

CITY AND BOROUGH OF JUNEAU, ALASKA

Passenger Facility Charge Report

Year Ended June 30, 2009

ELGEE REHFELD MERTZ, LLC

CERTIFIED PUBLIC ACCOUNTANTS

9309 Glacier Highway, Suite B-200 • Juneau, Alaska 99801
907.789.3178 • FAX 907.789.7128 • www.ermcpa.com

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO PASSENGER FACILITY CHARGE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH PASSENGER FACILITY CHARGE AUDIT GUIDE FOR PUBLIC ENTITIES

The Members of the Assembly
The City and Borough of Juneau, Alaska:

Compliance

We have audited the compliance of the City and Borough of Juneau, Alaska, (City and Borough) with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide), for its passenger facility charge program for the year ended June 30, 2009. Compliance with the requirements of laws and regulations applicable to its passenger facility charge 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 Guide. Those standards and the 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 requirements referred to above that are applicable to its passenger facility charge program for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the City and Borough is responsible for establishing and maintaining effective internal control over compliance with 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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of passenger facility charge program on a timely basis. A significant

deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to administer a passenger facility charge program such that there is more than a remote likelihood that noncompliance with a type of compliance requirements of a passenger facility charge program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a passenger facility charge program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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, 2009, and have issued our report thereon dated December 11, 2009. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the City and Borough's basic financial statements. The accompanying schedule of expenditures of passenger facility charges is presented for the purpose of additional analysis as required by the Guide and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statement taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 11, 2009 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 organization, and the Federal Aviation Administration and is not intended to be and should not be used by anyone other than these specified parties.



December 11, 2009

CITY AND BOROUGH OF JUNEAU

Schedule of Passenger Facility Charges

Year ended June 30, 2009

Application	Application Amount	Receivable (deferral) at July 1, 2008	Amount Collected	Interest Earned	Expenditures	Receivable (deferral) at June 30, 2009
Application: 98-01-C-00-JNU & 01-04-U-00-JNU (Nos. 1 & 4)	\$ 1,194,429	\$ (34,409)	\$ -	\$ 8,739	\$ 8,739	\$ (34,409)
Application: 00-02-C-00-JNU (No. 2)	409,172	(17,416)	-	4,549	4,549	(17,416)
Application: 01-03-C-00-JNU (No. 3)	440,448	(70,496)	-	90	90	(70,496)
Application: 04-07-C-00-JNU (No. 7)	3,566,606	(128,970)	-	57,334	57,334	(128,970)
Application: 08-08-C-00-JNU (No. 8)	8,142,713	-	762,194	23,578	785,772	-
Totals	\$ 13,753,368	\$ (251,291)	\$ 762,194	\$ 94,290	\$ 856,484	\$ (251,291)