

CITY AND BOROUGH OF JUNEAU, ALASKA

LETTER TO THE ASSEMBLY

Year Ended June 30, 2024

February 14, 2025



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# Elgee Rehfeld

Certified Public Accountants

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February 14, 2025

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

Dear Members:

We have audited the financial statements of the City and Borough of Juneau, Alaska (the City and Borough) as of and for the year ended June 30, 2024, and have issued our report thereon dated February 14, 2025. Professional standards require that we advise you of the following matters relating to our audit.

## **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated April 15, 2024, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City and Borough solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

## **Planned Scope and Timing of the Audit**

We were not able to conduct our financial statement audit consistent with the planned scope and timing we previously communicated to you. We delayed the completion of the audits as requested documentation and the draft annual comprehensive financial report (ACFR), necessary for completion of our audit procedures, were not available as originally scheduled. Changes to the general ledger continued throughout the audit process, creating inefficiencies, and delayed our ability to conclude the audit. The completion of the compliance audits is delayed due to grant reconciliations and assistance schedules being provided approximately

three months late. This directly impacts our ability to determine the major programs subject to audit. Our compliance audits will be issued upon completion of our work.

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence. Our financial statement preparation and accounting assistance services are designed to ensure our independence is not impaired. Management of each entity reviews and accepts responsibility for the pension and OPEB schedules, City and Borough draft ACFR, Bartlett Regional Hospital draft financial statements, and Juneau School District draft financial statements, which are prepared from the respective accounting systems and records provided to us. We applied safeguards to ensure the identified risks to our independence, related to our assistance, were reduced to an acceptable level.

### **Significant Risks Identified**

Our audit standards require we communicate significant risks identified in the planning phase and that we design our audit to provide reasonable assurance that the financial statements are free of material misstatement whether caused by error or fraud. The significant risks identified are consistent with the risks we discussed with you during planning and at the conclusion of our audit procedures.

### **Qualitative Aspects of the Entity's Significant Accounting Practices**

#### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City and Borough is included in Note 1 to the financial statements.

As described in Note 1 to the financial statements, during the year, the City and Borough changed aspects of its financial statement presentation by adopting Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections*. As described in Note 21 to the financial statements, 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.
- \$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.
- \$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.
- \$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.

No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

We evaluated the key factors and assumptions used to develop the values below in determining that it was reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units. The most sensitive accounting estimates affecting the financial statements are:

- Management's estimates of the net pension liability, OPEB asset, OPEB liabilities, and related deferred inflows and outflows, which are based on information provided by the State of Alaska.
- Management's estimates of the net realizable value of accounts, taxes, assessments and government agency receivables, which are based on historical collections of these receivables, current market conditions and management's assessment of the collectability of the various individual and classes of receivables.
- Management's estimate of the reserves for losses and loss adjustment expenses represent (a) individual case estimates for reported losses, (b) estimates for unreported losses based on past experience modified for current trends, and (c) estimates of expenses for investigating and settling claims. The reserves are based on the estimated ultimate cost of settling the claims, including the effects of inflation and other societal and economic factors. These estimates are limited to the appropriate per occurrence retention for the coverage and policy year.

### *Financial Statement Disclosures*

The financial statement disclosures are neutral, consistent and clear.

### **Significant Difficulties Encountered During the Audit**

Although we received full cooperation of management and believe that we were given direct and unrestricted access to the City and Borough's officials and senior management, we experienced significant difficulties in the performance of the audit owing to the failure of the City and Borough's personnel to prepare the requested audit schedules as initially agreed. These difficulties in receiving incomplete or inaccurately prepared audit schedules, or not receiving the requested audit schedules at all, significantly added to the time needed to complete the audit.

## Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate, and communicate to the appropriate level of management:

- All known and likely misstatements identified during the audit, other than those that we believe are trivial.
- All material, corrected misstatements that were brought to the attention of management as a result of our audit procedures.
- The effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole.

