

**PRINCE WILLIAM SOUND SCIENCE
AND TECHNOLOGY INSTITUTE**
(d.b.a. Prince William Sound Science Center)

Federal Single Audit Reports

For Year Ended September 30, 2005

**PRINCE WILLIAM SOUND SCIENCE
AND TECHNOLOGY INSTITUTE**
(d.b.a. Prince William Sound Science Center)

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MIKUNDA, COTTRELL & Co.

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Independent Auditor's 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

Board of Directors
Prince William Sound Science and Technology Institute
(d.b.a. Prince William Sound Science Center)
Cordova, Alaska

We have audited the financial statements of Prince William Sound Science and Technology Institute (d.b.a. Prince William Sound Science Center) as of and for the year ended September 30, 2005, and have issued our report thereon dated November 11, 2005. 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 Prince William Sound Science Center'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 an opinion 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 reportable 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 internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Prince William Sound Science Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

Board of Directors
Prince William Sound Science and Technology Institute
(d.b.a. Prince William Sound Science Center)

This report is intended solely for the information and use of the Board of Directors, management 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.

Mikunda, Cottrell & Co.

November 11, 2005

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Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program, Internal Control Over Compliance, and Supplementary Schedule of Expenditures of Federal Awards in Accordance with OMB Circular A-133

Board of Directors
Prince William Sound Science and Technology Institute
(d.b.a. Prince William Sound Science Center)
Cordova, Alaska

Compliance

We have audited the compliance of Prince William Sound Science and Technology Institute (d.b.a. Prince William Sound Science Center) 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 its major federal program for the year ended September 30, 2005. Prince William Sound Science Center's major federal program is 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 its major federal program is the responsibility of Prince William Sound Science Center's management. Our responsibility is to express an opinion on Prince William Sound Science Center'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 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 Prince William Sound Science Center'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 Prince William Sound Science Center's compliance with those requirements.

In our opinion, Prince William Sound Science Center complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended September 30, 2005. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 05-1.

Board of Directors
Prince William Sound Science and Technology Institute
(d.b.a. Prince William Sound Science Center)

Internal Control Over Compliance

The management of Prince William Sound Science Center is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Prince William Sound Science Center'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 the 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 reportable 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 the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud 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 financial statements of Prince William Sound Science Center as of and for the year ended September 30, 2005, and have issued our report thereon dated November 11, 2005. Our audit was performed for the purpose of forming an opinion on the 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. 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 Board of Directors, management 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.

Mikunda, Cottrell & Co.

November 11, 2005

**PRINCE WILLIAM SOUND SCIENCE
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Schedule of Expenditures of Federal Awards

Year Ended September 30, 2005

Federal grantor/pass-through grantor program title	Grant Number	CFDA Number	Award Amount	FY05 Expenditures
TransAlaska Pipeline Fund passed through Department of Transportation United States Coast Guard to Oil Spill Recovery Institute	Coast Guard Authorization Act of 1996	20.TPF	\$ 1,851,050	978,253
Department of Commerce: NMFS PWS Sea Lion	NA04NMF4390161	11.439	943,358	380,422
Nowcast/Forecast Implementation	NA03NOS4000211	11.400	967,134	146,381
Exxon Valdez Trustee Council passed through National Oceanic Atmospheric Administration: Seafood Waste	AB133F-04-CN-0028	11.NOA	237,873	103,729
Trophic Dynamics, Mod 4	AB1330-03-CN-0083	11.NOA	471,300	118,501
Total Exxon Valdez Oil Spill Council passed through the National Oceanic & Atmospheric Administration			709,173	222,230
National Oceanic Atmospheric Administration: Passed through North Pacific Research Board Estuaries as Essential Fish Habitats for Salmonids	R0310	11.472	400,022	135,458
Passed through Exxon Valdez Trustee Council Passed through State of Alaska Department of Fish and Game GEM - Ocean Observing System	COOP - 05-047	11.473	730,956	730,956
Passed through Alaska Ocean Observing System Passed through Alaska Sea Life Center Alaska Ocean Observing System	H2202	11.473	231,505	23,061
Passed through International Pacific Halibut Commission Kline Halibut	N/A	11.PHC	90,000	1,287
Passed through State of Alaska Department of Community and Economic Development Science of the Sound	831402	11.419	36,500	9,284
Total Department of Commerce			4,108,648	1,649,079
Department of Interior: Exxon Valdez Trustee Council passed through US Geological Survey - GEM Nutrient	USGS 04WRAG0023	15.808	302,952	148,853
Fish and Wildlife Service Passed through the Alaska Department of Fish and Game	05-141	15.634	138,659	37,653
Total Department of Interior			441,611	186,506
National Science Foundation - Globec - 2004	OCE0114560 Amendment 003	47.050	109,557	73,186
Total Federal Awards			\$ 2,887,024	

See accompanying notes to Schedule of Expenditures of Federal Awards.

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Notes to Schedule of Expenditures of Federal Awards

Year Ended September 30, 2005

General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of Prince William Sound Science Center (the Center). The Center's reporting entity is defined in Note 1 of the Center's financial statements. Federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other agencies is included in the schedule.

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 of the Center's financial statements.

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Summary Schedule of Prior Audit Findings

Year Ended September 30, 2005

There were no prior year audit findings.

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Schedule of Findings and Questioned Costs

Year Ended September 30, 2005

I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? _____ yes _____ X no

Reportable condition(s) identified that are not considered to be material weaknesses? _____ yes _____ X none reported

Noncompliance material to financial statements noted? _____ yes _____ X no

Federal Awards

Internal control over major programs:

Material weaknesses identified? _____ yes _____ X no

Reportable condition(s) identified that are not considered to be material weakness(es)? _____ yes _____ X none reported

Type of auditor’s report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? _____ X yes _____ no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
11, 15, 20, 47	Research and Development Cluster

Dollar threshold used to distinguish between type A and B programs: \$300,000

Low risk auditee? _____ X yes _____ no

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Schedule of Findings and Questioned Costs, continued

II - Financial Statement Findings

There were no findings relating to the financial statements reported in accordance with *Government Auditing Standards*.

III - Federal Award Findings and Questioned Costs

<u>Finding 05-1</u>	Reporting Package
Program:	All federal awards
Criteria:	All entities spending funds greater than \$500,000 in a fiscal year are required under OMB Circular A-133 to file a reporting package within the earlier of 30 days after receipt of the audit report, or nine months after fiscal year end.
Condition:	Criteria not met.
Context:	See Criteria.
Effect:	Reporting package was submitted late.
Cause:	Miscommunication about whose responsibility it is to complete the package.
Questioned Costs:	None.
Recommendation:	We recommend management takes steps to ensure that the reporting package is submitted in a timely manner.
Management response:	We will see that reporting packages are submitted on time in the future.

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Corrective Action Plan

Year Ended September 30, 2005

Finding 05-1

Management will submit the reporting package as required.