



Fiscal Year 2024 Audit Presentation

March 5, 2025

Karen Tarver, CPA

Elgee Rehfeld, LLC



FY24 AUDIT TEAMS

CBJ – Karen Tarver

- Adam Sycks, Jill Smith, Ammon Washburn, Brayden Massey-Jones, Katie Tarver, Sophia Schauwecker

BRH – Adam Sycks

- Andrew Ringle, Ammon Washburn, Sophia Schauwecker

JSD – Karen Tarver

- Jill Smith, Andrew Ringle, Ammon, Washburn, Katie Tarver, Brayden Massey-Jones, Sophia Schauwecker



WHAT WE AUDIT

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

The background of the slide features a collage of financial data. At the top, there's a bar chart with months from May to December on the x-axis. Below it, a pie chart is visible. To the right, a fan of US dollar bills is shown. In the bottom left, a black calculator is partially visible. A blue horizontal band and a yellow horizontal band are overlaid on the center of the image, serving as a backdrop for the title and subtitle respectively.

"ACFR" ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year 2024

A black pen is positioned diagonally across the bottom left of the slide, pointing towards the bottom right. Below the pen, there is a table of financial data with four columns of numbers.

| | | | |
|---------|---------|---------|---------|
| 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 – FY24 ACFR SECTIONS

Management's Discussion and Analysis
(required supplementary information)

Government-wide Financial
Statements (pages 17-19)

Fund Financial Statements
(pages 20-37)

Notes to the Basic Financial Statements (pages 38-103)

Required Supplementary Information (pages 104-122)

Governmental Funds - Special Revenue Funds, Debt Service Fund, Capital Projects Funds,
Fiduciary Funds and Permanent Fund (pages 123-157)

Proprietary Funds - Enterprise Funds and Internal Service Funds (pages 158-180)

Capital Assets Used in the Operation of
Governmental Funds (pages 181-184)

Additional Information (pages 185-193)

Statistical Section (unaudited) (pages 194-232)

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
- **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 - May and October-February*

FY24 FS – issued February 2025*

FY24 Compliance Audits – to be issued March 2025*

Bartlett Regional Hospital (BRH)

Fieldwork - September-November*

FY24 FS – issued in December*

Juneau School District (JSD)

Fieldwork - April and September

FY24 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

PLANNING AND RISK ASSESSMENT

- During the planning phase of our audit, we will obtain initial audit evidence to assess the risks 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 (including procurement)
 - Revenue cycle - Billing/Cash Receipts
 - Grant compliance
- We use statistical sampling techniques in these areas.

FISCAL YEAR 2024 RISK FACTORS IMPACTING AUDIT APPROACH

- **GASB No. 87, Leases and GASB No. 96, SBITAs – continued implementation**
- **Medicaid Rebasing Year**
- **COVID funding, continued assistance**
- **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 FY24 AUDIT RESULTS

ACFR / Financial Statements audit

- Unmodified opinions
- 1 Material Weakness in Internal Controls over Financial Reporting
- 1 Significant Deficiency in Internal Controls over Financial Reporting
- 2 Other Internal Control Matters

Federal and State Compliance audits

- To be issued early March 2025
- 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 (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 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, 2024, 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.



Elgee Rehfeld
Alaska's CPA Firm

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**



Elgee Rehfeld
Alaska's CPA Firm

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.

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 – FY24 TRANSMITTAL LETTER

The Honorable Mayor, Assembly, and Citizens
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, 2024.

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 and Elgee Rehfeld, LLC. 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.



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 5-16, 105-108, and 109-120, 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**



Elgee Rehfeld
Alaska's CPA Firm

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 FY24 AUDIT RESULTS

- **Unmodified Opinion on Financial Statements**
- **1 Significant Deficiency reported**
 - 2024-001 – Significant Deficiency in Internal controls over Financial Reporting – Accounting for Governmental Merger
- Detailed Presentation with the BRH Finance Committee

2024-001: Significant Deficiency in Internal Controls over Financial Reporting – Accounting for Governmental Merger

Internal controls were not sufficiently designed and implemented to ensure the merger of Wildflower Court, Inc. into Bartlett Regional Hospital was done in accordance with GASB Statement No. 69 and merger related accounts were properly reconciled at year-end prior to the audit.

