



FINANCE AND BUDGET COMMITTEE

Thursday, March 26, 2026 at 5:30 PM

AGENDA

Our Vision. To have an infrastructure and city workforce that supports a sustainable, diversified and growing economy. We will partner with others to achieve economic development and other common goals that assure a high quality of living, and excellence in education.

MEETING INFORMATION

FINANCE & BUDGET COMMITTEE MEETING

CITY HALL COUNCIL CHAMBERS

141 Main Street, Dillingham, AK 99576

(907) 842-5212

Zoom call-in instructions used for all public meetings:

Zoom call-in: 1-719-359-4580, Meeting ID: 920 - 483 - 0473, Passcode: 99576

Phone access is more stable than video access. If the Zoom meeting freezes or drops, video access will be limited.

CALL TO ORDER

ROLL CALL

APPROVAL OF MINUTES

- [1.](#) 02.20.2026 Finance and Budget Committee Minutes

APPROVAL OF AGENDA

STAFF REPORTS

- [2.](#) Staff Report
- [3.](#) 02.26 Financial Report

UNFINISHED BUSINESS

- [4.](#) Fish Tax

NEW BUSINESS

5. Budget Amendment 2

PUBLIC/COMMITTEE COMMENT(S)

ADJOURNMENT



SPECIAL FINANCE AND BUDGET COMMITTEE MEETING AT 5:30 PM

Friday, February 20, 2026 at 5:30 PM

MINUTES

Our Vision. To have an infrastructure and city workforce that supports a sustainable, diversified and growing economy. We will partner with others to achieve economic development and other common goals that assure a high quality of living, and excellence in education.

MEETING INFORMATION

SPECIAL FINANCE & BUDGET COMMITTEE MEETING CITY HALL COUNCIL CHAMBERS

141 Main Street, Dillingham, AK 99576 (907) 842-5212

This meeting was also available at the following online location: Zoom

Meeting ID: 920 483 0473; passcode: 99576

Or dial: 1(719)359-4580 or 1(253)205-0468

CALLED TO ORDER by the chair at 5:32.

ROLL CALL

Members Present:

- Curt Armstrong (Chair)
- Alice Ruby
- Jean Barrett (Zoom)
- Anita Foran, Finance Director
- Jack Savo Jr., Acting City Manager

Members Absent:

- Kaleb Westfall (*not excused*)
- Steve Carriere (*excused*)

Staff Present:

- Abigail Flynn, City Clerk

Quorum Established.

APPROVAL OF MINUTES

Minutes from 1/21/2026

- Motion: Foran
- Second: Carriere
- No corrections
- **Action:** January 21, 2026 minutes approved

APPROVAL OF AGENDA

- Motion: Carriere
- Second: Ruby

- Vote: Unanimous
- **Action:** Agenda approved

STAFF REPORTS

- Finance and budget report received
- December and January revenue and expense reports reviewed

UNFINISHED BUSINESS

1. Fish Tax
 - Direction to coordinate informational presentation
 - Future discussion to include stakeholders

NEW BUSINESS

1. Senior Center Budget and Funding Needs

- Direction to proceed with budget adjustments and bring forward amendments

2. Recommendations to code committee

A. Business License Code Update (DMC 4.16.010)

- Motion: Ruby
- Second: Barrett
- Vote: Unanimous
- **Action:** Recommend draft ordinance to Code Committee

B. Tax Cap Exemption (DMC 4.20.050(T))

- Direction for further research and Code Committee review

3. Follow up on Workshop on Discussion of Taxation, Annexation, and Borough Formation

- Direction for continued information gathering

PUBLIC/COMMITTEE COMMENT(S) -none

ADJOURNMENT at 6:30 pm

ATTEST

Abigail Flynn, City Clerk

Approval Date

Mayor
Alice Ruby

Acting Manager
Jack Savo Jr



Dillingham City Council
Triston Chaney
Jean Barrett
Steven Carriere
Curt Armstrong
Kaleb Westfall
Kevin McCambly

MEMORANDUM

Date: 03/22/2026

To: Jack Savo, City Manager

From: Anita Foran, Finance Director

Subject: Finance & Budget Report 03/26/2026

Council Considerations/Recommendations:

Review of DMC 4.16 definition of physical presence for a business license has been sent to code committee.

Review of Sales Tax DMC 4.20.050 T. Definition of tax cap has been sent to code committee.

Past council question: What is the recommended reserve amount for the City of Dillingham? It is recommended to have 3 months of revenue to cover operational expenses. The recommended amount is an estimated \$3,500,000.00 and will cover payroll costs and basic operations for three months. This is based on a review of the last three years.

What is meant by supplement payrolls? The Department of Labor requires an employee to receive payment 3 days after the last day of employment.

Supplement payrolls can be a result of this requirement or can be a correction if/when an error occurs that requires the employee to have further pay.

Department Accomplishment and Opportunities:

Cash Vest (Three+One) has been awarded a 90 score to investment improvements made by the City of Dillingham. Investments have improved and has returned better than expected. The mechanism is in place for future improvements that can be recognized as early as May.

