



One Sealaska Plaza, Ste. 200, Juneau, AK 99801

P: (907)790-5300, F: (907)463-5480 [www.arsstc.org](http://www.arsstc.org)

**Alaska Remote Seller Sales Tax Commission**  
**Annual Meeting**  
**November 17, 2021 12:00pm – 1:00pm**  
*(In-person @ Hotel Captain Cook, Anchorage*  
*Also Virtual via Zoom)*

Board of Director Attendees:

- Jeff Rogers
- Mike Tvenge
- Stephanie Queen
- Scott Bloom
- Melissa Haley
- Troy Tankersley
- Brandi Harbaugh

1. Call to order
2. Approval of the Agenda
3. Approval of the Minutes
  - a. 10.20.2021 Board Meeting minutes
4. Updates
  - a. Program & Policy Updates - AMSTP staff
  - b. Financial Business
    - a. FY21 Audit & Financials
    - b. Budget
5. Official Business
  - a. Conduct Election of Board Members
  - b. Conduct Election of Officers Seats
    - i. President
    - ii. Vice-President
6. Member Comments
7. Adjournment



**Alaska Remote Seller Sales Tax Commission  
Board Meeting  
October 20, 2021 9:00 am – 11:00 am**

**Board Present:**

- Jeff Rogers
- Stephanie Queen
- Melissa Haley
- Brandi Harbaugh

**Board Absent:**

- Mike Tvenge
- Scott Bloom
- Troy Tankersley

**Others in attendance:**

- Nils Andreassen, AML
- Kara Johnson, AML
- Clinton Singletary, AML
- Karl Kaufman, Landye Bennett Blumstein
- Max Mertz, CPA

**1. Call to order**

- a. Meeting started at 9:07 am

**2. Approval of the Agenda**

- a. Motion by Brandi; 2<sup>nd</sup> by Melissa

**3. Approval of the Minutes**

- a. 8.18.2021 Meeting minutes
  - i. Motion to approve by Melissa, no objection

**4. Policy Committee Update**

- a. Update by Maureen Graham, City of Wasilla

*Maureen gave Policy Committee report as follows:*

- *Reviewed Exemption Certificate directory*
  - *List of each jurisdiction's issued certificates*
  - *Would like to publish version to go with 2021-10*
- *Audit program*
  - *What local jurisdictions would like to see.*



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- *2021-04 Sales Price, including sales tax in price. Code says sales tax must be separately stated, can't just say "sales price includes tax"*

## 5. New Business

### a. Review of Financial Statements

*Finance Committee met on and reviewed audit statement from Max Mertz.*

*3 current recommendations:*

- 1) Recon MUNIREvs back to QB. That recon did not happen for 5-6 months of past FY21. Under reporting receivable and payables. This has been addressed.*
- 2) Process Manual for QB reporting. Working on this for FY22.*
- 3) SOC reporting by MUNIREvs. Candidate for providing users SOC1 or SOC2 report. Have one regarding reporting, but not as comprehensive as ARSSTC might want. SOC1 would be valuable. Staff is double checking numbers manually.*
  - a. Work with Commission staff and board members, reach out to Colorado regarding SOC1 report from MUNIREvs.*
  - b. Budget to Actuals shows we came in as Commission right where we should be with regards to Fund Balance Policy*
  - c. Appreciate the MDA report*

*Has Colorado already requested a SOC report from MUNIREvs? Why is MUNIREvs only doing a small part of SOC2 report? Potentially very expensive to create SOC report. Board requested Clinton to ask Colorado if they have raised this question to MUNIREvs. Letter from Clinton or Jeff to MUNIREvs regarding report request.*

### b. FY22 Budget Revision proposal

*Originally adopted FY22 budget with caveat that budget could be revised later in year. Looking at increase in estimated revenues, \$13 million - \$14 million. Also budgeted for additional staffing costs. Additional staffing costs such as tech-level position for daily reconciliation work plus some basic auditing & compliance functions. Also builds in staffing costs for Lisa Fisher w/ AML for Quickbooks reconciliation.*

*Also have software line of \$40,000 to allow for software upgrades and change orders. Over last FY, AML has covered the MUNIREvs change orders. Now in a better financial position to budget software upgrades for the Commission. Two main projects are:*

- 1) Certain physical presence companies file through MUNIREvs Commission portal.*
- 2) KPB timely filing discount revision*

*Discussion regarding the physical presence collection, Board does not want ARSSTC funds used for local collection efforts. Specific target is MLM companies with goal of improving compliance for municipalities. Code and/or Intergovernmental Agreement would have to be altered to vest authority regarding these companies. Grow staff is high priority especially for compliance.*

*Motion by Brandi to adopt revised budget of increased revenues of \$14 million with no change to Commission fee rate. No objection.*

### c. ARSSTC Annual Meeting planning



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- a. Date / time
- b. Board seat vacancies
- c. Agenda

Board settled on 10/17 from noon – 1pm for Annual Meeting. Agenda will be member update, FY21 financials, election of vacant Board seats, Board officers.

Clinton will communicate board vacancies to members prior to Annual meeting to encourage members to submit nominations to board.

**d. Finance & Policy Committee structure and operations**

*Both Finance and Policy Committees need to follow Alaska Open Meetings law. ARSSTC bylaws require chair for each committee. Need chair for Policy Committee or can call it a working group. Board President can appoint chair for committees. Board wants Policy Committee to remain as is, but Board will decide on Chair for both Committees after annual meeting.*

*AML staff will create a meetings page on Commission website for meeting notices, agendas, minutes, and video/audio.*

**e. Approval of New Interpretation 2021.04 – Sales Price**

*Clarification regarding what constitutes sales price and provides examples for different scenarios. Sales tax needs to be individually stated on invoice or receipt.*

*Motion by Melissa to approve 2021.04. 2<sup>nd</sup> by Stephanie – 2021.04 is adopted*

**6. Information / discussion items**

**a. Member payout date**

*AML staff need additional time to compare and reconcile reports before payout to ensure all issues resolved.*

*Motion by Brandi to approve changing payout date from 10th to 15<sup>th</sup>. No objection.*

**7. Comments**

*Clinton would like fixed Board meeting time, difficult to find times on the fly. Board agrees to target every other month. Wednesday mornings 10-noon.*

**8. Adjournment**

- a. Adjournment at 10:45 am

Respectfully submitted, Clinton Singletary, AMSTP Sales Tax Director

<b>Approved:</b>	
<b>Melissa Haley, ARSSTC Board Secretary</b>	<b>Date</b>



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DRAFT



Letter to the Board of Directors

Fiscal Year Ended June 30, 2021

Max E. Mertz, CPA  
3140 Nowell Avenue  
Juneau, Alaska 99801  
max@mertzcpa.com  
907.957.7131

October 14, 2021

To the Board of Directors  
Alaska Remote Seller Sales Tax Commission

I have audited the financial statements of Alaska Remote Seller Sales Tax Commission (the Commission) as of and for the year ended June 30, 2021 and the period from formation on November 18, 2019 and ended June 30, 2020, and have issued my report thereon dated October 14, 2021. Professional standards require that I advise you of the following matters relating to my audit.

### **My Responsibility in Relation to the Financial Statement Audit**

As communicated in my engagement letter dated May 1, 2021, my responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. My audit of the financial statements does not relieve you or management of its respective responsibilities.

My responsibility, as prescribed by professional standards, is to plan and perform my audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of my audit, I considered the internal control of the Commission solely for the purpose of determining my audit procedures and not to provide any assurance concerning such internal control.