The following material adjustments, identified as a result of our review of the draft financial statements, were brought to the attention of, and corrected by, management in the issued financial statements:

- Sales Tax special revenue fund deferred inflows were corrected for a \$495,635 error in the calculation of deferred inflows. This was due to an error in reconciling deferred inflows at year-end. The reconciliation erroneously included an unrelated deferred inflows account balance in the calculation.
- Non-major Lands special revenue fund notes receivable was corrected to include a previously unrecorded loan receivable balance of \$600,000. This loan was incorrectly omitted from the general ledger and the associated loan reconciliation.
- Government-wide bonds were corrected to include a previously unrecorded principal balance of \$5,725,000. This bond principal was incorrectly omitted from the general ledger despite being included in prior year financials and supporting documentation.
- Central Equipment internal service fund capital assets were corrected to include a previously unrecorded balance of \$1,534,821. Various capital assets were incorrectly expensed, rather than capitalized, prior to adjustment.
- Enterprise Funds restricted net position amounts were incorrectly calculated and required adjustment. While the proposed changes did not impact total net position, they did significantly affect the restricted and unrestricted balances of net position.

The following summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole and each major fund:

- 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. A correction was not posted by management as the projects are on-going and corrections will be made in fiscal year 2025.

## **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City and Borough's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

## **Representations Requested from Management**

We have requested certain written representations from management related to the financial statements, which are included in the attached management representation letter. As our compliance audit reports will be issued separately, an updated letter will be provided at time of issuance.

## **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

## **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the City and Borough, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City and Borough's auditors.

## **Other Information in Documents Containing Audited Financial Statements**

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in the City and Borough's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

## Internal Control and Other Matters

### *Deficiencies in Internal Controls Over Financial Reporting*

#### *Material Weakness and Significant Deficiency in Internal Controls Over Financial Reporting Noted During Current Year Audit*

As described in our *Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*, we identified deficiencies in internal controls over financial reporting that we consider to be a material weakness and a significant deficiency, as listed below:

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

Internal controls over financial reporting were not sufficiently designed or implemented to accurately prepare and reconcile the accounting records for the City and Borough as of year-end in a timely manner. The following items, accounts or year-end reconciliations were not accurate or prepared timely when presented for audit and ACFR preparation:

- Sales Tax special revenue fund deferred inflows
- Lands special revenue fund notes receivable
- Central Equipment Internal Service fund capital assets
- Bartlett Regional Hospital capital assets in asset management system
- Enterprise funds restricted net position amount calculations
- A General Fund accounts receivable-related clearing account
- Capital project funds unearned revenues/fund balance
- Grant schedule

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.

#### 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.

*Significant Deficiencies in Internal Controls over Financial Reporting Noted During the Prior Year Audit and Their Current Status*

As described in our prior year *Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*, we identified deficiencies in internal control over financial reporting we considered to be significant deficiencies, as described below:

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

Internal controls over financial reporting were not sufficiently designed or implemented to accurately close the accounting records and prepare the ACFR for the City and Borough as of year-end in a timely manner.

*Status:* Deficiency considered partially resolved - Improvements were made in the fiscal year 2024 accounting for ACFR preparation but management continues to address the issues reported. See Material Weakness 2024-001.

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

Internal controls were not sufficiently designed and implemented to ensure GASB Statement No. 96 was implemented prior to the audit.

*Status:* Deficiency considered resolved - Improvements were made in the fiscal year 2024 processes related to SBITAs (Subscription-Based Information Technology Agreements), however SBITA payments were incorrectly presented in the General Fund financial statements. See Significant Deficiency 2024-002.

*Significant Deficiencies in Internal Controls over Compliance and Compliance Findings Noted During the Prior Year Audit*

As described in our prior year *Independent Auditor's Report on Compliance for Each Major Federal Program, Report on Internal Control Over Compliance, and Report on Schedule of Expenditures of Federal Awards in Accordance with the Uniform Guidance*, we identified major program noncompliance and a deficiency in internal control over compliance that we considered to be a significant deficiency, as described below:

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

Internal controls were not sufficiently designed and implemented to ensure a key line item "total other Provider Relief Fund (PRF) expenses" in the PRF report for PRF Phase 4 and American Rescue Plan (ARP) expenses for payments received July 1, 2021 to December 31, 2021 was accurate.

