

CITY AND BOROUGH OF JUNEAU, ALASKA

Expenditures of Federal Awards Reports

Year ended June 30, 2004

CITY AND BOROUGH OF JUNEAU, ALASKA

Expenditures of Federal Awards Reports

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CERTIFIED PUBLIC ACCOUNTANTS

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## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Members of the Assembly  
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, 2004, and have issued our report thereon dated December 3, 2004. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the City and Borough of Juneau, Alaska's basic 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* 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 basic 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 in amounts that would be material in relation to the basic 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. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the City and Borough of Juneau, Alaska, in a separate letter dated December 3, 2004.

This report is intended solely for the information and use of the Assembly, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*ERM*

December 3, 2004

# ELGEE REHFELD MERTZ, LLC

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## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Members of the Assembly  
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 *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. The City and Borough of Juneau, Alaska's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal 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 generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 federal program occurred. An audit includes examining, on a test basis, evidence about the City and Borough of Juneau'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 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 federal programs for the year ended June 30, 2004.

### 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 requirements of laws, regulations, contracts and grants applicable to federal 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 federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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 that would be material in relation to a major federal 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 Expenditures of Federal Awards

We have audited the basic financial statements of the City and Borough of Juneau, Alaska as of and for the year ended June 30, 2004, and have issued our report thereon dated December 3, 2004. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements of the City and Borough of Juneau, Alaska. 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, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*ERM*

December 3, 2004

CITY AND BOROUGH OF JUNEAU, ALASKA  
 Schedule of Expenditures of Federal Awards

Year ended June 30, 2004

Federal grant or pass-through grant or program title	Pass-through grantor's number	Catalog of federal domestic assistance number	Program or award amount	Receivable (deferral) at June 30, 2003	Amount received	Expenditures	Receivable (deferral) at June 30, 2004
U.S. Transportation Security Administration							
Department of Homeland Security							
Metropolitan Medical Response Program	233-03-0105	97.071	\$ 600,000	-	-	-	-
Maritime and Land Security: Port Security Upgrades	D TSA20-03-G-01120	20.420	131,265	-	-	78,105	78,105
			731,265	-	-	78,105	78,105
State Pass-Through Grant:							
Department of Military and Veterans Affairs:							
State Homeland Security Grant	35549	97.004	962,000	-	-	-	-
Total U.S. Transportation Security Administration			1,693,265	-	-	78,105	78,105
U.S. Department of Agriculture:							
Forest Service:							
Raptor Center Land	-	* 15.xxxx	347,725	(347,725)	-	347,725	-
			347,725	(347,725)	-	347,725	-
State Pass-Through Grant:							
Alaska Department of Community and Economic Development:							
Schools and Roads - Grants to States FY02	-	10.665	930,246	(139,537)	-	-	(139,537)
Schools and Roads - Grants to States FY03	-	10.665	937,718	(140,658)	-	-	(140,658)
Schools and Roads - Grants to States FY04	-	10.665	949,181	-	949,181	806,804	(142,377)
			2,817,145	(280,195)	949,181	806,804	(422,572)
Total U.S. Department of Agriculture			3,164,870	(627,920)	949,181	1,154,529	(422,572)
U.S. Department of Transportation:							
Federal Transit Administration:							
Juneau Transit Center	-	20.500	197,600	-	-	-	-
State Pass-Through Grants:							
Alaska Department of Transportation and Public Facilities:							
Section 18 Grant (Operations)	68754	* 20.500	120,000	-	120,000	120,000	-
Training Grant CY04		20.509	8,000	-	-	-	-
Training Grant CY03		20.509	8,619	-	8,619	8,619	-
Juneau Capital Transit Capital Grant - Purchase Paratransit Buses:	68752	* 20.500	191,000	-	-	159,135	159,135
Juneau Capital Transit Capital Grant - Purchase Transit Buses	68488	* 20.500	724,220	-	603,346	694,690	91,344
			1,051,839	-	731,965	982,444	250,479

