



MEMORANDUM

DATE: September 22, 2023
TO: City Manager
FROM: Anita Fuller, Finance Director
SUBJECT: Finance & Budget Staff Report

STAFF REPORT

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

Revenue and Expense review June 2023 –

Information provided for percentages above 28%. Current actuals recognize a net increase to fund balance by \$3,455,867. End of FY23 year adjustments are pending.

- Real and personal property taxes are recorded as revenue at 100% on 07/01/2023. Actual collections in July is at 3% of real property and 1% of personal property which is historically normal.
- PILT has come in well above expected at 114%. This can be adjusted with the mid-year budget revision.

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.

Grant and Bond Revenues/Expenditures

- As Expected.

Capital Project Revenues/Expenditures

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- Projects have begun and will see expenses in August.

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 –Sherina Tilden has moved to the Executive Assistant position which created an opening for the Account Tech II Receivables on 09/08/2023. Advertising has started.

Account Tech III, Taxes – Basil Tilden will be attending 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 will be in Anchorage October 2-October 13 for medical and attend the Ruba Training - Personnel Management for Rural Utilities. This training will potentially increase our scoring and improve funding opportunities for water/wastewater projects.

Property Tax

Real and personal property taxes for 2023 are due on 11/01/2023 (at least first half).

The September property tax statement was sent out with an incorrect date and incorrect reminder. All tax details were correct as of 09/07/2023. The public was notified of the error on Facebook. Internal controls already in place have been reviewed to prevent future instances of this error. New statements will go out the first week of October.

Assessed values verses market value for real property – Objective of the assessed value is to keep the values similar throughout the community. Market value can be based on supply and demand of what is available and what prices that can be asked for in comparison to what people are willing to pay. Assessed values will always chase what the market is doing and can have a large discrepancy based on how quickly rates increase. Assessed values are generally one to two years behind market values.

Personal property tax return process. The Finance Department have made a goal to improve the reporting and collection of personal property tax. The 2023 tax year reflected the force file of F/V in Dillingham that have not been filed. Collections of those taxes will be done with letters and eventually denial of harbor services if taxes are not paid by next summer. Reporting of personal property according to code is to be done by the property owner. City staff have advertised through Facebook, the city website and notices in public locations to remind citizens to file. Once personal property has been file, annual reminders will be sent in November.

DMC 4.15.080 Personal property returns.

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

Collections

Progress on water collections has been delayed due to turnover in the accounts receivable position. Notices will go out as support staff are able. Priority focus is given to audit preparations.

Grants

Grant reporting is in process by both the Assistant Finance Director and Accounting Tech IV. Library and Senior Center grants have been worked on in September. All grants will have quarterly reports in October.

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.

Dock: Hyster 800 trade-in has been evaluated. Pape has suggested that with the current conditions of the Hyster a suggested trade in value would be \$55,000, the City of Dillingham would be responsible for delivering the Hyster to Seattle at a potential cost of \$25,000. For an equivalent replacement of an H800XD48 (New Model) would most likely be in the \$700K+ Range with a New H1050XDS48 being closer to \$800K. Current lead time on these machines is roughly 66 Weeks from the date of order.

Nerka road project: In the process of excavating parts of Nerka Loop the Tribe came across soils that required more excavating than what was originally planned. To pave the Nerka Loop and Widgeon Lane the Tribe would need an additional \$654,864.25. In the September 19, 2023 meeting, the Tribe decided to not add more funds to complete the paving of the Nerka Road project. The City Manager would like to see if the City Council would consider contributing funds to the project.
