform control testing over the payables and payroll cycles using statistically valid samples from each identified population.
 - We also perform substantive tests over inventory and supplies, which includes observation of inventory procedures and testing of the count procedures for departments with material inventory balances.

SIGNIFICANT TRANSACTION CYCLES AND AUDIT APPROACH

- **Risk (Concentrated at CBJ)**
- CBJ has centralized its risk management function and provides many legal and risk services to JSD and BRH. The risk management function affects many functions through the self-insurance fund and the management of various exposures to legal and cost risks.
- We perform tests of the risk management cycle through evaluating the adequacy of information provided to the actuary for recording related liabilities and sufficiency of other coverages based on current losses.
- Confirmations from the CBJ Attorney and outside counsel are also a required and important to our work in this area.

SIGNIFICANT TRANSACTION CYCLES AND AUDIT APPROACH

- **Financial Reporting**

- The Financial Reporting Cycle includes the system management implements associated with drafting financial statements and disclosures in compliance with applicable GASB pronouncements to ensure accurate reporting.
- We use industry developed checklist to review the draft financial statements and disclosures, as well as tie amounts include to audit evidence in specific areas.

- **Compliance**

- Testing for major programs is at the compliance requirement level with an assessment of the direct and material requirements and designs of tests both over internal controls and compliance for each area. Testing includes control-related expenditure or attributes testing of statistically valid samples, testing over reporting requirements and other relevant requirements. We also perform tests over the completeness and accuracy of the grant schedules and any special purpose reports required by granting agencies.

CONCLUDING THE AUDIT

- In concluding the audit, we accumulate:
 - All known and likely misstatements identified during the audit.
 - All material corrected misstatements that were brought to the attention of management as a result of our audit procedures.
- Evaluate the effect of uncorrected misstatements in current year and prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole.
- Evaluate design, implementation or operating effectiveness of key control deficiencies identified and the impact of the deficiencies on the on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole.

CBJ FY23 AUDIT RESULTS

ACFR / Financial Statements audit

- Unmodified opinions
- 2 Significant Deficiencies in Internal Controls over Financial Reporting

Federal and State Compliance audits

- Unmodified opinions
- 2 Significant Deficiencies in Internal Controls over Compliance
- Significant delays in the production of the ACFR resulted in delay in ability to conclude audit procedures

INDEPENDENT AUDITOR'S REPORT – OPINIONS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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 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 as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position 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 June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

CBJ ACFR CONTENTS

BASIC FINANCIAL STATEMENTS

AUDITOR EXPRESSES AN
OPINION ON
GOVERNMENTAL AND
BUSINESS-TYPE ACTIVITIES,
EACH MAJOR FUND, AND
AGGREGATE REMAINING
FUND INFORMATION AND
NOTES TO THE BASIC
FINANCIAL STATEMENTS

Basic Financial Statements include:

- **Government Wide Financial Statements**
(Governmental & Business-Type Activities)
 - Statement of Net Position
 - Statement of Activities
- **Fund Financial Statements**
 - Governmental Funds
 - Balance Sheet
 - Statements of Revenues, Expenditures and Changes in Fund Balances
 - Proprietary Funds
 - Statement of Net Position
 - Statement of Activities
 - Statement of Cash Flows
 - Fiduciary Funds
 - Statement of Net Position
 - Statement of Activities
- **Notes to the Basic Financial Statements**



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INDEPENDENT AUDITOR'S REPORT – BASIS FOR OPINIONS

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements 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 the 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 audit opinions.



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INDEPENDENT AUDITOR'S REPORT – MANAGEMENT'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Responsibilities of Management for the Financial Statements

The City and Borough's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City and Borough's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



MANAGEMENT'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS – FY23 TRANSMITTAL LETTER

The Honorable Mayor and Assembly
Ms. Katie Koester, City Manager
City and Borough of Juneau
Juneau, Alaska 99801

I am pleased to transmit to you the City and Borough of Juneau's (CBJ) Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2023.

