



MEMORANDUM

DATE: January 21, 2021
TO: City Manager
FROM: Anita Fuller, Finance Director
SUBJECT: Staff Report

STAFF REPORT

- FY21 audit update
 - Department staffing
 - Asset lists
 - Collections
 - Grants
 - Budget
 - Revenue and Expense review for January 2022
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FY21 Audit Update:

Auditors were on site week of 10/26/2021. Finance department with support of Carmen Jackson firm is working on the final pending list contact with auditors.

Department staffing:

Account Tech III – Taxes/Collection: Position became Vacant 01/07/2022

Account Tech IV – Cameron Malstrom hired for remote support at 14 hours per week.

Asset List

On hold until audit is completed –. Will provide with FY23 Budget.

Collections

Foreclosure listing for 2018 Action have passed the period of redemption (5 properties at \$23,540).

Foreclosure listing for 2019 Action have passed the period of redemption (12 properties at \$18,081).

Foreclosure notice date 02/15/2022 for potential 2022 Action have been mailed. (81 properties at \$235,459). Foreclosure list will be provided at March F&B meeting for review then provided to April Council meeting before public notice is made.

Grants

NTS & NSIP reporting is completed for Q1 & Q2

Notice of Award for LGLR grant has been received in the amount of \$2,786,321.10. Funds must be obligated by 12/31/2024 and expended 06/30/2026. Grant agreement is in process.

Revenue and Expense for January 2022 –

Information provided for percentages below 43% or above 73%

General Fund Revenues

- All taxes are reported 1 month behind. 50% is an expected range.
- Transient Lodging is above expected at 77% and continues to stay high.
- Real property tax is recognized at 100%; however 89% has been collected. On average as last year.
- Personal property tax is recognized at 100%; 91% has been collected. Collection letters have been sent out on all delinquent 2019-2021 real property taxes.
- Property tax penalty and interest is at 112%; which exceeds entire year budget expectation.
- Telephone tax and Raw Fish tax is collected at the end of the year.
- Shared Fisheries tax received COVID Funds increase will be reflected in budget revision.
- Community Sharing has been received and is above expected amount by 12%
- PILT has come in above expected by 3%
- Jail contract revenue is delayed pending quarterly report review.
- Ambulance fees remain below expected average at 13%. All reports have been filed and waiting on insurance payments to be processed.
- Lease & Rental Income matches the rate of income at FY21. Will receive \$22K in June for an annual lease payment
- PERS Forfeiture funds have been mostly expended, funding is reduced from FY21. This will require a budget amendment.

Special Revenues & Other Funds Revenue

- Dock revenue for the season has been entered. Rate is as expected budgeted.
- Harbor revenue is normal as most revenue is collected at the end of the fiscal year.
- Asset Forfeiture Fund revenue is in recovery from negative investment balances.
- Senior Center grant reporting is completed. Revenue is in process.
- Senior Center non-grant revenue is below expected. Continued COVID precautions is reducing potential revenue.
- Debt Services – Bond investment entry seen on last report was determined to be for FY21. Budget revision may be needed pending a possible reimbursement from the state that was unexpected.
- Debt service revenue for the school bond was not budgeted and will require a budget revision.
- Equipment Replacement Insurance – budget revision required, insurance replacement of equipment
- Mary Carlson Estate investment income is still in recovery and has a negative balance.

Transfers

- Landfill – Transfers reduced building and landfill fire expenses moved to capital project funding.
- Ambulance Reserve – Transfer is based on 10% of ambulance fees received – reduced revenue results in a reduced transfer.
- Equipment replacement – No purchase has been made at this time.
- Capital projects – Expenditures projected for later in fiscal year.
- Debt Services – Transfers are as expected.

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- Port to Harbor – Transfer need is higher than expected due to revenue being low at 28%.

General Fund Expenditures

- Council – Lobbyist has been hired and current budget will meet the council's contract.
- Clerk – Contract funds are scheduled to be spent in spring.
- Administration – funds not spent on new city manager contract yet, grant writer contract of \$50,000 has not been spent.
- Legal – Legal needs will increase and expect to catch up in spring.
- Non-Departmental – Audit is delayed resulting in expenditures are delayed.
- Foreclosure – Foreclosure actions are ready to move forward.
- IT – Expenditures will continue to increase as projects continue.
- Fire Department – Open staff position in first quarter has reduced expenditures.
- Fire Department checking – No expenditures at this time.
- EOC – No employees as budgeted; anticipate budget amendment.
- Public Works Administration – No PW Admin for a most of the year and PW Director shared with Port has reduced expenditures.
- City School – payment already made for 3rd quarter.

