



# ASSEMBLY FINANCE COMMITTEE AGENDA

June 05, 2024 at 5:30 PM

Assembly Chambers/Zoom Webinar

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<https://juneau.zoom.us/j/93917915176> or 1-253-215-8782 Webinar ID: 939 1791 5176

**A. CALL TO ORDER**

**B. ROLL CALL**

**C. APPROVAL OF MINUTES**

1. May 22, 2024

**D. AGENDA TOPICS**

2. Reflection on FY25 Assembly Finance Committee Budget Process

3. FY23 Audit (City & Borough of Juneau, Bartlett Regional Hospital, Juneau School District)

The FY23 Annual Comprehensive Financial Report, Federal and State Grant Compliance Reports, and Passenger Facility Charge Report can be accessed at the following link:

[www.juneau.org/finance/controller](http://www.juneau.org/finance/controller)

**E. NEXT MEETING DATE**

4. July 10, 2024

**F. ADJOURNMENT**

ADA accommodations available upon request: Please contact the Clerk's office 36 hours prior to any meeting so arrangements can be made for closed captioning or sign language interpreter services depending on the meeting format. The Clerk's office telephone number is 586-5278, TDD 586-5351, e-mail: [city.clerk@juneau.gov](mailto:city.clerk@juneau.gov).

## ASSEMBLY FINANCE COMMITTEE MINUTES

May 22, 2024, at 5:30 PM

Assembly Chambers/Zoom Webinar



<https://juneau.zoom.us/j/93917915176> or 1-253-215-8782 Webinar ID: 939 1791 5176

### A. CALL TO ORDER

The meeting was called to order at 5:30 pm by Chair Christine Woll.

### B. ROLL CALL

Committee Members Present: Chair Christine Woll; Mayor Beth Weldon; Michelle Hale; Paul Kelly; Ella Adkison; Wade Bryson

Committee Members Present Virtually: Greg Smith; Wáahlaal Gídaak; Alicia Hughes-Skandijs

Committee Members Absent: None

Staff Members Present: Katie Koester, City Manager; Robert Barr, Deputy City Manager; Angie Flick, Finance Director; Adrien Wendel, Budget Manager

### C. APPROVAL OF MINUTES

#### 1. May 8, 2024

The May 8, 2024 minutes were approved as presented.

### D. AGENDA TOPICS

#### 2. Pending List – for Final Action

Pending List Item #13 – Southeast Alaska Association for the Education of Young Children (AEYC) – Operational Support for Parents as Teachers Program (three years)

**Motion:** by Assemblymember Adkison to move to approve \$500,000 in support for AEYC for the Parents as Teachers program over three years and ask for unanimous consent.

**Objection:** by Assemblymember Hale for the purpose of making an amendment to lower the funding amount. Assemblymember Hughes-Skandijs also objected.

Assemblymember Bryson expressed support for lowering the funding amount.

Assemblymember Smith asked if it was known whether funding support for AEYC from the State would increase in the future.

Assemblymember Adkison responded that there was current State support for the program, with a portion coming from Federal funds that wouldn't be seen for another year. She didn't believe that Juneau would be qualified for those Federal funds. She explained the possibility of a Governor veto to the State support and stated that AEYC was looking for certainty over the next three years so they can hire more employees.

**Amendment #1:** by Assemblymember Hale to move to change the amount for AEYC Parents as Teachers program to \$400,000 over three years and ask for unanimous consent.

**Objection:** by Assemblymember Smith.

Assemblymember Smith proposed the possibility to amend the amendment by making the last two years of funding a part of the Manager's Proposed Budget, to preserve General Fund balance this year while still providing certainty to the organization in the future. He asked Staff if this was possible without increasing the mill rate.

Angie Flick, Finance Director, stated that this scenario would not affect the mill rate and would only have a fund balance impact.

**Amendment to Amendment #1:** by Assemblymember Smith to move to instead provide \$133,333 from General Fund balance from FY25, and direct the City Manager to include \$133,333 in the FY26 and FY27 Manager's Proposed Budgets as one-time funding.

**Objection:** by Assemblymember Adkison, stating that she would like to reserve the full amount of funding for the project now instead of spreading it out over three years.

**Objection:** by Mayor Weldon, stating that she wasn't sure if the Assembly could tie future assemblies to this project by allocating funding for future years from fund balance. She stated that this would also put pressure on the mill rate in the next year's budget.

Assemblymember Smith replied that his intention was to reduce the amount of funds being drawn from fund balance in the current year. He stated that he didn't believe this action would bind future assemblies because they could vote to remove it from the Manager's Proposed Budget.

Assemblymember Kelly expressed support for the original motion.

Assemblymember Smith pointed the Committee to the General Fund overview on page fourteen of the packet and stated that the Assembly's actions had brought the projected ending fund balance to \$9.8 million. He expressed his intention of preserving fund balance.

**Objection:** by Chair Woll.

**Roll Call Vote on the Amendment to Amendment #1**

**Ayes:** Smith, Bryson

**Nays:** Adkison, Kelly, Hale, Mayor Weldon, Hughes-Skandijs, Wáahlaal Gíidaak, Chair Woll

**Amendment to Amendment #1 failed. Two (2) Ayes, Seven (7) Nays.**

**Objection to Amendment #1:** by Assemblymember Hughes-Skandijs.

Assemblymember Adkison stated that although the packet showed that AEYC had a deficit of \$133,000, that number was dynamic due to AEYC's need to hire more experienced employees. She stated that their deficit was now likely closer to \$150,000.