282 business licenses have been received, processed and sent out as of 02/28/2026

Audit Update:

FY25 Audit –Auditors have scheduled the final report to be drafted by the end of April. No determinations have been made at this time.

Department staffing:

Assistant Finance Director – Revenue Cycling Manager position is advertised to be filled.

Property Tax:

2026 assessment notices were delivered before March 15, 2026. Appeals have a deadline of April 15, 2026.

Collections:

2018-2022 Foreclosure (3DI-24-00061CI) one-year redemption period has closed. There are 4 remaining properties on this list.

2020-2024 Foreclosure (3DI-25-00062CI) properties have until July 24, 2026, before the redemption period is closed. There are 17 remaining properties on this list.

2025 Foreclosure list is in final review. Collections letters will go out April 2, 2026.

Grants:

Grant Updates

- NTS grant for Sr Center continuation application has been started for \$56,000.
- Library E-Rate for internet services is being renewed for the best rate.
- IMLS (Library) grant has been applied for an additional year for \$10,000.
- PLA (Library) grant has been applied for an additional year for \$7,000.
- Jail contract from State of Alaska application is in process for FY27.

Budget:

FY26 Budget amendment 2 is in process.

FY27-FY29 creation has begun with staff and management.

Internal Controls:

- Review of the document is on hold during budget review.

Other News:

- Landfill credit card payment capabilities are up and running.
- APRA insurance renewal process has begun for general liabilities.

- Janitorial RFP has been posted.

Upcoming Calendar Items:

- 15th of each month utility payments due; on the last day of month utility bills are sent.
- Property tax assessment returns have been mailed as 03/15/2026. Appeals to the assessed values are due by 04/15/2026.

Revenue and Expense Report – February 2026:

- Target percentage for February activity is 67%. Explanations provided in this report are for those items below 47% and above 87%. These are unaudited items and will have adjustments as the audit work is completed.
- Fund balance is a decrease of \$1,770,009.
- General fund revenue is a healthy 70%.
- Gaming Sales tax returns are higher than expected and can be added to the budget revision.
- Sales tax penalties and interest are at 42%, review of reporting done in March will increase that percentage.
- Payments of property tax are recorded at 103% & 105%. Actual amount received is 95% for real property and 82% for personal property.
- Property tax penalty and interest reflect penalties assessed to the unpaid 2025 taxes.
- Community Sharing and PILT have been received in full for the year.
- Lease and Rental income will be low until the end of the fiscal year when an annual lease payment is received from one of the vendors.
- Administrative overhead is reduced in all areas due to reduced spending in special revenue funds.
- PERS Forfeiture funds have returned higher than expected.
- All other payments currently are as expected based on the receiving history of the revenue.

Special Revenues & Other Funds Revenue

- Dock Revenue is 35% and will not rise much until May when the main barges arrive.

- Harbor revenue is at 40% and will not rise much until April when Harbor fees are received.
- Senior Center grant is delayed until the remaining deliverables are received.
- Library grants are at 29% due to delay in receiving the Curyung funds for the IMLS grant received in March and due to method chosen to record the E-Rate grant.
- Bond Reimbursement from the State is expected at the end of March.
- The investments for the Mary Carlson Estate have returned less than expected.
- These delays are impacting on the 43% revenue for this section.

Transfers

- Transfers to the landfill have been reduced due to reduced spending that is expected to happen in the final quarter.
- Equipment replacement of \$2,805 reflects expenses for the K-9 unit requested in FY25 but received in FY26. The \$111,000 budget is for the annual payment for the grader loan. The grader is expected to arrive in the summer of 2026.
- Debt Service payments have been paid out as expected.
- Transfer for the school bond now reflects the State reimbursement expected to arrive in March.
- Transfers from Dock to Harbor have not happened due to Dock revenue being less than expenditures.
- Transfers from Wastewater to Water have been made to balance the account.

General Fund Expenditures

- City council expenditures are low due to reduced spending for a lobbyist.
- Foreclosure expenditures will increase as the foreclosure process continues.
- K-9 Unit and the Fire Department donation have not had any expenditure.
- Shop & streets expenditures are low due to an open staff position.
- Repairs to Grandma's house are reflected in January. The purpose of the building is still in debate.
- General fund expenditures are at 58% as expected.

Special Revenues & Other Funds Expenditures

- Water and Wastewater are low due to the not having purchased major equipment. Purchases are pending the budget revision.

- Dock expenditures are low due to normal timing of operation. Maintenance expenditures have not been utilized at this time.
- Asset forfeiture funds have not been spent. No expenditure has been planned at this time.
- Library grant expenditures
- Ambulance reserve fund expenditures are low due to a refund in an expense from FY25.
- Debt services expenses are on time as expected.
- Equipment replacement expenditures reflect K-9 expenditures that arrived late.
- Average expenditures are at 57%.