I am also responsible for communicating significant matters related to the audit that are, in my professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, I am not required to design procedures for the purpose of identifying other matters to communicate to you.

### **Planned Scope and Timing of the Audit**

I conducted my audit consistent with the planned scope and timing that I previously communicated to you.

### **Compliance with all Ethics Requirements Regarding Independence**

I have complied with all relevant ethical requirements regarding independence.

### **Qualitative Aspects of the Entity's Significant Accounting Practices**

#### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Commission is included in Note 1 to the financial

statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the fiscal year under audit. No matters have come to my attention that would require me, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

#### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

#### *Financial Statement Disclosures*

The financial statement disclosures are neutral, consistent, and clear.

### **Significant Difficulties Encountered during the Audit**

I encountered no significant difficulties in dealing with management relating to the performance of the audit.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require me to accumulate all known and likely misstatements identified during the audit, other than those that I believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require me to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. In addition, professional standards require me to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of my audit procedures. None of the misstatements identified by me as a result of my audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to my satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Commission's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

### **Representations Requested from Management**

I have requested certain written representations from management, which are included in the attached letter.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed me that, and to my knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings or Issues**

In the normal course of my professional association with the Commission, I generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to my retention as the Commission's auditor.

### **Internal Control and Other Matters**

I identified certain matters involving internal controls and other operational matters that are presented for your consideration. I will review the status of these comments during my next audit engagement. My comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies.

### ***Other Internal Control Matters Noted During the Current Audit***

#### Regular Reconciliation of Accounting Records to MUNIRev Information

During the fiscal year, the Commission's previously established procedures to reconcile the accounting records to MUNIRev sales tax data was not performed consistently. As a result, the accounting records did not contain a complete and accurate reflection of financial activity during the year.

I recommend that the Commission reconcile its accounting records to MUNIRev on a routine basis.

#### Develop Procedures and Controls Manual

As the Commission's processes continue to mature, documenting these in a simple and easy to follow manner is important to ensure they are consistently applied, to prevent unauthorized transactions, to serve as a training tool, and to assist in transition during employee turnover.

I recommend management document its procedures and controls over the coming fiscal year.

#### Consider MUNIRev System and Organization Controls (SOC) Report Options

MUNIRev performs activities for the Commission that are important to accurate recording of tax amounts collected, calculation of service provider fees to be paid, exemptions claimed, and net amounts to be distributed to participants. SOC reports are a suite of available reporting options established by the AICPA which CPA firms can issue in connection with system-level controls implemented at service organizations. As a service provider, MUNIRev is a candidate for these reports.

Two broad categories of SOC reports are available. SOC 1 reports are designed to address internal controls over financial reporting, while SOC 2 reports address a service organization's controls that are relevant to their operations and compliance. SOC 2 reports can look at up to 5 categories relevant to the AICPA's Trust Services Criteria – security, availability, processing integrity, confidentiality and privacy. Both SOC 1 and 2 reports have two types. Type 1 look at the design of controls as of a certain date. Type 2 looks at both design and operating effectiveness over a period of time, typically one year.

During the year ended June 30, 2021, MUNIRev obtained a SOC 2-Type 1 report. Of the five categories available for reporting under SOC 2, MUNIRev's report extended only to security. Because of this, any assurance about other potentially important operational areas available under SOC 2, or the ability to rely on calculations or other services, has not been provided.

In the absence of additional levels of assurance provided through possible SOC reporting by MUNIRev, Commission staff will need to perform monitoring functions to the extent practical to ensure that functions are performed accurately.

I recommend that management and the Board analyze available options of SOC reporting and engage with MUNIRev to determine whether additional SOC reporting is appropriate to achieve the Commission's goals of assuring the accuracy and completeness of its tax collection services.

***Other Internal Control Matters Noted During the Prior Audit and Their Current Status***

Develop Monitoring Processes for MUNIRev Activity

*Prior Year Recommendation:* In prior year, I recommended management enhance its monthly monitoring over MUNIRev activity.

*Status:* See above comment on evaluating MUNIRev SOC reporting and monitoring.

Develop Procedures and Controls Manual

*Prior Year Recommendation:* In prior year, I recommended management develop a procedures and controls manual over the coming fiscal year.

*Status:* See current year comment.

Amend Journal Entries for Recording Commission Fees

*Prior Year Recommendation:* In prior year, I recommended management modify its current journal entry process for recording the Commission's fees.

*Status:* Management resolved this comment in the current year.

Evaluate Risk Exposure for AML and the Commission

*Prior Year Recommendation:* In prior year, I recommended that the Board evaluate current insurance coverages in light of AML's service delivery to the Commission.

*Status:* Management resolved this comment in the current year.

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This report is intended solely for the information and use of the Board of Directors and management of Alaska Remote Seller Sales Tax Commission and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,





October 14, 2021

Max E. Mertz, CPA  
3140 Nowell Ave.  
Juneau, Alaska 99801

This representation letter is provided in connection with your audit of the financial statements of Alaska Remote Seller Sales Tax Commission (the Commission), which comprise the statement of financial position as of June 30, 2021 and 2020, and the related statements of revenues, expenses and changes in net position, functional expenses and cash flows for the year ended June 30, 2021, and the period from formation on November 18, 2019 and ended June 30, 2020, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of the date of this letter:

**Financial Statements**

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated May 1, 2021, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.



- With regard to non-audit services performed by you, we acknowledge our responsibility to:
  - Assume all management responsibilities;
  - Oversee the services by designating an individual who possesses suitable skill, knowledge, or experience;
  - Evaluate the adequacy and results of the services performed; and
  - Accept responsibility for the results of the services
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- All activities are properly classified.
- All components of net position, are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- All revenues within the statement of revenues, expenses and changes in net position have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.



- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- There are no interfund and intra-entity transactions and balances.
- There are no special items and extraordinary items to be classified and reported.
- Deposit risks have been properly and fully disclosed.
- All required supplementary information is measured and presented within the prescribed guidelines.
- With regard to investments and other instruments reported at fair value:
  - The underlying assumptions are reasonable and they appropriately reflect management’s intent and ability to carry out its stated courses of action.
  - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
  - The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
- There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

#### Information Provided

- We have provided you with:
  - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters;
  - Additional information that you have requested from us for the purpose of the audit; and
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - Management;



- Employees who have significant roles in internal control; or
- Others when the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators, or others.
- We have no knowledge of any noncompliance or suspected noncompliance with laws, regulations, contracts, and grant agreements whose effects should be considered when preparing financial statements.
- We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- We have disclosed to you all guarantees, whether written or oral, under which the Commission is contingently liable.
- We have no nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for those guarantees where it is more likely than not that the entity will make a payment on any guarantee.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
  - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
  - We believe there are no unasserted claims or assessments and have not consulted with an attorney on any such matters.



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- Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.
- We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

#### **Supplementary Information in Relation to the Financial Statements as a Whole**

With respect to the Supplemental Schedules of Taxes Collected and Remitted accompanying the financial statements:

- We acknowledge our responsibility for the presentation of the Supplemental Schedules of Taxes Collected and Remitted in accordance with accounting principles generally accepted in the United States of America.
- We believe the Supplemental Schedules of Taxes Collected and Remitted, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America.
- The methods of measurement or presentation have not changed from those used in the prior period.

#### **Required Supplementary Information**

With respect to the Management's Discussion and Analysis accompanying the financial statements:

- We acknowledge our responsibility for the presentation of the Management's Discussion and Analysis in accordance with the requirements of the Government Accounting Standards Board (GASB).
- We believe the Management's Discussion and Analysis, including its form and content, is measured and fairly presented in accordance with GASB requirements.