Assemblymember Bryson spoke in favor of Assemblymember Hale's amendment stating that funding at the lower level was more appropriate because part of AEYC's funding ask was to bolster their savings account. He stated that if AEYC needed further help in the future they could come to the Assembly with a funding request at a later time.

**Roll Call Vote on Amendment #1**

**Ayes:** Hale, Smith, Kelly, Adkison, Mayor Weldon, Bryson, Wáahlaal Gíidaak

**Nays:** Hughes-Skandijs, Chair Woll

**Amendment #1 passed. Seven (7) Ayes, Two (2) Nays.**

**Roll Call Vote on Original Motion as Amended**

**Ayes:** Adkison, Wáahlaal Gíidaak, Hale, Bryson, Kelly, Smith, Mayor Weldon, Chair Woll

**Nays:** Hughes-Skandijs

**Motion as amended passed. Eight (8) Ayes, One (1) Nay.**

**Pending List Item #14 – Juneau Economic Development Council (JEDC) – Choose Juneau Research Project**

**Motion:** by Assemblymember Bryson to move to approve JEDC's Choose Juneau Research Project request of \$115,000 in one-time funding and ask for unanimous consent.

**Objection:** by Mayor Weldon, Assemblymember Hughes-Skandijs, and Assemblymember Hale.

Assemblymember Bryson spoke in favor of the motion stating the importance of creating a roadmap to work towards the City's goals. He stated that the Body had seen the effectiveness of similar studies in the past.

**Roll Call Vote on Motion**

**Ayes:** Bryson, Smith, Wáahlaal Gíidaak, Kelly

**Nays:** Mayor Weldon, Hale, Adkison, Hughes-Skandijs, Chair Woll

**Motion failed. Four (4) Ayes, Five (5) Nays.**

**Pending List Item #15 – Travel Juneau – Visitor Count Research**

**Motion:** by Assemblymember Smith to move to approve the Travel Juneau Visitor Count Research Project request of \$110,000.

**Objection:** by Assemblymember Hughes-Skandijs, stating that she felt that Travel Juneau should not need these additional one-time funds to be successful in their mission. Assemblymember Hale also objected for these reasons.

Assemblymember Bryson asked Katie Koester, City Manager, for clarity on a different tourism study that the Assembly had already funded, as recommended by the Visitor Industry Task Force.

Ms. Koester replied that every year the City conducts a visitor industry survey that asks for community sentiment about tourism, specifically cruise ship tourism. She stated she was not aware of a different study that would replicate the visitor count research.

Chair Woll expressed support for the motion stating that she did see this research as useful for the Assembly.

Assemblymember Smith asked if the Assembly was allowed to put restrictions on this funding that would state that Travel Juneau would need to use their own funds in the future for this type of request when it's found to be appropriate.

Ms. Koester replied that the Assembly could do this and stated that in this scenario Staff would work with Travel Juneau to give its best advice on how to meet that legislative intent.

**Roll Call Vote on Motion**

**Ayes:** Kelly, Bryson, Chair Woll

**Nays:** Smith, Hughes-Skandijs, Hale, Adkison, Mayor Weldon, Wáahlaal Gíidaak

**Motion failed. Three (3) Ayes, Six (6) Nays.**

**Pending List Item #16 – Juneau Economic Development Council (JEDC) - “Scenario Thinking” – Strategic Long-Term Planning Tool**

**Motion: by Assemblymember Hale to move to approve \$80,000 for JEDC's Scenario Thinking – Strategic-Long Term Planning Tool.**

Assemblymember Hale spoke to her motion stating that JEDC did a superb job introducing scenario thinking and this powerful planning tool. She shared that she wished to amend the motion with the intent of putting the requested funds in the Manager's Proposed Budget and creating a steering committee that would include JEDC, the Chamber of Commerce, and the Community Development Department (CDD) to lay the groundwork for a comprehensive plan. She expressed that this configuration would remove ownership of the project by any one entity and would create trust among the entities.

**Amendment #1: by Assemblymember Hale to move to add \$80,000 to the Manager's Office budget for JEDC's Scenario Thinking – Strategic-Long Term Planning Tool to be led by a steering committee.**

Assemblymember Smith asked Staff if this project could instead become a part of the Comprehensive Plan.

Ms. Koester stated they she did believe it should be part of the Comprehensive Plan but that the intention for this request was to strike a balance between a project being owned by any one organization and that it would still be useful for the City's major land use planning document.

Assemblymember Hale commented as a response to Assemblymember Smith's question that making this request a part of the Comprehensive Plan was the reason she was proposing to have this project facilitated through the Manager's Office with a skilled facilitator.

Assemblymember Kelly stated that Assemblymember Hale's amendment makes the process stronger, broadens the stakeholder group, and expands the number of organizations involved.

**Amendment #1 passed by unanimous consent.**

**Objection to Original Motion as Amended: by Assemblymember Hughes-Skandijs.**

**Roll Call Vote on Original Motion as Amended**

**Ayes:** Hale, Kelly, Wáahlaal Gíidaak, Adkison, Mayor Weldon, Bryson, Chair Woll

**Nays:** Hughes-Skandijs, Smith

**Motion as amended passed. Seven (7) Ayes, Two (2) Nays.**

**Pending List Item #17 – Downtown Business Association (DBA) – Operational Support and Main Street America Accreditation**

**Motion: by Assemblymember Bryson to move to approve DBA operational support and Main Street America accreditation request for \$75,000.**

Assemblymember Bryson spoke to his motion stating that this small investment in the downtown community would help add to Juneau's resiliency and create more local businesses.

