

CITY AND BOROUGH OF JUNEAU, ALASKA

Passenger Facility Charge Report

Year Ended June 30, 2010

# ELGEE REHFELD MERTZ, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON PASSENGER FACILITY CHARGES PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH *FAA PASSENGER FACILITY CHARGE AUDIT GUIDE FOR PUBLIC AGENCIES*

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

### Compliance

We have audited the City and Borough of Juneau, Alaska's (City and Borough's) compliance with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (FAA Guide), that could have a direct and material effect on the City and Borough's passenger facility charges program for the year ended June 30, 2010. Compliance with the requirements of laws and regulations applicable to its passenger facility charges program is the responsibility of the City and Borough's management. Our responsibility is to express an opinion on the City and Borough's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the FAA Guide. Those standards and the FAA Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the City and Borough's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City and Borough's compliance with those requirements.

In our opinion, the City and Borough complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its passenger facility charges program for the year ended June 30, 2010.

### Internal Control Over Compliance

Management of the City and Borough is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations applicable to the passenger facility charge program. In planning and performing our audit, we considered the City and Borough's internal control over compliance with requirements that could have a direct and material effect on the passenger facility charge program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the FAA Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City and Borough's 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 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

#### Schedule of Expenditures of Passenger Facility Charges

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, as of and for the year ended June 30, 2010, and have issued our report thereon dated December 30, 2010, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinion on the financial statements as a whole. The accompanying schedule of expenditures of passenger facility charges is presented for the purposes of additional analysis as required by the FAA Guide, and is not a required part of the 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 30, 2010 on our consideration of the City and Borough's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

This report is intended solely for the information and use of the Assembly, management, others within the entity, and the Federal Aviation Administration and is not intended to be and should not be used by anyone other than these specified parties.



December 30, 2010

CITY AND BOROUGH OF JUNEAU  
Schedule of Passenger Facility Charges  
Year ended June 30, 2010

| Application Title   | Application<br>Amount | Receivable<br>(deferral) at<br>June 30, 2009 | Amount<br>Collected | Interest Earned  | Expenditures      | Receivable<br>(deferral) at<br>June 30, 2010 |
|---|-----------------------|--|---------------------|------------------|-------------------|--|
| Application: 98-01-C-00-JNU & 01-04-U-00-JNU (Nos. 1 & 4) | \$ 1,194,429          | \$ (42,119)                                  | \$ -                | \$ 5,876         | \$ -              | \$ (47,995)                                  |
| Application: 00-02-C-00-JNU (No. 2)                       | 409,172               | (21,439)                                     | -                   | 3,378            | -                 | (24,817)                                     |
| Application: 01-03-C-00-JNU (No. 3)                       | 440,448               | (280)  | -                   | 56               | 336               | -  |
| Application: 04-07-C-00-JNU (No. 7)                       | 3,566,606             | (179,668)                                    | -                   | 43,778           | -                 | (223,446)                                    |
| Application: 08-08-C-00-JNU (No. 8)                       | <u>9,897,370</u>      | <u>-</u>                                     | <u>778,782</u>      | <u>(8,509)</u>   | <u>770,273</u>    | <u>-</u>                                     |
| Totals  | <u>\$ 15,508,025</u>  | <u>\$ (243,506)</u>                          | <u>\$ 778,782</u>   | <u>\$ 44,579</u> | <u>\$ 770,609</u> | <u>\$ (296,258)</u>                          |

CITY AND BOROUGH OF JUNEAU, ALASKA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2010

**SUMMARY OF AUDITORS' RESULTS**

***Financial Statements***

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiencies identified that are not considered to be material weakness(es)?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

***Passenger Facility Charges (PFC)***

Type of auditors' report issued on compliance for the PFC program: Unqualified

Internal control over the PFC program:

- Material weakness(es) identified?  Yes  No
- Significant deficiencies identified that are not considered to be material weakness(es)?  Yes  None reported

Major program

| <u>CFDA #</u> | <u>NAME</u>                       |
|---------------|-----------------------------------|
| n/a           | Passenger Facility Charge Program |

**FINDINGS – FINANCIAL STATEMENT AUDIT**

None to report for fiscal year 2010.

**FINDINGS AND QUESTIONED COSTS – PFC PROGRAM AUDIT**

None to report for fiscal year 2010.

CITY AND BOROUGH OF JUNEAU, ALASKA  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

Year Ended June 30, 2010

**FINDINGS – FINANCIAL STATEMENT AUDIT**

**Finding 2009-01      Internal Controls over Capital Projects Interest Allocation**

Status: Corrective action has been taken and this matter has been fully resolved.

**FINDINGS AND QUESTIONED COSTS – PFC PROGRAM AUDIT**

None reported for fiscal year 2009.