10/14/2021

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Nils Andreassen, Executive Director



## FINANCIAL STATEMENTS

June 30, 2021 and 2020  
Together with Independent Auditor's Report

## ALASKA REMOTE SELLER SALES TAX COMMISSION

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of Alaska Remote Seller Sales Tax Commission  
Juneau, Alaska

***Report on the Financial Statements***

I have audited the accompanying financial statements of the Alaska Remote Seller Sales Tax Commission (the Commission), as of and for the year ended June 30, 2021 and the period from formation on November 18, 2019 and ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

***Opinion***

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Commission as of June 30, 2021 and 2020, and the changes in net assets and cash flows for the year ended June 30, 2021, and the period from formation on November 18, 2019 and ended June 30, 2020, in accordance with accounting principles generally accepted in the United States of America.

***Other Matters******Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3 through 7, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The Supplemental Schedules of Taxes Collected and Remitted on pages 17 and 18 are presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on them.



October 14, 2021

## Management's Discussion and Analysis

### For the year ended June 30, 2021

#### Financial Highlights

- Alaska Remote Seller Sales Tax Commission's (ARSSTC) net position increased by \$60,930.
- Total assets increased by \$1,374,071.
- Total liabilities increased by \$1,313,141.
- Total operating revenues increased by \$293,691.
- Total operating expenses increased by \$247,943.
- Cash flows received from sales tax filers increased by \$9,518,344.

#### Report Format

The MD&A is intended to serve as an introduction to the ARSSTC's basic financial statements, which comprise two components: 1) financial statements and 2) notes to the financial statements. This report contains supplementary information in addition to the basic financial statements.

#### Overview of Financial Statements

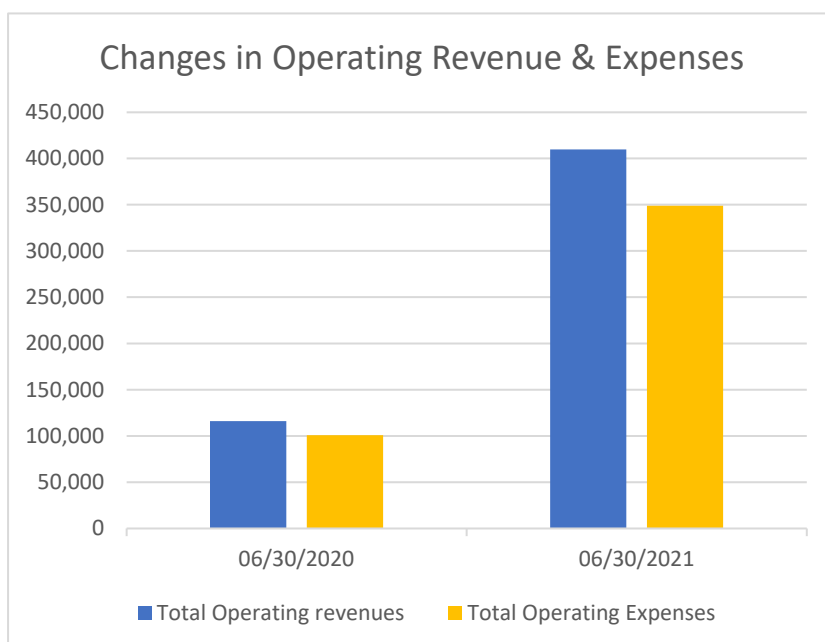
The ARSSTC financial statements are designed to provide readers with a broad overview of the ARSSTC's finances, in a manner similar to a private-sector business.

The Statements of Net Position presents information on all of the ARSSTC's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as an indicator of whether the ARSSTC's financial position is improving or declining.

The Statements of Revenues, Expenses, and Changes in Net Position demonstrates how the net position changed during the fiscal year, as it relates to operating revenues and expenses of the ARSSTC.

The Statements of Cash Flows demonstrates how the net cash provided by operating activities changed during the fiscal year, reflecting the total collected sales tax and associated reconciliation.

All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.



## Financial Analysis

Net position may serve over time as an indicator of the organization’s financial position. In the case of the ARSSTC, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$76,112. Net position reflects the collection of Commission fees in excess of expenses, and falls within the range of minimum and maximum as determined by the ARSSTC’s fund balance policy. The ARSSTC maintains no capital assets; assets reflect cash and cash equivalents and receivables. Total assets increased over FY20 by 146%.

ARSSTC liabilities consist of sales tax payables to ARSSTC members and payables for service fees. Total liabilities increased over FY20 by 142%. Essentially, Commission expenses increased relative to additional sales tax collected.

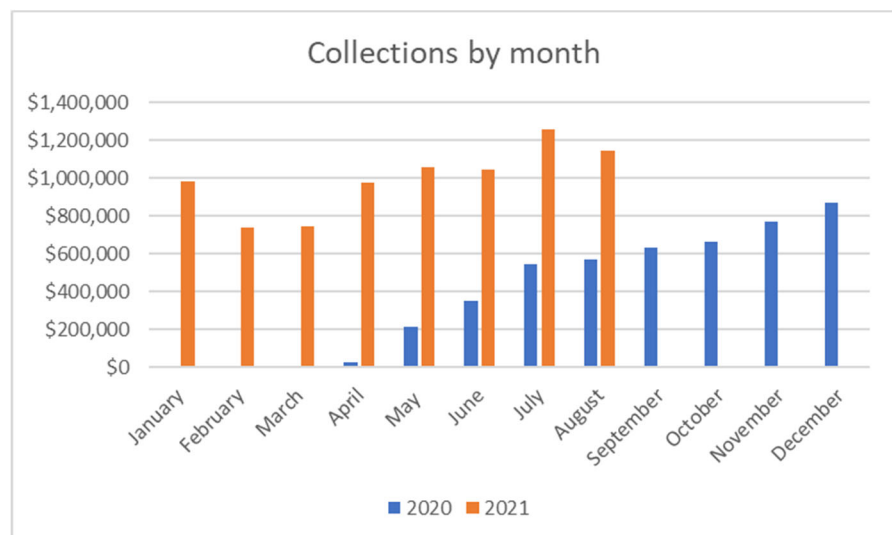
The balance of ARSSTC’s net position is unrestricted and may be used to meet the ARSSTC’s ongoing operations and necessary investments. ARSSTC operations are comprised of two activities: 1) distribution of net sales tax collection to member jurisdictions and payments to contracted software vendors; and 2) the administration of the ARSSTC conducted through the partnership with the Alaska Municipal League.

### Statements of Net Position

	06/30/2021	06/30/2020
<b>Assets</b>		
Cash & cash equivalents	\$ 1,043,416	\$ 121,803
Sales Tax Receivable	1,260,771	809,286
Prepaid Expenses	5,527	4,554
<b>Total Assets</b>	<b>2,309,714</b>	<b>935,643</b>
<b>Liabilities</b>		
Sales tax payable to members	1,895,466	720,817
Accounts payable - AML	32,430	57,737
Service fees payable	305,706	119,416
Other	-	22,491
<b>Total Liabilities</b>	<b>2,233,602</b>	<b>920,461</b>
<b>Net Position</b>	<b>\$ 76,112</b>	<b>\$ 15,182</b>

The first activity is the collection of total sales tax collected from filers, an increase of 2812% over the prior year. Service providers maintained their base levels of fees, since the total was under \$10 million. The graphic below, from the ARSSTC’s collection software provider MUNIREvs, provides an overview of how growth has occurred over time. While presented as calendar years, it reflects the entirety of the ARSSTC’s experience. Since its inception in 2020, the ARSSTC has grown in number of jurisdictions collected for and number of sellers registered. The increase in operating revenues and expenses reflect a more fully established sales tax collection program that has improved from 19 member jurisdictions to 36 and from 300 registered sellers to 1,200.

