



## MEMORANDUM

**DATE:** October 20, 2023  
**TO:** City Manager  
**FROM:** Anita Fuller, Finance Director  
**SUBJECT:** Finance & Budget Staff Report

### STAFF REPORT

- Revenue and Expense review for August 2023
- FY22 & FY23 Audit update
- Department staffing
- Property Tax
- Sales Tax
- Collections
- Budget

#### **Revenue and Expense review August 2023 –**

Information provided for percentages above 16%. Current actuals recognize a net increase to fund balance by \$3,453,456. End of FY23 year adjustments are still pending.

- Real and personal property taxes are recorded as revenue at 100% on 07/01/2023. Actual collections in August is at 3% of real property and 1% of personal property which is historically normal. Property tax penalty and interest continues to be higher than expected due to non-payment of prior year taxes.
- PILT has come in well above expected at 114%. This can be adjusted with the mid-year budget revision.
- Motor Vehicle Tax is under review of FY23 audit entry.

#### *Special Revenues & Other Funds Revenue*

- Carlson Estate investments have returned higher than expected.

#### *Transfers*

- As expected

#### *General Fund Expenditures*

- As expected.

#### *Special Revenues & Other Funds Expenditures*

- As expected.

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### Grant and Bond Revenues/Expenditures

- As expected.

### Capital Project Revenues/Expenditures

- Projects have begun and will see expenses in September, payments are pending.

### Audit Update:

FY22 Audit – Auditors arrive 11/27/2023 for final work.

FY23 Audit – Auditors arrive 01/08/2024 to be onsite two weeks.

### Department staffing:

Account Tech II – Position has been opened since 09/08/2023. Advertising ongoing.

Account Tech III, Taxes – Basil Tilden will be attended the AML Tax Conference in Anchorage 09/28/23-09/29/23. Presentations will cover how to strengthen the ability for local governments to manage current and potential tax systems.

Finance Director attend the Ruba Training - Personnel Management for Rural Utilities. This training focused on what a utility should be doing for personnel.

### Property Tax

Real and personal property taxes for 2023 are due on 11/01/2023. Penalties will be incurred if at least the first half is not paid on 11/02/2023. The remaining taxes are due 12/01/2023.

Personal property tax return process. The Finance Department have made a goal to improve

### Sales Tax

AML, in a response to a number of questions received from remote sellers, is making an update to the taxability guidance that is published regarding federally recognized tribes. The current language published on the tax lookup map only generally references federally recognized tribes. There is a need to update the guidance to specifically call out sales to tribes vs sales by tribes.

Below is the proposed updated language around federally recognized tribes based on our current sales tax code. AML would like a response by 11/3/2023 if there is an issue with their wording.

place_name	section	item	item_name	answer	explanation
Dillingham	Alaska Tax Lookup	37	Sales to Federally Recognized Tribes	Exempt	This is exempt. Dillingham exempts sales to federally recognized tribes.
Dillingham	Alaska Tax Lookup	NEW	Sales by Federally Recognized Tribes	Taxable	This is taxable. Dillingham has no exemption for sales by federally recognized tribes.

### Collections

Notices were mailed for utility collections 09/29/2023. Utility shut offs scheduled as early as 10/30/2023. Denied services list is updated and ready for review and for letters to go out.

### Grants

NTS & NSIP grant reporting completed for FY23. FY24 application approved.

Remaining grant reporting in progress.

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## Budget

FY24 Budget revision review has begun. Planning on presenting budget revision in the November meeting so council can have December and January to adopt the revision.

**Wages:** City of Dillingham continues to struggle with filling positions. Wages, although not the only factor, is top of the list. The City Manager proposal in the September council meeting was to increase each level by 12%. Using the most recent payroll, a 12% increase would increase one payroll's wage by \$15,014 and benefits by \$3,923 for a total of \$18,937. If this impacts 75% of the FY24 budget an increase of \$369,269 would be recognized. .

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