**Objection: by Mayor Weldon for the purpose of asking why DBA wanted the extra funding amount compared to last year's funding level.**

Chair Woll stated that she recalled that DBA had asked for \$75,000 in funding last year but that the Assembly decided to reduce that amount.

**Objection: by Assemblymember Hughes-Skandijs for the purpose of stating that she did not feel this would be an appropriate use of City funds.**

**Amendment #1: by Mayor Weldon to move to approve \$40,000 to DBA for operational support as flat funding over FY24, as one-time funding.**

**Objection: by Assemblymember Kelly.**

Assemblymember Bryson expressed support for the amendment, stating that he saw it as a good compromise. He expressed the importance of helping the downtown business community which would result in more sales tax revenue.

**Roll Call Vote on Amendment #1**

**Ayes:** Mayor Weldon, Bryson, Hale, Hughes-Skandijs, Smith, Adkison

**Nays:** Wáahlaal Gíidaak, Kelly, Chair Woll

**Amendment #1 passed. Six (6) Ayes, Three (3) Nays.**

**Objection to Original Motion as Amended: Assemblymember Hughes-Skandijs.**

**Roll Call Vote on Original Motion as Amended**

**Ayes:** Bryson, Adkison, Hale, Mayor Weldon, Smith, Kelly

**Nays:** Hughes-Skandijs, Wáahlaal Gíidaak, Chair Woll

**Motion as amended passed. Six (6) Ayes, Three (3) Nays.**

Pending List Item #18 – Juneau Mountain Bike Alliance – Thunder Mountain Bike Park Ph. II

**Motion:** by Assemblymember Smith to move to approve \$40,000 for the Juneau Mountain Bike Alliance Thunder Mountain Bike Park Ph. II request and ask for unanimous consent.

Assemblymember Smith spoke to the request stating that Juneau Mountain Bike Alliance was only asking for half of the amount needed for the project. He explained how they were looking for additional grants and using member funds to put in this new track. He stated that this track would draw more visitors to Juneau.

Assemblymember Bryson stated that he wished to declare a conflict because he is an owner of a bicycle shop. He stated that he has no financial tie to this project or program. He asked the Assembly if there were any objections to his participation on this item.

Chair Woll stated that there were no objections to Assemblymember Bryson's participation on this item.

**Objection:** by Assemblymember Hughes-Skandijs, stating that she didn't feel this project served the community as a whole and it didn't align with the Assembly's goals. Assemblymember Kelly also objected for these same reasons.

Mayor Weldon, Assemblymember Hale, and Assemblymember Bryson expressed support for the motion.

Assemblymember Kelly removed his objection.

**Objection:** by Chair Woll, stating that she felt there should be a smaller grant program to support projects like this but within the current process for funding she could not support this project.

**Roll Call Vote on Motion**

**Ayes:** Smith, Kelly, Hale, Adkison, Mayor Weldon, Bryson

**Nays:** Hughes-Skandijs, Wáahlaal Gíidaak, Chair Woll

**Motion passed. Six (6) Ayes, Three (3) Nays.**

Pending List Item #19 – Alaska Small Business Development Center (AKSBDC)– Operational Support

**Motion:** by Assemblymember Bryson to move to approve the Alaska Small Business Development Center operational support of \$28,500 as one-time funding and ask for unanimous consent.

Assemblymember Bryson explained how this small investment would help create businesses that would generate sales tax revenue for the City.

Chair Woll asked Staff if operational support for AKSBDC had been a part of the City Manager's Proposed Budget in the past.

Ms. Koester answered that this request had always been a Pending List item and was not included in past City Managers' Proposed Budgets to the best of her knowledge.

Mayor Welden asked Staff if they could look into the history of requests from AKSBDC. She did not recall that this request had been on the Pending List in past budget cycles but instead she believed it had been included in past City Managers' Proposed Budgets.

**Motion passed by unanimous consent.**

*The Committee recessed at 6:47 pm.*

*The Committee reconvened at 6:57 pm.*

### **3. Set Mill Rates – for Final Action**

Chair Woll spoke to the process of Assembly action on the next two agenda items, stating that Agenda Item #1 “Final FY25 Proposed Budget Decisions” would be the official action the Assembly would take to move their decisions out of this Committee and to the full Assembly. She asked Staff to give an update on the General Fund balance after the Assembly decisions that had been made so far.

Ms. Flick stated that the Unrestricted General Fund balance had \$9,274,229 available in it after the Assembly’s decisions.

Chair Woll asked Assemblymembers if there were any proposals for changing the mill rate from what the City Manager had proposed. She expressed that she would like to see the Body consider comprehensive proposals that both change the mill rate and account for it in other ways while resulting in a balanced budget for FY25. She asked for minimal amendments to proposals and instead suggested the Body decide to move on from a proposal if it was not likely to receive enough votes to pass.

Assemblymember Smith asked Staff to clarify how the actions on the Pending List had affected the mill rate.

Ms. Flick responded that the one item that was recurring in nature was the outside-the-cap funding for Juneau School District (JSD) and that this was already incorporated in the Manager's Proposed Budget. It did not have an impact on the mill rate. She explained that the other actions on the Pending List were one-time in nature and only affected fund balance.