The CBJ Charter, Section 9.18, and our bonding covenants require annual independent audits be made of our financial records and transactions. The audits are to be performed by a certified public accountant designated by the Assembly. As part of the annual financial audit, we also comply with the requirements of the Federal Single Audit Act Amendments of 1996, the related OMB 2 CFR Part 200 (formerly Circular A-133), and the State of Alaska audit requirements under 2 AAC 45.010 by presenting the Schedule of Expenditures of Federal Awards (SEFA) and the Schedule of Expenditures of State Awards (SESA).

The ACFR is prepared by the CBJ Finance Department. The responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the CBJ. The enclosed data is accurate in all material aspects and presented in a manner that fairly sets forth the financial position and results of operations of the CBJ, on a government-wide and fund basis.

To provide a reasonable basis for making these representations, a comprehensive internal control framework has been designed and established to protect the government's assets from loss, theft or misuse. These internal controls also allow for the preparation of the financial statements in conformity with generally accepted accounting principles (GAAP). The framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.



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Alaska's CPA Firm

INDEPENDENT AUDITOR'S REPORT – OUR RESPONSIBILITIES

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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 and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

INDEPENDENT AUDITOR'S REPORT – AUDITOR'S RESPONSIBILITY UNDER GAAS

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, 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 amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City and Borough's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City and Borough's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

INDEPENDENT AUDITOR'S REPORT – REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and OPEB schedules on pages 5-15, 107-109, and 110-115, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

CBJ ACFR CONTENTS

REQUIRED SUPPLEMENTARY INFORMATION

AUDITOR DOES NOT
EXPRESS AN OPINION OVER
REQUIRED SUPPLEMENTARY
INFORMATION

Required Supplementary Information includes:

- **Management Discussion and Analysis**
- **Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual**
 - Presented for each governmental major fund
- **Schedules of Proportionate Share of the Net Pension and Net OPEB Liabilities**
- **Schedules of Contributions to Alaska Public Retirement System and OPEB Plans**

INDEPENDENT AUDITOR'S REPORT – SUPPLEMENTARY INFORMATION

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City and Borough's basic financial statements. The combining and individual fund financial statements and schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund and individual fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of 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 combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Comprehensive Financial Report

Management is responsible for the other information included in the annual comprehensive financial report (ACFR). The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

CBJ ACFR CONTENTS

SUPPLEMENTARY INFORMATION

AUDITOR EXPRESSES AN 'IN
RELATION TO' OPINION ON
SUPPLEMENTARY
INFORMATION

NO OPINION IS EXPRESSED
ON THE OTHER
SUPPLEMENTARY
INFORMATION

Supplementary Information includes:

- **Combining statements**
 - Non-Major Governmental Funds
 - Enterprise Funds
- **Individual fund statements**
- **Capital Assets Used in Operation of Governmental Funds schedule**
- **Current and Closed Capital Project Schedules**

Other Supplementary Information includes:

- **Introductory section**
- **Statistical section**

BARTLETT REGIONAL HOSPITAL FY23 AUDIT RESULTS

- Unmodified Opinion on Financial Statements
- 1 Significant Deficiency reported
 - 2023-001 – Significant Deficiency in Internal controls over Financial Reporting – Implementation of New Accounting Standard (SBITA)
- Detailed Presentation with the BRH Finance Committee