Grant and Bond Revenues/Expenditures

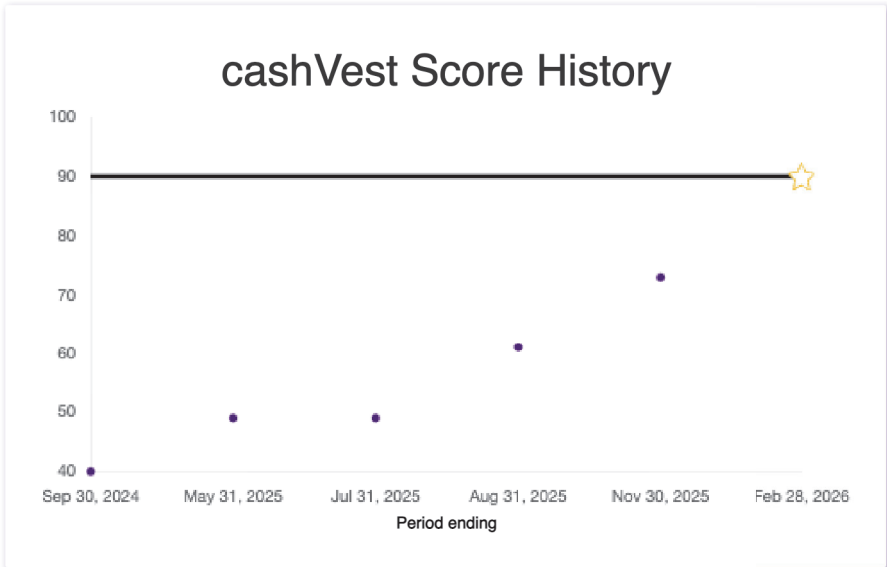
- EPA Landfill grant and the Snagpoint erosion grant. No expenses at this time.
- Remaining grants are in the beginning stages of the projects.


Capital Project Revenues/Expenditures

- None at this time.

Scorecard

The City's cashVest score increased to 90 during this period, driven by an increase in the % of funds providing value and Fixed Income holdings aligning more closely with Stress Test results, thanks to investments at Piper Sandler and Concourse Financial Group. The City also saw a slight decrease in the Cash Flow optimization component score, recognizing that the ECR offered by Wells Fargo has continued to decline precipitously, leaving 24% of total balances earning just 0.60% in service charge offset credits. To fully align with Stress test results, the City can increase fixed income by atleast \$1.94 million. As of 2/28/26, the City held \$2 million in liquid balances in its Piper Sandler and Concourse Financial Groups Accounts, which, if invested in Fixed Income or Mutual Funds, would serve to increase the Liquidity Proficiency component to a perfect score. A review of Wells Fargo banking services is warranted, particularly an exploration of implementing a Sweep account to automate balance management and sweep funds to a high-yielding account to optimize value for balances in the General Fund x3096. The cashVest score is comprised of the five components below. Recommendations to help increase the score for each element are provided in the accompanying commentary. As each component score increases, the City will ensure that all balances are secure, provide value, and maintain data-supported liquidity levels at all times.





90

cashVest Score

\$42,626	Period Interest
\$255,929	Last 12 months
\$617,089	Cumulative Interest

% of Funds Providing Value

★★★★★

+12

↑ Up this period

Summary

All City balances provide value, up from 94.68% last period. 76% of balances provide value through direct interest earnings, while 24% of balances provide value by offsetting fees at Wells Fargo.

Drivers for Your Score

A significant contributing factor for this increase in score is that all balances were providing value at Wells Fargo, as no excess credit was being accumulated. For the period, \$2.15 million was held in the General fund x3096.



+6

↑ Up this period

Summary

Stress-test modeling confirmed a Total Strategic Liquidity of \$6.375 million, including a \$2.25 million Cushion. City balances for the period are included below: Period Average As of 2/28/26 FI: \$2.2 million \$2.2 million HY: \$4.5 million \$4.6 million LY: \$2.2 million \$1.6 million

Drivers for Your Score

Updated Stress Test results indicate that at least \$4.125 million could be invested in fixed income. Additionally, \$2.25 million can be allocated to either short-term fixed income or HY Liquid accounts, depending on whether the City is in a high or low cash period. This supports investing an additional \$1.94 million to align with Strategic Liquidity levels 1-5. As of 2/28/26, the City holds \$2 million in liquid balances in its investment accounts.

Short-term forecasts indicate City balances will range between \$6.1 million and \$8.5 million over the next 6 months. At its lowest cash point, City balances are forecast to dip into the Cushion by \$200,000, supporting maintaining the Cushion in High Yield Liquid balances over the next 6 months.

Warnick Rate Indicator®



0

Unchanged from prior period

Summary

On a cash basis, the City's effective yield on interest-bearing funds was 2.54% during this period. Adjusting to include only interest earned during this period, the yield was 3.76%, down 79 bps from 4.55% last period. By comparison, the 30-day US Treasury averaged 3.74% for the period, down 41 bps from 4.15% last period. While the decrease in yield outpaced the decrease in the treasury benchmark, the City's performance still outperformed the treasury benchmark - enough to earn a perfect Warnick Rate Score.

Drivers for Your Score

Fixed Income holdings earned between 3.50% and 5.05% this period, with an average yield of 3.95%. By comparison, High Yield Liquid balances earned an average yield of 3.80% for the period. High-Yield and Fixed Income balances combined to account for 76% of City Balances for the period. The remaining 24% of the City's balances in Low-Yield Liquid earned no interest, and just 0.45% in net ECR value offsetting fees at Wells Fargo.

