

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

December 10, 2003

Mr. Rod Swope
City Manager
City and Borough of Juneau
155 S. Seward
Juneau, Alaska 99801

Dear Mr. Swope;

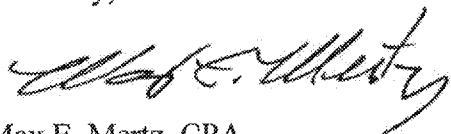
At your request, I have evaluated the procedures and methodologies used by the City and Borough of Juneau (CBJ) in preparing the Fiscal 2004 Marine Passenger Fee Cost Allocation Plan (CAP). My evaluation included meeting with CBJ Finance staff, and reading and reviewing the CAP and the basis with which the Finance Department and various other City departments allocated their costs to the Marine Passenger Fees. My evaluation also included comparing the allocation bases used to other similar plans employed by the CBJ and others.

CBJ Finance Department staff utilized its allocation software to develop the CAP. This software is also used by the CBJ to allocate departmental indirect and overhead costs for full-costing purposes and as required by federal cost circulars. This is an objective allocation methodology and is reasonable and appropriate for purposes of estimating cruise ship passenger costs to CBJ's functions.

The bases used to allocate each department's costs, which are described fully in the CAP, are subjective in nature. Based on my review of the plan, none of the bases appeared to be inappropriate. As a result, the marine passenger costs determined by the CAP appear reasonable.

Thank you for the opportunity to serve the CBJ. If I can assist you any further, please feel free to call.

Sincerely,



Max E. Mertz, CPA
Partner

Exhibit FH
Page 1 of 1