BARTLETT REGIONAL HOSPITAL FY23 AUDIT RESULTS – PRIOR YEAR SIGNIFICANT DEFICIENCY 2022-001 STATUS

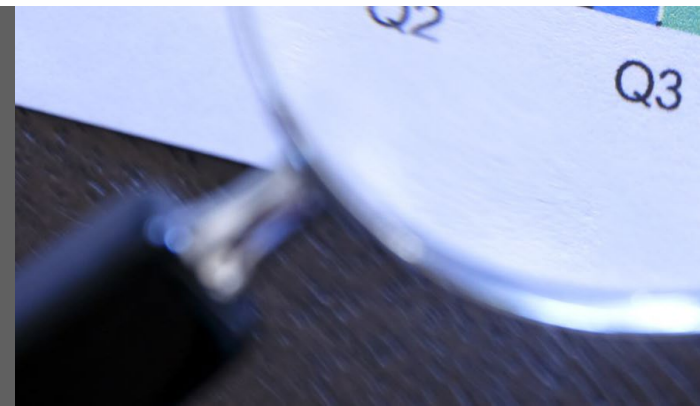


2022-001: Significant Deficiency in Internal Controls over Financial Reporting – Purchasing Processes

For a portion of fiscal year 2022, internal controls over purchasing were not sufficiently designed and implemented to ensure credit card purchases were adequately supported, including documentation of the business purpose of transactions.

The current written policies and procedures did not sufficiently respond to the risks to the organization, nor were they representative of current practices for credit card purchases.

Status: Comment resolved.



BARTLETT REGIONAL HOSPITAL FY23 AUDIT RESULTS – OTHER MATTER

- Other Internal Control Matter –
Hospital Interfund and Cash
Accounts

Hospital Interfund and Cash Accounts

CBJ centrally manages and accounts for all Hospital related cash and cash accounts. The Hospital, while maintaining a separate accounting structure and internal controls, uses CBJ as a central treasury, with CBJ recording most interfund accounting activity between the Hospital and CBJ through their central treasury accounts. The complexity of this structure requires significant effort by both the Hospital and CBJ accounting staff to reconcile cash and the interfund clearing accounts and causes delays in the financial closing and audit processes.

We recommend the Hospital evaluate the current cash management and reconciliation process with CBJ to determine whether management could simplify and update the cash function by moving operating cash to the Hospital.



BARTLETT REGIONAL HOSPITAL FY23 AUDIT RESULTS – OTHER MATTER

- Other Internal Control Matter – Accounts Receivable Valuation Model



Accounts Receivable Valuation Model

The Hospital values accounts receivable in the financial statements by using a model that estimates allowances for both contractually required adjustments to revenue and collectability. Management's estimate of collectability on patient account balances is based on a percentage of the patient balance, after contractual allowance estimates, by payor adjusted for the age of the account balance. The estimated percentage has not been adjusted in multiple years and may not reflect the true collectability of the patient account balances.

We recommend the Hospital review estimates of collectability in the accounts receivable valuation model against actual collections on at least an annual basis to determine if the estimates represent actual patient account collectability.



BARTLETT REGIONAL HOSPITAL FY23 AUDIT RESULTS – OTHER MATTER

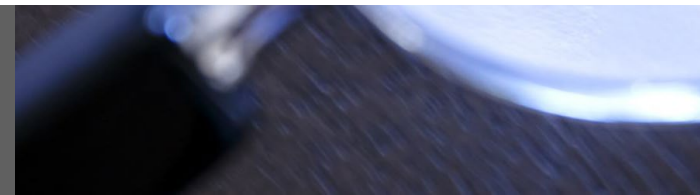
- Other Internal Control Matter – Improve Self-Pay Collection Process



Improve Self-Pay Collection Process

The Hospital experienced an increase in self-pay accounts receivable of \$3.75M during fiscal year 2023 with 60% of that increase being attributable to older accounts aged over 151 days. Self-pay accounts receivable are heavily allowed for as bad debt expense (95%) once the account ages over 150 days and those accounts represent 67% of all self-pay accounts receivable. This growth in older self-pay accounts has caused bad debt expense to increase as a function of the accounts receivable valuation model. In May of 2023, the Hospital contracted with a third-party vendor for early-out billing on all self-pay accounts to assist in the collection process and backlog of self-pay accounts.