CITY AND BOROUGH OF JUNEAU, ALASKA  
 Schedule of Expenditures of Federal Awards

Year ended June 30, 2004

Federal grant or pass-through grant or program title	Pass-through grantor's number	Catalog of federal domestic assistance number	Program or award amount	Receivable (deferral) at June 30, 2003	Amount received	Expenditures	Receivable (deferral) at June 30, 2004
U.S. Department of Transportation (cont):							
Federal Highway Administration:							
State Pass-Through Grants:							
Alaska Department of Transportation and Public Facilities:							
Seabelt and DUI Overtime Enforcement	OP-03-03-09	20.600	7,000	-	6,932	-	-
Juneau Transit Development Plan	75614	20.205	54,582	29,996	54,582	24,586	-
			61,582	29,996	61,514	31,518	-
Federal Aviation Administration:							
Snow Removal Equipment Building Design	-	20.106	656,196	-	-	-	-
Runway Safety Area I Construction/Environmental Assessment	-	20.106	3,668,935	(43,287)	50,154	93,441	-
Runway Safety Area Environmental Impact Statement II	-	20.106	1,000,000	78,579	188,319	109,740	-
Environmental Impact Statement	-	20.106	1,303,125	-	25,331	163,173	137,842
Rehabilitate Terminal Building Exterior	-	20.106	478,931	20,262	20,262	-	-
9/11 Security Equipment and Terminal Improvements	-	20.106	186,041	89,230	166,331	77,101	-
Passenger Facility Charges	-	20.106	877,401	(217,942)	875,107	890,702	(202,347)
Air Traffic Control Tower Office Upgrades	-	20.xxx	75,000	24,962	49,668	57,919	33,213
Rehabilitate Taxiway Alpha	-	20.106	3,255,990	-	2,921,630	2,921,630	-
Passenger Screening and Blast Mitigation	-	20.106	356,317	-	356,317	356,317	-
Acquire Snow Removal, Aiside and Friction Measuring Equipment	-	20.106	557,480	-	-	-	-
Snow Removal Equipment and AARF	-	20.106	1,702,423	-	604,452	604,452	-
			14,117,839	(48,196)	5,257,571	5,274,475	(31,292)
			15,428,860	(18,200)	6,051,050	6,288,437	219,187
Total U.S. Department of Transportation							
U.S. Department of Treasury							
State Pass-Through Grant:							
Alaska Department of Community and Economic Development:							
Temporary Federal Relief Payment	-	21.xxx	743,031	-	743,031	743,031	-
U.S. Department of the Interior:							
Bureau of Land Management:							
"In Lieu of Tax" receipts	-	15.226	787,841	-	787,841	787,841	-
Electronic Record of Survey Plats/Datum and Projections Software	-	15.224	65,000	-	-	-	-
			852,841	-	787,841	787,841	-