Assemblymember Hale presented her proposal and stated that her intention was to balance proper funding within a balanced budget, while offering relief to residents on property taxes. She stated that the bulk of her proposal was focused on bringing the debt service mill rate down from 1.20 to 0.95, stating that extra room in the debt service mill rate was not necessary for the City to pay off its debts. She stated that the second part of her proposal was to take roughly \$600,000 of the added \$1.1 million in the City Manager's Proposed Budget for maintenance of the three facilities the City will be acquiring on July 1, 2024 due to the JSD consolidation, out of the General Fund balance. She explained how this action could result in a total mill rate reduction from 10.32 mills to 9.98 mills.

*The Committee took a brief at ease.*

Mayor Weldon objected to Assemblymember Hale’s proposal stating that she disagreed with paying off debt at a slower pace. She would rather see the debt paid off early so less interest was accrued. She stated that she wanted to keep in mind the upcoming projects that would need bonds. She mentioned that she had her own proposal that would result in a total mill rate of 10.04.

Assemblymember Adkison expressed concern for the proposal and how it would reduce the area wide mill rate.

Assemblymember Bryson expressed support for the proposal stating that he thought it was a great time to offer property tax relief to Juneau residents.



Assemblymember Hughes-Skandijs shared that she did not support this proposal and believed it to be too optimistic considering rising costs in future years and how that would put future assemblies in a difficult position. She believed the proposal would set the mill rate too low.

Assemblymember Kelly expressed that he could be flexible on the amount of the debt service mill rate reduction but that he was hesitant to take some of the school facility maintenance costs out of fund balance.

Assemblymember Wáahlaal Gíidaak expressed that she felt hesitant to reduce the mill rate by the proposed amount and said she was keeping in mind the City's bond capabilities in the future. She did not want to tie the hands of future assemblies.

Chair Woll expressed that she had similar concerns as many other Assemblymembers and felt that the mill rate in the proposal was too low.

Assemblymember Smith asked if the debt capacity was significantly larger because the bond for a new City Hall was rejected by voters last year.

Ms. Flick answered that there was capacity for more debt and that it would be important how the Committee chose to structure the debt.

Assemblymember Smith asked if it was correct to assume that a higher debt service mill rate in FY25, to pay off debt early, would result in an increased bond capacity.

Ms. Flick confirmed that this logic was correct.

Mayor Weldon presented her proposal to bring the total mill rate to 10.04 while funding \$1,023,100 included in the Manager's Proposed Budget for facility maintenance of Marie Drake, Floyd Dryden, and the JSD district office with one-time funding while de-appropriating the same dollar amount from the New City Hall Capital Improvement Project (CIP) for a net impact of zero dollars on the General Fund. She explained that this action would result in a total mill rate of 10.16. The final detail of her proposal was to reduce the debt service mill rate from 1.20 mills to 1.08 mills, bringing the total mill rate down to 10.04.

Assemblymember Hale stated that the amount of funding de-appropriated from the New City Hall CIP in Mayor Weldon's proposal could encumber future assemblies that might not have the capacity for those recurring costs, if future uses of those buildings are determined to not be cost neutral.

Mayor Weldon responded that because there was an effort to get other organizations to use the three facilities from JSD, which would cover the cost of maintaining those buildings in the future, her proposal included one-time funding.

Assemblymember Hughes-Skandijs expressed support for using funds from the New City Hall CIP instead of fund balance.

Assemblymember Adkison shared that while she didn't mind using funds from the CIP, rather than from General Fund balance, she preferred to see the debt service mill rate lowered more than Mayor Weldon's proposal.

Assemblymember Kelly shared concern for the additional costs of future City offices which were unknown at this time.

Assemblymember Hale shared support for Mayor Weldon's proposal but stated that she would likely make an amendment to it. She stated that the Assembly would need to find a way to communicate to the public that this decision would not necessarily result in increased property taxes.

Assemblymember Wáahlaal Gíidaak expressed support for Mayor Weldon's proposal.

Chair Woll stated that she was more supportive of Mayor Weldon's proposal and that she would prefer to either reduce the debt service mill rate as the Mayor had proposed or take funds from the New City Hall CIP.

Assemblymember Smith shared his proposal explaining that it would let the debt service mill rate fall by 0.44 mills, for a total debt service mill rate of 0.76 mills, the level needed to pay the debt, without affecting the areawide mill rate. He expressed that his intention was to propose action that would align with the assumption that recurring spending would be needed in the future for the acquired JSD facilities and that those costs should be paid for by a recurring funding source like the mill rate.

Chair Woll asked the Committee for a show of hands if Assemblymember Smith's proposal was closer to what the Body was looking for than Mayor Weldon's proposal.

Assemblymember Kelly shared that he felt that this proposal was closer to what he wanted to see.

Mayor Weldon asked Staff if the mill rate was dropped to 9.88, as a result of this proposal, how would that affect the City's potential bond packages for the public safety communication infrastructure and wastewater projects.

Ms. Flick replied that Staff could look into restructuring the debt that was coming forward and work with financial advisors to come to practical solutions.

Assemblymember Bryson stated that he felt Assemblymember Smith's proposal pulled too far away from where the Committee started with these proposals and shared he was in favor of choosing action that was between the first two proposals.

Assemblymember Kelly expressed that he felt Assemblymember Smith's proposal lowered the mill rate too much.

Assemblymember Bryson proposed to reduce the debt service mill rate by 0.18 mills instead of 0.12 mills, for a total debt service mill rate of 1.02 which would allow for the debt service required plus one callable maturity.

Mayor Weldon expressed concern for dropping the debt service mill rate to the level Assemblymember Bryson proposed stating that it was a mid-point between the mill rates recommended by Staff to pay off one, two, or three maturities early.

