

CITY AND BOROUGH OF JUNEAU, ALASKA

State Financial Assistance Reports

Year ended June 30, 2006

CITY AND BOROUGH OF JUNEAU, ALASKA

State Financial Assistance Reports

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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

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

We have audited the basic financial statements of the City and Borough of Juneau, Alaska as of and for the year ended June 30, 2006, and have issued our report thereon dated November 9, 2006. We conducted our audit in accordance with 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City and Borough of Juneau, Alaska's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance

As part of obtaining reasonable assurance about whether the City and Borough of Juneau, Alaska's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 that are required to be reported under *Government Auditing Standards*.

However, we noted other matters involving the internal control over financial reporting, which we have reported to management of the City and Borough of Juneau, Alaska in a separate letter dated November 9, 2006.

This report is intended solely for the information and use of the Assembly, management, and the State of Alaska, and is not intended to be and should not be used by anyone other than these specified parties.



November 9, 2006

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REPORT ON COMPLIANCE WITH REQUIRMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE *STATE OF ALASKA AUDIT GUIDE AND COMPLIANCE SUPPLEMENT FOR STATE SINGLE AUDITS*

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 with the types of compliance requirements described in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that are applicable to each of its major state programs for the year ended June 30, 2006. The City and Borough of Juneau, Alaska's major state programs are identified in the accompanying schedule of state financial assistance. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major state programs is the responsibility of the City and Borough of Juneau, Alaska's management. Our responsibility is to express an opinion on the City and Borough of Juneau, Alaska'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 *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Those standards and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* 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 a major state program occurred. An audit includes examining, on a test basis, evidence about the City and Borough of Juneau, Alaska'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 of the City and Borough of Juneau, Alaska's compliance with those requirements.

In our opinion, the City and Borough of Juneau, Alaska complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of the City and Borough of Juneau, Alaska is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to state programs. In planning and performing our audit, we considered the City and Borough of Juneau, Alaska's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major state program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of State Financial Assistance and Schedules of Expenditures - Budget and Actual

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City and Borough of Juneau, Alaska as of and for the year ended June 30, 2006, and have issued our report thereon dated November 9, 2006. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City and Borough of Juneau, Alaska's basic financial statements. The accompanying Schedule of State Financial Assistance (pages 4-6) and Schedules of Expenditures - Budget and Actual (page 8) are presented for purposes of additional analysis as required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* and are 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 statements taken as a whole.

This report is intended solely for the information and use of the Assembly, management, and the State of Alaska, and is not intended to be and should not be used by anyone other than these specified parties.