The ARSSTC has added 50-80 sellers monthly over the course of this period. At the same time, ARSSTC staff have worked with dozens of local governments to adopt the



Intergovernmental Agreement and Uniform Code, often working through myriad issues with current codes to ensure compliance and alignment.

Separately, the ARSSTC maintains a partnership with the Alaska Municipal League to conduct the administration of sales tax collection and compliance, and other duties. Operating revenues increased by 253% and operating expenses increased by 245%. AML provides administrative and support services to ARSSTC under a Memorandum of Agreement (MOA) for which it receives cost reimbursement for direct expenses plus an additional 8% overhead. In addition, AML is reimbursed for ARSSTC's contracts with service providers. In the year ended June 30, 2020 AML incurred formation expenses of \$259,097 for ARSSTC. In the fiscal years ended June 30, 2021 and June 30, 2020, AML incurred operating expenses of \$370,275 and \$143,789, respectively, and billed ARSSTC \$343,992 and \$56,274 (including prepaids of \$4,554), respectively, for reimbursement of these costs under the MOA. The Alaska Municipal League waived ARSSTC fees as part of formation and has not invoiced ARSSTC for full payment of all expenditures. Operating expenses for the ARSSTC are demonstrated here.

<b><u>Operating Expenses</u></b>	<b>06/30/2021</b>	<b>06/30/2020</b>
Software	\$ 16,900	\$ 10,500
Legal	29,141	14,091
Personnel Expenses	248,699	59,757
Merchant Services	4,626	563
Overhead	25,744	9,175
Insurance	14,458	5,725
Travel	-	1,049
Audit	9,051	-
Bank fees	185	-
	<b>\$ 348,803</b>	<b>\$ 100,860</b>

The main increase between FY20 and FY21 was due to personnel. A program manager and sales tax administrator were in place for only portions of FY20 that were applicable – while ARSSTC was being formed and sales tax was being collected – and in FY21 the staff further transitioned to a more experienced manager. Other costs increased or became applicable in the ARSSTC's second year. FY21 was the first full year in operation, marked by steady growth, an evolution in capacity and need, and more sophisticated systems to manage governance and fiduciary oversight.

<b><u>Statements of Revenues, Expenses and Changes in Net Position</u></b>		
	<b>06/30/2021</b>	<b>06/30/2020</b>
<b>OPERATING REVENUES</b>		
Commission fees	\$ 409,511	\$ 67,283
AML operating expense forgiveness	-	48,578
Interest income	222	181
<b>Total Operating Revenues</b>	<b>409,733</b>	<b>116,042</b>
<b>OPERATING EXPENSES</b>		
Operating expenses - AML	343,992	100,298
Merchange services & other fees	4,811	562
<b>Total Operating Expenses</b>	<b>348,803</b>	<b>100,860</b>
Change in Net Position	60,930	15,182
Net position beginning	15,182	-
<b>Net position, end of year</b>	<b>\$ 76,112</b>	<b>\$ 15,182</b>

ARSSTC financials were consistent with its FY21 budget. Considering how complex projections were in its first full year of formation, the ARSSTC did remarkably well in anticipating both revenues and expenses. The transition between staff in this period was one factor, moving into more sophisticated administration and additional financial controls was balanced against an uncertain budget environment.

The following is a comparison of the Commission's fiscal year 21 budget to its actual results from operations:

	Budget	Actual
<b>ARSSTC Tax Collections and Fees</b>		
Gross Sales Tax and Fees	\$ 10,000,000	\$ 10,308,403
Commission Fee Rate		4%
Commission Fee	400,000	409,511
Muni Rev Fees (12, 8, 4%)	1,200,000	1,239,570
TTR Software Contract (1.25, 1, .75%)	125,000	129,077
Member Tax Revenue	8,275,000	8,530,245
	<u>\$ 10,000,000</u>	<u>\$ 10,308,403</u>
<b>ARSSTC Revenue</b>		
Commission Fee	\$ 400,000	\$ 409,511
Interest Income	-	222
Total ARSSTC	<u>400,000</u>	<u>409,733</u>
<b>Personnel Expenses</b>		
Regular Wages	-	179,108
Retirement	-	8,970
Health Insurance	-	45,580
Federal Taxes	-	15,041
Total Personnel Expenses	<u>265,200</u>	<u>248,699</u>
<b>Contract Services</b>		
AML Contract Overhead (896)	26,416	25,744
Governance Transport/Subsistence	5,000	-
Insurance Premium	15,000	14,457
Banking Fees	2,500	185
Legal Services	30,000	29,141
Audit Services	10,000	9,051
Software	-	16,900
Merchant Service Fees	2,500	4,626
Total Services	<u>91,416</u>	<u>100,104</u>
Total Expenses	<u>356,616</u>	<u>348,803</u>
Revenues Over (Under) Expenses	43,384	60,930
Beginning Fund Balance	15,182	15,182
Ending Fund Balance	<u>\$ 58,566</u>	<u>\$ 76,112</u>
<b>Policy Guidelines</b>		
Min Fund Bal-20% of annual expenditures	<u>\$ 70,823</u>	<u>\$ 69,761</u>
Max Fund Bal-25% of annual expenditures	<u>\$ 88,529</u>	<u>\$ 87,201</u>

## **Economic Factors and Next Year's Budget and Rates**

During FY22, the ARSSTC is anticipating continued growth in both member jurisdictions and registered sellers. Growth in both of these areas will yield continued broad growth in collected revenues. Current experience projections anticipate annual sales tax collection of between \$12 and 15 million.

Uncertainty exists in as much as growth may be constrained by a decrease in federal relief programs, and any shift from online to physical purchases as consumer behavior adjusts to pandemic circumstances. However, on the latter point, there were few restrictions on consumer activity within Alaska in the final quarter of FY21 and growth continued.

The ARSSTC Board of Directors approved a budget for FY22 that projects estimated total revenue of \$9.3 million. The Board of Directors approved the budget with a caveat of revisiting the projections mid-way through FY22 as more trends become apparent. The ARSSTC may need to adjust its fees to members in order to increase operational capacity and stay within the bounds of its fund balance policy.

Operationally, the ARSSTC would benefit from staff able to perform compliance and audit function, and ensure adherence to exemption requirements. The overall growth of the program also requires greater accounting and fiduciary oversight, which has been implemented and will affect expenses.

In FY22, assuming collection beyond \$10 million in a calendar year, vendor fees will be reduced by formula on the amount above that level, with the MUNIREvs contract reducing fees by 33%, from 12% to 8%, and TTR by 20%, from 1.25% to 1% on sales tax collected between \$10 and \$20 million.

## **Requests for Information**

This financial report is designed to provide our members and partners with a general overview of the ARSSTC's finances and to demonstrate the ARSSTC's accountability for the money it receives. If you have any questions about this report or need additional financial information, a request should be addressed to the Alaska Municipal League, ARSSTC, Sales Tax Manager, One Sealaska Plaza, Suite 200, Juneau, AK 99801 or please call (907) 790-5307. This financial report is also available on the internet at <http://www.arsstc.org>.

