




# Kenai Peninsula Borough, Alaska

Single Audit Reports  
Year Ended June 30, 2023



The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.



# **Kenai Peninsula Borough, Alaska**

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Single Audit Reports  
Year Ended June 30, 2023

# Kenai Peninsula Borough, Alaska

## Contents

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	<u>Page</u>
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 <i>Government Auditing Standards</i>	1-2
Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	3-6
Schedule of Expenditures of Federal Awards	7-9
Notes to the Schedule of Expenditures of Federal Awards	10
Independent Auditor's Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance; and Report on the Schedule of State Financial Assistance Required by the <i>State of Alaska Audit Guide and Compliance Supplement for State Single Audits</i>	11-14
Schedule of State Financial Assistance	15
Notes to the Schedule of State Financial Assistance	16
Schedule of Findings and Questioned Costs	17-18



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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 Assembly  
Kenai Peninsula Borough  
Soldotna, 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 discretely presented component units, each major fund, and the aggregate remaining fund information of Kenai Peninsula Borough, Alaska, (the Borough) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated December 22, 2023.

### **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 opinion 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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.

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## 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  
December 22, 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 Assembly  
Kenai Peninsula Borough  
Soldotna, Alaska

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

#### ***Opinion on Each Major Federal Program***

We have audited Kenai Peninsula Borough, Alaska's (the Borough) 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 June 30, 2023. 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.

In our opinion, the Borough complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

#### ***Basis for Opinion on Each Major Federal 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 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 types of compliance requirements referred to above.



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

The Borough's basic financial statements include the operations of its component units, Kenai Peninsula Borough School District, South Peninsula Hospital, and Central Peninsula General Hospital, which expended \$23,764,021, \$3,179,971, and \$1,332,123 in federal awards, respectively, which are not included in the Borough's schedule of expenditures of federal awards during the year ended June 30, 2023. Our compliance audit, described in the "Opinion on Each Major Federal Program", does not include the operations of Kenai Peninsula Borough School District, South Peninsula Hospital and Central Peninsula General Hospital because they were subjected to separate audits in accordance with the Uniform Guidance.

### ***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 types of 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**

*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.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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 discretely presented component units, each major fund, and the aggregate remaining fund information of the Borough as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements. We issued our report thereon dated December 22, 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  
December 22, 2023

**Kenai Peninsula Borough, Alaska**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2023**

Federal Grantor/Pass Through Grantor / Program or Cluster Title	Grant Number	Federal Assistance Listing Number	Pass-through Entity Identifier Number	Award Amount	Provided to Subrecipients	Total Federal Expenditures
<b>U.S. Department of the Interior</b>						
U.S. Fish and Wildlife Service:						
National Wildlife Refuge Fund	FY2023	15.659	N/A	\$ 26,656	\$ -	\$ 26,656
Partners for Fish and Wildlife - Stream Table Purchase	F21AC01280	15.631	N/A	6,517	-	6,517
<b>Total U.S. Department of the Interior</b>					-	33,173
<b>U.S. Department of Homeland Security</b>						
Western Emergency Services - Staffing for Adequate Fire & Emergency Response	EMW-2018-FF-00203	97.083	N/A	255,855	-	94,748
Passed through Alaska Department of Military & Veterans Affairs:						
Disaster Grants - Public Assistance (Presidentially Declared Disasters):						
Emergency Protective Measures (FY22 Seward Landslide)	FEMA-4661-DR	97.036	AK-22-285	91,834	-	91,834
Emergency Protective Measures and Permanent Work (2013 Japanese Creek Flood)	FEMA-4161-DR	97.036	AK-00030	531,535	-	212,802
Total Assistance Listing 97.036					-	304,636
Homeland Security Grant Program:						
2020 State Homeland Security Grant Program -						
Siren Upgrades; Incident Management Team Exercise; EMS Air Compressor	EMW-2020-SS-00012-S01	97.067	20SHSP-GY20	452,537	-	325,664
2022 State Homeland Security Grant Program -						
Siren Upgrades; Incident Management Team Exercise; EMS Air Compressor	EMW-2022-SS-00034-S01	97.067	22SHSP-GY22	441,000	-	39,521
Total Assistance Listing 97.067					-	365,185
Passed through Alaska Department of Commerce, Community & Economic Development:						
Community Assistance Program State Support Services Element -						
Travel grant - FEMA CAP-SSSE	EMS-2022-CA-00009	97.023	CAP22	992	-	992
Emergency Management Performance Grants	EMS-2022-EP-00004-S01	97.042	22EMPG-GY22	200,000	-	200,000
<b>Total U.S. Department of Homeland Security</b>					-	965,561

**Kenai Peninsula Borough, Alaska**  
**Schedule of Expenditures of Federal Awards, continued**  
**Year Ended June 30, 2023**

