CITY OF BETHEL
FINANCE COMMITTEE
MONDAY, OCTOBER 24, 2022, 6:30 PM
LOCATION: 300 CHIEF EDDIE HOFFMAN HIGHWAY, BETHEL, ALASKA

ZOOM MEETING LINK: HTTPS://ZOOM.US/J/99674371849?PWD=NWTUNURHC1EVOE15DUVONFJ3NKP UT09
ZOOM MEETING ID: 996 7437 1849 **ZOOM PASSCODE: 507255**

MEMBERS	STAFF
Carol Ann Willard, Chair	Duane Wright, Ex Officio Member
Robert Rey, Vice Chair	Xavier Mason, Ex Officio Member
John Hamilton	Alexandra Batchelor, Ex Officio Member
Farah Sears	finance@cityofbethel.net
Rose Henderson, Council Rep.	907-543-1381

I. CALL TO ORDER

II. ROLL CALL

III. PEOPLE TO BE HEARD – FIVE MINUTES PER PERSON

A. Please submit written public comments to finance@cityofbethel.net by 4:00 p.m. the day of the meeting.

IV. APPROVAL OF AGENDA

A. 10/24/2022

V. APPROVAL OF MEETING MINUTES

A. 08/22/2022

B. 09/26/2022

VI. UNFINISHED BUSINESS

VII. NEW BUSINESS

A. Discussion of B.M.C. 04.16.420

B. Discussion of B.M.C. 04.16.430

VIII. EX OFFICIO REPORT

IX. MEMBER COMMENTS

X. ADJOURNMENT

Posted at City Hall, AC Co., Swanson's, and the Post Office.

____

Name, Ex-Officio Staff

I. CALL TO ORDER

A Regular Meeting of the Finance Committee was held on August 22, 2022, at 6:30 PM in person and via Zoom.

II. ROLL CALL

Comprising a quorum of the Committee, the following were present: Carolann Willard (Chair), Eric Whitney, and via zoom John Hamilton and Robert Rey (Vice Chair).

Also in attendance: Duane Wright (Ex Officio), Xavier Mason (Ex-Officio), and Alexandra Batchelor (Recorder)

Unexcused Absences:
Excused Absences: Farah Sears

III. PEOPLE TO BE HEARD: NONE

IV. APPROVAL OF AGENDA

08/22/2022

MOVED BY	Eric Whitney	Motion to approve
SECOND BY	John Hamilton	
VOTE ON MOTION	All in favor	4-0

V. APPROVAL OF MINUTES:

05/23/2022

MOVED BY	Eric Whitney	Motion to approve
SECOND BY	John Hamilton	
VOTE ON MOTION	All in favor	4-0

06/27/2022

MOVED BY	Eric Whitney	Motion to approve
SECOND BY	John Hamilton	
VOTE ON MOTION	All in favor	4-0

07/25/2022

MOVED BY	Eric Whitney	Motion to approve
SECOND BY	John Hamilton	
VOTE ON MOTION	All in favor	4-0

VI. NEW BUSINESS –

A. Declaration of Vacancy

MOVED BY	Eric Whitney	Motion to approve
SECOND BY	John Hamilton	
VOTE ON MOTION	All in favor	4-0

B. Business Licenses - B.M.C. 5.04
C. Sales Tax Compliance – B.M.C. 4.16

VII. EX Officio Member Reports

VIII. COMMITTEE MEMBER COMMENTS:

Eric Whitney – Thank you – No comment.

John Hamilton – Thank you for sharing all the information and details; keep at it. We appreciate all the work you do.

Robert Rey – Thank you – Goodnight!!!

Carolann Willard – I appreciate everyone coming tonight and having a quorum. Hopefully, talk amongst those you know, and we have two vacancies. I appreciate all information on businesses license and sales taxes. I want to talk more about clarifying parts of the municipal code.

IX. MOTION TO END MEETING:

MOVED BY	Eric Whitney	Motion to approve
SECOND BY	John Hamilton	
VOTE ON MOTION	All in Favor	4-0

The chair called the meeting to an end at 7:32 pm.

____
Carol Ann Willard, Chair

ATTEST:

____
Alexandra Batchelor, Recorder

City of Bethel, Alaska
Finance Committee Minutes

September 26th, 2022 | Regular Meeting | Bethel, Alaska

I. CALL TO ORDER

A Regular Meeting of the Finance Committee was held on September 26th, 2022, at 6:40 PM in person by Carolann Willard, Chair.