*The Committee took a brief at ease.*

Assemblymember Hughes-Skandijs made a proposal for a total mill rate of 10.32 mills, the same mill rate as presented in the Manager's Proposed Budget. She stated that she had heard from the community a desire to

support funding schools and other community programs to the fullest extent possible. She stated that the difference in property taxes between a 10.32 and 10.16 mill rate, using a \$500,000 assessed property value as an example, would be \$80 over one year.

Assemblymember Bryson stated that Mayor Weldon and Assemblymember Hale's proposals would be reducing the debt service mill rate and would therefore have zero impact on City services. He stated that the schools were already funded to and above the cap.

Chair Woll guided Assemblymembers to take turns stating which proposal they preferred the most, with the goal of the Body coming together to decide to bring one proposal as a motion that could be amended.

Chair Woll spoke to Assemblymember Hughes-Skandijs's proposal by reiterating that there were long-term trade-offs for reducing the mill rate and challenges of reducing the debt service that would make it more difficult to get projects approved in the future. She shared that she was in favor of a proposal somewhere between Mayor Weldon's and Assemblymember Hughes-Skandijs's proposals.

Mayor Weldon stated that she liked her own proposal the most but could go with Assemblymember Bryson's proposal as the second best.

Assemblymember Hale ranked Assemblymember Bryson's proposal the best and Mayor Weldon's proposal as second best.

Assemblymember Kelly stated that he would prefer a modified version of Assemblymember Smith's proposal.

Assemblymember Adkison ranked Assemblymember Hale's proposal as the best and Mayor Weldon's proposal as second best.

Chair Woll stated she was closest to Mayor Weldon's or Assemblymember Hughes-Skandijs's proposals.

Assemblymember Bryson stated that he believed his own proposal was the best.

Assemblymember Wáahlaal Gíidaak stated she was between Assemblymember Hughes-Skandijs's and Mayor Weldon's proposals.

Assemblymember Smith stated he thought his own proposal was the best but ranked Assemblymember Hale's proposal as second best.

Assemblymember Hughes-Skandijs ranked her own proposal as the best and a modified version of Mayor Weldon's proposal as second best.

*The Committee took a brief at ease.*

Chair Woll stated that the proposal with the most votes was Mayor Weldon's. She invited Mayor Weldon to bring her own proposal as a motion.

**Motion: by Mayor Weldon to move a mill rate of 10.04, de-appropriating \$1.023 million from the New City Hall CIP and to fund the facilities maintenance of Marie Drake, Floyd Dryden, and the JSD district office as one-time, therefore reducing the mill rate by 0.16 mills, and also reduce the debt service mill rate to 1.08 and ask for unanimous consent.**

**Objection:** by Assemblymember Hughes-Skandijs for the purpose of making an amendment.

**Amendment #1:** by Assemblymember Hughes-Skandijs to move to amend Mayor Weldon's proposal to change the debt service mill rate to 1.2 mills instead of 1.08 mills.

**Objection:** by Assemblymembers Hale and Adkison.

**Roll Call Vote on Amendment #1**

**Ayes:** Hughes-Skandijs, Chair Woll

**Nays:** Hale, Adkison, Mayor Weldon, Smith, Kelly, Bryson, Wáahlaal Gíidaak

**Amendment #1 failed. Two (2) Ayes, Seven (7) Nays.**

**Amendment #2:** by Assemblymember Kelly to move to amend Mayor Weldon's proposal to not de-appropriate \$1.023 million from the New City Hall CIP, therefore only reducing the mill rate by 0.12 mills and ask for unanimous consent.

**Objection:** by Assemblymembers Bryson, Hale, and Mayor Weldon.

Chair Woll expressed support for Assemblymember Kelly's amendment.

**Roll Call Vote on Amendment #2**

**Ayes:** Kelly, Hughes-Skandijs, Chair Woll

**Nays:** Bryson, Adkison, Hale, Mayor Weldon, Smith, Wáahlaal Gíidaak

**Amendment #2 failed. Three (3) Ayes, Six (6) Nays.**

**Amendment #3:** by Assemblymember Smith to move to amend Mayor Weldon's proposal by reducing the debt service mill rate by 0.25 mills instead of 0.12 mills.

**Objection:** by Mayor Weldon and Assemblymember Hughes-Skandijs.

**Roll Call Vote on Amendment #3**

**Ayes:** Smith, Bryson, Hale, Adkison

**Nays:** Mayor Weldon, Wáahlaal Gíidaak, Hughes-Skandijs, Kelly, Chair Woll

**Amendment #3 failed. Four (4) Ayes, Five (5) Nays.**

**Amendment #4:** by Assemblymember Bryson to move to amend Mayor Weldon's proposal by reducing the debt service mill rate by 0.18 mills instead of 0.12 mills, for a total debt service mill rate of 1.02 and ask for unanimous consent.

**Objection:** by Assemblymember Adkison and Mayor Weldon.

**Roll Call Vote on Amendment #4**

**Ayes:** Bryson, Smith, Hale,

**Nays:** Adkison, Mayor Weldon, Kelly, Hughes-Skandijs, Wáahlaal Gíidaak, Chair Woll

**Amendment #4 failed. Three (3) Ayes, Six (6) Nays.**

**Objection to Original Motion: by Chair Woll.**

**Roll Call Vote on Original Motion**

**Ayes:** Mayor Weldon, Kelly, Wáahlaal Gíidaak, Adkison, Smith, Bryson, Hale

**Nays:** Hughes-Skandijs, Chair Woll

**Motion passed. Seven (7) Ayes, Two (2) Nays.**

**4. Final FY25 Proposed Budget Decisions**

Chair Woll explained that at this time the Body would move budget decisions out of this Committee and to the full Assembly. She asked Assemblymembers if there were any other amendments to the budget prior to moving the legislation out of committee.