We recommend the Hospital continue to work with the third-party vendor on self-pay account collections and reducing the self-pay accounts receivable balance. We also recommend the Hospital evaluate its patient self-pay financial practices and policies to increase collection at discharge.



JUNEAU SCHOOL DISTRICT FY23 AUDIT RESULTS



- Unmodified Opinions on Financial Statements and Federal and State major Programs
 - No findings or questioned costs for compliance programs
 - No audit adjustments to the financial statements
- 4 Significant Deficiencies Reported
- Many meetings with management and School Board members and a presentation at the mid November School Board meeting

JUNEAU SCHOOL DISTRICT FY23 AUDIT RESULTS - #2023-001



2023-001 Significant Deficiency in Internal Controls over Financial Reporting – Implementation of New Accounting Standards (SBITA)

2023-001 Significant Deficiency in Internal Controls over Financial Reporting – Implementation of New Accounting Standards

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 either of the new accounting standards.

A close-up image of a financial statement table with numerical data.

68	154,568	95,054
87	56,845	97,511
000	110,000	99,011
450	150,000	99,216
,502	35,000	101,090
00	83,000	101,684
	45,000	101,962
		102,747
		106,006

JUNEAU SCHOOL DISTRICT FY23 AUDIT RESULTS - #2023-002



- 2023-002 Significant Deficiency in Internal Controls over Financial Reporting and Non-Compliance with CBJ Charter, Article 13 Section 7 (Section 13.7) and School Board Policy Section 3000

2023-002 Significant Deficiency in Internal Controls Over Financial Reporting and Non-Compliance with CBJ Charter, Article 13 Section 7 (Section 13.7) and School Board Policy Section 3000

Controls were not designed or implemented to ensure compliance with CBJ Charter Section 13.7 or School Board Policy Section 3000. The Superintendent or designee did not design or implement monitoring controls sufficient to detect and correct errors in the budget input in the accounting system, propose budget revisions for all funding changes, or resolve the violation with the CBJ Charter in a timely manner.

154,568	97,511
56,845	99,011
110,000	99,216
150,000	101,090
35,000	101,684
83,000	101,962
45,000	102,747

JUNEAU SCHOOL DISTRICT FY23 AUDIT RESULTS - #2023-003



2023-003 Significant Deficiency in Internal Controls Over Financial Reporting – Medicaid Billing

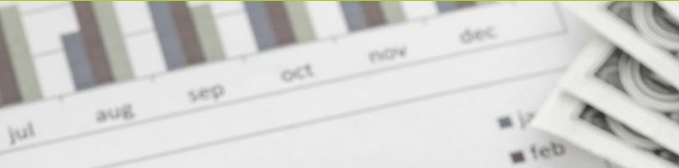
2023-003 Significant Deficiency in Internal Controls Over Financial Reporting – Medicaid Billing

The School District failed to design and implement controls related to Medicaid billing to ensure the documentation required to bill for services provided was complete and in compliance with Medicaid billing requirements.

A close-up image of a silver pen resting on a financial table. The table contains several columns of numerical data, including values like 154,568, 56,845, 110,000, 150,000, 35,000, 83,000, and 45,000. Other values visible include 95,054, 97,511, 99,011, 99,216, 101,090, 101,684, 101,962, 102,747, and 2,006.

58	154,568	95,054
87	56,845	97,511
000	110,000	99,011
450	150,000	99,216
,502	35,000	101,090
20	83,000	101,684
	45,000	101,962
		102,747
		2,006

JUNEAU SCHOOL DISTRICT FY23 AUDIT RESULTS – #2023-004



- 2023-004 Significant Deficiency in Internal Controls over Compliance, Other Matter – Reporting

As described in our *Independent Auditor's Report on Compliance with Each Major State Program; Report on Internal Control over Compliance Required by the State of Alaska Audit Guide and Compliance Supplement for State Single Audits* we identified a deficiency in internal control over compliance that we consider to be significant deficiency and an instance of immaterial noncompliance, as described below:

2023-004 Significant Deficiency in Internal Controls over Compliance, Other Matter - Reporting

Controls over student files were not consistently implemented to ensure that records are maintained in accordance with State of Alaska Department of Education and Early Development's Student Data Reporting Manual based on testing of twenty-five files and results of the testing.