BARTLETT REGIONAL HOSPITAL FY24 AUDIT RESULTS – PRIOR YEAR SIGNIFICANT DEFICIENCY 2023-001 STATUS



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

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

Status: Comment resolved.



BARTLETT REGIONAL HOSPITAL FY24 AUDIT RESULTS – OTHER MATTER

- Other Internal Control Matter –
GASB NO. 87 Lease Evaluation

GASB No. 87 Lease Evaluation

We identified a contract containing a lease that was not properly capitalized in accordance with the Hospital's capitalization policy and GASB No. 87, *Leases* (GASB 87). While the Hospital does not record leases internally within their general ledger as a policy, all leases applicable to GASB 87 and the Hospital's capitalization policy should be accumulated and recorded for financial reporting purposes.

We recommend the Hospital review their policies and procedures for evaluating leases with GASB 87 criteria to ensure lease asset and liability balances are complete and accurate for financial reporting purposes.



BARTLETT REGIONAL HOSPITAL FY24 AUDIT RESULTS – OTHER MATTER

- Other Internal Control Matter –
Inventory Count Procedures and
Support



Inventory Count Procedures and Support

We noted multiple errors in the inventory count process due to the wrong unit of measurement being used during the count. The error was caused by human error. We also noted a lack of support in the form of invoices for multiple inventory testing selections.

We recommend the Hospital evaluate inventory count controls and procedures to ensure accurate units of measurement are recorded and that support is maintained for inventory valuation.



BARTLETT REGIONAL HOSPITAL FY24 AUDIT RESULTS – OTHER MATTER

- Other Internal Control Matter – Hospital Interfund and Cash Accounts



Hospital Interfund and Cash Accounts

As reported in the prior year, 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 continue to recommend the Hospital evaluate the current cash management and reconciliation process with CBJ to determine whether management could simplify the cash function.



BARTLETT REGIONAL HOSPITAL FY24 AUDIT RESULTS – OTHER MATTER

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



Improve Self-Pay Collection Process

The Hospital experienced a net increase in self-pay accounts receivable of \$1.20M during fiscal year 2024 with a \$1.46M increase attributable to older accounts aged over 151 days in spite of a concerted effort to write-off older self-pay balances by management. Self-pay accounts receivable are heavily allowed for as bad debt expense (95%) once the account ages over 150 days and those accounts represent 72% 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 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.

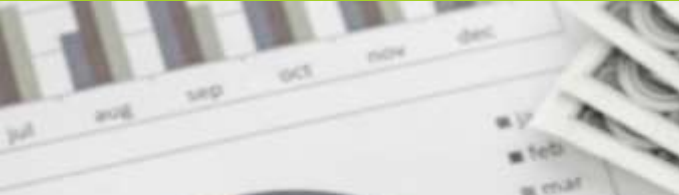
We recommend the Hospital continue to work with the third-party vendor on self-pay account collections and reducing the self-pay accounts receivable balance. We also recommend the Hospital evaluate its patient self-pay financial practices and policies to increase collection at discharge.

JUNEAU SCHOOL DISTRICT FY24 AUDIT RESULTS



- Unmodified Opinions on Financial Statements and Federal and State major Programs
- 2 Significant Deficiencies Reported
 - 1 Financial Statement Audit Finding
 - 1 Major State Award Programs Audit
- Many meetings with management and presentation to School Board members

JUNEAU SCHOOL DISTRICT FY24 AUDIT RESULTS - 2024-001



2024-001 Significant Deficiency in Internal Controls over Financial Reporting – Budget Preparation, Monitoring and Reporting

2024-001 Significant Deficiency in Internal Controls over Financial Reporting – Budget Preparation, Monitoring and Reporting

Controls were not designed or implemented to ensure compliance with School Board policies. 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 or ensure that internal procedures for proposing budget amendments were in place and occurred in a timely manner.

Controls related to accurate reporting were not designed or implemented to ensure the budget submitted to DEED was in agreement with the approved budget.