**Motion: by Assemblymember Hughes-Skandijs to move to appropriate \$2 million from Unrestricted General Fund balance to the Affordable Housing Fund.**

**Objection: by Mayor Weldon.**

Assemblymembers Hale and Bryson expressed support for the motion.

The Committee asked Staff various questions about the options they had in allocating funds for the Affordable Housing Fund.

**Roll Call Vote on Motion**

**Ayes:** Hughes-Skandijs, Kelly, Smith, Adkison, Wáahlaal Gíidaak, Hale, Bryson, Chair Woll

**Nays:** Mayor Weldon

**Motion passed. Eight (8) Ayes, Two (1) Nay.**

Chair Woll passed the gavel to Assemblymember Bryson.

**Motion: by Assemblymember Woll to move to add \$1 million to the Restricted Budget Reserve from Unrestricted General Fund balance.**

Assemblymember Woll expressed that as the budget continued to grow the Committee should be either changing their policy or meeting the current policy. She asked Staff to remind the Body of the current policy around the Restricted Budget Reserve.

Ms. Flick stated that at the end of FY24 the City's Restricted Budget Reserve would be short by \$9.9 million. She explained that this reserve was based off of two months of annual operating revenues and that, as more revenue comes into the City, the Restricted Budget Reserve requirement per resolution would increase. This shortage includes the \$4.1 million loan appropriated to JSD.

**Objection: by Assemblymember Hale.**

Assemblymember Kelly and Acting Chair Bryson expressed support for the motion.

**Roll Call Vote on Motion**

**Ayes:** Woll, Kelly, Wáahlaal Gíidaak, Adkison, Acting Chair Bryson

**Nays:** Hale, Mayor Weldon, Hughes-Skandijs, Smith

**Motion passed. Five (5) Ayes, Four (4) Nays.**

Acting Chair Bryson passed the gavel back to Assemblymember Woll.

**Motion:** by Mayor Weldon to move FY25 CIP Resolution 3052 (Supplemental Material) to the full Assembly for public hearing and adoption at the June 3, 2024 Special Assembly meeting and ask for unanimous consent.

**Motion passed by unanimous consent.**

**Motion:** by Mayor Weldon to move FY25 Mill Levy Ordinance 2024-03, as amended, to the full Assembly for public hearing and adoption at the June 3, 2024 Special Assembly meeting and ask for unanimous consent.

**Motion passed by unanimous consent.**

**Motion:** by Mayor Weldon to move FY25 CBJ Budget Ordinance 2024-01, as amended, to the full Assembly for public hearing and adoption at the June 3, 2024 Special Assembly meeting and ask for unanimous consent.

**Motion passed by unanimous consent.**

**5. Information Only**

Ms. Flick stated that after the Committee decisions made in this meeting, the Unrestricted General Fund balance was at \$6,274,229. She briefly spoke on the sales tax revenue and pointed the Body to the sales tax graphs found on pages 32-34 of the supplemental material. She stated that the Marine Passenger Fee Fund balance had changed to \$1,267,800.