*Status:* Deficiency considered resolved.



As described in our prior year *Independent Auditor's Report on Compliance for each Major State Program; Report on Internal Control over Compliance and Report on the Schedule of State Financial Assistance Required by the State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, we identified non-major program noncompliance and a deficiency in internal control over compliance that we considered to be a significant deficiency, as described below:

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

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

*Status:* Deficiency considered resolved.

***Other Internal Control Matters Noted During the Current Year Audit***

During our audit we noted other internal control matters that were opportunities for strengthening internal controls and operating efficiency that we discussed with management. These items did not affect our reports on the financial statements of the City and Borough.

Lease Database Reconciliation

Documentation provided for leases did not clearly support general ledger balances. Additional reconciliation was required to adequately support the financial statements and to compile data needed for disclosures. 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.

Finance and Accounting Policies and Procedures

While significant progress was made in fiscal year 2024 in capturing process documentation, 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.

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

This information is intended solely for the use of the Assembly, federal and state granting authorities and management of the City and Borough and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

*Elgee Rehfeld*



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

February 14, 2025

Elgee Rehfeld, LLC  
9309 Glacier Highway, Suite B-200  
Juneau, Alaska 99801

City and Borough of Juneau Assembly Members,

This representation letter is provided in connection with your audit of the financial statements of the City and Borough of Juneau, Alaska (City and Borough) as of June 30, 2024 and for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of the City and Borough in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information such that, in the light of surrounding circumstances, 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.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of February 14, 2025:

### **Financial Statements**

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated April 15, 2024, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
2. The financial statements referred to above have been fairly presented in accordance with U.S. GAAP and include all properly classified funds, required supplementary information, and notes to the basic financial statements.
3. We acknowledge our responsibility 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.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. With respect to financial statement preparation, we have performed the following:
  - Made all management decisions and performed all management functions;
  - Assigned a competent individual to oversee the services;
  - Evaluated the adequacy of the services performed;
  - Evaluated and accepted responsibility for the result of the service performed; and

- Established and maintained controls, including a process to monitor the system of internal control.
- 6. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures, are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of the applicable financial reporting framework.
- 7. All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- 8. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- 9. The effects of uncorrected misstatements summarized in Letter to the Assembly and aggregated by you during the current engagement are immaterial, both individually and in the aggregate, to the applicable opinion units and to the financial statements as a whole.
- 10. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- 11. With regard to investments and other instruments reported at fair value:
  - a. The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
  - b. The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
  - c. The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
  - d. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
- 12. The component unit, as well as joint ventures with an equity interest, are included and are properly disclosed.
- 13. All funds and activities are properly classified.
- 14. All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- 15. All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- 16. Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- 17. All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 18. All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- 19. All interfund and intra-entity transactions and balances have been properly classified and reported.
- 20. If applicable, special items and extraordinary items have been properly classified and reported.

21. Deposit and investment risks have been properly and fully disclosed.
22. Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
23. All required supplementary information is measured and presented within the prescribed guidelines.
24. With regard to pensions and OPEB, we believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.
25. We have reviewed and approved the various adjusting journal entries that were proposed by you for recording in our books and records and reflected in the financial statements.

### **Information Provided**

26. We have provided you with:
  - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
  - b. Additional information that you have requested from us for the purpose of the audit; and
  - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
  - d. A written acknowledgement of all the documents that we expect to issue that will be included in the annual comprehensive financial report (ACFR) and the planned timing and method of issuance of that ACFR;
  - e. A final version of the ACFR (including all the documents that, together, comprise the annual report) in a timely manner prior to the date of the auditor's report.
27. The financial statements and any other information included in the ACFR are consistent with one another, and the other information does not contain any material misstatements.
28. All transactions have been recorded in the accounting records and are reflected in the financial statements.
29. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
30. We have provided to you our evaluation of the entity's ability to continue as a going concern, including significant conditions and events present, and we believe that our use of the going concern basis of accounting is appropriate.
31. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - a. Management;
  - b. Employees who have significant roles in internal control; or
  - c. Others where the fraud could have a material effect on the financial statements.
32. We have no knowledge of instances, that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance, whether communicated by employees, former employees, vendors (contractors), regulators, or others.
33. We have no knowledge of any instances, that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that has a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

