

# MIKUNDA, COTTRELL & Co.

*A Professional Corporation*

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS  
3601 "C" Street, Suite 600 • Anchorage, Alaska 99503  
(907) 278-8878, Fax (907) 278-5779  
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## Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors  
Chugachmiut

We have audited the financial statements of Chugachmiut as of and for the year ended September 30, 2003, and have issued our report thereon dated December 10, 2003. 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.

### Compliance

As part of obtaining reasonable assurance about whether Chugachmiut'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*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Chugachmiut'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 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.

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

*Mikunda, Cottrell & Co.*

December 10, 2003

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Independent Auditor's Report on Compliance with Requirements 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

Board of Directors  
Chugachmiut

Compliance

We have audited the compliance of Chugachmiut 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 September 30, 2003. Chugachmiut's major state programs are identified in the accompanying schedule of state financial assistance. Compliance with laws, regulations, contracts, and grants, general requirements, and the specific requirements applicable to each of its major state programs is the responsibility of Chugachmiut's management. Our responsibility is to express an opinion on Chugachmiut'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 Chugachmiut'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 Chugachmiut's compliance with those requirements.

In our opinion, Chugachmiut 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 September 30, 2003.

Internal Control Over Compliance

The management of Chugachmiut 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 Chugachmiut'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 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.

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

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December 10, 2003

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## Independent Auditor's Report on Supplementary Information

Board of Directors  
Chugachmiut

We have audited the financial statements of Chugachmiut for the year ended September 30, 2003, and have issued our report thereon dated December 10, 2003. Our audit was made for the purpose of forming an opinion on the basic financial statements of Chugachmiut taken as a whole. The accompanying Schedules of Revenues and Expenses - Budget and Actual - Department of Health and Social Services Grants are presented for purposes of additional analysis and are not a required part of the financial statements. The information in those schedules has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Mikunda, Cottrell & Co.*

December 10, 2003