

CITY AND BOROUGH OF JUNEAU, ALASKA

Expenditures of Federal Awards Reports

Year ended June 30, 2003

CITY AND BOROUGH OF JUNEAU, ALASKA

Expenditures of Federal Awards Reports

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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, 2003, and have issued our report thereon dated December 2, 2003. 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 2, 2003.

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 2, 2003

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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, 2003. 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, 2003.

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, 2003, and have issued our report thereon dated December 2, 2003. 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 2, 2003

CITY AND BOROUGH OF JUNEAU, ALASKA
Schedule of Expenditures of Federal Awards
Year ended June 30, 2003

Federal grant or/pass-through grant or/program title	Pass-through grantor's number	Catalogue of federal domestic assistance number	Program or award amount	Receivable (deferral) at June 30, 2002	Amount received	Expenditures	Receivable (deferral) at June 30, 2003
U.S. Department of Agriculture:							
Forest Service:							
Raptor Center Land	-	15.TED	\$ 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	-	937,718	797,060	(140,658)
Total U.S. Department of Agriculture			<u>2,215,689</u>	<u>(139,537)</u>	<u>1,285,443</u>	<u>797,060</u>	<u>(627,920)</u>
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)	68326	20.500	87,000	-	87,000	87,000	-
Juneau Downtown Transit Center - Enviro/Preconstruct	68271	20.500	48,750	48,750	48,750	-	-
Update Capital Transit Development Plan	AK-80-X009	20.500	25,000	-	25,000	25,000	-
Juneau Capital Transit Capital Grant - Purchase Transit Buses	68488	20.500	724,220	-	-	-	-
			<u>1,082,570</u>	<u>48,750</u>	<u>160,750</u>	<u>112,000</u>	<u>-</u>
Federal Highway Administration:							
State Pass-Through Grants:							
Alaska Department of Transportation and Public Facilities:							
Planning Grant - Juneau Transit Development Plan	74930	20.205	61,405	61,400	61,405	5	-
Juneau Transit Development Plan	75614	20.205	54,582	-	-	29,996	29,996
			<u>115,987</u>	<u>61,400</u>	<u>61,405</u>	<u>30,001</u>	<u>29,996</u>

CITY AND BOROUGH OF JUNEAU, ALASKA
Schedule of Expenditures of Federal Awards
Year ended June 30, 2003

Federal grant or/pass-through grant or/program title	Pass-through grantor's number	Catalogue of federal domestic assistance number	Program or award amount	Receivable (deferral) at June 30, 2002	Amount received	Expenditures	Receivable (deferral) at June 30, 2003
U.S. Department of Transportation (cont.):							
Federal Aviation Administration:							
Purchase of Security Equipment	-	20.106	81,075	-	10,575	10,575	-
Snow Removal Equipment Building Design	-	20.106	656,196	-	122,299	122,299	-
Runway Safety Area I Construction/Environmental Assessment	-	20.106	3,668,935	-	-	(43,287)	(43,287)
Runway Safety Area Environmental Impact Statement II	-	20.106	1,000,000	276,139	592,520	394,960	78,579
Rehabilitate Terminal Building Exterior	-	20.106	478,931	-	363,015	383,277	20,262
9/11 Security Requirements	-	20.106	89,554	89,554	-	-	-
9/11 Security Equipment and Terminal Improvements	-	20.106	186,041	-	-	89,230	89,230
Passenger Facility Charges	-	20.106	903,620	(141,301)	980,261	903,620	(217,942)
Air Traffic Control Tower Office Upgrades	-	20.xxx	75,000	-	-	24,962	24,962
Snow Removal Equipment and AARF	-	20.106	<u>1,702,423</u>	-	<u>1,079,065</u>	<u>1,079,065</u>	-
			<u>8,841,775</u>	<u>224,392</u>	<u>3,237,289</u>	<u>2,964,701</u>	<u>(48,196)</u>
Total U.S. Department of Transportation			<u>10,040,332</u>	<u>334,542</u>	<u>3,459,444</u>	<u>3,106,702</u>	<u>(18,200)</u>
U.S. Department of the Interior:							
Bureau of Land Management:							
"In Lieu of Tax" Receipts	-	15.226	757,684	-	757,684	757,684	-
Electronic Record of Survey Plats/Datum and Projections Software	-	15.224	<u>65,000</u>	-	-	-	-
			<u>822,684</u>	-	<u>757,684</u>	<u>757,684</u>	-
Environmental Protection Agency:							
Wetlands Mitigation Bank Development	-	66.461	<u>45,000</u>	-	-	-	-
State Pass-Through Grants:							
Alaska Department of Environmental Conservation:							
Stormwater Management Development	NP-02-05	66.460	<u>72,000</u>	<u>57,440</u>	<u>57,440</u>	-	-
National Park Service:							
State Pass-Through Grants:							
Alaska Department of Natural Resources:							
Stabilization of Jualpa Mine Camp Historic District, Ph. V	01-353	15.904	4,500	-	1,802	1,802	-
Interpretive Signs for Traditional Places	01-354	15.904	19,500	-	2,096	2,096	-