November 9, 2006

CITY AND BOROUGH OF JUNEAU

Schedule of State Financial Assistance

Year ended June 30, 2006

State grant or/pass-through grant or/program title	Grant Number	Award Amount	Receivable (deferral) at July 1, 2005	Amount Received	Expenditures	Receivable (deferral) at June 30, 2006
Department of Community and Economic Development:						
Direct Program:						
Fisheries Business Tax	-	\$ 17,509	\$ -	\$ 17,509	\$ 17,509	\$ -
Eaglecrest Nordic Ski Trail	03-DC-121	25,000	-	15,872	15,872	-
JD Treatment Plant Incinerator	04-DC-001	415,000	1,147	1,978	30,597	29,766
Dimond Park School Complex Swimming Pool Design & Plan	05-DC-056	125,000	74,685	93,278	19,853	1,260
Adair Kennedy Bleachers	06-DC-083	100,000	-	2,676	9,693	7,017
JSD Technology Upgrades	* 06-DC-084	400,000	-	314	344,999	344,685
Municipal Capital Project Matching Grant Program:						
Essential Building Repairs	02-MG-066	171,000	24,899	24,899	-	-
Essential Bldg Repairs II	* 03-MG-091	171,000	22,586	49,230	67,900	41,256
Deferred Building Maintenance II	03-MG-092	338,867	62,581	94,736	32,155	-
Deferred Building Maintenance III	05-MG-020	<u>2,322</u>	<u>-</u>	<u>2,322</u>	<u>2,322</u>	<u>-</u>
Total Department of Community and Economic Development		<u>1,765,698</u>	<u>185,898</u>	<u>302,814</u>	<u>540,900</u>	<u>423,984</u>
Department of Education and Early Development:						
Library Assistance	PLA0674338	18,600	-	18,600	18,600	-
Interlibrary Cooperation Grant - Netlender	ILC-06-743-108	1,950	-	1,950	1,950	-
Staying Connected Matching Grant	ILC-06-743-217	3,900	-	3,900	3,900	-
Museum Grant-In-Aid Alaska's Capital City Exhibit	-	9,900	-	9,900	9,900	-
State Shared Revenue:						
School Debt Retirement FY05	-	2,359,646	214,520	214,520	-	-
School Debt Retirement FY06	-	<u>3,971,752</u>	<u>-</u>	<u>3,974,629</u>	<u>4,117,599</u>	<u>142,970</u>
Total Department of Education and Early Development		<u>6,365,748</u>	<u>214,520</u>	<u>4,223,499</u>	<u>4,151,949</u>	<u>142,970</u>
Department of Environmental Conservation:						
Hospital Drive Lift Station	* 44587	275,000	-	-	275,000	275,000
Bayview Sewer Expansion & North Douglas Sewer	* 44582	2,533,375	-	-	82,693	82,693
3rd Street Douglas Water and Sewer Replacement	44585	750,000	29,651	29,651	5,291	5,291
North Tee Harbor Waterline Extension	44586	<u>490,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Department of Environmental Conservation		<u>4,049,175</u>	<u>29,651</u>	<u>29,651</u>	<u>362,984</u>	<u>362,984</u>

CITY AND BOROUGH OF JUNEAU

Schedule of State Financial Assistance

Year ended June 30, 2006

State grant or/pass-through grant or/program title	Grant Number	Award Amount	Receivable (deferral) at July 1, 2005	Amount Received	Expenditures	Receivable (deferral) at June 30, 2006
Department of Fish and Game:						
Amalga Harbor Ramp Rehabilitation	03-045	600,000	82,947	-	16,005	98,952
Mendenhall River Erosion Control	05-110	<u>45,000</u>	<u>-</u>	<u>-</u>	<u>45,000</u>	<u>45,000</u>
Total Department of Fish and Game		<u>645,000</u>	<u>82,947</u>	<u>-</u>	<u>61,005</u>	<u>143,952</u>
Department of Health and Social Services:						
Substance Abuse Service - FY05	602-05-316	544,000	27,200	27,200	-	-
Comprehensive Behavioral Health Treatment	* 602-06-243	639,539	-	524,778	639,539	114,761
Community Mental Health Service	602-05-518	<u>77,100</u>	<u>3,855</u>	<u>3,855</u>	<u>-</u>	<u>-</u>
Total Department of Health and Social Services		<u>1,260,639</u>	<u>31,055</u>	<u>555,833</u>	<u>639,539</u>	<u>114,761</u>
Department of Military and Veterans Affairs:						
Local Emergency Planning Committee FY06	-	13,500	-	6,717	11,163	4,446
Local Emergency Planning Committee FY05	-	<u>18,000</u>	<u>17,146</u>	<u>17,146</u>	<u>-</u>	<u>-</u>
Total Department of Military and Veterans Affairs		<u>31,500</u>	<u>17,146</u>	<u>23,863</u>	<u>11,163</u>	<u>4,446</u>
Department of Revenue:						
State Shared Revenue FY06:						
Aviation Fuel	* -	67,266	-	-	67,266	67,266
Liquor Taxes	* -	62,100	-	18,900	62,100	43,200
Raw Fish Tax	* -	340,230	-	-	340,230	340,230
PERS	-	1,351,743	-	1,351,743	1,351,743	-
State Shared Revenue FY05:						
Aviation Fuel	-	80,000	79,777	79,777	-	-
Liquor Taxes	-	60,000	19,850	19,850	-	-
Raw Fish Tax	-	<u>250,000</u>	<u>298,218</u>	<u>298,218</u>	<u>-</u>	<u>-</u>
Total Department of Revenue		<u>2,211,339</u>	<u>397,845</u>	<u>1,768,488</u>	<u>1,821,339</u>	<u>450,696</u>