If the City's balances at x3096 had been swept into a Wells Fargo sweep account (currently yielding 3.54%), the City could have realized an additional \$18,776.88 in interest during this period - compared to just \$3,156.23 earned via ECR.

Cash Flow Optimization



-1

↓ Down this period

Summary

The City maintains a streamlined account structure, with all operating activity managed through a single bank, Wells Fargo, and high-yield liquid holdings at Piper Sandler, Concourse, and AMLIP. The City's primary opportunity to increase its score in this category is to address the low value earned at Wells Fargo. With the ECR continuing its decline, the City should consider implementing a sweep service through Wells Fargo to automate balance transfers from x3096 to and from a sweep account where balances can earn high-yield liquid balances.

Drivers for Your Score

The City's ECR with Wells Fargo was reduced from 0.80% to 0.60% in December. This lower ECR resulted in small deficits in December and February. This ECR is below market value and highlights the importance of allocating balances to higher-yielding accounts or fixed-income options. A Sweep account would automate this balance management.

The City disbursed 412 ACHs and only 155 checks during the period, resulting in a ratio of 2.7 : 1. Although this is a great ratio, there is still room for further transition payments from check to electronic. An ideal ratio is 4:1. Checks are the #1 source of bank fraud and can add an additional \$1 per check in ancillary costs.



0

Unchanged from prior period

Summary

The City adopted a comprehensive new investment policy on September 4, 2025. This policy provides all the necessary tools to follow recommendations supported in this report, as well as guidance for the security and safeguarding of City balances.

Drivers for Your Score

Current invested balances are held in liquid Money Market Mutual Funds and two small CDs. The newly updated policy includes a wide range of investment options, including bank products such as CDs, Municipal pools like AMLIP, Mutual Funds for both stocks and bonds, and investment-grade fixed income securities. This provides an excellent framework to grow fixed income balances to align with Strategic Liquidity levels.

Best practice supports regular reviews of the investment policy on an annual basis to ensure all interested parties understand the policy and to make any necessary changes.