A blurred image of a financial statement or budget table with numerical values.

| | |
|---------|---------|
| 56,845 | 99,016 |
| 110,000 | 99,216 |
| 150,000 | 101,090 |
| 35,000 | 101,684 |
| 83,000 | 101,962 |
| 45,000 | 102,747 |

JUNEAU SCHOOL DISTRICT FY24 AUDIT RESULTS - 2024-002



- 2024-002 Significant Deficiency in Internal Controls over Compliance, Other Matter – Pupil Transportation program

2024-002 Significant Deficiency in Internal Controls over Compliance, Other Matter – Reporting – Pupil Transportation program

Controls were not designed or implemented to ensure compliance with the annual reporting requirement.

| | | |
|------|---------|---------|
| 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 |
| 20 | 83,000 | 101,684 |
| | 45,000 | 101,962 |
| | | 102,747 |
| | | 2,006 |

JUNEAU SCHOOL DISTRICT FY24 AUDIT RESULTS – PRIOR YEAR STATUS

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.

Status: Significant deficiency is considered resolved. We continue to recommend additional policy and procedure documentation be developed.

JUNEAU SCHOOL DISTRICT FY24 AUDIT RESULTS – PRIOR YEAR STATUS

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.

Status: Significant deficiency is partially resolved and partially repeated. See significant deficiency 2024-001.

JUNEAU SCHOOL DISTRICT FY24 AUDIT RESULTS – PRIOR YEAR STATUS

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.

Status: Significant deficiency is not repeated due to the small amount of activity during fiscal year 2024 and the implementation of a new system and new third party biller by the end of the fiscal year.

JUNEAU SCHOOL DISTRICT FY24 AUDIT RESULTS – OTHER INTERNAL CONTROL MATTERS

Finance Department and Accounting Functions

During the past fiscal year, the School District has experienced a number of significant difficulties. Budget and operating complications, and the vacancy in the Director of Administrative Services position, impeded progress toward an improved accounting and reporting system and slowed progress in the resolution of other related matters previously discussed with management. We believe these other matters are still valid and are of concern. The fiscal year 2025 restructuring of the Director of Administrative Services position into the Chief Finance Officer (CFO) and Chief Operating Officer (COO) positions provide an opportunity to re-evaluate the finance department staffing level and accounting functions, and address both prior year and current year recommendations. Discussion with management included the following other matters and recommendations:

- Based on our observations during the audit, it is our opinion that the accounting department is understaffed, and centralization of certain tasks could bring cost savings through utilization of software, standardization of documentation and streamlined approval processes.
- With the changes to the school structure and administrative positions we recommend the CFO and COO evaluate the current accounting policies, procedures and processes to ensure they continue to address internal control risks appropriately. Modifications to documented policies and procedures should be completed in a timely manner and communicated to those impacted.
- Continue to provide training with accounting software and work to develop a set of monthly financial reports and dashboard reports to meet monitoring needs of the administration, finance committee and the School Board.
- Continue to explore options for addressing cash handling risk and reducing administrative time, such as reducing cash collections

JUNEAU SCHOOL DISTRICT FY24 AUDIT RESULTS

RALLY Accounts Receivable (AR) Collection Policies

The School District continues to have problems with timely collection of outstanding RALLY AR balances. Although steps have been taken to improve collections, such as informal payment plans and communication regarding account balances with parents and third party payors, accounts receivable balances remain higher than expected, while collectability estimates remain low. We recommend the School District enforce its nonpayment policies, and review its current policies and procedures for ways to improve overall collections.

E-rate Report

During our analysis of accounts receivable, we verify on a test basis, whether amounts are collected subsequent to year-end and related revenues are reported accurately. The E-rate program revenue was recorded based on funding commitment letters, rather than on reimbursement requests. Due to turnover, the reimbursement requests were not filed in a timely manner. As a result revenue was not considered available and therefore did not meet revenue recognition policies. Also, as a result of using the funding commitment letter, the accounts receivable amount was overstated. We recommend a comprehensive list of reimbursement requests be maintained and requests be reviewed and monitored to ensure accuracy and timely request filing.