II. ROLL CALL

The following Finance Committee members were present: Carolan Willard, Chair, Eric Whitney, City Council, and Henry S. Batchelor.

Also in attendance are Duane Wright (Ex Officio), and Alexandra Batchelor (Recorder).

Unexcused Absences: Robert Rey, Vice Chair
Excused Absences: John Hamilton, and Farah Sears.

A MEETING WAS NOT HELD DUE TO A LACK OF QUORUM

____
Carol Ann Willard, Chair

ATTEST:

____
Alexandra Batchelor, Recorder

4.16.420 Violations.

A. Failure to comply with any of the provisions of this chapter shall be a violation and will be considered an infraction.

B. Each act or omission in violation of this chapter, and each day in which the act or omission occurs, is a separate violation of this chapter.

C. A seller that fails to file a sales tax return or remit sales tax when due, in addition to any other liability imposed by this chapter, shall pay to the city all costs incurred by the city to determine the amount of the seller's sales tax liability or to collect the sales tax, including without limitation costs of obtaining, reviewing and auditing the seller's business records, collection agency fees, and actual reasonable attorney's fees.

D. A person who causes or permits a corporation of which the person is an officer or director, a limited liability company of which the person is a member or manager, or a partnership of which the person is a partner, to fail to collect sales tax or to remit sales tax to the city as required by this chapter shall be liable to the city for the amount that should have been collected or remitted, plus any applicable interest and penalty.

E. In addition to issuing citations for violation of this chapter, the city may bring a civil action to:

1. Enjoin a violation of this chapter. On application for injunctive relief and a finding of a violation or threatened violation, the superior court shall enjoin the violation.

2. Collect delinquent sales tax, penalty, interest and costs of collection, either before or after estimating the amount of sales tax due under BMC 4.16.360.

3. Recover a civil penalty of up to five hundred dollars ($500) for each violation of this chapter.

4. Foreclose a recorded sales tax lien as provided by law.

F. All remedies hereunder are cumulative and are in addition to those existing at law or equity. [Ord. 17-39 § 2.]

The Bethel Municipal Code is current through Ordinance 22-27, passed August 23, 2022.

4.16.430 Penalties for violations.

A. A person who is convicted of a violation of this chapter, where a fine is not otherwise specifically described in this section, shall be subject to a fine of not more than five hundred dollars ($500) plus any surcharge required to be imposed by AS 29.25.074.

B. A buyer or seller who knowingly or negligently submits false information in a document filed with the city pursuant to this chapter is subject to a fine of five hundred dollars ($500).

C. A seller who knowingly or negligently falsifies or conceals information related to its business activities within the city is subject to a fine of five hundred dollars ($500).

D. A person who knowingly or negligently provides false information when applying for a certificate of exemption is subject to a fine of three hundred dollars ($300).

E. Any seller who fails to file a return required under this chapter within fifteen (15) days of written notification by regular mail, regardless of whether any taxes were due for the reporting period for which the return was required, shall be subject to a penalty of twenty-five dollars ($25) for the first sales tax return not timely filed, and fifty dollars ($50) for each subsequent sales tax return not timely filed within a one- (1-) year period thereafter. The filing of an incomplete return shall be treated as the filing of no return.

F. Sellers who have not filed returns for two (2) consecutive reporting periods shall be assumed to have ceased conducting business and shall be removed from the roll of active businesses. Reinstatement of a business removed from the active roll by this section shall require the payment of a mandatory reinstatement fee.

G. A person subject to the requirements of BMC 4.16.150, who fails to provide a written receipt or invoice setting out the amount of tax due on the transaction when the amount of the tax is required to be shown on the receipt or invoice, shall pay a penalty to the city equal to twice the amount of the tax due on the sale; however, the minimum penalty is twenty-five dollars ($25).

H. A seller who fails or refuses to produce requested records or to allow inspection of their books and records shall pay to the city a penalty equal to three (3) times any deficiency found or estimated by the finance department with a minimum penalty of five hundred dollars ($500).

I. A seller who falsifies or misrepresents any record filed with the city is guilty of an infraction and subject to a penalty of five hundred dollars ($500) per document.