Strategic Liquidity

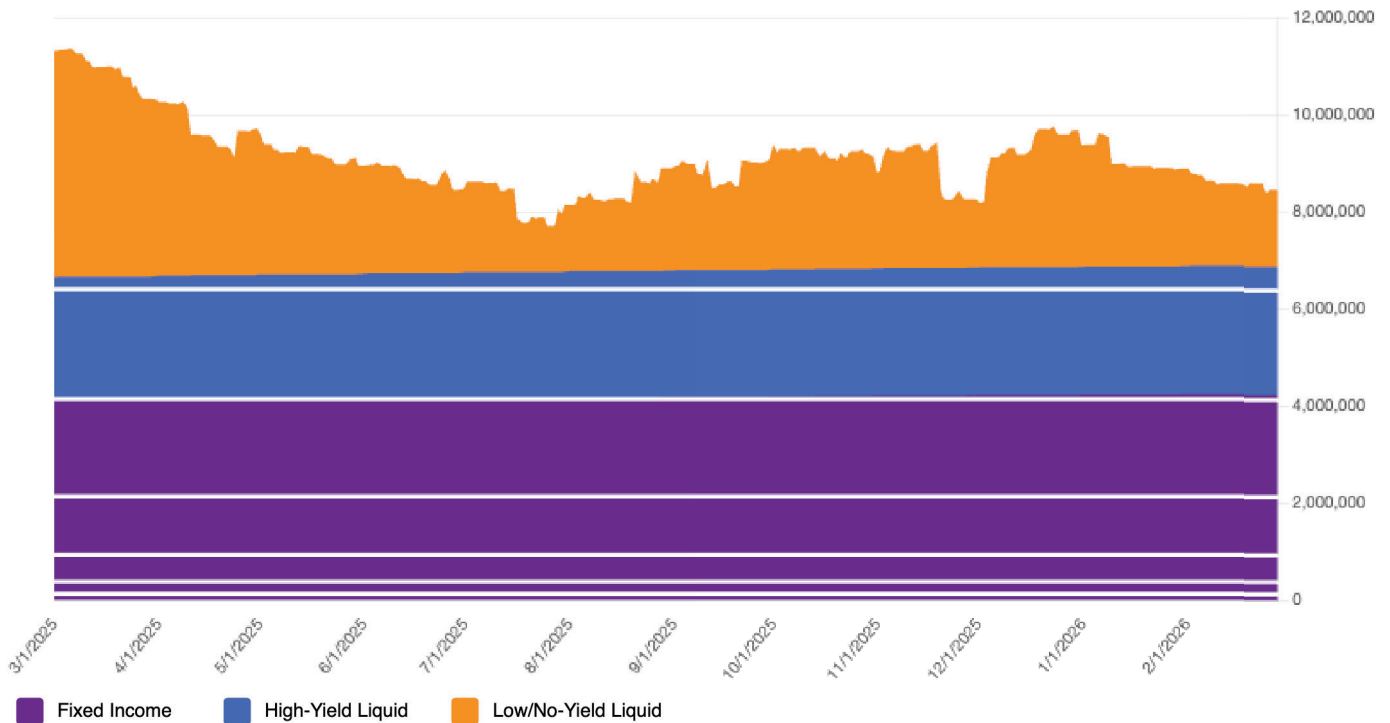
\$6,375,000

Total Strategic Liquidity

	LEVEL 5 \$125,000	LEVEL 4 \$250,000	LEVEL 3 \$550,000	LEVEL 2 \$1.2M	LEVEL 1 \$2M	Cushion \$2.25M	Working Capital [?] \$2,673,550	Total \$9,048,550
Duration	24-30 months	18-24 months	12-18 months	6-12 months	1-6 months	Up to 30 days	Daily	Varies
Benchmark Rates *	3.38%	3.43%	3.48%	3.60%	3.67%	3.74%	3.74%	3.68%
Benchmark Values	\$4,225	\$8,575	\$19,140	\$43,200	\$73,400	\$84,150	\$99,991	\$332,681

* Treasury Yield Curve Rates as of 2/27/2026

Investment vs Strategic Liquidity Levels



City of Dillingham
 Unaudited Revenues and Expenditures As of

February 28, 2026

Data Collected on:
 3/24/2026

Section . Item 3.

	02/28/26			02/28/25		Uncollected	% Adj
	Budget - FY26	YTD	Percent	YTD	INC/(DEC)		
General Fund Revenues							
General Sales Tax	\$ 3,500,000	\$ 1,686,390	48%	\$ 2,349,119	\$ (662,730)	(3,128.20)	48%
General Sales Tax - Remote	650,000	347,521	53%	343,182	4,339		53%
Alcohol Sales Tax	280,000	169,538	61%	165,491	4,048		61%
Transient Lodging Sales Tax	125,000	89,603	72%	90,623	(1,020)	-	72%
Gaming Sales Tax	15,000	14,732	98%	5,576	9,156		98%
Tobacco Excise Tax	280,000	132,184	47%	166,665	(34,481)		47%
Marijuana Excise Tax	90,000	57,394	64%	60,653	(3,259)		64%
Business License	17,000	14,100	83%	13,600	500		83%
Penalty & Interest - Sales Tax	17,000	7,215	42%	5,564	1,651	(178.57)	41%
Total Sales Tax	4,974,000	2,518,677	51%	3,200,473	(681,796)		51%
Real Property Tax	2,600,000	2,674,143	103%	2,537,996	136,148	(198,271.07)	95%
Personal Property Tax	700,000	733,429	105%	1,127,619	(394,191)	(161,579.27)	82%
Penalty & Interest - Property Tax	130,000	115,781	89%	150,783	(35,002)		89%
Total Property Taxes	3,430,000	3,523,353	103%	3,816,398	(293,046)		92%
Telephone Gross Receipts State Tax	70,000	-	0%	-	-		0%
Shared Fisheries	150,000	-	0%	147,328	(147,328)		0%
Raw Fish Tax	20,000	-	0%	-	-		0%
Community Sharing	83,543	84,143	101%	-	84,143		0%
Payment in Lieu of Taxes (PILT)	540,000	540,299	100%	537,418	2,881		100%
State Jail Contract	584,764	438,573	75%	271,828	166,745		75%
Motor Vehicle Tax	25,000	14,583	58%	12,231	2,352		58%
Ambulance Fees	60,000	37,059	62%	18,411	18,648		62%
Lease & Rental Income	35,000	7,470	21%	7,380	90		21%
Admin Overhead	200,105	87,675	44%	86,235	1,440		44%
PERS on Behalf	275,799	171,422	62%	122,097	49,325		62%
PERS Forfeiture Fund	25,000	24,403	98%	33,400	(8,997)		98%
Other Revenues	299,200	141,553	47%	236,694	(95,141)	(9,073.39)	44%
Total	2,368,411	1,547,181	65%	1,473,023	74,158		65%
Total	\$ 10,772,411	\$ 7,589,210	70%	\$ 8,489,894	\$ (900,684)		67%
Special Revenue & Other Funds Revenue							
Water	232,800	160,329	69%	154,141	6,188	(20,798.42)	60%
Sewer	463,300	303,947	66%	273,127	30,821	(28,077.86)	60%
Landfill	331,100	214,755	65%	244,867	(30,112)	(3,533.95)	64%
Port - Dock	755,740	264,008	35%	506,984	(242,977)	(279.26)	35%
Port - Harbor	187,130	74,400	40%	36,337	38,063	(12,590.00)	33%
Asset Forfeiture Fund	500	257	51%	440	(183)		0%
E-911 Service	67,000	42,248	63%	43,614	(1,366)		63%