**E. NEXT MEETING DATE**

**6. June 5, 2024**

**F. SUPPLEMENTAL MATERIALS**

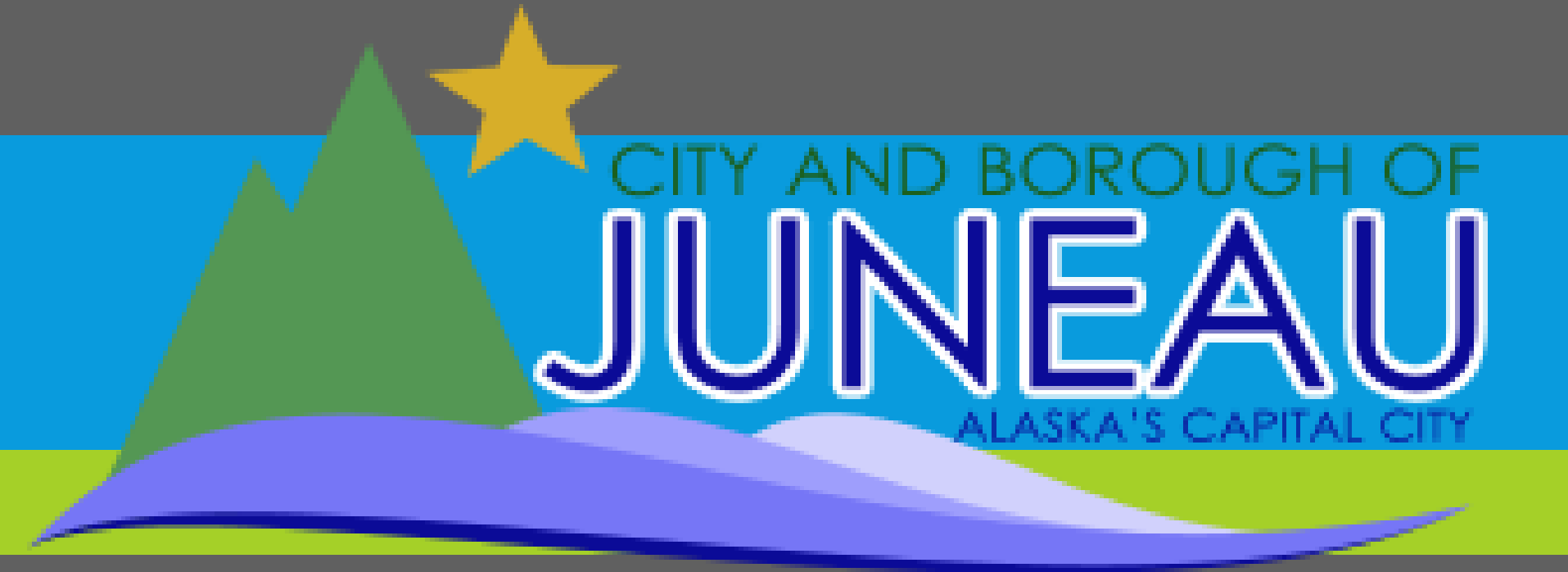
**7. May 8, 2024 Meeting Minutes**

**8. Updated Sales Tax Graphs**

**9. Updated FY25 CIP Resolution 3052**

**G. ADJOURNMENT**

*The meeting was adjourned at 9:06 pm.*



## Fiscal Year 2023 Audit Presentation

June 4, 2024

Karen Tarver, CPA

Elgee Rehfeld, LLC



# FY23 AUDIT TEAMS

## **CBJ – Karen Tarver**

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

## **BRH – Adam Sycks**

- Andrew Ringle, Ammon Washburn, Jill Smith

## **JSD – Karen Tarver**

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





# WHAT WE AUDIT

# ANNUAL FINANCIAL REPORTS OF CBJ, BRH AND JSD

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

# "ACFR" ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year 2023

# CBJ – FY<sub>23</sub> ACFR SECTIONS

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

# OPINION UNITS & "SINGLE AUDIT"

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

# TIMING OF AUDITS

## City and Borough of Juneau (CBJ)

Fieldwork - August and October-March\*

FY23 FS – issued March 2024\*

FY23 Compliance Audits – issued March 2024\*

## Bartlett Regional Hospital (BRH)

Fieldwork - August and September-December\*

FY23 FS – issued in January\*

## Juneau School District (JSD)

Fieldwork - July and September

FY23 FS & Compliance Audits – issued in November

\* Not typical timing

# AUDIT PROCESS

Planning and Risk Assessment

Testing of Significant Internal Controls

Testing of Balances and Significant Transactions and Disclosures

Concluding on Work

Drafting Auditor Reports

Issuance

# AUDIT TERMS

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

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

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



# PLANNING AND RISK ASSESSMENT

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

# TESTING OF SIGNIFICANT INTERNAL CONTROLS

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

# FISCAL YEAR 2023 RISK FACTORS IMPACTING AUDIT APPROACH

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

# TESTING OF BALANCES AND SIGNIFICANT TRANSACTIONS AND DISCLOSURES

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

# SIGNIFICANT TRANSACTION CYCLES & AUDIT APPROACH

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

# SIGNIFICANT TRANSACTION CYCLES & AUDIT APPROACH

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



# SIGNIFICANT TRANSACTION CYCLES AND APPROACH

- **BRH Specific Revenue**

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

- **Federal and State Assistance**

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

- **Juneau School District Specific Revenues**

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

# SIGNIFICANT TRANSACTION CYCLES & AUDIT APPROACH

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



# SIGNIFICANT TRANSACTION CYCLES & AUDIT APPROACH

## ▪ Debt

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

# SIGNIFICANT TRANSACTION CYCLES AND AUDIT APPROACH

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

# SIGNIFICANT TRANSACTION CYCLES AND AUDIT APPROACH

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



# SIGNIFICANT TRANSACTION CYCLES AND AUDIT APPROACH

- **Financial Reporting**

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

- **Compliance**

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

# CONCLUDING THE AUDIT

- In concluding the audit, we accumulate evidence to support our opinion.

*Section D, Item 3.*

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

# CBJ FY23 AUDIT RESULTS

## **ACFR / Financial Statements audit**

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

## **Federal and State Compliance audits**

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

# INDEPENDENT AUDITOR'S REPORT – OPINIONS

Section D, Item 3.

## INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

### *Opinions*

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City and Borough of Juneau, Alaska (City and Borough), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City and Borough's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City and Borough, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

# CBJ ACFR CONTENTS

## BASIC FINANCIAL STATEMENTS

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

Basic Financial Statements include:

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



# INDEPENDENT AUDITOR'S REPORT – BASIS FOR OPINIONS

Section D, Item 3.

## *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 – FY23 TRANSMITTAL LETTER

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

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

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

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

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

# INDEPENDENT AUDITOR'S REPORT – OUR RESPONSIBILITIES

Section D, Item 3.

## *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

Section D, Item 3.

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

Section D, Item 3.

## *Required Supplementary Information*

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



# CBJ ACFR CONTENTS

## REQUIRED SUPPLEMENTARY INFORMATION

AUDITOR DOES NOT  
EXPRESS AN OPINION OVER  
REQUIRED SUPPLEMENTARY  
INFORMATION

Required Supplementary Information includes:

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

# INDEPENDENT AUDITOR'S REPORT – SUPPLEMENTARY INFORMATION

## *Supplementary Information*

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

The combining fund and individual fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **Other Information Included in the Annual Comprehensive Financial Report**

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



# CBJ ACFR CONTENTS

## SUPPLEMENTARY INFORMATION

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

NO OPINION IS EXPRESSED  
ON THE OTHER  
SUPPLEMENTARY  
INFORMATION

Supplementary Information includes:

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

Other Supplementary Information includes:

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

# BARTLETT REGIONAL HOSPITAL FY23 AUDIT RESULTS

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



# BARTLETT REGIONAL HOSPITAL FY22 AUDIT RESULTS – PRIOR YEAR SIGNIFICANT DEFICIENCY 2022-001 STATUS

Section D, Item 3.