34. We have no knowledge of any instances, that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
35. We have a process to track the status of audit findings and recommendations.
36. We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
37. We have provided views on your reported audit findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
38. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
39. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
40. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
41. The City and Borough has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
42. We have disclosed to you all guarantees, whether written or oral, under which the City and Borough is contingently liable.
43. We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
44. There are no:
  - a. Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
  - b. Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
  - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.
45. The City and Borough has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
46. We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
47. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.

## **Reported Findings**

48. We have provided to you our views on reported audit findings, conclusions, and recommendations, as well as planned corrective actions.

## **Fraud, Noncompliance with Laws, Regulations, Provisions of Contracts or Grant Agreements, and Abuse**

49. We have taken timely and appropriate steps to remedy fraud, noncompliance with laws, regulations, or provisions of contracts or grant agreements, reported to us.

## **Supplementary Information in Relation to the Financial Statements as a Whole**

With respect to the supplementary information accompanying the financial statements:

50. We acknowledge our responsibility for the presentation of the supplementary information in accordance with U.S GAAP.
51. We believe the supplementary information, including its form and content, is fairly presented in accordance with U.S GAAP.
52. The methods of measurement or presentation have not changed from those used in the prior period.
53. We believe the significant assumptions or interpretations underlying the measurement or presentation of the supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.
54. When the supplementary information is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the [describe supplementary information] no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.
55. We acknowledge our responsibility to include the auditor's report on the supplementary information in any document containing the supplementary information and that indicates the auditor reported on such supplementary information.
56. We acknowledge our responsibility to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.

## **Required Supplementary Information**

With respect to the required supplementary information accompanying the financial statements:

57. We acknowledge our responsibility for the presentation of the required supplementary information in accordance with U.S. GAAP.
58. We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with U.S. GAAP.
59. The methods of measurement or presentation have not changed from those used in the prior period.
60. We believe the significant assumptions or interpretations underlying the measurement or presentation of the required supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.

## Environmental Remediation

61. We have provided you with information regarding all pending environmental remediation claims.

## Use of Specialist

62. We agree with the findings of specialists performing actuarial services and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

## Single Audits

With respect to federal and state awards, we represent the following to you:

63. We are responsible for understanding and complying with and have complied with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, and the *Passenger Facility Charge Guide*.
64. We are responsible for the preparation and presentation of the schedule of expenditures of federal awards (SEFA) in accordance with the Uniform Guidance, the schedule of state financial assistance (SSFA) in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, and the Schedule of Passenger Facility Charges (PFC) in accordance with the *Passenger Facility Charge Guide*.
65. We believe the schedule of expenditures of federal awards (SEFA) and the schedule of state financial assistance (SSFA), including their form and content, are fairly presented in accordance with the Uniform Guidance and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, and the *Passenger Facility Charge Guide*.
66. The methods of measurement or presentation have not changed from those used in the prior period.
67. We believe the significant assumptions or interpretations underlying the measurement or presentation of the SEFA, SSFA, and PFC, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.
68. We are responsible for including the auditor's report on the schedule of expenditures of federal awards and the auditor's report on the schedule of state financial assistance in any document that contains the schedules and that indicates that the auditor has reported on such information.
69. We have identified and disclosed all of our government programs and related activities subject to the Uniform Guidance, the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, and the *Passenger Facility Charge Guide* compliance audits.
70. We have notified you of federal awards and funding increments that were received before December 26, 2014, and differentiated those awards from awards and funding increments received on or after December 26, 2014, and subject to the audit requirements of the Uniform Guidance.
71. As the SEFA, SSFA and PFC are not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the



SEFA, SSFA and PFC no later than the date of issuance by the entity of the SEFA, SSFA, PFC and the auditor's report thereon.