**CITY AND BOROUGH OF JUNEAU, ALASKA**  
**Schedule of Expenditures of Federal Awards**

Year ended June 30, 2004

Federal grant or pass-through grant or program title	Pass-through grantor's number	Catalog of federal domestic assistance number	Program or award amount	Receivable (deferral) at June 30, 2003	Amount received	Expenditures	Receivable (deferral) at June 30, 2004
U.S. Department of the Interior (cont):							
Environmental Protection Agency:							
Wetlands Mitigation Bank Development	-	66.461	45,000	-	-	-	-
National Park Service:							
State Pass-Through Grants:							
Alaska Department of Natural Resources:							
JUALPA Mine Camp Historic District IV	03404	15.904	5,520	-	-	469	469
FY04 Historic Preservation Fund	03417	15.904	5,308	-	3,603	-	(3,603)
Casey Shattuck Neighborhood IV	03405	15.904	4,831	-	-	88	88
Skagway Travel Grant	03421	15.904	3,448	-	-	2,427	2,427
National Register Nomination Juneau Memorial Library	04431	15.904	3,581	-	-	163	163
Interpretive Signs/Juneau Downtown Historic District	02-395	15.904	12,600	11,000	12,600	1,600	-
Land and Water Conservation Fund	02-00372	15.916	154,786	-	-	30,957	30,957
Herbert River Land Purchase Coastal Wetlands	-	15.614	553,000	553,000	553,000	-	-
			743,074	564,000	569,203	35,704	30,501
U.S. Fish and Wildlife Service:							
Partners for Wildlife Cooperative Extension Agreement - JPD Site II	-	15.FFB	25,000	19,221	22,000	2,779	-
Partners for Wildlife Cooperative Extension Agreement - JPD Site III	-	15.631	8,000	-	8,000	8,000	-
Lemon Creek Watershed Assessment	-	15.631	20,000	-	-	-	-
			53,000	19,221	30,000	10,779	-
State Pass-Through Grants:							
Alaska Department of Fish and Game:							
Aurora Harbor Pump Out Stations	04-003	15.605	75,000	-	-	-	-
Norway Point Boat Moorage Float	01-097	15.605	100,000	-	-	-	-
Amalga Harbor Ramp Rehabilitation	03-045	15.605	1,800,000	-	-	1,431,267	1,431,267
Indoor Shooting Range Water Line	N/A	15.611	18,200	-	18,200	18,200	-
			1,993,200	-	18,200	1,449,467	-
			2,046,200	19,221	48,200	1,460,246	1,431,267
Total U.S. Department of the Interior			3,687,115	583,221	1,405,244	2,283,791	1,461,768



CITY AND BOROUGH OF JUNEAU, ALASKA  
Schedule of Expenditures of Federal Awards

Year ended June 30, 2004

Federal grant or pass-through grant or program title	Pass-through grantor's number	Catalog of federal domestic assistance number	Program or award amount	Receivable (deferral) at June 30, 2003	Amount received	Expenditures	Receivable (deferral) at June 30, 2004
U.S. Department of Education:							
State Pass-Through Grants:							
Alaska Department of Education and Early Development:							
Regional Grant	ILC-03-743-92	45.310	113,860	(4,958)	113,860	118,818	-
Live Homework/Pilot	ILC 04-743-111	45.310	5,000	-	5,000	5,000	-
Total U. S. Department of Education			118,860	(4,958)	118,860	123,818	-
U.S. Department of Commerce:							
National Oceanic and Atmospheric Administration:							
Coastal Impact Assistance Program	-	11.419	99,952	-	-	-	-
State Pass-Through Grants:							
Alaska Department of Community and Economic Development:							
Alaska Coastal Management FY03	831160	11.419	64,336	17,704	17,704	-	-
Alaska Coastal Management FY04	840614	11.419	41,800	-	41,800	41,800	-
ACMP - Coastal Resource Data System, Phase II	840635	11.419	20,000	-	9,738	20,000	10,262
Total U.S. Department of Commerce			126,136	17,704	69,242	61,800	10,262
			226,088	17,704	69,242	61,800	10,262
U.S. Department of Defense:							
State Pass-Through Grants:							
Alaska Department of Military and Veterans Affairs:							
Emergency Management Program FY03	-	83.552	12,500	3,125	6,250	3,125	-
Emergency Management Program FY04	-	83.552	30,000	-	-	19,850	19,850
CERT FY04	03-08	83.565	18,000	-	-	316	316
MIT II	PDM 03-01d	83.557	30,000	-	-	16,066	16,066
MIT I	PDM 03	83.557	10,000	-	10,000	10,000	-
FEMA All Hazards	-	83.562	17,137	913	17,137	16,224	-
FEMA Cert	-	83.564	10,496	1,000	7,335	6,335	-
Total U.S. Department of Defense			128,133	5,038	40,722	71,916	36,232