Federal Grantor/Pass Through Grantor / Program or Cluster Title	Grant Number	Federal Assistance Listing Number	Pass-through Entity Identifier Number	Award Amount	Provided to Subrecipients	Total Federal Expenditures
<b>U.S. Department of Commerce:</b>						
National Oceanic and Atmospheric Administration - Meteorologic and Hydrologic Modernization Development - 2022 NOAA Tsunami Hazard Mitigation Program	NA22NWS4670012	11.467	N/A	\$ 61,000	\$ -	\$ 1,850
<b>U.S. Department of Transportation:</b>						
Highway Planning and Construction - Extend Kenai Spur Hwy-North Road	DTFH7017E30003	20.205	N/A	5,563,801	-	354,099
<b>U.S. Department of the Treasury:</b>						
COVID-19 - Coronavirus State & Local Fiscal Recovery Funds (ARPA)	FY2021	21.027	N/A	11,403,341	-	4,340,787
<b>U.S. Department of the Health and Human Services:</b>						
Passed through Alaska Department of Health & Human Services:						
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	NU50CK000509	93.323	C0621-570-H	2,037,530	-	334,232
Immunization Cooperative Agreements - Healthy & Equitable Communities	N/A	93.268	C0622-584-M	412,944	-	80,084
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises - Healthy & Equitable Communities	N/A	93.391	C0622-584-M	412,944	-	80,084
Injury Prevention and Control Research and State and Community Based Programs - Response to Integration of Technology to Enhance Linkage to Care SUD Treatment	N/A	93.136	OD2A	15,000	-	15,000
<b>Total U.S. Department of Health and Human Services</b>					-	509,400
<b>U.S. Environmental Protection Agency:</b>						
Congressionally Mandated Projects - Kenai Peninsula Borough Central Peninsula Landfill Leachate Volume Reduction Project	02J25701	66.202	N/A	3,360,000	-	2,159,280
Passed through Kenai Watershed Forum - Environmental Education Grants Program - Adopt-a-Stream Program	NE-01J79701	66.951	KWF2023	4,791	-	3,834

**Kenai Peninsula Borough, Alaska**  
**Schedule of Expenditures of Federal Awards, continued**  
**Year Ended June 30, 2023**

Federal Grantor/Pass Through Grantor / Program or Cluster Title	Grant Number	Federal Assistance Listing Number	Pass-through Entity Identifier Number	Award Amount	Provided to Subrecipients	Total Federal Expenditures
<b>U.S. Environmental Protection Agency, continued:</b>						
Passed through Alaska Department of Environmental Conservation Division of Water - Performance Partnership Grants - EPA Clean Water Act Sec 319 Nonpoint Source Management - Kenai River Rain Garden	00J84605	66.605	ACWA-23-02	\$ 29,488	\$ -	\$ 4,968
<b>Total U.S. Environmental Protection Agency</b>					-	2,168,082
<b>U.S. Department of Agriculture:</b>						
National Resources Conservation Service - Urban Agriculture and Innovative Production - Community Compost and Food Waste Recovery Program	NR213A750001C032	10.935	N/A	89,997	-	34,899
Passed through Alaska Department of Commerce, Community & Economic Development - Forest Service Schools and Roads Cluster - Schools and Roads - Grants to States	FY2023	10.665	821035	600,714	-	600,714
Passed through Alaska Department of Natural Resources - Division of Forestry - Cooperative Forestry Assistance:						
Western Emergency Service Area - Volunteer Fire Assistance Grant	N/A	10.664	2023 VFA	5,000	-	5,000
Bear Creek Fire Service Area - Volunteer Fire Assistance Grant	N/A	10.664	2023 VFA	4,371	-	4,371
Central Emergency Service Area:						
Volunteer Fire Assistance Grant	N/A	10.664	2023 VFA	4,210	-	4,210
Volunteer Fire Assistance Grant	N/A	10.664	2024 VFA	5,331	-	2,902
Kachemak Emergency Service Area - Volunteer Fire Assistance Grant	N/A	10.664	2023 VFA	4,981	-	4,981
Nikiski Fire Service Area - Volunteer Fire Assistance Grant	N/A	10.664	2023 VFA	4,406	-	4,406
<b>Total Assistance Listing 10.664</b>					-	25,870
<b>Total U.S. Department of Agriculture</b>					-	661,483
<b>Total Expenditures of Federal Awards</b>					\$ -	\$ 9,034,435

*The accompanying notes are an integral part of this schedule.*

# Kenai Peninsula Borough, Alaska

## Notes to the Schedule of Expenditures of Federal Awards Year Ended June 30, 2023

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### **1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Kenai Peninsula Borough, Alaska (the Borough) under programs of the federal government for the year ended June 30, 2023. 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 the Borough, it is not intended to and does not present the financial position, changes in net position or cash flows of the Borough.

### **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**

The Borough has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

### **4. Assistance Listing Number 97.036**

The Borough reported the Disaster Grants - Public Assistance (Presidentially Declared Disasters) expenditures of \$91,644 on the Schedule for the year ended June 30, 2023, which were associated with prior year expenditures.