## ALASKA REMOTE SELLER SALES TAX COMMISSION

**STATEMENTS OF NET POSITION**

June 30, 2021 and 2020

	2021	2020
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,043,416	\$ 121,803
Sales tax receivable	1,260,771	809,286
Prepaid expenses	5,527	4,554
<b>Total Current Assets</b>	<b>2,309,714</b>	<b>935,643</b>
<b>Total Assets</b>	<b>2,309,714</b>	<b>935,643</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Sales tax payable to members	1,895,466	720,817
Accounts payable - Alaska Municipal League	32,430	57,737
Service fees payable	305,706	119,416
Other current liabilities	-	22,491
<b>Total Current Liabilities</b>	<b>2,233,602</b>	<b>920,461</b>
<b>Total Liabilities</b>	<b>2,233,602</b>	<b>920,461</b>
<b>NET POSITION</b>	<b>\$ 76,112</b>	<b>\$ 15,182</b>

## ALASKA REMOTE SELLER SALES TAX COMMISSION

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

For the Year Ending June 30, 2021 and From Formation on November 18, 2019  
through June 30, 2020

	2021	2020
<b>OPERATING REVENUES</b>		
Commission fees	\$ 409,511	\$ 67,283
Alaska Municipal League operating expense forgiveness	-	48,578
Interest income and other	222	181
<b>Total Operating Revenues</b>	<b>409,733</b>	<b>116,042</b>
<b>OPERATING EXPENSES</b>		
Operating expenses - Alaska Municipal League	343,992	100,298
Merchant services and other fees	4,811	562
<b>Total Operating Expenses</b>	<b>348,803</b>	<b>100,860</b>
<b>Change in Net Position</b>	<b>60,930</b>	<b>15,182</b>
Net Position, beginning of year and November 18, 2019	15,182	-
<b>Net Position, end of year</b>	<b>\$ 76,112</b>	<b>\$ 15,182</b>

## ALASKA REMOTE SELLER SALES TAX COMMISSION

**STATEMENTS OF CASH FLOWS**

For the Year Ending June 30, 2021 and From Formation on November 18, 2019  
through June 30, 2020

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from sales tax filers	\$ 9,856,769	\$ 338,425
Sales tax paid to municipalities	(7,355,596)	(206,928)
Cash paid to service providers and other	(1,579,560)	(9,694)
<b>Net Cash Provided by Operating Activities</b>	<b>921,613</b>	<b>121,803</b>
Increase in Cash and Cash Equivalents	921,613	121,803
Cash and Cash Equivalents, Beginning of Year, Formation	121,803	-
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 1,043,416</b>	<b>\$ 121,803</b>
<b>RECONCILIATION OF THE CHANGE IN NET POSITION TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Change in net position	\$ 60,930	\$ 15,182
Adjustments to reconcile change in net position from operations to net cash provided by operating activities:		
(Increase) decrease in assets:		
Sales tax receivable	(451,485)	(809,286)
Prepaid expenses	(973)	(4,554)
Increase (decrease) in liabilities:		
Accounts payable and other current liabilities	(47,798)	80,228
Service fees payable	186,290	119,416
Sales tax payable to members	1,174,649	720,817
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 921,613</b>	<b>\$ 121,803</b>

**ALASKA REMOTE SELLER SALES TAX COMMISSION****NOTES TO FINANCIAL STATEMENTS**

For the Year Ended June 30, 2021, and from Formation on November 18, 2019 through June 30, 2021

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****Organization**

Alaska Remote Seller Sales Tax Commission (the Commission) is an intergovernmental entity in the State of Alaska with a membership comprised of municipalities in the State of Alaska who have signed an intergovernmental agreement to become members. To obtain and retain full membership, the legislative body of an Alaska municipality must submit either an Ordinance or Resolution authorizing the Alaska Intergovernmental Remote Sellers Sales Tax Agreement. The Commission has developed a Remote Seller Sales Tax Code, which members must also adopt.

The Commission's mission is to provide governance over a streamlined, single-level administration of sales tax collection and remittance. The Commission was formed by the Alaska Municipal League (the League) on November 18, 2019 in response to a Supreme Court decision that allowed for states across the U.S. to set up processes to start collecting sales tax from online and other remote retailers. Since Alaska does not have a state sales tax, the Commission's formation was necessary in order to give merchants a single-point sales tax filing location for the State of Alaska. As of June 30, 2021 and 2020, 36 and 28 municipalities, respectively, had joined the ARSSTC.

ARSSTC has a board of directors and governance structure apart from the League.

**Basis of Presentation**

The financial statements of the Commission have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting standards which, along with subsequent GASB pronouncements (Statements and Interpretations) constitute GAAP for governmental units. The more significant of these accounting policies are described below.

**Fund Accounting**

The Commission is accounted for on a flow of economic resources measurement focus and considered to be an enterprise fund for financial reporting purposes with revenues recognized when earned and expenses when incurred.

**Basis of Accounting**

The financial statements of the Commission have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

**Cash and Cash Equivalents**

For financial statement purposes, the Commission considers all cash, checking accounts and money market funds to be cash and cash equivalents.

**ALASKA REMOTE SELLER SALES TAX COMMISSION****NOTES TO FINANCIAL STATEMENTS**Sales Tax Receivable

Sales tax receivable consists principally of sales tax amounts reported and remitted in the month subsequent to the month in which the sales tax is collected by merchants. Sales tax receivable are considered collectible, therefore, no allowance for uncollectible accounts has been provided.

Sales Tax Payable to Members

Sales tax payable to members consists principally of sales tax amounts due to members for amounts reported and remitted subsequent to the two months in which the sales tax is collected by merchants.

Sales Tax Pass-Thru Treatment

Sales taxes collected or due from merchants is owned by the Commission's members, and are therefore not reflected as revenues to the Commission. Accordingly, sales tax amounts received or receivable from merchants are recorded as payable to members when the sales taxes received or receivable are recognized by the Commission.

Income Taxes

The Commission's income is non-taxable under Section 115 of the Internal Revenue Code.

Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on its use through external restriction by creditors, grantors or laws or regulations of other governments.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Commission Fee Revenue

Commission fee revenue is recognized on an accrual basis. The Commission assesses a fee for its sales tax collection and remittance services. The fee was 4% and 5.85% of sales tax amounts collected in the fiscal year ended June 30, 2021, and from formation on November 18, 2019 through June 30, 2020, respectively. Fees are assessed on a monthly basis and are reduced from sales tax amounts remitted to members.

Operating Expenses

The Commission entered into a Memorandum of Understanding (MOU) with the League to receive support from the League to carry out its activities. The League provides support to the Commission's board for its meetings and member activities, manages agreements with service providers, organizes the provision of legal support and manages day-to-day operations of the commission, including necessary staffing. For these services, the Commission pays the League direct expenses incurred by the League plus 8% overhead. During fiscal year 2020, the League forgave some of these expenses. See Note 3.

The League has entered into contracts with third-party service providers who provide a portal for merchant sales tax submission, sales tax collection, service provider fee calculation, and related reporting. A web-based database of taxability information and sales and use tax rates for all Commission participating tax jurisdictions is also provided. The service providers are paid on a sliding scale based on

**ALASKA REMOTE SELLER SALES TAX COMMISSION****NOTES TO FINANCIAL STATEMENTS**

sales tax revenue collected. Fee amounts are withheld from taxes collected. Total fees withheld under these contracts were \$1,368,499 and \$152,071 during the fiscal year ended June 30, 2021, and from formation on November 18, 2019 through June 30, 2020, respectively.