154,568	99,011
56,845	99,216
110,000	101,090
150,000	101,684
35,000	101,962
83,000	102,747
45,000	

JUNEAU SCHOOL DISTRICT FY23 AUDIT RESULTS – PRIOR YEAR STATUS

2022-001 Significant Deficiency in Internal Controls over Financial Reporting and Non-Compliance with CBJ Charter, Article 13, Section 7 (Section 13.7)

Controls were not designed or implemented to ensure compliance with Section 13.7. The School District was in violation of Section 13.7 due to deficits in fund balance in the Operating Fund and in governmental funds as a whole.

Status: Significant deficiency is repeated. See significant deficiency 2023-002.

2022-002 Significant Deficiency in Internal Controls over Financial Reporting - Medicaid Billing

The School District failed to design and implement controls related to Medicaid billing to ensure documentation required for billing was captured and billing was completed in a timely manner.

Status: Significant deficiency is repeated. See significant deficiency 2023-003.

JUNEAU SCHOOL DISTRICT FY23 AUDIT RESULTS

During our audits, we noted certain matters that are opportunities for strengthening internal controls and operating efficiency. These items do not affect our report on the financial statements of the School District. We communicated with management regarding the following items that impact fiscal year 2024 and made the following recommendations to management:

- Monitoring agreements for the applicability of GASB No. 87, Leases, which became effective in fiscal year 2022 and GASB No. 96, Subscription-Based Information Technology Arrangements, which became effective in fiscal year 2023.
- Evaluate whether a "budget book", or a cross-walk document, would assist in the budget process and monitoring. It would include a budget in both the program budget format approved by the board and the budget format used for accounting and reporting in accordance with GAAP.
- Complete a review of finance department staff task assignments, including evaluation of tasks dependent on one individual. Consider establishing a backup person for each key process and identify where staffing levels are too low with the current workload.
- Explore options for reducing cash collections for student activities and at school events.
- Review informal policies/practices communicated over the last few years and determine which method is current, policy or practice, and update documentation and practices (examples: gift and food informal policy and how transfers to Custodial Funds are budgeted/recorded).
- Review the current grant application process and incorporate a review of each grant application budget by Finance prior to application submission to ensure any match or indirect impact is fully evaluated and incorporated into the application budget.
- Implement a review process over entry of budget modifications into the accounting system.
- Implement a budget revision process for increases to grant budget totals.

CBJ - LETTER TO THE ASSEMBLY

Auditor Responsibility

Planned Scope and Timing
of Audit and Significant
Risks Identified

Compliance Regarding
Independence

Entity's Significant
Accounting Policies Aspects

- Significant Accounting Policies –
Use & Changes
- Significant Accounting Estimates
- Significant Disclosure

Uncorrected and Corrected
Misstatements

Difficulties, Disagreements,
Representations and
Consultations with or by
Management

Other Significant Matters,
Findings or Issues

LETTER TO THE ASSEMBLY – SIGNIFICANT ACCOUNTING POLICIES

- **Adoption of GASB:**
 - *No. 87, Leases (revisions to FY22 implementation necessary)*
 - *No. 96, SBITAs (new for FY23)*
 - *No. 91, 94, 99 had no impact*
- **Prior Period Adjustments to ACFR**
 - Restatement related to errors in the implementation of *GASB 87, Leases*
 - Restatement to Docks & Boat Harbor funds to properly reflect beginning cash balances in each fund related to capital projects

LETTER TO ASSEMBLY - SIGNIFICANT ESTIMATES

- **Pension and OPEB Assets, Liabilities, Deferred In/Outflows**
 - Based on information provided by the State of Alaska
- **Accounts, Taxes, Assessments and Other Receivables**
 - Based on historical collection, market conditions
 - Assumes ability to collect
 - Accuracy of allowance for doubtful accounts
- **Self-insurance reserves for claims liabilities**
 - Represents reserves for reported and unreported losses
 - Based on an estimated (by an actuary) ultimate cost of settling the claims
- **Provider Relief Funds (BRH)**
 - Based on guidance made available by U.S. Department of Health and Human Services, at time financials were issued.

