

**Division of Legislative Audit  
Commercial Passenger Vessel Tax Audit  
Community Questionnaire  
City and Borough of Juneau**

Commercial Passenger Vessel Taxes: Shared Revenue and Appropriations

**Instructions:** Responses to this questionnaire will be used in our audit report to support our conclusions. Please ensure that your responses are complete and accurate. Responses should be based on current accounting records, budget projections, project data, community plans, or the like. At the end of the questionnaire, we request that the City and Borough of Juneau (CBJ) manager (or equivalent position) review and certify the accuracy of the data reported.

If the space provided below is not sufficient to address the question, please feel free to attach a separate memo. Additionally, if an electronic version of this questionnaire is preferred, please email Brittany Abbott ([ HYPERLINK "mailto:Brittany.abbott@akleg.gov" ]).

1. We would like to understand the accounting structure that the CBJ uses to record the receipt of CPV shared tax revenues and related expenditures. Please answer the questions below.

**Shared Taxes**

- a. Fund name, fund number and fund type (i.e. general fund, special revenue fund) used to record and track CPV shared taxes: The Direct CPV shared taxes is called State MPF Non-Operational, the fund number is F233, which sits in the Port Development Fund. The non-direct (DCCED) grants go to the specific CIP's that the granting agency had given us the funding for. They are either in the Airport CIP project, Harbors/Docks CIP Projects, or Water CIP Projects.
- b. Account name and number used to record CPV shared taxes: The account name is State MPF Non-Operational and the number is 233010101 4018.
- c. Briefly describe the procedures that ensure CPV shared tax revenues are only used for port facilities, harbor infrastructure, or other services provided to the commercial passenger vessels and the passengers on board those vessels. The CBJ Docks & Harbors staff reviews each proposed capital improvement project and evaluates the merits of the project against established criteria. The guidance ensures the funds will be used to enhance safety and efficiency of cruise ship passengers which doesn't impose more than a small burden of interstate/foreign commerce. The criterion which is also coordinated with visibility from CBJ Law ensures that public money is used for public purposes as required under Article IX, Section 6 of the Alaska Constitution.  
Once the funds, either Direct or In-Direct are approved by either CPV or DCCED, CBJ has to go before the Assembly and have the funds appropriated to specific projects

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that have been approved by the granting agency. The funds are then put on the specific CIP receiving the funding. The project managers then make sure that if there is a grant on their project it is allocated according to the grant agreement and any stipulations within the agreement.

**Grants:**

*If the community has not received grants, the questions below are not applicable.*

- d. Describe the CBJ's procedures used to ensure that grant reimbursement requests are complete, accurate, and allowable based on the grant agreement.

In your response, please address compilation, approval, and documentation retention procedures related to the expenditures reported on reimbursement request submitted to the Department of Commerce, Community and Economic Development.

The expenses are coded to the specific activity assigned to the CIP. Airport, Docks and Harbors, Engineering staff work on coding their purchase orders to the specific project. Sometimes a phase is assigned to the specific grant and they will code accordingly. Any funds that they deem ineligible to the project they will code to a different phase that will be paid for with the other funds sitting on the CIP. The grant accountant will run a report every quarter in Grants Management. She will then reconcile it to the correct funding source. Once the report is finalized she will email the report to the specific project manager. The project manager will look at what was spent for the quarter and let the Grant Accountant know what is eligible or not. They will also put in a brief progress report of what has happened on the project during the quarter. Once that is finalized the Grant Accountant will then give the documents to the Finance Director or Controller to sign for reimbursement. Once the documents are signed the Grant Accountant will make copies and mail or hand delivers the grant reimbursement requests. After the close of the grant we are told to keep the reports and any expenses that are related to the project for six years

- e. What accounting structures are used to record and track the CPV grant expenditures? The direct CPV grant money is put into fund F233. It is then transferred out to the specific CIP (Seawalk or 16b project). Those are assigned specific activity numbers (H51-092 Seawalk, H51-095 Downtown Cruise Ship Berth

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Enh, and H51-101 Cruise Berth Improvements(16b)) and go to fund F431 (Dock). If it is indirect CPV grant funds coming from DCCED the budget is appropriated directly to the project. It is assigned an activity for each CIP. As the reimbursements come in they are coded to the specific project.