J. Misuse of an exemption card is an infraction and subject to a penalty of:

1. Fifty dollars ($50) for a first occurrence and a one- (1-) month suspension of the privilege to use an exemption card;

2. One hundred dollars ($100) for a second occurrence and a one- (1-) year suspension of the privilege to use an exemption card; and

3. Five hundred dollars ($500) for a third occurrence and the potential lifetime revocation of the privilege to use an exemption card issued by the city.

K. A penalty imposed under any part of this section may not be waived or reduced except upon a clear showing of reasons beyond the control of the person upon whom the penalty is imposed and only with the written consent of the city attorney. Any other waiver or reduction of penalties shall only occur with the consent of the city council.

L. All remedies for violations of this chapter are cumulative and are in addition to any others existing at law or in equity.

M. Nothing in this chapter shall be construed as preventing the city from filing and maintaining an action at law to recover any taxes, penalties, interest and fees due from a seller. The city may also recover full actual reasonable attorney’s fees in any action against a delinquent seller.

N. If the city manager or finance director has reason to believe that a seller who has been removed from the roll of active businesses pursuant to this section is in fact continuing to conduct business, the city manager may cause a proceeding to be filed in the Superior Court requesting the issuance of an injunction prohibiting that business from continuing to conduct business. [Ord. 17-39 § 2.]

City of Bethel
Finance Department
<u>Monthly City Manager's Report for August 2022</u>

Date:	August 1 to August 31, 2022
To:	Peter Williams, City Manager
From:	Duane Wright, Finance Director
Subject:	Management Report, August - 2022

The Finance Department's Monthly City Manager Report details the progress, challenges, and activities of the Finance Department for the month.

<u>Current Activities within the Finance Department</u>

- The Finance Department continues work on activities related to completion of the external (BDO) annual audit for FY-21. Discussed audit progress with BDO account partner. He says the audit firm is having difficulty with obtaining staff to complete the audit. They are experience significant staffing across the US accounting profession. They are now estimating completing the audit by October 15, 2022.
- <u>BDO is currently unable to commit to a start date for the FY-22 audit</u>. They have advising us to seek another auditing company for completion of the June 30, 2022 audit. They are no longer committing to completion of the FY-22 audit. The city will need to develop an RFP and solicit audit firms to complete an audit of FY-22.
- The Finance Director has invested over $11 million dollars in interest bearing obligations which will yield over 3 percent in annual earnings on these funds over the several years to come. Historically we have not earned anything on idle funds hold by the city.
- As part of the audit process for FY-21 the Finance Department is investigating the funding and disbursement of moneys from the "Cares-Act" funding during 2020. There was a separate account established at FNB Alaska and none of the transactions recorded there were incorporated in the Caselle accounting system used by the city. This element of the FY-21 audit remains in-process of examination by BDO.
- The Finance Department is working processes to establish a month close process. The books have not been closed since 6/2019.

- The Finance Department is looking outsourcing the monthly utility billing process. We have identified an outside organization to preform this function. We will look to move the process just as soon as we can complete a transition plan.
- The Finance Department continues to work on improved payroll processes to enhance the over-all accuracy and integrity of payroll processing, HR compliance, Sales Tax collection and payment processing.
- The Finance Department is no longer fully staffed. We are currently two staff members short. Both open slots are Accounting Assistant I positions. Our advertising has not yet yielded candidates for consideration. We are working with HR Manager to find replacements.
- The Finance Director continues to work on sales tax compliance processes (Audits). We have several audits underway. We are continuing to pursue those situations where we identify non-compliance in sales tax reporting. The audit process continues to encounter significant resistance to completing audits.
- The Finance Director has identified a "gap" in business license compliance. The finance department has implemented a process to identify those businesses operating in city. We are notifying the "non-compliant" businesses to bring them into compliance. To date we have set out over 150 letters.
- The Finance Director has initiated a review of the current P-Card procurement processes. This is an area of 'weak' internal control. We are looking to implement an enhanced PURCHASING process. Using Purchase Orders (PO) to better control purchasing and accounting processes.
- The Finance team continues to work on team building and learning activities.
- Finance Department is implementing an ACH process for accounts payable processing. This will enhance and streamline payment processing to accounts payable vendors.

Staffing/Recruitment

- Two fulltime positions is open for Accounting Specialist I

Training

The Finance Department is working on a goal of cross-training for all team members. We are also committed to continuous training for all team members.

Group Training Sessions:

- The finance department has initiated regular weekly team training sessions. These sessions occur on Friday mornings and cover information relevant to the operation of the finance department.