**Subsequent Events**

The Commission has evaluated subsequent events through the date of the Independent Auditor's Report, which is commensurate with the date the financial statements were available to be issued.

**Reclassification**

Certain prior year balances have been reclassified to conform to the current year statements.

**NOTE 2 – CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include deposits in checking and savings accounts, and amounts placed with the Alaska Municipal League Investment Pool (AMLIP). The Commission has concentrated its credit risk for cash by maintaining deposits in financial institutions, which may at times exceed amounts covered by insurance provided by the United States Federal Deposit Insurance Corporation (FDIC). The Commission has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash. The Commission does not have a deposit policy related to custodial credit risk.

The Commission's AMLIP account totaled \$7,808 and \$18,515 at June 30, 2021 and 2020, respectively, and is considered to be an external investment pool. Regulatory oversight of AMLIP is established by Alaska State Statute 37.23, which sets forth the requirements regarding authorized investments and reporting. The Commission's share of AMLIP is determined by the net asset value per share of AMLIP's underlying portfolio. As of June 30, 2021 and 2020, the fair value of the Commission's position in the pool approximated the value of the Commission's shares. AMLIP is rated AAAM by Standard & Poor's. AMLIP's statutory oversight requires, among numerous other provisions, that investments be only in securities rated "A" or better by at least two nationally recognized ratings services.

**NOTE 3 – RELATED PARTY TRANSACTIONS****Alaska Municipal League**

The League provides services to the Commission to support the Commission's operations under a contract dated January 21, 2020. The contract has an initial term of three years, with renewal for successive terms by mutual agreement between the League and the Commission. For the fiscal year ended June 30, 2021, the Commission incurred expenses of \$343,992 for services provided under the contract.

From formation on November 18, 2019 through June 30, 2020, the League incurred \$259,097 related to formation of the Commission which were not recovered from the Commission or any other source. The League billed the Commission for operating expenses totaling \$104,852, of which \$4,554 related to future periods and were recorded as prepaid expenses as of June 30, 2020 in the accompanying financial statements. The League incurred, but did not bill the Commission, additional personnel expenses totaling \$25,269 that it charged to its Paycheck Protection Program (PPP) loan. In addition, the League billed the Commission \$10,200 for cash used to establish the Commission's bank accounts. Of the total amount billed, the League elected to forgive \$48,578 to assist the Commission with furtherance of its mission. The

## ALASKA REMOTE SELLER SALES TAX COMMISSION

## NOTES TO FINANCIAL STATEMENTS

Commission repaid \$8,737 to the League, leaving amounts owed to the League of \$57,737 as of June 30, 2020, of which \$56,274 related to operating expenses.

A summary of the Commission's operating expenses from formation on November 18, 2019 through June 30, 2020 follows:

	Total Operating Costs for the Commission	Operating Expenses Charged to the League's PPP	Operating Expenses Billed to the Commission	Operating Expenses Waived by the League	Operating Expenses Paid and Payable to the League
Personnel	\$ 85,027	\$ (25,269)	\$ 59,758	\$ (23,488)	\$ 36,270
Board support	1,049	-	1,049	-	1,049
Munirev software modifications	10,500	-	10,500	(10,500)	-
Insurance	10,279	-	10,279	-	10,279
Legal	14,091	-	14,091	(9,583)	4,508
Indirect expenses	9,175	-	9,175	(5,007)	4,168
Totals	\$ 130,121	\$ (25,269)	\$ 104,852	\$ (48,578)	\$ 56,274

## NOTE 4 – NEW ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board has issued several new accounting standards with upcoming implementation dates. The following new standards were implemented by the Commission during the current fiscal year:

GASB 84 - Fiduciary Activities – Through its implementation of the new standard, Commission management reviewed its activities to determine if any meet the criteria for reporting as a fiduciary activity in the basic financial statements. No such activities were identified.

GASB 90 – Majority Equity Interests – Through its implementation of the new standard, Commission management reviewed its relationships with legally separate organizations to determine if a majority equity interest exists. No such relationships were noted.

The following standards are required to be implemented in coming financial reporting periods. Management has not fully evaluated the potential effects of these statements. In May 2020, the GASB issued GASB 95 - *Postponement of The Effective Dates of Certain Authoritative Guidance* in order to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The implementation dates below are updated to reflect the impact of GASB 95.

GASB 87 - Leases - Effective for the fiscal year ended June 30, 2022, with earlier application encouraged, this statement addresses accounting and financial reporting for certain lease assets and liabilities for leases that previously were classified as operating leases. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

GASB 89 - Accounting for Interest Cost Incurred Before the End of a Construction Period – Effective for fiscal year 2022, this statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

## ALASKA REMOTE SELLER SALES TAX COMMISSION

## NOTES TO FINANCIAL STATEMENTS

GASB 91 – Conduit Debt Obligations – Effective for fiscal year 2023, the primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

GASB 92 – Omnibus 2020 – Effective for fiscal year 2022, the objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

GASB 93 – Replacement of Interbank Offered Rates – Effective for fiscal year 2022, the objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR.

GASB 94 – Public-private and Public-public Partnerships and Availability Payment Arrangements – Effective for fiscal year 2023, the objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs).

GASB 96 – Subscription-based Information Technology Arrangements – Effective for fiscal 2023, this statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments).

GASB 97 – Certain Component Units, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – This standard has varying implementation dates. It is an amendment of GASB Statement No. 14 and No. 84, and a supersession of GASB Statement No.32. The provisions of this statement in paragraph 4 as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans and paragraph 5 of this statement are effective immediately. All other requirements are effective for the 2022 reporting period.