LETTER TO ASSEMBLY – UNCORRECTED AND CORRECTED MISSTATEMENTS

Material Adjustments Proposed and Corrected:

- Change to loan presentation for the Affordable Housing special revenue fund.
- Change to other financing source revenue presentation for the Gondola special revenue fund.
- Change to presentation of fund balance between assigned and unassigned in the Affordable Housing and Port Development special revenue funds to conform with GASB No. 54 reporting requirements.
- Corrections to Capital Project related amounts and schedule (supplementary information) and Capital Project amounts in basic financial statements.

Immaterial Adjustments not corrected:

- Fund balance assigned for subsequent year expenditures in the Downtown Parking special revenue fund not updated and overstated by \$137,800.
- Affordable Housing special revenue fund notes receivable understated by less than \$12,000 and fund balance understated by less than \$12,000. Loan expensed in prior year rather than recorded as note receivable.

LETTER TO THE
ASSEMBLY -
INTERNAL CONTROL
MATTERS AND
RECOMMENDATIONS

**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)**

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.

LETTER TO THE
ASSEMBLY -
INTERNAL CONTROL
MATTERS AND
RECOMMENDATIONS

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

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.

LETTER TO THE
ASSEMBLY -
INTERNAL CONTROL
MATTERS AND
RECOMMENDATIONS

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

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

LETTER TO THE
ASSEMBLY -
INTERNAL CONTROL
MATTERS AND
RECOMMENDATIONS

2023-004: Significant Deficiency in Internal
Controls over Compliance and Compliance
– Reporting (Non-major Program)

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 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.

LETTER TO THE
ASSEMBLY -
INTERNAL CONTROL
MATTERS AND
RECOMMENDATIONS

2022-001: Material Weakness in Internal Controls over Financial Reporting – Timely Reconciliation of Significant Accounts and Preparation of the ACFR

Status: partially resolved; repeated partially as Significant Deficiency 2023-001.

2022-002: Significant Deficiency in Internal Controls over Financial Reporting – Implementation of Lease Standard

Status: considered resolved, except for documentation of controls for departments which was not fully completed by June 30, 2023.

2022-003: Significant Deficiency in Internal Controls over Financial Reporting – Purchasing Processes, Bartlett Regional Hospital Enterprise Fund

Status: considered resolved.

LETTER TO THE ASSEMBLY – OTHER INTERNAL CONTROL COMMENTS

Other Internal Control Matter - Finance and Accounting Policies and Procedures

In prior years, we recommended a city-wide assessment of finance and accounting related policies and development of a schedule for periodic reviews and updates be implemented. In addition, as new internal control risks, or accounting and reporting needs are identified, either from a change in current practices or a new accounting standard, the Finance department should ensure changes are documented, implemented, and training is provided in a timely manner.

Status: See Significant Deficiency 2023-001 and Material Weakness 2022-001. We continue to recommend the above. Due to issuance of the prior year audit sufficient time to fully address this was not available in FY23.

CONCLUSION



Thank you to the CBJ Finance and Treasury Departments, JSD Finance, and BRH's Finance staff for their assistance in our audits. It was a long audit process, due to ACFR delay and GASB implementations, but those we interacted with were professional manner and worked diligently to provide the information needed for our audits.



We are happy to meet with members of the Assembly to discuss any items related to our audits.



Questions?