



CITY OF WASILLA

290 E. HERNING AVE.

WASILLA, ALASKA 99654-7091

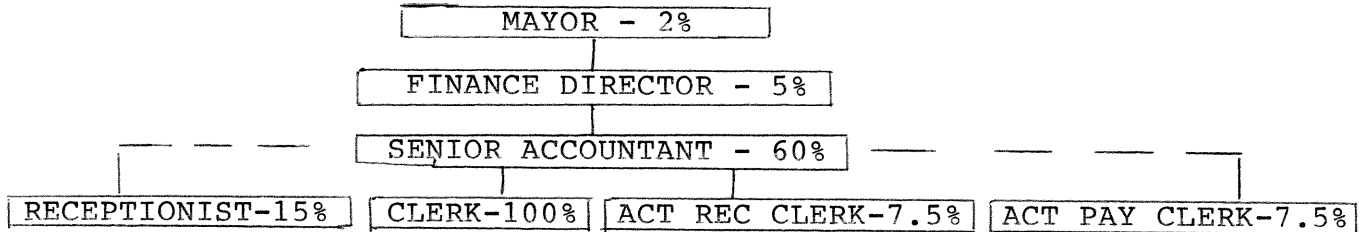
PHONE: (907) 373-9050

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INFORMATION MEMORANDUM

NO. 92-31

SALES TAX ADMINISTRATION CITY OF WASILLA



The above chart illustrates how we envision the actual administration of the sales tax will work. The efforts of all the people involved add up to two full time positions. The two major workers will be the Sales Tax Clerk who will handle the routine matters and the Chief Accountant who will handle the enforcement and audit chores. We believe this to be a conservative estimate.

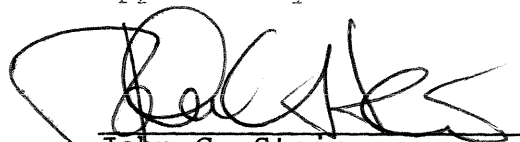
In addition to the human effort, we plan to augment our computer system in two ways: 1. By the purchase of a point of sale cash receipts system. This would entail installation of a computer terminal, printer and cash drawer at the front counter. Over the counter transactions of all types would be punched directly into the computer and posted to the General Ledger in a batch mode. Mail transactions would be posted from the appropriate clerks desk. This installation should save duplicative effort for the Utility Billing Clerk, the Business License Clerk and the Sales Tax Clerk. 2. Modification of our existing Business License Program to produce the needed reports and actions.

The Senior Accountant will reside in the former Land Use office and the Clerk will work out of the front office. When it is necessary to have a conference with a business, the Accountant will have a private place to meet. It is planned that the Senior Accountant will start as soon as possible after December 1, 1992 with the Clerk starting January 2, 1993.

Submitted By:

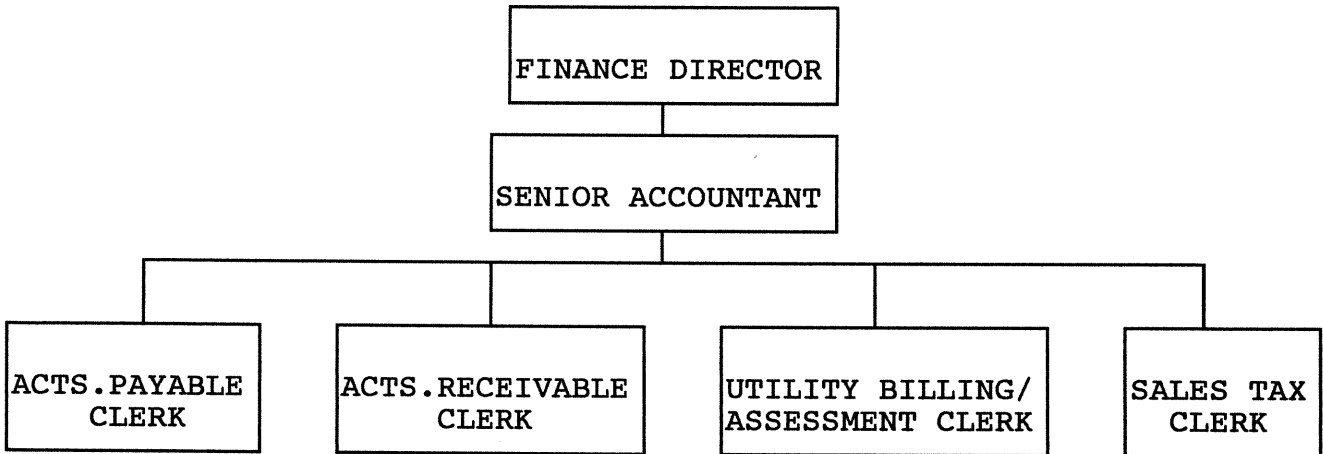

Erling R. Nelson
Finance Director

Approved By:

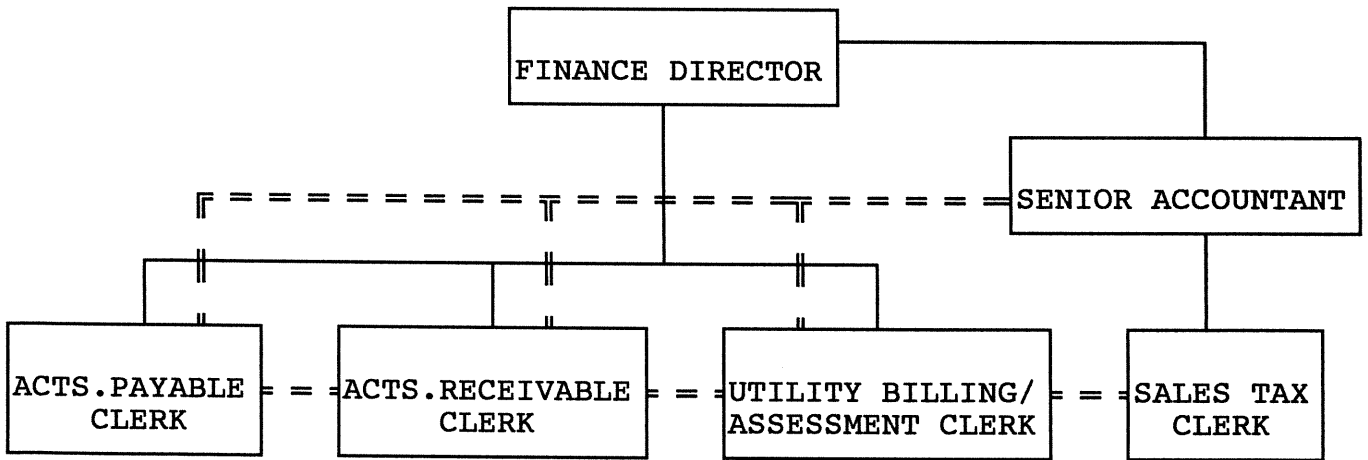

John C. Stein
Mayor

FINANCE DEPARTMENT ORGANIZATION

TRADITIONAL AUTHORITY



WORKING RELATIONSHIP





CITY OF WASILLA

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PHONE: (907) 373-9050

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TO: WHOM IT MAY CONCERN

FROM: RENE RABY, FINANCE CLERK

DATE: NOVEMBER 25, 1992

SUBJ: THE RESEARCH DONE TOWARDS THE SALES TAX CLERK POSITION

I have 23 years accounting experience, 20 yrs in the private retail sector, and 3 in governmental accounting. My recent sales tax experience consists of reporting the sales tax for 5 1/2 years in Kodiak, Ak. for 6 retail businesses.

Based on this experience, Administration assigned me the duty to call the other Cities in the State about their sales tax clerk positions. The criteria used for the Cities called consisted of the population and the number of businesses in the area. Of course, Wasilla is unique in that the actual population in the city limits is small (4,124) when compared to the number of licensed businesses (725). I therefore picked a wide range of cities to call. The cities called were Kodiak, Palmer, Unalaska, Sitka, Kotzebue, and Wrangell. The following is a breakdown of the information received from each city.

1. KODIAK, AK. - Sandy Hegglin- 1-486-8655.
Kodiak's population is 7,229. The number of licensed businesses is 800. They bill quarterly. It is the only way their one sales tax clerk can do it all. The audits are preformed by the Fin. Dir. All the monies received is receipted in by the acct. rec clerk, 30 % of her time. The front counter people pass out packets and accept money. The total positions involved equaled 1 1/2.

2. PALMER, AL. - operator- 745-3271.
Palmer would not answer any questions regarding the sales tax. I was informed to fax any questions and they would get to it when they could.

3. UNALASKA, AK.- Debra -581-1251.
Unalaska's population is 3450 with a little over 300 accounts. They have to file quarterly. If the businesses pay monthly, they earn the 2% discount. If they pay quarterly they don't. This encourages the large companies to pay monthly, which in turn generates the money for the city. Unalaska has three positions that spend 30 to 40% of their time on sales tax. Part of the problem is that they have 15 to 20% late filings. This takes extra time because of all the letters it generates and the follow up work.

4. SITKA, AK. - Danielle -747-3294.
Sitka's population is 8588 with 1150 accounts. They file quarterly with the monthly prepaid plan (the same as Unalaska). At this time, there is one full time clerk, and 25% of the counter people spend on sales tax receipting. They are looking to adding another full time position. She averages 160 delinquent letters (14%) the first time around. Liens that actually get filed are around 20. It is a very time consuming process to go thru the court system. No audits are done at this time, due to lack of time. Filing is very hard to keep up with.

5. KOTZEBUE, AK. -Donna- 442-3401.
Kotzebue's population is 3075 with 150 to 200 accounts. They file monthly. One position handles the sales tax and accounts receivable. The City auditors audit the accounts and the city lawyers handle the delinquents.

6. WRANGELL, AK. - Christy- 874-2381
She never called back with the information.

SUMMARY:

Each City talked to, expressed the need for confidentiality concerning the accounts, along with the need to write everything down and enter it in their file, for court purposes. Special forms were made to record each and every telephone conversation and this was entered into their files. The files MUST be kept updated at all times. Otherwise, the senior accountant can not make an accurate judgement call. Every return that is filed will have to be checked for accuracy and then receipted into the businesses account on the computer. The returns will then have to be filed. After everything is posted (over 600 returns, 85% of 725), a delinquent list will be generated. The average delinquent rate is around 15%. That equals approx. 112 letters per month for the first time around. Plus there will be the follow up letters for the previous months accounts that still haven't been paid. This is approx. 25% of the first round which equals 28 letters. In all, there will be three letters sent out before action is taken. Most of the claims can be filed thru small claims (amounts under \$5,000). Unfortunately, this is a time consuming endeavor, and it will be cheaper to do it in house as opposed to the attorney. I hope this brief explanation as to some of the duties involved will give a clearer picture of the volume of paper work that is going to be generated by the sales tax. We have purposely tried to make the transition for the retailer as painless as possible and the only way to continue that is to have enough positions to do the job accurately, proficiently and professionally.