City of Dillingham
 Unaudited Revenues and Expenditures As of

February 28, 2026

Data Collected on:
 3/24/2026

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	<u>Budget - FY26</u>	<u>02/28/26</u> YTD	<u>Percent</u>	<u>02/28/25</u> YTD	<u>INC/(DEC)</u>	
Public Safety Reward	-	-	0%	-	-	
Senior Center (Non-Grant)	52,100	27,084	52%	15,073	12,011	52%
Senior Center (Grant)	50,486	38,755	77%	39,064	(309)	77%
Library (Grants)	66,727	19,264	29%	23,241	(3,977)	29%
Debt Service - Bond Investments	80,000	56,236	70%	73,728	(17,492)	70%
Debt Service - SOA Revenue	514,000	-	0%	683,388	(683,388)	0%
Debt Services - Streets Refund	-	-		(22,882)	22,882	
Mary Carlson Estate	21,000	6,155	29%	13,307	(7,152)	29%
Ambulance Rental	-	-	0%	4,800	(4,800)	
Total	\$ 2,821,883	\$ 1,207,438	43%	\$ 2,089,229	\$ (881,791)	40%
Transfers						
<i>From General Fund to Other Funds</i>						
Water	-	-		-	-	
Landfill	594,000	269,942	45%	440,751	(170,809)	
Senior Center	227,855	158,824	70%	223,219	(64,395)	
Ambulance Reserve	50,000	29,647	59%	14,729	14,919	
Equipment Replacement	111,000	2,805	0%	237,795	(234,990)	
Capital Projects (Fund 7140)	-	-	0%	128,006	(128,006)	
Landfill Closure (Fund 7150)	25,000	16,664	67%	16,668	(4)	
Debt Service SRF Loans	51,011	51,011	100%	51,461	(450)	
Debt Service Streets Bond	156,000	1,764	1%	9,611	(7,847)	
Debt Service Firehall Bond	47,000	11,000	23%	11,500	(500)	
Debt Service School Bond	550,750	514,125	93%	302,987	211,138	
<i>From Dock Fund to Harbor Funds</i>						
Port - Harbor	301,580	-	0%	56,047	(56,047)	
Port - Harbor - Ice Machine	-	255	0%	-	255	
Port - Harbor - Bathhouse	8,920	-	0%	-	-	
<i>From Department to Department</i>						
Transfer from E911 to Dispatch	67,000	42,248	63%	51,309	-	
Transfer from Carlson Estate to Library	4,000	2,668	67%	2,668	-	
Transfer from Wastewater to Water	-	23,108	0%	-	-	
Total	\$ 2,194,116	\$ 1,124,061	51%	\$ 1,546,750	\$ (436,736)	
Total Revenues & Transfers	\$ 15,788,410	\$ 9,920,709	63%	\$ 12,125,873	\$ (2,219,211)	

City of Dillingham
Unaudited Revenues and Expenditures As of

February 28, 2026

Data Collected on:
3/24/2026

Section . Item 3.

	<u>Budget - FY26</u>	<u>02/28/26</u>		<u>02/28/25</u>	
		<u>YTD</u>	<u>Percent</u>	<u>YTD</u>	<u>INC/(DEC)</u>
EXPENDITURES:					
General Fund Expenditures					
City Council	\$ 121,550	\$ 55,109	45%	\$ 49,024	\$ 6,085
City Clerk	318,600	186,867	59%	203,159	(16,292)
Administration	472,550	311,184	66%	255,071	56,113
Finance	1,547,940	909,792	59%	895,215	14,577
Legal	100,000	77,989	78%	91,689	(13,700)
Insurance	375,000	209,127	56%	271,254	(62,127)
Planning	297,000	162,595	55%	150,986	11,609
Foreclosures	20,000	6,382	32%	6,546	(164)
IT	372,500	185,301	50%	278,341	(93,041)
Public Safety Administration	448,850	257,542	57%	240,797	16,745
Dispatch	842,850	530,016	63%	513,096	16,919
Patrol	1,571,700	838,405	53%	751,231	87,174
Corrections	820,045	543,125	66%	478,501	64,624
DMV	92,150	56,838	62%	54,166	2,672
Animal Control Officer	88,350	57,836	65%	82,510	(24,674)
K-9 Unit	2,000	0	0%	5,087	(5,087)
Fire	604,500	362,798	60%	417,913	(55,115)
Fire Department Donation	10,000	0	0%	1,141	(1,141)
Public Works Administration	473,700	259,784	55%	262,570	(2,786)
Building and Grounds	976,800	553,500	57%	574,654	(21,154)
Shop	610,600	188,174	31%	239,580	(51,407)
Street	626,100	223,478	36%	310,949	(87,471)
Library	186,875	110,665	59%	158,598	(47,933)
Grandma's House	90,900	30,645	34%	33,738	
City School	1,702,000	1,275,431	75%	1,275,434	(3)
Transfers to Other Funds	1,787,616	1,039,118	58%	1,420,104	(380,986)
Total	\$ 14,560,176	\$ 8,431,701	58%	\$ 9,021,355	\$ (586,561)

City of Dillingham
Unaudited Revenues and Expenditures As of

February 28, 2026

Data Collected on:
3/24/2026

Section . Item 3.

