MEMORANDUM

Date: 10/17/2025

To: Jack Savo, Acting City Manager

From: Anita Foran, Finance Director

Subject: Finance & Budget Report 10/20/2025

Council Considerations/Recommendations:

- Review of Property tax in DMC.

4.15.030 (Creation of an exemption for tribal use of fee simple property)

4.15.080 Personal property returns. (Update for everyone to submit a return and create an exemption for the first $10,000)

A. Every person with personal property whose total combined value is greater than ten thousand dollars shall submit to the city a personal property return, postmarked on or before the first business day in February, of any property owned by him/her or in which he/she has an interest, and of the property held or controlled by him/her in a representative capacity, in the manner prescribed in this chapter, which return shall be based on property values existing as of January 1st of the year in which the return is made, or, in the case of business inventories, values shall be computed on the year end method. Commercial boats and vessels are not included in figuring whether the property owner has more than ten thousand dollars in personal property, but must be reported annually on the personal property assessment return. The person making the return in every case shall state the address to which all notices required to be given to him/her under this chapter may be mailed or delivered. The return shall show the nature, quantity, description, amount and value of all personal property, and the place where the property is situated. The return shall be in such form and include such additional information as the assessor may prescribe, and shall be signed and verified under oath by the person liable or his/her or its authorized agent or representative.

B. The assessor may, by notice in writing to any person by whom a return has been made, require from him/her further return containing additional details and more explicit particulars, and upon receipt of the notice, that person shall comply fully with its requirements within thirty days.

C. Total combined value for the purpose of this section shall include all personal property except:

1. Commercial boats and vessels assessed on a valuation under Section 4.15.040; and

2. Personal property exempted from tax under Section 4.15.030. (Ord. 01-12 § 1 (part), 2001; Ord. 08-02 §§ 2, 5, 2008; Ord. 11-08 § 1, 2011.)

Department Accomplishment and Opportunities:

Questica:

Ongoing.

Audit Update:

FY25 Audit – Testwork conducted October 13, 2025. Questions pending answers. Final week scheduled for the week of December 1, 2025.

Department staffing:

Account Technician II – Receivables position continues to be advertised.

Property Tax:

Review updates in council consideration. Assessors have provided a quote for online property tax return filing for $10,000 for personal/business property.

Collections:

Ongoing.

Grants:

Fourth quarter reports were finalized in July and August. Some reporting was completed in September, due to some adjustments in project narratives.

Budget:

FY26 Budget amendment 1 is introduced and ready for adoption at the November 6, 2025 council meeting.

FY27-FY28 creation will begin after the first FY26 budget amendment adoption.

Internal Controls:

- Review of the document is ongoing.
- Payables review is first to be reviewed in full detail.

Other News:

- Working with other departments to determine all contracts that need to go out for the bidding process.

- GCI lease has been presented to GCI and have received their response. Negotiations have begun.
- Attached is a report of all payables for fiscal year 2025 in alphabetical order with the sum paid out for the year as requested by council in the October Council Meeting.

Upcoming Calendar Items:

- 15th of each month utility payments due; last day of month utility bills sent.
- November 1, 2025 Real Property and Personal Property tax payments are due. If the first half is paid by November 1, 2025 then the second half payment can be made on December 1, 2025. If at least the first half payment is not made by November 1, 2025 then a penalty is applied to the remaining balance of all taxes due.
- November 15 will mail out renewal notices for Business Licenses and Personal/Business property tax returns.

Revenue and Expense Report – August 2025:

- Target percentage for July activity is 16%. Explanations provided in this report are for those items above 37%. These are unaudited items and will have adjustments as the audit work is completed.
- Fund balance is an increase of $2,362,707. This increase is due property tax invoices going out on 07/01/2025. Payments of property tax are 19% for real property and 30% for personal property.
- All other reporting at this time is as expected based on revenue receiving history.

Special Revenues & Other Funds Revenue

- All revenues are on target at an average of 14%.
- Habor revenue is as 37% due to seasonal activity which is as expected.

Transfers

- Landfill transfers are at a lower rate
- Senior Center transfer is at 37%. A review is being conducted to determine why so high. No grant revenue has been received which will contribute to the change.
- Overall revenue at 33% due to revenue from property taxes.

General Fund Expenditures

- General fund expenditures are at 15% average as expected.

Special Revenues & Other Funds Expenditures

- Average expenditures are at 14% as expected.

Grant and Bond Revenues/Expenditures

- BBEDC Training has been reported in October and available expenses have been invoiced for reimbursement.

Capital Project Revenues/Expenditures

- None at this time.