CITY AND BOROUGH OF JUNEAU, ALASKA
Schedule of Expenditures of Federal Awards
Year ended June 30, 2003

Federal grant or/pass-through grant or/program title	Pass-through grantor's number	Catalogue of federal domestic assistance number	Program or award amount	Receivable (deferral) at June 30, 2002	Amount received	Expenditures	Receivable (deferral) at June 30, 2003
U.S. Department of the Interior (cont.):							
Interpretive Signs/Juneau Downtown Historic District	02-395	15.904	12,600	-	-	11,000	11,000
Land and Water Conservation Fund	02-00372	15.916	154,786	-	123,829	123,829	-
Herbert River Land Purchase Coastal Wetlands	-	15.614	553,000	-	-	553,000	553,000
			<u>744,386</u>	<u>-</u>	<u>127,727</u>	<u>691,727</u>	<u>564,000</u>
Fish and Wildlife Service:							
Partners for Wildlife Cooperative Extension Agreement - JPD Site II	-	15.FFB	25,000	-	3,000	22,221	19,221
Improvements to the Duck Creek Watershed	-	15.FFB	5,000	5,000	5,000	-	-
Gauging Data - Duck and Jordan Creeks, Mendenhall River	-	15.FFB	5,000	5,000	5,000	-	-
			<u>35,000</u>	<u>10,000</u>	<u>13,000</u>	<u>22,221</u>	<u>19,221</u>
State Pass-Through Grants:							
Alaska Department of Fish and Game:							
Douglas Harbor Ramp Facility	01-018	15.605	300,000	-	300,000	300,000	-
Norway Point Boat Moorage Float	01-097	15.605	100,000	-	-	-	-
Amalga Harbor Launch Ramp Upgrade	03-045	15.605	1,500,000	-	-	-	-
			<u>1,900,000</u>	<u>-</u>	<u>300,000</u>	<u>300,000</u>	<u>-</u>
Total U.S. Department of the Interior			<u>3,619,070</u>	<u>67,440</u>	<u>1,255,851</u>	<u>1,771,632</u>	<u>583,221</u>
U.S. Department of Education:							
Museum Assessment Program III	-	45.301	2,970	-	1,220	1,220	-
			<u>2,970</u>	<u>-</u>	<u>1,220</u>	<u>1,220</u>	<u>-</u>
State Pass-Through Grants:							
Alaska Department of Education and Early Development:							
Regional Grant	ILC-03-743-92	45.310	109,640	-	109,640	104,682	(4,958)
SIRSI Conversion	ILC-02-743-139	45.310	70,000	-	70,000	70,000	-
			<u>179,640</u>	<u>-</u>	<u>179,640</u>	<u>174,682</u>	<u>(4,958)</u>
Total U. S. Department of Education			<u>182,610</u>	<u>-</u>	<u>180,860</u>	<u>175,902</u>	<u>(4,958)</u>

CITY AND BOROUGH OF JUNEAU, ALASKA
Schedule of Expenditures of Federal Awards
Year ended June 30, 2003

