



MUNICIPALITY OF SKAGWAY

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MEMORANDUM

TO: Manager Ryan, Finance Committee, Assembly & Mayor
FROM: Borough Treasurer Rodig 
DATE: October 17, 2023
SUBJECT: **FY22 Audited Financial Statements**

SUMMARY OF FY22 AUDITED FINANCIAL STATEMENTS

The Borough's finances improved from 2021 with an increase in net position, driven by growth in business-type operations and capital investments in Port assets including a floating dock. Designated Legislative grants from the State of Alaska played a key role in this improvement.

Other State aid through ARPA funding assisted in general government operations and the school kitchen expansion. Higher tax revenues reflected post-pandemic economic recovery. Additionally, the remainder of the \$2.0 million donation from Norwegian Cruise Lines helped support the local community through a winter unemployment program. Overall, the financial situation of the Borough continues to strengthen and the outlook is positive as was witnessed during the 2023 summer season.

AUDIT FINDINGS

2021 - The Borough's previous audit findings from 2021 have been resolved. These findings were related to delays in closing the books due to a change in accounting software and staff vacancies in the Finance Department. Extensive efforts were required to reconcile data between the old and new systems, resulting in adjustments to properly account for capital assets, due/from transactions, transfers, accounts receivable, and revenue. Posting of the FY21 Audited Financial Statements on required websites was late as required by Federal and State granting agencies. Additional training and hands-on experience in the new accounting system by the finance department has resolved these findings.

2022 - The findings in FY22 highlight areas where the Borough faced challenges or discrepancies in grant management and reporting during that specific fiscal year.

2022-001 - HRSA Grant: A missing sliding fee application required for testing was not available or provided as needed.

2022-002 - State Designated Legislative Grant: The Financial/Progress Report Form for this grant was not submitted on time for one reporting period, leading to a compliance concern.