2. From the inception of the CPV tax through June 30, 2015, the State has distributed a total of \$17,239,710 in CPV shared taxes to CBJ. Please provide inception-to-date information regarding expenditures of the shared taxes as well as obligated balances as of June 30, 2015 in column (b) and (c). Calculate the total unexpended and unobligated balances of annual shared revenues on column (d).

(a) Total Revenues	(b) Expenditures	(c) Encumbrances	(d) Unexpended and Unobligated Balance
17,239,710.00	12,521,730.00	4,075,000.00	642,980.00

3. What is CBJ’s planned usage of unexpended and unobligated CPV shared tax funds as of June 30, 2015.

See Schedule A. These funds will be used for the Downtown Waterfront Seawalk (expected to be bid in October 2015) and the Cruise Berth Improvement project(16b).

4. Describe, in a brief narrative, how the CPV shared tax revenue has been used for port facilities, harbor infrastructure, or other services provided to the commercial passenger vessels and the passengers on board those vessels.

During public meetings for the Airport terminal expansion planning stage, visitor industry representatives effectively advocated for the Airport to include improved cruise passenger and baggage handling facilities in the upcoming renovation project. A covered bus staging area and improved group baggage handling (including a dedicated exit for large baggage carts) were included in the project. The request for Marine Passenger Fees was appropriate given the cruise ship passengers and crew who arrive or depart Juneau by air. The construction took place 2008-2012.

Since 2009, CBJ Docks & Harbors has proactively been engaged in improving the infrastructure and cruise ship visitor facilities through ongoing capital improvement projects. In 2010 the Port-Customs Building was completed which houses the federal Customs and Border Protection offices as well as the seasonal CBJ Port Field Office in

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providing statutory presence in the downtown Port of Juneau. Following the Port-Customs Building completion, a new Visitors Center was constructed to provide opportunities for cruise ship passengers to receive local guidance enhancing their cruising experience in Alaska's Capital City. In 2013 and 2014, Docks & Harbors engaged in shoreside infrastructure improvements by revamping the coach and bus staging areas which greatly improved the facility to safely and efficiently move cruise ship passengers onto coaches and busses for tours outside the Port of Juneau vicinity. CPV funds have been used in funding two new floating berths which are necessary to provide moorage infrastructure for post-PANAMAX cruise ships which are currently plying Alaskan water but are unable to dock at two CBJ owned facilities due to antiquated and inadequate dimensions. When completed, CBJ will have the same capacity as Ketchikan and Skagway in hosting four of the post-PANAMAX cruise ships.

Last Chance Basin Well Field Improvements and the Salmon Creek Water Treatment Projects both provide needed upgrades in capacity and water quality to the water supply for Juneau in order for the CBJ to be able to continue to provide reliable and safe municipal water to the visitors and cruise ships that call upon Juneau and the residents of Juneau.

5. In the tables below, please summarize **ALL** capital and operating projects that are either partially or fully funded by the CPV tax program.
- **Table A** will summarize CPV shared tax expenditures.
  - **Table B** will summarize the status of projects funded by CPV grants made through legislative appropriation.

If the expenditure is of an operating nature, the percentage completion date should be "N/A" for not applicable.

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**Table A – CPV Shared Tax Expenditure Summary**

*Note: This table summarizes the uses of shared taxes reported question 2b. Total expenditures reported in this table should agree to the response provided in 2b.*

Project Name	Project Description	Project Start Date	Expected or Actual Completion Date	Projected OR Actual Cost (all funding sources)	Expenditures as of June 30, 2015 (all funding sources)	Project Costs funded by CPV shared taxes as of June 30, 2015
Downtown Cruise Ship Berth Improvements (H51-095)	Downtown Cruise Ship Berth Improvements	8/2007	6/2017	11,443,081.88	11,247,614.40	155,686.25
Cruise Berth Improvements (H51-101)	Cruise Berth Improvements	6/2011	6/2017	77,538,000.00	25,923,327.62	12,366,043.75
Waterfront Seawalk II (H51-092)	Waterfront Seawalk II	7/2013	6/2016	15,000,000.00	4,336,794.44	-0-
Slated for Cruise Berth Improvements (H51-101)	This is the excess that was not budgeted to go to the CIP for Prior Fiscal Years. It is sitting in Fund 233.	NA	6/2017	642,980.00	-0-	-0-

1. **Project Name and Description:** Please include the name of any capital or operating projects that have been either fully or partially funded by CPV grants since the municipality/borough began receiving shared taxes.
2. **Project Start Date and Expected/Actual Completion Date:** If the project is capital, please provide the date the project began and ended (or are expected to end). If the project is of an operating nature, use the project start date to document the fiscal year that the municipality/borough began funding the operation with CPV shared taxes and an expected end date, if applicable.
3. **Projected OR Actual Cost and ITD Expenditures:** Please provide the inception-to-date total projected or actual cost (if project is completed) and expenditures based on all funding sources.
4. **Project Cost funded by CPV shared taxes:** Please provide the portion of inception-to-date costs funded by CPV shared taxes.