	<u>Budget - FY26</u>	<u>02/28/26</u> YTD	<u>Percent</u>	<u>02/28/25</u> YTD	<u>INC/(DEC)</u>
<u>Special Revenue Funds Expenditures</u>					
Water	483,400	184,008	38%	122,012	61,996
Sewer	484,400	220,853	46%	186,960	33,893
Landfill	936,400	484,697	52%	664,804	(180,107)
Port - Dock	1,085,546	354,283	33%	499,002	(144,720)
Port - Harbor	498,330	243,069	49%	195,842	47,227
Asset Forfeiture Fund	25,000	-	0%	-	-
E-911 Service	67,000	42,248	63%	124,361	(82,113)
Public Safety Reward	-	-	0%	-	-
Senior Center (Non-Grant)	279,955	184,406	66%	236,816	(52,410)
Senior Center (Grant)	50,486	42,978	85%	44,860	(1,882)
Library (Grants)	66,727	26,182	39%	23,843	2,339
Mary Carlson Estate	6,255	4,010	64%	4,573	(564)
Ambulance Reserve Fund	15,000	4,600	31%	3,800	800
Debt Service SRF Loans	51,011	51,011	100%	51,461	(450)
Debt Service School Bond	1,064,750	1,014,125	95%	986,375	27,750
Debt Service Firehall Bond	47,000	11,000	23%	11,500	(500)
Debt Service Streets Bond	236,000	58,000	25%	60,750	(2,750)
Equipment Replacement	111,000	2,805	0%	237,775	(234,970)
Total	\$ 5,508,260	\$ 2,928,274	53%	\$ 3,454,734	\$ (526,460)
	\$ 20,068,436	\$ 11,359,976	57%	\$ 12,476,090	\$ (1,113,021)
Net Increase (Decrease) to Fund Balances	\$ (4,280,026)	\$ (1,439,267)		\$ (350,216)	\$ (1,106,190)

City of Dillingham
Unaudited Revenues and Expenditures As of

February 28, 2026

Data Collected on:
3/24/2026

Section . Item 3.

	<u>Budget - FY26</u>	<u>02/28/26</u> <u>YTD</u>	<u>Percent</u>	<u>02/28/25</u> <u>YTD</u>	<u>INC/(DEC)</u>
Grant & Bond Revenues					
SOA-Landfill Firebreak	-	-		-	-
EPA Landfill Grant	3,882,500	-	0%	-	-
COVID - CARES & ARPA & LGLR	-	-		1,752,195	(1,752,195)
SRF Loan - Lagoon Aeration	-	-		(93,719)	93,719
SRF Loan - Landfill	200,000	-	0%	-	-
State Jail Medical	-	10,469	0%	-	10,469
Legislative Grant Harbor	757,500	128,987	17%	-	128,987
Southern Region EMS	-	-		-	-
SOA-DOH Grants	-	-		36,217	(36,217)
Curyung-Ice Machine	6,000	(767)	-13%	-	(767)
Snagpoint Funding	3,209,387	-	0%	-	-
BBEDC Intern Program	73,400	8,225	11%	15,412	(7,187)
BBEDC Training Reimb	-	20,894		4,375	16,519
BBNC Training Reimb	-	-		-	-
Total	\$ 8,128,787	\$ 167,809	2%	\$ 1,714,480	\$ (1,546,671)
Grant & Bond Expenditures					
SOA-Landfill Firebreak	-	-		-	-
EPA Landfill Grant	3,882,500	-	0%	-	-
COVID - CARES & ARPA & LGLR	-	-		1,752,195	(1,752,195)
SRF Loan - Lagoon Aeration	-	-		576,281	(576,281)
SRF Loan - Landfill	200,000	80,599	40%	-	80,599
State Jail Medical	-	1,390		-	1,390
Legislative Grant Harbor	757,500	385,650	51%	-	385,650
Southern Region EMS	-	-		-	-
SOA-DOH Grants	-	-		10,882	(10,882)
Curyung-Ice Machine	6,000	1,793	0%	2,585	(792)
Snagpoint Erosion	3,209,387	-	0%	-	-
BBEDC Intern Program	73,400	8,225	11%	15,412	(7,187)
BBEDC Training Reimb	-	20,894		4,375	16,519
BBNC Training Reimb	-	-		-	-
Total	\$ 8,128,787	\$ 498,551	6%	\$ 2,361,730	\$ (1,863,179)
	\$ -	\$ (330,742)		\$ (647,250)	\$ (3,409,850)

City of Dillingham
 Unaudited Revenues and Expenditures As of

February 28, 2026

Data Collected on:
 3/24/2026

Section . Item 3.

Capital Project Funds Revenues

Harbor Mayor Sale Revenue

Total

<u>Budget - FY26</u>	<u>02/28/26</u> <u>YTD</u>	<u>Percent</u>	<u>02/28/25</u> <u>YTD</u>	<u>INC/(DEC)</u>
-	-		-	-
\$ -	\$ -		\$ -	\$ -

Capital Project Funds Expenditures

Public Safety Building
 Water Improvements
 WasteWater Improvements
 Snagpoint Erosion
 Sewer Lagoon Aeration
 Other Lift Station
 Fire Dept Water Damage Repair
 Landfill Closure (7150)
 Landfill Shop Fire
 Landfill Groundwater Well
 Harbor cleanup

Total

<u>Budget - FY26</u>	<u>02/28/26</u> <u>YTD</u>	<u>Percent</u>	<u>02/28/25</u> <u>YTD</u>	<u>INC/(DEC)</u>
-	-		-	-
-	-		-	-
-	-		-	-
-	-		101,006	(101,006)
-	-		-	-
-	-		27,000	-
-	-		-	-
-	-		-	-
-	-		-	-
-	-		-	-
\$ -	\$ -	0%	\$ 128,006	\$ (101,006)
\$ -	\$ -		\$ (128,006)	\$ 101,006