Independent Training(s):

- The Deputy Director is continuing his CPA preparation/training.

Select Tasks & Statuses by Sub-Department

Utility Billing

Tasks	Frequency	Status
Collections	Monthly	Current. This month we were very aggressive in contacting and issuing payment plans for delinquent account holders.
ORS'	Daily	Current.

Payroll/AP

Tasks	Frequency	Status
Personnel Action Requests (PARs)	As Needed	Current.
Deferred Compensation	Bi-weekly	Current.
Payroll	Bi-weekly	Current.
Accounts Payable	Weekly	Current.

Sales Tax

Tasks	Frequency	Status
Applying Business License Payments	Daily	Current.
Mailing Delinquency Notices	Monthly	Current.
Constructing Aging Reports	Monthly	Current.
Applying Business License Renewals	As needed	Current.
Drafting Payment Plans	As needed	Current.
Applying Payments	Daily	Current.
Reviewing & Processing Exemption Cards	As needed	Current.

General Ledger

Tasks	Frequency	Status
Journal Entries	Monthly Recurring	Current (April)
Budget Amendments (from budget ordinances)	As needed	Current (April)
Cash Reconciliations	Monthly	Current (April)
Investment Reconciliations	Monthly	Current (April)
Create Allocations & Run Checkout	Monthly	Current (April)
DOJ Grants	Quarterly	Current (April)

Internal Improvements

The following are a list of internal tasks, actions, projects, or changes that we have made within the Finance Department for the purpose of improving operations:

- Developed a new "Delinquent Dock Storage Payment Agreement"
- Reviewing the process for open not renewed bi-annual business licenses. Working to complete and reconcile all business license renewals. Investigating all businesses suspected of failure to comply with city business license requirements.
- Identifying businesses not in compliance with sales tax reporting and conducting examinations.
- Enhanced payroll processing steps to include a detailed second review and approval step for payroll completion. We have enhanced payroll processing steps to include a process of checks and balances to improve quality.
- Establish a vendor ACH payment process.
- Complete accounting month-end closure processes and procedures.

Small & Big Wins

Finance Department

- The Finance Department continues the process of Sale Tax audits. Including the development of the documented policies and procedures.
- The Finance Department has established an investment process to earn a 3% earnings rate on $11 million dollars.
- Finance department continues to support the FY-21 Audit process. Audit still underway.

Challenges

- The Finance Department must continue training so that we can enhance our collective level of proficiency.
- The Chart of Accounts update has affected our ability to complete quarterly reports for some grants and will continue to limit our ability to do detailed account analysis.
- We are still working on a discovery and correct process to insure errors and omissions left by former personal.

Goals for the Future

- Utilizing data analytics to identify challenges and opportunities that can spur economic development.
- Reconciling all accounts and their correct distributions, particularly the Seawall Maintenance Fund.
- Conduct regular accounting month-end closings on a schedule.
- Seeking approval from the Union to begin implementing the Finance Department's Incentive Program.
- Development of enhanced internal control processes.
- Increased training events for small business owners with guidance on how to file their sales tax returns.

Report Criteria:
- Accounts to include: With balances
- Include Funds: 100
- Print Fund Titles
- Page and Total by Fund
- Include Sources: None
- Print Source Titles
- Total by Source
- Include Revenues: None
- Include Departments: 53
- Print Department Titles
- Total by Department
- All Segments Tested for Total Breaks