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**Table B – Status Of Projects Funded By CPV Legislative Appropriations**

*Note: For project data, please provide the projected or actual cost of each project and total project expenditures as of June 30, 2015. If a CPV funded project is not listed below, please add the information.*

State Fiscal Year of Grant Appropriation Authorization	Grant Award Name	Grant Award Amount	Grant Expenditures Reimbursed as of June 30, 2015	Available Grant Balance as of June 30, 2015	Project Start Date	Expected Completion Date	ITD Projected OR Actual Cost	ITD Expenditures as of June 30, 2015 (include all funding sources)
2009	Airport Cruise Passenger Baggage and Facility Safety	1,300,000	1,300,000	0	6/2007	6/2017	28,993,336.26	21,704,634.94
2009	Commercial Passenger Vessel Dock Retaining Wall Repair & Replacement	1,500,000	1,500,000	0	8/2007	6/2017	11,443,081.88 71,257,482.12	11,247,614.40 25,923,327.62
2010	Auke Bay Seawalk Construction	800,000	104,256	0	10/2007	6/2017	25,703,700.00	17,050,390.91
2010	Cruise Ship Dock Improvements**	2,500,000	19,000,000	0	8/2007	6/2017	11,443,081.88 71,257,482.12	11,247,614.40 25,923,327.62
2011		9,000,000						
2012		7,500,000						
2015	Last Chance Basin Well Field	1,350,000	822,805	0	12/2007	6/2016	6,269,136.00	2,476,579.24
2015	Salmon Creek Water Treatment	650,000	224,070.62	443,282.68	10/2009	6/2016	7,320,000.00	481,267.09

\*\* The Juneau Cruise Ship Dock was partially funded by CPV tax revenues and the State's General Fund. Was CBJ aware of the funding sources for this grant? If so, were any procedures performed to track the funds separately? \_ The DCCED grants agreements referred above did not indicate they were funded by CPV funds. When preparing grant requests for portions of large capital projects, CPV funds were requested where improvements were needed to support Harbor and Port facilities.

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The expenses are coded to the specific activity assigned to the CIP. Docks and Harbors staff works on coding their purchase orders to the specific project. Sometimes a phase is assigned to the specific grant and they will code accordingly. Any funds that they deem ineligible to the project they will code to a different phase that will be paid for with the other funds sitting on the CIP. The grant accountant will run a report every quarter in Grants Management. She will then reconcile it to the correct funding source. Once the report is finalized she will email the report to the specific project manager. The project manager will look at what was spent for the quarter and let the Grant Accountant know what is eligible or not. They will also put in a brief progress report of what has happened on the project during the quarter. Once that is finalized the Grant Accountant will then give the documents to the Finance Director or Controller to sign for reimbursement. Once the documents are signed the Grant Accountant will make copies and mail or hand delivers the grant reimbursement requests. After the close of the grant we are told to keep the reports and any expenses that are related to the project for six years.

1. **Project Start Date and Expected Completion Date:** Please provide the date the project began and ended (or is expected to end).
2. **Projected or Actual Cost and Expenditures:** Please provide the inception-to-date total projected or actual cost (if project is completed) and expenditures based on all funding source.





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**Certification**

Name of Preparer: Janella Lewis  
Title of Preparer: CIP/Grant Accountant III  
Completion Date: \_\_\_\_\_

Name of Certifier (print): Robert Bartholomew, Finance Director

I, \_\_\_\_\_ certify that responses provided in this questionnaire are complete, accurate, and supported by the City and Borough of Juneau's accounting records.

Based on the responses provided, additional information may be requested. Please provide the contact information for the individual we should contact with regard to the audit request.

**Contact information:**

Name: Janella Lewis  
Title: CIP/Grant Accountant II  
Telephone Number: 907-586-0345  
Email Address: janella.lewis@juneau.org

Thank you. We appreciate the time and attention you have spent completing this questionnaire.