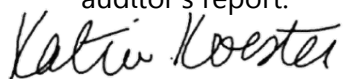
72. We have, in accordance with the Uniform Guidance and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, identified in the SEFA or SSFA, expenditures made during the audit period for all awards provided by federal and state agencies in the form of grants, federal or state cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, food commodities, direct appropriations, and other assistance.
73. We have provided to you our interpretations of any compliance requirements that have varying interpretations.
74. We have made available to you all federal and state awards (including amendments, if any) and any other correspondence relevant to federal or state programs and related activities that have taken place with federal or state agencies or pass-through entities.
75. We have received no requests from a federal or state agency to audit one or more specific programs as a major program.
76. We have identified and disclosed to you all amounts questioned and any known noncompliance with the requirements of federal and state awards, including the results of other audits or program reviews, or stated that there was no such noncompliance. We also know of no instances of noncompliance with direct and material compliance requirements occurring subsequent to period covered by the auditor's report.
77. We have disclosed to you any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
78. We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal and state program financial reports and claims for advances and reimbursements.
79. Federal and state program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared (and are prepared on a basis consistent with the SEFA, SSFA, and PFC).
80. The copies of federal and state program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the respective federal or state agency or pass-through entity, as applicable.
81. We have monitored subrecipients, as necessary, to determine if they have expended subawards in compliance with state and federal statutes, regulations, and the terms and conditions of the subaward and have met the other pass-through entity requirements of the Uniform Guidance and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*.
82. We have issued management decisions for audit findings that relate to state and federal awards we make to subrecipients and such management decisions are issued within six months of acceptance of the audit report by the FAC or the State of Alaska. Additionally, we have followed-up, ensuring that the subrecipients have taken the appropriate and timely action on all deficiencies detected through audits, on-site reviews, and other means that pertain to the state or federal award provided to the subrecipient from the pass-through entity.
83. We have considered the results of subrecipients' audits and have made any necessary adjustments to our own books and records.
84. We have properly classified amounts claimed or used for matching in accordance with related guidelines in the Uniform Guidance, the *State of Alaska Audit Guide and*

*Compliance Supplement for State Single Audits, and the Passenger Facility Charge Guide, as applicable.*

85. We have charged costs to federal and state awards in accordance with applicable cost principles.
86. We are responsible for and will accurately prepare the summary schedule of prior audit findings to include all findings required to be included, and we have provided you with all information on the status of the follow-up on prior audit findings by federal and state awarding agencies and pass-through entities, including all management decisions.
87. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
88. The reporting package does not contain personally identifiable information.
89. We have disclosed all contracts or other agreements with service organizations and disclosed to you all communications from these service organizations relating to noncompliance at the organizations.
90. We have reviewed, approved, and taken responsibility for the financial statements and related notes and an acknowledgment of the auditor's role in the preparation of this information.
91. We have disclosed to you the nature of any subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.


In addition:

92. We are responsible for understanding and complying with the requirements of federal and state statutes, regulations, and the terms and conditions of federal and state awards related to each of our federal and state programs and have identified and disclosed to you the federal and state statutes, regulations, and the terms and conditions of federal and state awards that are considered to have a direct and material effect on each major federal and state program; and we have complied with these direct and material compliance requirements.
93. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal and state programs that provide reasonable assurance that we are managing our federal and state awards in compliance with federal and state statutes, regulations, and the terms and conditions of the federal and state award that could have a material effect on our federal and state programs. Also, no changes have been made in the internal control over compliance or other factors that might significantly affect internal control, including any corrective action taken by management with regard to significant deficiencies and material weaknesses in internal control over compliance, have occurred subsequent to the period covered by the auditor's report.

  
Katie Koester, City Manager

  
Joey Deluca, Controller

  
Angie Flick, Finance Director

  
Ruth Kostik, Treasurer