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

Honorable Mayor and  
Members of the Assembly  
Kenai Peninsula Borough  
Soldotna, Alaska

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

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

We have audited Kenai Peninsula Borough, 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 (State of Alaska Audit Guide)* that could have a direct and material effect on each of the Borough’s major state programs for the year ended June 30, 2023. The Borough’s major state programs are identified in the accompanying 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 major state programs for the year ended June 30, 2023.

***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*. Our responsibilities under those standards and the *State of Alaska Audit Guide* 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 Matter - State Expenditures Not Included in the Compliance Audit***

The Borough's basic financial statements include the operations of its component units, Kenai Peninsula Borough School District and Central Peninsula General Hospital, which expended \$85,869,649 and \$1,170,307 in state awards, respectively, which are not included in the Borough's Schedule of State Financial Assistance during the year ended June 30, 2023. Our compliance audit, described in the "Opinion on Each Major State Program", does not include the operations of Kenai Peninsula Borough School District and Central Peninsula General Hospital because they were subjected to separate audits in accordance with the *State of Alaska Audit Guide*, for the year ended June 30, 2023. The Borough's basic financial statements also include the operations of its additional component unit, South Peninsula Hospital, which received \$63,249 in state awards which is not included in the Schedule of State Financial Assistance for the year ended June 30, 2023. Our compliance audit, described in the "Opinion on Each Major State Program", does not include the operations of this component unit, because it was subjected to a separate audit; however, it did not meet the threshold for an audit in accordance with the *State of Alaska Audit Guide*.

### ***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 requirements* 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*, 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 requirements, 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**

*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.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.





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.

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. 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***

We have audited the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Borough as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements. We have issued our report thereon dated December 22, 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 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 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 schedule of state financial assistances is fairly stated in all material respects in relation to the basic financial statements as a whole.

BDO USA, P.C.

Anchorage, Alaska  
December 22, 2023

**Kenai Peninsula Borough, Alaska**  
**Schedule of State Financial Assistance**  
**Year Ended June 30, 2023**

State Agency / Program Title	Award Number	Total Award Amount	Passed Through to Subrecipients	Total State Expenditures
<b>Alaska Department of Commerce, Community &amp; Economic Development</b>				
Girdwood Sub-Grant to KPB Rescue Departments for Extraction Equipment	FY23	\$ 150,859	\$ -	\$ 150,859
Marijuana Application Review Fees	FY23	500	-	500
Travel grant: FEMA CAP-SSSE - Pass Through DCCED	EMS-2022-CA-00009	331	-	331
<b>Total Alaska Department of Commerce, Community &amp; Economic Development</b>			-	151,690
<b>Alaska Department of Education &amp; Early Development</b>				
* School Debt Reimbursement	N/A	2,442,114	-	2,442,114
Kachemak Selo New K-12 School Construction	GR-17-001	10,010,000	-	90,556
<b>Total Alaska Department of Education &amp; Early Development</b>			-	2,532,670
<b>Alaska Department of Military &amp; Veteran Affairs</b>				
Passed Through the Alaska Division of Homeland Security & Emergency Management:				
2013 Japanese Creek Flood	4161-DR-AK	177,179	-	70,934
May 2022 Seward/Lowell Point Road Landslide Federal Declared Disaster	4661-DR-AK	122,254	-	(91,644)
<b>Total Alaska Department of Military &amp; Veteran Affairs</b>			-	(20,710)
<b>Total State Financial Assistance</b>			\$ -	\$ 2,663,650

*The accompanying notes are an integral part of this schedule.*

# Kenai Peninsula Borough, Alaska

## Notes to the Schedule of State Financial Assistance Year Ended June 30, 2023

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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 the Kenai Peninsula Borough, Alaska (the Borough) under programs of the State of Alaska for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of the *State of Alaska Audit Guide*. Because the Schedule presents only a selected portion of the operations of the Borough, it is not intended to and does not present the financial position, changes in net position or cash flows of the Borough.

### 3. Summary of Significant Accounting Policies

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

# Kenai Peninsula Borough, Alaska

## Schedule of Findings and Questioned Costs Year Ended June 30, 2023

**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

Significant deficiency(ies) identified?  yes  (none 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: Unmodified

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:

***Assistance***

<i>Listing Number</i>	<i>Name of Federal Program or Cluster</i>	<i>Agency</i>
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds (ARPA)	U.S. Department of the Treasury
66.202	Congressionally Mandated Projects	Environmental Protection Agency

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

Auditee qualified as low-risk auditee?  yes  no

***State Financial Assistance***

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

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

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee?  yes  no

# Kenai Peninsula Borough, Alaska

## Schedule of Findings and Questioned Costs, continued Year Ended June 30, 2023

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### Section II - Financial Statement Findings Required to be Reported in Accordance with *Government Auditing Standards*

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*.

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

There were no findings and questioned costs for federal awards (as defined in section 2 CFR 200.516(a) of the Uniform Guidance) that are required to be reported.

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

There were no findings and questioned costs for State awards (as defined in the *State of Alaska Audit Guide*) that are required to be reported.