	Budget	Actual
General Fund Revenue	\$ 10,772,411	\$ 7,589,210
Special Fund Revenue	\$ 2,821,883	\$ 1,207,438
Transfers In	\$ 2,194,116	\$ 1,124,061
Grant and Bond Revenue	\$ 8,128,787	\$ 167,809
CIP Revenue	\$ -	\$ -
	\$ 23,917,197	\$ 10,088,518
General Fund Expenditures	\$ 14,560,176	\$ 8,431,701
Special Fund Expenditures	\$ 5,508,260	\$ 2,928,274
Grant and Bond Expenditures	\$ 8,128,787	\$ 498,551
CIP Expenditures	\$ -	\$ -
	\$ 28,197,223	\$ 11,858,527
Net Increase (Decrease) to Fund Bal	\$ (4,280,026)	\$ (1,770,009)

DILLINGHAM FISH TAX

EXECUTIVE SUMMARY

The Bottom Line: The 2014 court decision reversed our annexation of 396 square miles, but did NOT eliminate our authority to collect fish taxes within Dillingham city limits.

The Mistake: For 12 years, we thought "no fish taxes." This was wrong.

The Reality: We lost authority over ANNEXED territory only. We kept authority within ORIGINAL boundaries. In Alaska, raw fish taxes are determined by the physical location where the fish is landed or processed, not where it was caught

What This Means: Any fish sale in Dillingham gets taxed - regardless of where fish was caught.

The Action: Resume collecting Raw Fish Sales Tax for 2026 fishing season.

PART 1: THE TIMELINE

2012: Voters Approved Fish Taxes

- City annexed 396 square miles
- Created fish tax ordinances (2.5%)
- Voters approved both

2014: Court Reversed Annexation

- Judge Ruled: "You used wrong process"
- Court vacated 396 square miles
- Court did **NOT** invalidate tax ordinances

2014-2026: We Stopped Collecting

- The City of Dillingham determined: "no taxation period"
- This was a mistake

The House Analogy

You own a house. Try to claim neighbor's yard. Judge says "yard isn't yours."

WRONG: Stop taxing house AND yard

RIGHT: Stop taxing yard only

What we did: Stopped everything (wrong)

DILLINGHAM FISH TAX

PART 2: WHAT WE CAN COLLECT

Raw Fish Sales Tax (Our Main Tool)

Rate: 2.5%

Rule: If SALE happens in Dillingham, we can tax it

Examples: ✓ Fish sold at Local Processor = TAX

✓ Tender delivers to Dillingham = TAX

✓ Fish ticket issued here = TAX

✗ Sale in Naknek = NO TAX

The Math: 1,000 lbs at \$3/lb = \$3,000

Tax = \$75 (2.5%)

Fisherman gets: \$2,925

City gets: \$75

Why NOT Severance Tax

- Lost 396 square miles
- Current boundaries too limited
- Would generate minimal revenue
- Raw Fish Sales Tax covers what we need

PART 3: STATE vs LOCAL - NO CONFLICT

State tax: Processor pays tax on processing (3-5%)

City tax: Fisherman pays tax on selling (2.5%)

Different stages, different taxes, both legal.

DILLINGHAM FISH TAX

PART 4: WHO BENEFITS FROM NOT COLLECTING?

- 56% of permits owned by non-residents
 - Non-residents earned \$165M (2021)
 - They use our facilities FREE
 - Dillingham taxpayers subsidize everything
-

PART 5: OTHER COMMUNITIES

Naknek: 3% - ✓ Collecting

South Naknek: 2% - ✓ Collecting

King Salmon: 2.5% - ✓ Collecting

Dillingham: 2.5% - X Stopped (our mistake)

We're the ONLY one that stopped!

PART 6: COMMON QUESTIONS

Q: Why now?

We misunderstood the court decision. Other towns got it right - we didn't.

Q: Back taxes?

NO. No back taxes, no penalties. Fresh start 2026.

Q: State tax conflict?

No. Different stages, different taxes.

Q: Fish caught elsewhere but sold here?

Tax applies. Location of SALE matters.

PART 7: NEXT STEPS

Week 1: Legal confirmation

Week 2: Update systems

Week 3: Notify industry

Week 4: Start collecting

DILLINGHAM FISH TAX

PART 8: KEY MESSAGES

For Council: "Voter-approved ordinances not enforced for 12 years. Every other community collects. We need to correct this."

For Manager: "2014 decision affected boundaries, not authority. Need to correct error immediately."

For Industry: "2012 voter-approved tax we stopped by mistake. No back taxes. Fresh start 2026."

For Public: "Visiting fishermen used facilities free for 12 years. We're enforcing voter-approved taxes like neighbors do."

CONCLUSION

We misunderstood the court decision.
We only lost authority over annexed waters.
We kept authority within original boundaries.

Action: Resume collecting Raw Fish Sales Tax
No back taxes. Fresh start 2026.

This is both legally required and fiscally responsible.