



# Municipality of Skagway

Single Audit Reports  
Year Ended December 31, 2022

# **Municipality of Skagway**

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Single Audit Reports  
Year Ended December 31, 2022

# Municipality of Skagway

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## **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***

Honorable Mayor and Members  
of the Borough Assembly  
Municipality of Skagway, Alaska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Municipality of Skagway, Alaska, (the “Borough”), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Borough’s basic financial statements, and have issued our report thereon dated September 29, 2023. Our report includes a reference to other auditors who audited the financial statements of Skagway School District (the “District”), as described in our report on the Borough’s financial statements. This report does not include the results of the other auditors’ testing of internal control over financial reporting or compliance and other matters that are reported on separately by those other auditors.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Borough’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough’s internal control. Accordingly, we do not express an opinions on the effectiveness of the Borough’s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Borough’s financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Borough's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, P.C.

Anchorage, Alaska  
September 29, 2023



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3601 C Street, Suite 600  
Anchorage, AK 99503

## **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 Required by the Uniform Guidance**

Honorable Mayor and Members  
of the Borough Assembly  
Municipality of Skagway, Alaska

### **Report on Compliance for Each Major Federal Program**

#### *Qualified Opinion*

We have audited the Municipality of Skagway, Alaska's (the Borough's) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Borough's major federal programs for the year ended December 31, 2022. The Borough's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### *Qualified Opinion on Health Center Program Cluster*

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the Borough complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the *Health Center Program Cluster* for the year ended December 31, 2022.

#### *Basis for Qualified Opinion*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Borough and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Borough's compliance with the compliance requirements referred to above.



### ***Other Matters - Federal Expenditures Not Included in the Compliance Audit***

The Borough's basic financial statements include the operations of the Skagway School District (the "District"), a discretely presented component unit, which expended \$129,206 in federal awards which is not included in the Borough's schedule of expenditures of federal awards during the year ended December 31, 2022. Our compliance audit, described in the Opinion on Each Major Federal Program, does not include the operations of the District because other auditors were engaged to perform the audit of the District; however, they did not meet the threshold for an audit in accordance with the Uniform Guidance.

### ***Matter Giving Rise to Qualified Opinion on Health Center Program Cluster***

As described in the accompanying schedule of findings and questioned costs, the Borough did not comply with requirements regarding the Health Center Program Cluster Assistance Listing numbers 93.224 and 93.527 as described in finding number 2022-001 for Special Tests and Provisions.

Compliance with such requirements is necessary, in our opinion, for the Borough to comply with the compliance requirements applicable to that program.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Borough's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Borough's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Borough's compliance with the requirements of each major federal program as a whole.



In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Borough's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Borough's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

#### **Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001 to be a material weakness.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.





*Government Auditing Standards* requires the auditor to perform limited procedures on the Borough's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Borough's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The Borough is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The Borough's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

#### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements. We issued our report thereon, dated September 29, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

BDO USA, P.C.

Anchorage, Alaska  
September 29, 2023

**Municipality of Skagway**  
**Schedule of Expenditures of Federal Awards**  
*Year Ended December 31, 2022*

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Award Number	Pass-Through Entity Identifying Number	Provided to Subre- cipients	Total Federal Expenditures
<b>Department of Health and Human Service</b>					
Grants for Capital Development in Health Centers	93.526	C8ECS44135-01		\$ -	\$ 21,511
Activities to Support State, Tribal, Local and Territorial					
Health Department Response to Public Health or Healthcare					
Healthy Equitable Communities	93.391	NH750T000052		-	40,613
<i>Health Center Program Cluster</i>					
Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)					
Consolidated Health Centers	93.224	H80CS08232-15		-	13,729
Consolidated Health Centers	93.224	H80CS08232-16		-	240,964
CARES Act Funding for					
Coronavirus Aid, Relief, and Economic Security	93.224	H8DCS35378-01		-	175,112
American Rescue Plan Act Funding					
for Health Centers	93.224	H8FCS41723-01		-	211,924
Total Assistance Listing 93.224				-	641,729
Grants for New and Expanded Services under the Health Center Program					
Affordable Health Care Act (ACA)	93.527	H80CS08232-15		-	36,309
Affordable Health Care Act (ACA)	93.527	H80CS08232-16		-	744,727
Total Assistance Listing 93.527				-	781,036
Total Health Center Program Cluster				-	1,422,765
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	N/A		-	62,827
<b>Total Department of Health and Human Services</b>				<b>\$ -</b>	<b>\$ 1,547,716</b>