SUPPLEMENTARY INFORMATION

## ALASKA REMOTE SELLER SALES TAX COMMISSION

**SUPPLEMENTAL SCHEDULE OF TAXES COLLECTED AND REMITTED**

For the Year Ended June 30, 2021

	Gross Sales	Exemptions	Net Taxable Sales	Taxes Collected and Receivable	Commission and Provider Fees Withheld	Taxes Remitted and Payable
City of Adak	\$ 528,948	\$ (184,189)	\$ 344,759	\$ 13,904	\$ (2,398)	\$ 11,506
City of Aleknagik	152,631	(97,988)	54,643	2,747	(474)	2,273
Anchorage Alcoholic & Bev Tax	32,762	-	32,762	1,645	(284)	1,361
City of Bethel	11,382,186	(4,519,172)	6,863,014	412,508	(71,158)	341,350
City of Cordova	4,912,034	(1,214,554)	3,697,480	222,092	(38,311)	183,781
City of Craig	3,088,726	(720,991)	2,367,735	118,491	(20,440)	98,051
Craig Alcoholic & Beverage Tax	24	-	24	1	-	1
City of Dillingham	5,885,143	(1,725,059)	4,160,084	247,695	(42,727)	204,968
City of Gustavus	1,367,024	(224,348)	1,142,676	33,615	(5,799)	27,816
Haines Borough	5,177,729	(1,392,040)	3,785,689	150,095	(25,891)	124,204
Haines City	4,012,122	(807,423)	3,204,699	47,619	(8,214)	39,405
City of Homer	11,938,702	(2,876,324)	9,062,378	418,001	(72,105)	345,896
City of Houston	1,053,067	(496,202)	556,865	11,143	(1,922)	9,221
City and Borough of Juneau	63,915,819	(24,754,905)	39,160,914	1,927,950	(332,571)	1,595,379
Juneau Alcoholic & Beverage Tax	5,900	-	5,900	177	(31)	146
City of Kenai	13,725,902	(4,334,356)	9,391,546	268,000	(46,230)	221,770
Kenai Peninsula Borough	89,447,914	(29,815,347)	59,632,567	1,783,703	(307,689)	1,476,014
City of Ketchikan	18,748,714	(9,328,590)	9,420,124	376,983	(65,030)	311,953
Ketchikan Gateway Borough	24,875,284	(10,556,004)	14,319,280	358,266	(61,801)	296,465
City of Kodiak	19,150,152	(9,986,123)	9,164,029	641,934	(110,734)	531,200
City of Mountain Village	1,013,019	(227,099)	785,920	23,649	(4,079)	19,570
City of Nome	8,916,884	(2,463,780)	6,453,104	344,827	(59,483)	285,344
City of North Pole	2,844,490	(1,022,149)	1,822,341	100,284	(17,299)	82,985
City of Palmer	25,539,257	(9,827,471)	15,711,786	471,887	(81,400)	390,487
Petersburg Borough	5,311,520	(1,419,647)	3,891,873	233,744	(40,321)	193,423
City of Saint Paul	993,466	(393,142)	600,324	21,041	(3,630)	17,411
City of Saxman	84,963	(4,306)	80,657	3,226	(557)	2,669
City of Seldovia	679,145	(86,012)	593,133	18,475	(3,187)	15,288
City of Seward	5,666,685	(1,669,888)	3,996,797	152,075	(26,233)	125,842
City and Borough of Sitka	16,211,606	(3,665,697)	12,545,909	685,303	(118,215)	567,088
City of Soldotna	16,377,401	(6,581,694)	9,795,707	279,502	(48,214)	231,288
City of Tenakee Springs	151,138	(5,149)	145,989	2,891	(499)	2,392
City of Thorne Bay	825,279	(150,281)	674,998	40,512	(6,988)	33,524
City of Togiak	486,242	(69,223)	417,019	8,352	(1,441)	6,911
City of Toksook Bay	748,898	(279,005)	469,893	9,416	(1,624)	7,792
City of Unalaska	7,223,409	(2,092,439)	5,130,970	151,067	(26,059)	125,008
City of Wasilla	31,001,908	(12,945,112)	18,056,796	445,887	(76,915)	368,972
City of Wrangell	4,806,854	(1,501,955)	3,304,899	231,522	(39,937)	191,585
City of Yakutat	1,395,967	(395,935)	1,000,032	48,174	(8,310)	39,864
<b>Total Operating Revenues</b>	<b>\$ 409,678,914</b>	<b>\$ (147,833,599)</b>	<b>\$ 261,845,315</b>	<b>\$ 10,308,403</b>	<b>\$ (1,778,200)</b>	<b>\$ 8,530,203</b>

## ALASKA REMOTE SELLER SALES TAX COMMISSION

**SUPPLEMENTAL SCHEDULE OF TAXES COLLECTED AND REMITTED**

From Formation on November 18, 2019 through June 30, 2020

	Gross Sales	Exemptions	Net Taxable Sales	Taxes Collected and Receivable	Commission and Provider Fees Withheld	Taxes Remitted and Payable
City of Adak	\$ 25,669	\$ (102)	\$ 25,567	\$ 1,022	\$ (195)	\$ 827
City of Cordova	453,254	(25,689)	427,565	25,657	(4,904)	20,753
City of Craig	27,649	(6,362)	21,287	1,064	(203)	861
City of Dillingham	110,882	(56,478)	54,404	3,235	(619)	2,616
City of Gustavus	63,298	(3,094)	60,204	1,771	(338)	1,433
Haines Borough	391,615	(4,647)	386,968	15,340	(2,930)	12,410
Haines City	426,791	(62,578)	364,213	5,409	(1,033)	4,376
City of Homer	3,919,645	(2,453,066)	1,466,579	68,222	(13,040)	55,182
City and Borough of Juneau	7,155,958	(1,472,689)	5,683,269	281,479	(53,819)	227,660
City of Kenai	1,747,618	(277,669)	1,469,949	41,929	(8,011)	33,918
Kenai Peninsula Borough	14,578,218	(5,509,766)	9,068,452	272,185	(52,016)	220,169
Ketchikan Gateway Borough	385,367	(22,579)	362,788	23,228	(4,437)	18,791
City of Kodiak	2,078,889	(1,435,081)	643,808	45,075	(8,614)	36,461
City of Mountain Village	8,573	-	8,573	257	(49)	208
City of Nome	936,562	(128,067)	808,495	54,535	(10,416)	44,119
City of Palmer	2,419,170	(444,385)	1,974,785	59,252	(11,321)	47,931
Petersburg Borough	451,187	(146,023)	305,164	18,317	(3,499)	14,818
City of Saint Paul	13,502	(4)	13,498	472	(90)	382
City of Seldovia	76,824	(2,166)	74,658	3,181	(608)	2,573
City of Seward	651,852	(49,624)	602,228	22,897	(4,374)	18,523
City and Borough of Sitka	941,598	(312,480)	629,118	37,413	(7,149)	30,264
City of Soldotna	2,326,710	(721,619)	1,605,091	45,809	(8,756)	37,053
City of Tenakee Springs	2,144	-	2,144	43	(8)	35
City of Togiak	1,958	(18)	1,940	38	(7)	31
City of Toksook Bay	1,276	(74)	1,202	24	(5)	19
City of Unalaska	348,961	(8,532)	340,429	10,012	(1,912)	8,100
City of Wasilla	4,360,606	(1,164,504)	3,196,102	79,001	(15,105)	63,896
City of Wrangell	668,191	(231,487)	436,704	30,581	(5,844)	24,737
City of Yakutat	19,702	(14,256)	5,446	263	(50)	213
<b>Total Operating Revenues</b>	<b>\$ 44,593,669</b>	<b>\$ (14,553,039)</b>	<b>\$ 30,040,630</b>	<b>\$ 1,147,711</b>	<b>\$ (219,352)</b>	<b>\$ 928,359</b>

**ARSSTC FY22 Budget - Approved and Proposed Revision**

		FY22 Adopted	FY22 Revised
<b>ARSSTC Revenues</b>	Gross Sales Tax Collection	\$ 9,360,000.00	\$ 14,000,000.00
	<b>Total</b>		
	<b>Commission Fee Rate</b>	4%	4.0%
	Commission Fee	\$ 374,400.00	\$ 560,000.00
	MuniRev Fees (12,8,4%)	\$ 1,123,200.00	\$ 1,360,000.00
	TTR Software Contract (1.25,1,.75%)	\$ 117,000.00	\$ 145,000.00
	Member Tax Revenue	\$ 7,745,400.00	\$ 11,935,000.00
<b>ARSSTC Expenses</b>		\$ 9,360,000.00	\$ 14,000,000.00
<b>Subtotal</b>	<b>Difference</b>		
<hr/>			
<b>AMSTP</b>			
	Commission Fee	\$ 374,400.00	\$ 560,000.00
	Interest Income	250	300
	Credit Cards Fees	800	1000
	Reprocessing Fees	1000	1500
	Late fees	12500	20000
	Fee override to MR/TTR	0	0
	Uncategorized Income	0	0
<b>AMSTP Rev</b>	<b>Total: AMSTP Revenue</b>	\$ 388,950.00	\$ 582,800.00
<b>AMSTP Wages</b>	<b>Personnel</b>		
	Regular Wages	\$ 255,000.00	\$ 340,000.00
	Retirement		
	Health Insurance		
	Federal Taxes		
	<b>Total: Personnel</b>	\$ 255,000.00	\$ 340,000.00
<b>AMSTP Services</b>	<b>Contract Services</b>		
	AML Contract Overhead (8%)	\$ 25,560.00	\$ 32,360.00
	Governance Transport/Subsistence	\$ 2,000.00	\$ 2,000.00