Special Revenues & Other Funds Expenditures

- Asset Forfeiture funds – budget exceeded for copier purchase.
- Debt Services SRF Loans – payments have not started. Contact is being made to the state to verify status.
- Debt Services for bonds are as scheduled.
- Equipment replacement – Admin vehicle and landfill fire equipment replacement.

Grant and Bond Revenues/Expenditures

- COVID CARES – Emergency Communication equipment replacement completed
- COVID ARPA – Funds increased from original budget by \$246,933. Expenditures to be paid by 06/30/2022 and will be matched to public safety wages. This will assist it reducing the budget deficit.
- BBEDC Inter program is mainly funded for spring and summer months.
- FireHall – Need to add revenue from insurance proceeds and increase expenditures to meet repair from firehall water damage.

Capital Project Revenues/Expenditures

- Insurance Proceeds– Reduced to share with equipment replacement from landfill fire. Funds will be kept in reserve until project begins.
- Capital projects not started.

Budget

FY23 Budget Outline

- December and January – Meet with departments.
- February – Outline Finance and Budget Committee meeting.
- April 4, 2022 Introduce FY23 Ordinance to City Council.
- May 5, 2022 Adopt FY23 Ordinance by City Council.

Proposed Budget Revision #2 (moved another month)

- December – Meet with departments.
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- February – Finance and Budget committee review.
- March 3, 2022 Introduce FY22 Budget Amend #2 to City Council.
- April 7, 2022 Adopt FY22 Budget Amend #2 by City Council.

Revenue

Sales Tax	+500,000
Revenue is increasing over last year’s activity and business activity is improving	
Remote Sales Tax	-250,000
Revenue is not gaining the expected amounts	
Transient Lodging Tax	+40,000
Revenue is improving	
Tobacco Tax	-30,000
Revenue is trending low	
Property Tax P&I	+12,000
Current revenue over budget plus additional interest for rest of year	
Increased Shared Fisheries	+297,264
COVID relief funding has allowed communities to receive lost revenue support.	
Community Sharing	+8,000
Revenue already received higher than expected	
Payment in Lieu of Taxes	+13,000
Revenue already received higher than expected	
SOA MOA COVID support advertising	+102,574
Agreement made 05/2021 not reflected in budget. Will offset expenses in EOC advertising budget.	
Ambulance Fees	-20,000
Revenue is reduced. Result of incomplete reports.	
Administrative Overhead	+7,200
Motor Vehicle Tax	-5,000
Revenue is trending low	
Investment Income	-6,000
Revenue continues to trend low	
ARPA Amendment	+246,933
Increased recovery by \$493,864.78. Half paid in FY22 and half in FY23.	
SOA Bond Reimbursement	+237,125
FY2022 Projected state program allocations based on enacted budget.	
Equipment Replacement Transfer	+45,000
Transfer in original budget but omitted in error with budget amendment #1 of \$35,000 Action Memorandum 2022-01 increased amount by \$10,000.	
BBEDC Pass Through	+6,000
Arctic Tern program for pumpkin patch.	

Transfer

Remove transfer of WasteWater Fund to Water Fund -19,731
Use fund balance to offset expense.

Appropriations

Finance Overtime +4,000
Extra overtime to support staffing demands

Dispatch Contra Wages -150,000
Will be covered by ARPA Funding

Patrol Contra Wages -231,775
Will be covered by ARPA Funding

Corrections Contra Wages -150,000
Will be covered by ARPA Funding

COVID Advertising +96,574
Revenue is not gaining the expected amounts

Equipment Replacement of Admin Vehicle.....+10,000
Action Memorandum 2022-01 increased amount by \$10,000.

Resolution 2021-19 Outfall Pipe.....+72,300
Increase Wastewater Contract line item

Action Memorandum 2020-10 Emergency Communications System+94,587
\$750,000 - Original Contract
\$182,629 - CARES funding spent in FY21
\$472,784 - Remaining CARES grant funds
\$ 94,587 – Balance to be paid by General

BBEDC Pass Through+6,000
Arctic Tern program for pumpkin patch