## Municipality of Skagway

### Schedule of Expenditures of Federal Awards, continued

Year Ended December 31, 2022

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Award Number	Pass-Through Entity Identifying Number	Provided to Subre- cipients	Total Federal Expenditures
<b>Department of Agriculture</b>					
<i>Forest Service School and Roads Cluster</i>					
Passed through the State of Alaska Department of Commerce, Community, and Economic Development					
Schools and Roads - Grants to States	10.665	N/A	N/A	\$ -	\$ 34,761
<b>Department of Treasury</b>					
Passed through the State of Alaska Department of Commerce, Community and Economic Development					
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	SLT-2431	-	173,710
Coronavirus State and Local Fiscal Recovery Funds Recovery Funds - COVID-19	21.027	N/A	EASY22-057	-	5,805
Total Assistance Listing 21.027				-	179,515
Local Assistance And Tribal Consistency Fund	21.032	LATCF-1126		-	153,938
<b>Total Department of Treasury</b>				-	333,453
<b>Total Expenditures of Federal Awards</b>				\$ -	\$ 1,915,930

*See accompanying notes to Schedule of Expenditures of Federal Awards.*

# Municipality of Skagway

## Notes to the Schedule of Expenditures of Federal Awards December 31, 2022

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### 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Municipality of Skagway, Alaska under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Municipality of Skagway, Alaska, it is not intended to and does not present the net position, changes in net position or cash flows of Municipality of Skagway, Alaska.

### 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

### 3. Indirect Cost Rate

Municipality of Skagway, Alaska has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.



**Independent Auditor’s Report on Compliance for Each Major State Program;  
Report on Internal Control Over Compliance; and Report on Schedule of State  
Financial Assistance Required by the *State of Alaska Audit Guide and  
Compliance Supplement for State Single Audits***

Honorable Mayor and Members  
of the Borough Assembly  
Municipality of Skagway, Alaska

**Report on Compliance for Each Major State Program**

***Opinion on Each Major State Program***

We have audited Municipality of Skagway, Alaska’s (the “Borough”) compliance with the types of compliance requirements identified as subject to audit in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that could have a direct and material effect on each of the Borough’s major state programs for the year ended December 31, 2022. The Borough’s major state programs are identified on the Schedule of State Financial Assistance.

In our opinion, the Borough complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other major state programs for the year ended December 31, 2022.

***Basis for Opinion on Each Major State Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Our responsibilities under those standards and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Borough and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major state program. Our audit does not provide a legal determination of the Borough’s compliance with the compliance requirements referred to above.

***Other Matters - State Expenditures Not Included in the Compliance Audit***

The Borough’s basic financial statements include the operations of the Skagway School District (the “District”), a discretely presented component unit, which expended \$1,168,463 in state awards which is not included in the Borough’s schedule of state financial assistance during the year ended December 31, 2022. Our compliance audit, described in the Opinion on Each Major State Program, does not include the operations of the District because other auditors were engaged to perform the audit of the District.

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### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Borough's state programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Borough's compliance based on our audit. 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, *Government Auditing Standards*, and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Borough's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Borough's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Borough's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.



### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* and which are described in the accompanying schedule of findings and questioned costs as item 2022-002. Our opinion on each major state program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Borough's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Borough's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The Borough is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The Borough's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

### **Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a significant deficiency.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-002 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.



*Government Auditing Standards* requires the auditor to perform limited procedures on the Borough's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Borough's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The Borough is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The Borough's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of State Financial Assistance Required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements. We issued our report thereon, dated September 29, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of state financial assistance is presented for purposes of additional analysis as required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

BDO USA, P.C.

Anchorage, Alaska  
September 29, 2023



**Municipality of Skagway**  
**Schedule of State Financial Assistance**  
*Year Ended December 31, 2022*

State Agency/Program Title	Award Number	Total Award Amount	Passed Through to Subre- cipients	State Expenditures
<b>Department of Commerce, Community and Economic Development</b>				
* City Dock Improvements	12-DC-617	\$ 10,000,000	\$ -	\$ 6,466,088
Float Extension to Serve Cruise Passenger Vessels	15-DC-147	1,800,000	-	66,813
Port of Skagway Gateway Project	14-DC-135	1,500,000	-	492,315
<b>Total Department of Commerce, Community and Economic Development</b>			-	7,025,216
<b>Department of Transportation and Public Facilities</b>				
Harbor Deferred Maintenance Appropriation	N/A	17,261	-	17,261
<b>Department of Education and Early Development</b>				
Public Library Assistance Grant	PLA-22-772-01	7,000	-	3,398
Public Library Assistance Grant	PLA-23-772-01	7,000	-	2,430
<b>Total Department of Education and Early Development</b>			-	5,828
<b>Total State Financial Assistance</b>			\$ -	\$ 7,048,305

*See accompanying notes to Schedule of State Financial Assistance.*

# Municipality of Skagway, Alaska

## Notes to the Schedule of State Financial Assistance Year Ended December 31, 2022

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### 1. Major Program Notation

\* denotes a major program

### 2. Basis of Presentation

The accompanying schedule of state financial assistance (the "Schedule") includes the state award activity of Municipality of Skagway, Alaska under programs of the state government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Because the Schedule presents only a selected portion of the operations of Municipality of Skagway, Alaska, it is not intended to and does not present the net position, changes in net position or cash flows of Municipality of Skagway, Alaska.