Insurance Premium	\$ 16,000.00	\$ 16,000.00
Banking Fees	\$ 500.00	\$ 500.00
Legal Services	\$ 30,000.00	\$ 30,000.00
Audit Services	\$ 10,000.00	\$ 10,000.00
Software		\$ 40,000.00
Merchant Service Fees	\$ 6,000.00	\$ 6,000.00
Other Business Expenses		
<b>Total: Services</b>	<b>\$ 90,060.00</b>	<b>\$ 136,860.00</b>
<b>Total Expenditures</b>	<b>\$ 345,060.00</b>	<b>\$ 476,860.00</b>
<b>Beginning Fund Balance</b>	<b>\$ 76,112.00</b>	<b>\$ 76,112.00</b>
<b>Change to Fund Balance</b>	<b>\$ 43,890.00</b>	<b>\$ 105,940.00</b>
<b>Ending Fund Balance</b>	<b>\$ 120,002.00</b>	<b>\$ 182,052.00</b>
<b>Minimum Fund Balance - 20% of annual expenditures</b>	<b>\$ 69,012.00</b>	<b>\$ 95,372.00</b>
<b>Maximum Fund Balance - 25% of annual expenditures</b>	<b>\$ 86,265.00</b>	<b>\$ 119,215.00</b>



One Sealaska Plaza, Ste. 200, Juneau, AK 99801  
P: (907)790-5300, F: (907)463-5480 www.arsstc.org

**ALASKA REMOTE SELLER SALES TAX COMMISSION  
BOARD OF DIRECTORS**

**DECLARATION OF CANDIDACY  
November 2021 - November 2023**

**Commission Member Nomination**

Representing the following municipality: City of Kenai as a member of  
the Alaska Remote Seller Sales Tax Commission, I hereby nominate Scott Bloom  
for appointment to the Board of Directors of the Alaska Remote Seller Sales Tax Commission.

[Signature] 11/1/21  
Signature of Nominator Date

**Municipal Authorization**

I am authorized to nominate the above individual's active participation on the Board of Directors of the Alaska Remote Seller Sales Tax Commission.

Scott Bloom City Attorney  
NAME TITLE

City of Kenai  
MUNICIPALITY

[Signature] City Attorney  
AUTHORIZED SIGNATURE TITLE

**CANDIDATE QUALIFICATIONS**

The Commission Bylaws require that

- The number of directors shall be set at seven (7)
- Each director shall be at least 21 years of age
- Board members must be an employee, agent of, or elected official of a member entity with an active membership



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### CANDIDATE COMMITMENT and INFORMATION

I hereby declare myself a candidate to the Board of Directors of the Alaska Remote Seller Sales Tax Commission.

I declare that I will serve and participate actively in the designated office and that I will accept the time and financial commitment for the whole term if appointed.

Full Name Scott Bloom

Municipality/Organization City of Kenai

Mailing Address 210 Fidalgo Avenue

City Kenai Zip Code 99611

Telephone 907 283-8224 FAX Number \_\_\_\_\_

E-Mail sbloom@kenai.city

My qualifications for membership on the ARSSTC Board of Directors include experience in the following areas:

As a current board member and the only attorney  
on the board I feel my experience and  
unique perspective I bring to the Board is  
valuable.



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**ALASKA REMOTE SELLER SALES TAX COMMISSION  
BOARD OF DIRECTORS**

**DECLARATION OF CANDIDACY  
November 2021 - November 2023**

**Commission Member Nomination**

Representing the following municipality: City of Soldotna as a member of  
the Alaska Remote Seller Sales Tax Commission, I hereby nominate Stephanie Queen  
for appointment to the Board of Directors of the Alaska Remote Seller Sales Tax Commission.

Paul J. Whitney  
Signature of Nominator

11-10-21  
Date

**Municipal Authorization**

I am authorized to nominate the above individual's active participation on the Board of Directors of the Alaska Remote Seller Sales Tax Commission.

Paul Whitney  
NAME

Mayor  
TITLE

City of Soldotna  
MUNICIPALITY

Paul J. Whitney  
AUTHORIZED SIGNATURE

MAYOR  
TITLE

**CANDIDATE QUALIFICATIONS**

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- The number of directors shall be set at seven (7)
- Each director shall be at least 21 years of age
- Board members must be an employee, agent of, or elected official of a member entity with an active membership



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### CANDIDATE COMMITMENT and INFORMATION

I hereby declare myself a candidate to the Board of Directors of the Alaska Remote Seller Sales Tax Commission.

I declare that I will serve and participate actively in the designated office and that I will accept the time and financial commitment for the whole term if appointed.

Full Name Stephanie Queen

Municipality/Organization City of Soldotna, Alaska

Mailing Address 177 N. Birch St.

City Soldotna Zip Code 99669

Telephone 907-714-1240 FAX Number \_\_\_\_\_

E-Mail squeen@soldotna.org

My qualifications for membership on the ARSSTC Board of Directors include experience in the following areas:

I am the current City Manager for the City of Soldotna, a position I have held since  
2018. Prior to that, I served as the city's Director of Economic Development and  
Planning, since 2008.

I have served as Vice President of the ARSSTC board since it's inaugural meeting in  
November of 2019, and would be grateful for the opportunity to continue serving and  
representing member municipality's interests. Thank you for your consideration.



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**ALASKA REMOTE SELLER SALES TAX COMMISSION  
BOARD OF DIRECTORS**

**DECLARATION OF CANDIDACY  
November 2021 - November 2023**

**Commission Member Nomination**

Representing the following municipality: \_\_\_\_\_ as a member of  
the Alaska Remote Seller Sales Tax Commission, I hereby nominate \_\_\_\_\_  
for appointment to the Board of Directors of the Alaska Remote Seller Sales Tax Commission.

\_\_\_\_\_  
Signature of Nominator

\_\_\_\_\_  
Date

**Municipal Authorization**

I am authorized to nominate the above individual's active participation on the Board of Directors of the Alaska Remote Seller Sales Tax Commission.

\_\_\_\_\_  
NAME

\_\_\_\_\_  
TITLE

\_\_\_\_\_  
MUNICIPALITY

\_\_\_\_\_  
AUTHORIZED SIGNATURE

\_\_\_\_\_  
TITLE

**CANDIDATE QUALIFICATIONS**

The Commission Bylaws require that

- The number of directors shall be set at seven (7)
- Each director shall be at least 21 years of age
- Board members must be an employee, agent of, or elected official of a member entity with an active membership



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## CANDIDATE COMMITMENT and INFORMATION

I hereby declare myself a candidate to the Board of Directors of the Alaska Remote Seller Sales Tax Commission.

I declare that I will serve and participate actively in the designated office and that I will accept the time and financial commitment for the whole term if appointed.

Full Name \_\_\_\_\_

Municipality/Organization \_\_\_\_\_

Mailing Address \_\_\_\_\_

City \_\_\_\_\_ Zip Code \_\_\_\_\_

Telephone \_\_\_\_\_ FAX Number \_\_\_\_\_

E-Mail \_\_\_\_\_

My qualifications for membership on the ARSSTC Board of Directors include experience in the following areas:

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