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



Elgee Rehfeld
Alaska's CPA Firm

LETTER TO THE ASSEMBLY – SIGNIFICANT ACCOUNTING POLICIES

- **Adoption of GASB:**

- *No. 100, Accounting Changes and Error Corrections*

During the year, the City and Borough determined the following adjustments were necessary and reported under GASB No. 100:

- \$1,854,907 error correction to the Juneau School District component unit's net position and \$1,854,907 to the primary government statement of activities due to a change in understanding for the year-end allocation of the internal service fund activity.
- \$5,004 error correction to the fund balance of the non-major Affordable Housing special revenue fund and the notes receivable and net position of governmental activities in the government-wide statements due to failure to recognize certain notes receivables and related activity in accordance with GAAP.

LETTER TO THE ASSEMBLY – SIGNIFICANT ACCOUNTING POLICIES – CONT.

- \$1,243,422 change within the accounting entity affecting the beginning fund balance of governmental funds and the net positions for governmental activities appearing in the government-wide financial statements due to re-classification of a fiduciary fund to a governmental fund type.
- \$197,265 error correction to the fund balance of the non-major Community Development and Parks and Recreation capital projects funds and the notes receivable and net position of governmental activities in the government-wide statements due change in treatment of specific state funding from exchange to non-exchange transaction for presentation.

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

LETTER TO ASSEMBLY – UNCORRECTED AND CORRECTED MISSTATEMENTS

Material Adjustments Proposed and Corrected:

- Correction to Sales Tax special revenue fund deferred inflows.
- Correction to non-major Lands special revenue fund note receivable.
- Correction to government-wide bonds to include a previously unrecorded principal balance.
- Correction to Central Equipment internal service fund capital assets to include a previously unrecorded balance.
- Corrections to Enterprise funds net position categorization of year-end balances.

Items detected but not corrected:

- Juneau International Airport enterprise fund federal assistance for construction projects was both over and under recognized by project for a net total of approximately \$300,000. Accounts receivable and earned revenue were understated as of June 30, 2024.

LETTER TO THE
ASSEMBLY -
INTERNAL CONTROL
MATTERS AND
RECOMMENDATIONS

Finding 2024-001: Material Weakness in Internal Controls over Financial Reporting – Timely and Inaccurate Reconciliation of Specific Accounts

- Significant account balances and disclosures were corrected by management as a result of proposed changes during the audit process. Other support, required to complete audit and ACFR preparation was provided after established due dates. The lack of timely preparation and inaccurate calculations or support, requiring additional reconciliation, delayed the preparation of the ACFR and the audit completion.
- 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.

LETTER TO THE
ASSEMBLY -
INTERNAL CONTROL
MATTERS AND
RECOMMENDATIONS

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

- Internal controls over financial reporting were not sufficiently designed or implemented to correctly present payments or new leases in the general ledger for governmental funds. Changes necessary for financial statement preparation did not impact fund balance but required reclassification of expenses and recognition of additional expense and revenue in the General Fund. Financial statement presentation was corrected by management as a result of proposed changes during the audit process.
- 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.

LETTER TO THE
ASSEMBLY -
INTERNAL CONTROL
MATTERS AND
RECOMMENDATIONS

2023-001: Significant Deficiency in Internal Controls over Financial Reporting – Timely Reconciliation of Significant Accounts and Preparation of the ACFR

Status: partially resolved; repeated partially as Material Weakness 2024-001.

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

Status: considered resolved.

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

Status: considered resolved.

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

Status: considered resolved.

LETTER TO THE ASSEMBLY – OTHER INTERNAL CONTROL COMMENTS

Other Internal Control Matter - Lease Database Reconciliation

We recommend the lease database be reviewed periodically to ensure it is up-to-date and the reconciliation at year-end include a compilation of data needed for the financial statements and disclosures.

LETTER TO THE ASSEMBLY – OTHER INTERNAL CONTROL COMMENTS

Other Internal Control Matter - Finance and Accounting Policies and Procedures

We continue to recommend the internal assessment of finance and accounting related policies and related documentation and training continue in fiscal year 2025.

In addition, as new accounting standards are adopted, the Finance department should ensure changes are documented and implemented, and training is provided in a timely manner.

GASB Statement No. 101, *Compensated Absences*, effective in fiscal year 2025, will require dedicated time and resources to ensure it is accurately implemented for year-end reporting.

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, 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?



Elgee Rehfeld
Alaska's CPA Firm