### 3. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting.

# Municipality of Skagway, Alaska

## Schedule of Findings and Questioned Costs Year Ended December 31, 2022

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ yes  no  
(none reported)

Significant deficiency(ies) identified? \_\_\_\_\_ yes  reported)

Noncompliance material to financial statements noted? \_\_\_\_\_ yes  no

**Federal Awards**

Internal control over major federal programs:

Material weakness(es) identified? \_\_\_\_\_ yes  no

Significant deficiency(ies) identified? \_\_\_\_\_ yes  (none reported)

Type of auditor's report issued on compliance for major federal programs: Qualified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ yes  no

Identification of major federal programs:

**Federal Assistance**

Listing Number	Name of Federal Program or Cluster	Agency
93.224 / 93.527	Health Center Program Cluster	Department of Health and Human Services

Dollar threshold used to distinguish between a Type A and Type B program: \$ 750,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes  no

**State Awards**

Type of auditor's report issued on compliance for major state programs: Unmodified

Internal control over major state programs:

Material weakness(es) identified? \_\_\_\_\_ yes  no  
(none reported)

Significant deficiency(ies) identified? \_\_\_\_\_ yes

Dollar threshold used to distinguish a state major program: \$ 750,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes  no

**Section II - Financial Statement Findings**

There were no findings related to the financial statements which are required to be reported in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*.

## Municipality of Skagway, Alaska

### Schedule of Findings and Questioned Costs, continued Year Ended December 31, 2022

#### Section III - Federal Award Findings and Questioned Costs

<b>Finding 2022-001</b>	<b>Special Tests and Provisions - Internal Control Over Compliance - Material Weakness in Internal Control Over Financial Reporting and Material Noncompliance</b>
<i>Agency</i>	Department of Health & Human Services
ALN	93.224 / 93.527
Program Name	Health Center Program Cluster
Award Year	05/01/2022 through 04/30/2023, 04/01/2021 through 03/31/2023, and 04/01/2020 through 03/31/2022
Award Number	H80CS08232, H8DCS35378, H8FCS41723
<i>Criteria</i>	Borough is required to retain a sliding fee application for individuals that have applied and qualify to receive sliding fee discount.
<i>Condition</i>	When completing the test work there was an individual that was on the report for receiving the sliding fee rates but they did not have the application in their file. The sliding fee application was not available for sample selected for testing. During the testwork performed one out of nine items tested did not have support to qualify for sliding fee
<i>Cause</i>	Controls were not operating to ensure proper supporting documentation was maintained in accordance with sliding fee requirements.
<i>Effect or Potential</i>	Individuals may have paid an incorrect portion of the services provided.
<i>Questioned Costs</i>	\$301
<i>Context</i>	One sample out of nine items tested did not have support for the sliding fee scale applied against the billing. A rate was applied, but the documentation of the support for the rate was not retained.
<i>Identification as a Repeat Finding</i>	No
<i>Recommendation</i>	Management should ensure supporting documentation is maintained for all based on regulatory and reporting requirements.
<i>Views of Responsible Officials</i>	Management concurs with the findings. Management has implemented new processes to ensure retention of required documents.

# Municipality of Skagway, Alaska

## Schedule of Findings and Questioned Costs, continued Year Ended December 31, 2022

### Section IV - State Award Findings and Questioned Costs

**Finding 2022-002**      **Significant Deficiency in Internal Control over Compliance, Noncompliance - Reporting**

**State Agency**              Department of Commerce, Community and Economic Development; Division of Community and Regional Affairs

**Grant Name**                City Dock Improvements

**Grant Number**              Award Year: 2022, 12-DC-617

**Criteria**                      The Grantee shall submit a Designated Legislative Grant Financial/Progress Report Form (see attached) each month, or quarterly, with the concurrence of the Department, during the life of the Grant Agreement. Grant Financial/Progress Report Forms are due thirty (30) days after the end of the month or quarter being reported.

**Condition**                    The Designated Legislative Grant Financial/Progress Report Form was not submitted on time for one reporting period.