Federal grant or/pass-through grant or/program title	Pass-through grantor's number	Catalogue of federal domestic assistance number	Program or award amount	Receivable (deferral) at June 30, 2002	Amount received	Expenditures	Receivable (deferral) at June 30, 2003
U.S. Department of Commerce:							
National Oceanic and Atmospheric Administration:							
Coastal Impact Assistance Program	-	11.419	99,952	-	-	-	-
Joint Project Agreement - Lena Access Road	-	11.MOU	* 1,700,000	(368,569)	805,000	1,173,569	-
Duck Creek Culvert Replacement	-	11.CON	5,000	-	5,129	5,129	-
State Pass-Through Grants:							
Alaska Department of Community and Economic Development:							
Alaska Coastal Management FY02	820547	11.419	38,450	8,965	8,965	-	-
Alaska Coastal Management FY03	831160	11.419	64,336	-	46,632	64,336	17,704
Alaska Coastal Management Section 6217	820548	11.419	35,100	34,243	34,243	-	-
Total U.S. Department of Commerce			<u>1,942,838</u>	<u>(325,361)</u>	<u>899,969</u>	<u>1,243,034</u>	<u>17,704</u>
U.S. Department of Defense:							
State Pass-Through Grants:							
Alaska Department of Military and Veterans Affairs:							
Emergency Management Program FY02	-	83.552	10,000	2,500	5,000	2,500	-
Emergency Management Program FY03	-	83.552	12,500	-	6,250	9,375	3,125
FEMA All Hazards	-	83.562	17,137	-	-	913	913
FEMA Cert	-	83.564	10,496	-	-	1,000	1,000
Total U.S. Department of Defense			<u>50,133</u>	<u>2,500</u>	<u>11,250</u>	<u>13,788</u>	<u>5,038</u>
U.S. Department of Health and Human Services:							
State Pass-Through Grant:							
Alaska Department of Health and Social Services:							
Women's Capacity Expansion FY01	06-1496	93.230	106,174	8,543	8,543	-	-
Women's Capacity Expansion FY02	06-2496	93.230	20,505	19,415	-	-	19,415
Total U.S. Department of Health and Human Services			<u>126,679</u>	<u>27,958</u>	<u>8,543</u>	<u>-</u>	<u>19,415</u>

CITY AND BOROUGH OF JUNEAU, ALASKA
Schedule of Expenditures of Federal Awards
Year ended June 30, 2003

Federal grant or/pass-through grant or/program title	Pass-through grantor's number	Catalogue of federal domestic assistance number	Program or award amount	Receivable (deferral) at June 30, 2002	Amount received	Expenditures	Receivable (deferral) at June 30, 2003
U.S. Department of Justice:							
State Pass-Through Grant:							
Alaska Department of Public Safety:							
COPS Technology Grant	-	16.710	976,900	22,850	-	(22,850)	-
Total U.S. Department of Justice			<u>976,900</u>	<u>22,850</u>	<u>-</u>	<u>(22,850)</u>	<u>-</u>
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 FY02	-	14.xxx	50,203	50,203	50,203	-	-
"In Lieu of Tax" receipts FY03	-	14.xxx	45,704	-	-	45,704	45,704
Total U.S. Department of Housing and Urban Development			<u>95,907</u>	<u>50,203</u>	<u>50,203</u>	<u>45,704</u>	<u>45,704</u>
Denali Commission							
State Pass-Through Grant:							
Alaska Department of Community and Economic Development:							
Communities Priorities Program - Treadwell Ice Arena	831104	90.100	* 500,000	-	500,000	500,000	-
Total Federal Expenditures			<u>\$ 19,750,158</u>	<u>\$ 40,595</u>	<u>\$ 7,651,563</u>	<u>\$ 7,630,972</u>	<u>\$ 20,004</u>

*Major Program

CITY AND BOROUGH OF JUNEAU, ALASKA

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2003

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 is 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	\$ 1,954,694
Proprietary Funds	197,683

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>(197,683)</u>
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Total direct grants	<u>1,954,694</u>
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Plus:

Grants passed through State of Alaska	2,706,448
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Federal moneys included in airport, harbors, hospital, water and sewer capital projects	2,929,430
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Airport Revolving Capital Reserve Account transfer to operating equity	<u>40,400</u>
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Total federal expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 7,630,972</u>
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CITY AND BOROUGH OF JUNEAU, ALASKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2003

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>
15.614	Department of the Interior-National Park Service - Herbert River Land Purchase Coastal Wetlands
15.605	Department of the Interior - Fish and Wildlife Service-Douglas Harbor Ramp Facility
45.310	Department of Education-Regional Grant, SIRSI Conversion
11.MOU	Department of Commerce-Joint Project Agreement-Lena Access Road
90.100	Denali Commission-Communities Priorities Program
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.