Account Number	Account Title	2022-23 Current year Budget	2022-23 Current year Actual	2022-22 Current year
GENERAL FUND				
FINANCE				
100-53-6000	SALARIES	699,921.00	184,735.47	515,185.53
100-53-6010	OVERTIME	16,000.00	7,766.09	8,233.91
100-53-6022	HOLIDAY PAY	.00	2,895.99	2,895.99-
100-53-6023	LEAVE CASHOUT	8,568.00	642.77	7,925.23
100-53-6030	SOCIAL SECURITY EXPENSE	1,300.00	.00	1,300.00
100-53-6031	PAYABLE MEDICARE FICA	10,381.00	2,913.34	7,467.66
100-53-6032	UNEMPLOYMENT	12,743.00	.00	12,743.00
100-53-6033	WORKERS' COMPENSATION	1,849.00	282.09	1,566.91
100-53-6034	PERS	157,503.00	42,987.43	114,515.57
100-53-6040	EMPLOYEE GROUP BENEFITS	228,852.00	41,527.13	187,324.87
100-53-6041	UTILITY BENEFIT	41,040.00	6,369.20	34,670.80
100-53-6060	TRAVEL/TRAINING	20,000.00	5,087.59	14,912.41
100-53-6100	SUPPLIES	11,000.00	8,737.07	2,262.93
100-53-6150	GASOLINE/DIESEL/OIL	1,200.00	231.61	968.39
100-53-6170	TELEPHONE	250.00	26.76	223.24
100-53-6171	STAFF CELLULAR PHONES	2,000.00	534.18	1,465.82
100-53-6200	MINOR EQUIPMENT	11,000.00	1,979.28	9,020.72
100-53-6230	VEHICLE MAINT/REPAIR	1,266.00	306.82	959.18
100-53-6240	PROPERTY MAINT	.00	5.48	5.48-
100-53-6310	Admin-Outsourced Services	95,000.00	26,477.50	68,522.50
100-53-6311	AUDITING EXPENSE	100,000.00	11,000.00	89,000.00
100-53-6331	HARDWARE/SOFTWARE SUPPORT	19,000.00	3,874.75	15,125.25
100-53-6335	OTHER PROFESSIONAL FEES	205,000.00	55,821.04	149,178.96
100-53-6400	INSURANCE	33,901.00	1,691.55	32,209.45
100-53-6502	ADVERTISING	2,500.00	.00	2,500.00
100-53-6503	DUES & SUBSCRIPTIONS	5,000.00	207.97	4,792.03
100-53-6506	POSTAGE	1,300.00	244.13	1,055.87
100-53-6530	FINANCE CHARGES/PENALTIES	300.00	39.99-	339.99
100-53-6531	BANK CHARGES	52,000.00	12,664.27	39,335.73
100-53-6532	CASH OVER/SHORT	500.00	19.82-	519.82
100-53-6533	IRS PENALTIES AND INTEREST	4,000.00	647.87	3,352.13
100-53-6539	MISCELLANEOUS EXPENSES	4,000.00	424.00	3,576.00
100-53-6700	INDIRECT COST RECOVERY	907,855.00	174,505.63	733,349.37
100-53-6711	ADMIN OVERHEAD-IT SVCS	33,260.00	7,397.88	25,862.12
100-53-9693	KiosK+Annual Fees&NewCopier	20,000.00	.00	20,000.00
	Total FINANCE:	2,708,489.00	601,925.08	2,106,563.92
	GENERAL FUND Revenue Total:	.00	.00	.00

Account Number	Account Title	2022-23 Current year Budget	2022-23 Current year Actual	2022-22 Current year
	GENERAL FUND Expenditure Total:	2,708,489.00	601,925.08	2,106,563.92
	Net Total GENERAL FUND:	2,708,489.00-	601,925.08-	2,106,563.92-
	Net Grand Totals:	2,708,489.00-	601,925.08-	2,106,563.92-

Report Criteria:

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- Include Funds: 100
- Print Fund Titles
- Page and Total by Fund
- Include Sources: None
- Print Source Titles
- Total by Source
- Include Revenues: None
- Include Departments: 53
- Print Department Titles
- Total by Department
- All Segments Tested for Total Breaks

Committee Name 2022 Attendance

Regular Meetings

Member Name	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
John Hamilton*	P	U	E	U	P	P	E	P	E			
Brian Henry	U	U	U	U	R							
Henry S. Batchelor Jr.									P			
Robert Rey	P	E	P	U	P	P	E	P	U			
Farah Sears	P	P	P	U	P	U	P	P	E			
David Trantham, Jr.	P	P	P	P	E	E	E	R				
Eric Whitney	P	U	P	P	P	U	U	P	P			
Carol Ann Willard	P	P	E	P	P	E	P	P	P			
Finance Director	P	P	P	P	P	P	P	P	P			
Recorder	E	P	P	P	P	P	P	P	P			

Special Meetings

Member Name	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.

Vacancy shall be declared by the body when a member:
Fails to attend 3 regular meetings without being excused by the body
Fails to attend 3 special meetings without being excused by the body
Fails to attned 65% of regular meetings
Fails to attend 65% of special meetigns.

P=Present
E=Excused
U=Unexcused

Chair determines excused/unexcused during roll call. If a member disagrees with the the chair, a motion to overule the decision of the chair can be made. * Alternate Member