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

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

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

Status: Comment resolved.

# BARTLETT REGIONAL HOSPITAL FY23 AUDIT RESULTS – OTHER MATTER

- Other Internal Control Matter –  
Hospital Interfund and Cash  
Accounts

## Hospital Interfund and Cash Accounts

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

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

# BARTLETT REGIONAL HOSPITAL FY23 AUDIT RESULTS – OTHER MATTER

- Other Internal Control Matter – Accounts Receivable Valuation Model



## Accounts Receivable Valuation Model

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

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





# BARTLETT REGIONAL HOSPITAL FY23 AUDIT RESULTS – OTHER MATTER

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

## Improve Self-Pay Collection Process

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

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

# JUNEAU SCHOOL DISTRICT FY23 AUDIT RESULTS



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

# JUNEAU SCHOOL DISTRICT FY23 AUDIT RESULTS - #2023-001



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

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

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

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



# JUNEAU SCHOOL DISTRICT FY23 AUDIT RESULTS - #2023-002



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

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

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

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

# JUNEAU SCHOOL DISTRICT FY23 AUDIT RESULTS - #2023-003



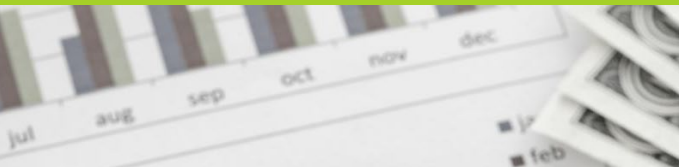
2023-003 Significant Deficiency in Internal Controls Over Financial Reporting – Medicaid Billing

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

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

58	154,568	95,054
87	56,845	97,511
000	110,000	99,011
450	150,000	99,216
,502	35,000	101,090
00	83,000	101,684
	45,000	101,962
		102,747
		2,006

# JUNEAU SCHOOL DISTRICT FY23 AUDIT RESULTS – #2023-004



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

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

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

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

154,568	97,125
56,845	99,011
110,000	99,216
150,000	101,090
35,000	101,684
83,000	101,962
45,000	102,747
	2,006

# JUNEAU SCHOOL DISTRICT FY23 AUDIT RESULTS – PRIOR YEAR STATUS

Section D, Item 3.

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

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

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

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

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

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



# JUNEAU SCHOOL DISTRICT FY23 AUDIT RESULTS

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

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

# CBJ - LETTER TO THE ASSEMBLY

Auditor Responsibility

Planned Scope and Timing  
of Audit and Significant  
Risks Identified

Compliance Regarding  
Independence

Entity's Significant  
Accounting Policies Aspects

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

Uncorrected and Corrected  
Misstatements

Difficulties, Disagreements,  
Representations and  
Consultations with or by  
Management

Other Significant Matters,  
Findings or Issues

# LETTER TO THE ASSEMBLY – SIGNIFICANT ACCOUNTING POLICIES

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

# LETTER TO ASSEMBLY - SIGNIFICANT ESTIMATES

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



# LETTER TO ASSEMBLY – UNCORRECTED AND CORRECTED MISSTATEMENTS

## Material Adjustments Proposed and Corrected:

- Change to loan presentation for the Affordable Housing special revenue fund. *Section D, Item 3.*
- Change to other financing source revenue presentation for the Gondola special revenue fund.
- Change to presentation of fund balance between assigned and unassigned in the Affordable Housing and Port Development special revenue funds to conform with GASB No. 54 reporting requirements.
- Corrections to Capital Project related amounts and schedule (supplementary information) and Capital Project amounts in basic financial statements.

## Immaterial Adjustments not corrected:

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

LETTER TO THE  
ASSEMBLY -  
INTERNAL CONTROL  
MATTERS AND  
RECOMMENDATIONS

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

We recommend the City and Borough evaluate its year-end close and ACFR preparation processes, including an analysis of any reporting changes anticipated and resources available, to ensure sufficient time is available for preparation and internal review. The ACFR draft internal review should be at a sufficient level, so that statements, schedules and footnote differences are detected and corrected in a timely manner.

LETTER TO THE  
ASSEMBLY -  
INTERNAL CONTROL  
MATTERS AND  
RECOMMENDATIONS

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

We recommend policies and procedures be developed, and necessary documentation retained to ensure SBITAs are evaluated in a timely manner, and any adjustments posted during the fiscal year.

LETTER TO THE  
ASSEMBLY -  
INTERNAL CONTROL  
MATTERS AND  
RECOMMENDATIONS

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

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

LETTER TO THE  
ASSEMBLY -  
INTERNAL CONTROL  
MATTERS AND  
RECOMMENDATIONS

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

We recommend a revised expenditure report be submitted. In addition, we recommend that a formal sub-recipient agreement between JSD and the City and Borough be used, when grants are awarded to one entity and administered by the other, to establish and document clear responsibilities, including reporting, of each entity.

LETTER TO THE  
ASSEMBLY -  
INTERNAL CONTROL  
MATTERS AND  
RECOMMENDATIONS

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

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

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

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

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

**Status:** considered resolved.

# LETTER TO THE ASSEMBLY – OTHER INTERNAL CONTROL COMMENTS

## Other Internal Control Matter - Finance and Accounting Policies and Procedures

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

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

# CONCLUSION



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



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



Questions?