CITY AND BOROUGH OF JUNEAU

Schedule of State Financial Assistance

Year ended June 30, 2006

State grant or/pass-through grant or/program title	Grant Number	Award Amount	Receivable (deferral) at July 1, 2005	Amount Received	Expenditures	Receivable (deferral) at June 30, 2006
Department of Transportation and Public Facilities:						
Snow Removal Equipment Building (AIP 25)	67642	21,873	634	931	687	390
Juneau Airport EIS Phase III (AIP 39)	67462	43,437	13,119	19,806	11,068	4,381
Rehabilitate Access Road (AIP 40)	67725	9,784	341	587	246	-
Construct Taxiway Extension (AIP 42)	68028	32,741	9,835	9,835	-	-
Airport Terminal Study Phase II (AIP 44)	68091	20,000	3,371	3,801	440	10
Security Vehicle (AIP 45)	68858	683	637	644	7	-
Delta 1 Ramp Expansion (AIP 43)	67754	39,250	4,074	21,719	29,444	11,799
School Zones	051101	12,488	809	4,489	3,680	-
Harbor Transfer Agreement	*	-	7,047,810	2,142,440	4,771,309	-
Total Department of Transportation and Public Facilities		<u>7,228,066</u>	<u>2,175,260</u>	<u>4,833,121</u>	<u>2,674,441</u>	<u>16,580</u>
Total State Financial Assistance		<u>\$ 23,557,165</u>	<u>\$ 3,134,322</u>	<u>\$ 11,737,269</u>	<u>\$ 10,263,320</u>	<u>\$ 1,660,373</u>

*Major Program

CITY AND BOROUGH OF JUNEAU, ALASKA

Notes to Schedule of State Financial Assistance

Year ended June 30, 2006

General

The accompanying Schedule of State Financial Assistance presents the activity of all State financial assistance programs of the City and Borough of Juneau, Alaska. The City and Borough's reporting entity is defined in Note 1 to the City and Borough's basic financial statements. State financial assistance received directly from State agencies is included in the schedule.

Basis of Accounting

The accompanying Schedule of State Financial Assistance is presented using the modified-accrual basis of accounting, which is described in Note 1 to the City and Borough's basic financial statements.

Relationship to Basic Financial Statements

The following is a reconciliation of State revenues reported in the City and Borough's basic financial statements to State expenditures reported in the Schedule of State Financial Assistance:

State revenues as reported in the basic financial statements:	
Changes in Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 8,071,637
Changes in Revenues, Expenses, and Changes in Net Assets Proprietary Fund	647,416
Internal Service Funds	<u>20,994</u>
	8,740,047
Less:	
Federal grants passed through the State of Alaska	(3,544,579)
Capital projects for Proprietary Funds included in Governmental Funds	(1,907,483)
Rounding	(1)
Plus:	
Amounts reported as State revenue included in the Schedule of State Financial Assistance, but not included in the basic financial statements:	
Bartlett Regional Hospital grant revenues reported as operating revenues	639,539
Airport, Harbor, Hospital, Water and Sewer capital projects	<u>6,335,797</u>
Total State expenditures as reported in the Schedule of State Financial Assistance	\$ <u>10,263,320</u>

CITY AND BOROUGH OF JUNEAU, ALASKA
 SCHEDULE OF EXPENDITURES - BUDGET TO ACTUAL
 Comprehensive Behavioral Health Treatment Programs (602-06-243)
 Year ended June 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
Personal services	\$ 621,100	\$ 621,100	\$ -
Other direct	18,439	18,439	-
	<u>\$ 639,539</u>	<u>\$ 639,539</u>	<u>\$ -</u>