CITY AND BOROUGH OF JUNEAU, ALASKA  
 Schedule of Expenditures of Federal Awards

Year ended June 30, 2004

Federal grant or pass-through grant or program title	Pass-through grantor's number	Catalog of federal domestic assistance number	Program or award amount	Receivable (deferral) at June 30, 2003	Amount received	Expenditures	Receivable (deferral) at June 30, 2004
U.S. Department of Health and Human Services: Small Rural Hospital Grant Program	-	93.301	10,200	-	10,200	10,200	-
State Pass-Through Grant: Alaska Department of Health and Social Services: Denali Commission Women's Capacity Expansion FY02	- 06-2496	90.100 93.230	127,500 20,505 148,005	- 19,415 19,415	8,603 19,415 28,018	8,603 -	- -
Alaska State Hospital and Nursing Home Association ASHNHA Emergency Communications ASHNHA Emergency Operations Center	- -	93.003 93.003	19,350 17,661 37,011	- -	19,350 17,661 37,011	8,075 -	(11,275) (17,661) (28,936)
Alaska Department of Community and Economic Development CDBG - Day Care Facility for Frail and ADRD Elderly Total U.S. Department of Health and Human Services	841207	14.228	378,420 573,636	- 19,415	- 75,229	- 26,878	- (28,936)
U.S. Department of Justice: State Pass-Through Grant: Department of Military and Veterans Affairs: State Homeland Security Grant - First Responder	SHSGP-03-05	16.007	673,467	-	-	132,899	132,899
Alaska Department of Public Safety: 2001 COPS Technology Grant Total U.S. Department of Justice	2001CKWX0008 *	16.710	976,900 1,650,367	- -	239,481 239,481	271,219 404,118	31,738 164,637
U.S. Department of Housing and Urban Development: State Pass-Through Grant: Alaska Department of Revenue: Alaska Housing Finance Corporation: "In Lieu of Tax" receipts FY03 "In Lieu of Tax" receipts FY04 Total U.S. Department of Housing and Urban Development	- -	14.xxx 14.xxx	45,704 35,705 81,409	45,704 -	45,704 -	- 35,705 35,705	- 35,705 35,705
Total Federal Expenditures			\$ 27,495,634	20,004	9,737,744	11,272,128	1,554,388

\*Major Program

CITY AND BOROUGH OF JUNEAU, ALASKA

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2004

General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards 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. Federal awards received directly from federal agencies, as well as federal financial assistance passed through other government agencies, are included in the schedule.

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards 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 federal revenues reported in the City and Borough's basic financial statements to federal expenditures reported in the Schedule of Expenditures of Federal Awards:

Direct Grants:

Federal revenues as reported in the basic financial statements:	
Governmental Funds	\$ 1,146,345
Proprietary Funds	157,256

Less:

Amounts reported as federal revenue in the basic financial statements but not included in the Schedule of Expenditures of Federal Awards:	
Juneau International Airport classified Transportation Security Administration reimbursement for security upgrades as federal revenue.	<u>(157,256)</u>

Total direct grants	<u>1,146,345</u>
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Plus:

Grants passed through State of Alaska	4,763,001
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Federal monies included in airport, harbors, hospital, water and sewer capital projects	5,352,580
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Federal monies included in patient service revenues for Bartlett Regional Hospital	10,200
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Rounding	<u>2</u>
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Total federal expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 11,272,128</u>
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CITY AND BOROUGH OF JUNEAU, ALASKA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2004

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the City and Borough of Juneau, Alaska.
2. No instances of noncompliance material to the financial statements of the City and Borough of Juneau, Alaska were disclosed during the audit.
3. The auditor's report on compliance for the major federal award programs for the City and Borough of Juneau, Alaska expresses an unqualified opinion on all major federal programs.
4. There were no audit findings relative to the major federal award programs for the City and Borough of Juneau, Alaska required to be reported in this schedule under OMB Circular A-133.
5. The federal programs tested as major programs included:

<u>CFDA #</u>	<u>NAME</u>
15.605	Department of the Interior - Fish and Wildlife Service – Harbor Upgrades
20.500	Department of Transportation - Capital Investment Grants
20.500	Department of Transportation - Section 18 Grant (Operations)
15.XXX	Department of the Interior – United States Forest Service - Raptor Center Land
16.710	Department of Justice - 2001 COPS Technology Grant

6. The threshold for distinguishing Types A and B programs was \$300,000.
7. The City and Borough of Juneau was determined to be a low-risk auditee.

FINDINGS – FINANCIAL STATEMENT AUDIT

No matters reported.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

No matters reported.