**Questioned costs**            None

**Context**                        One out of four reports tested of the Borough's Financial/Progress Report was not submitted to the granting agency on time.

**Effect**                         The Borough is not in compliance with the Grant agreement

**Cause**                         The Report was not completed in time to file the reporting package.

**Identification as a Repeat Finding**      No

**Recommendation**            We recommend management establish strong internal controls surrounding year-end general ledger and trial balance reconciliation to allow for timely submission of the annual audit and required single audit reports.

**Views of Responsible Officials**              Management concurs with the findings. Management has implemented new processes to ensure timely reconciliations and closing of the books.

**Municipality of Skagway Single Audit Responses  
(Unaudited)**

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# Municipality of Skagway

Gateway to the Klondike

P.O. Box 415

Skagway, Alaska 99840

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## Summary Schedule of Prior Year (FY21) Findings

Name of Contact Person:

Heather Rodig

Borough Treasurer

[h.rodig@skagway.org](mailto:h.rodig@skagway.org)

907-983-9703

### **Finding 2021-001 – General Ledger Reconciliation and External Financial Reporting – Internal Control over Financial Reporting – Significant Deficiency**

**Prior Year Finding:** *Government Accounting Standards* states management is responsible for establishing and maintaining effective internal control to help ensure that appropriate goals and objectives are met; using resources efficiently; economically, effectively, and equitably, and safeguarding resources; following laws and regulations; and ensuring that financial information is reliable and properly reported. Internal controls over financial reporting should allow management to prevent or detect and correct misstatements on a timely basis.

**Status:** Resolved

### **Finding 2021-002 – Significant Deficiency in Internal Control over Compliance, Noncompliance - Reporting**

**Prior Year Finding:** The Borough is required to submit the single audit report and Form SF-SAC within nine months of the fiscal year end or by any Office of Management and Budget extended deadlines.

**Status:** Resolved

### **Finding 2021-003 – Significant Deficiency in Internal Control over Compliance, Noncompliance – Reporting**

**Prior Year Finding:** 2 AAC 45.010 (b) states an entity that expends a cumulative total of \$750,000 or more shall submit an audit report for the audit period by ...”the earlier of 30 days after the entity receives its audit report for the audit period; or nine months after the end of the audit period” or a later date agreed upon in writing in advance of the date in this section.

**Status:** Resolved



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Name of Contact Person:

Thomas Steiner    Este Fielding    Heather Rodig  
Interim Executive Director    Administrative Manager    Borough Treasurer  
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907-983-9742    907-983-9741    907-983-9703

## **Finding 2022-001 – Special Tests and Provisions – Internal Control Over Compliance – Material Weakness in Internal Control Over Financial Reporting and Material Noncompliance**

### **Issue:**

A missing application from the audit sample was shredded in error before being scanned into the patient's Electronic Health Records (EHR) chart, resulting in a documentation gap.

### **Objective:**

To prevent the recurrence of missing sliding fee applications by implementing a revised process that ensures all applications are properly documented and stored in the Electronic Health Records (EHR) system.

### **Corrective Action Plan:**

Reception staff will continue to manage applications and supporting documentation, but once an application is complete and scanned to the patient's chart, it will be stamped "SCANNED" and passed to the Accounts and Benefits Specialist (ABS). The ABS will verify that the packet has been added to the patient's EHR chart and the correct slide is placed on the account. Only application packets that are stamped "SCANNED" will be shredded by the ABS. If the packet is not stamped, another review will be done by ABS to ensure a complete record in EHR prior to shredding. All incomplete applications will continue to be kept in a physical file by reception staff with date stamps and notes of what documentation is missing. Once an application is complete it will follow the steps outlined above.

### **Expected Completion Date:**

Fiscal Year 2023





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Name of Contact Person:

Heather Rodig

Borough Treasurer

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907-983-9703

## **Finding 2022-002 – Significant Deficiency in Internal Control over Compliance, Noncompliance - Reporting**

### **Issue:**

A Financial/Progress Report was submitted after the 30-day deadline.

### **Objective:**

To ensure on-time grant reporting and compliance.

### **Corrective Action Plan:**

The Borough maintains a web-based grant management system, eCivis, for grant tracking and reporting. Between 2020 and 2022, the system was not regularly updated or fully utilized due to several factors. Recently, the finance staff worked diligently to update all grant files and implemented a system of creating tasks and reminders for future reporting deadlines. Tasks and reminders are set up annually by staff and verified by the Treasurer for completeness. These reminders are configured as email notifications to assigned team members, improving the system's functionality and helping ensure grant management tasks are not overlooked.

### **Expected Completion Date:**

Fiscal Year 2023